

**STATE OF NORTH DAKOTA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

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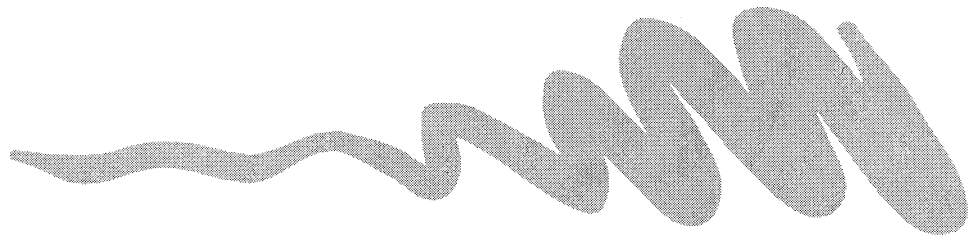
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Introductory Section





Western Meadowlark - state bird

OFFICE OF MANAGEMENT AND BUDGET

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

December 9, 1999

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, 1999. 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 Amendments of 1996 and the U.S. Office of Management and Budget's Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Information related to this single audit, including a schedule of expenditures of federal awards, the independent auditor's reports on internal controls and compliance with applicable laws and regulations, and a schedule of findings and questioned costs, are included in a separately issued biennial single audit report.

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

ECONOMIC CONDITIONS AND OUTLOOK

The North Dakota economy continues to grow at a moderate, steady pace. The overall unemployment rate in the state (as of September 1999) was 2.4%, compared to 2.7% in September of 1998. Nationally, the unemployment rate was 4.2% for September. Four of the nine major employment sectors showed growth in the state over 1998 levels. Finance, insurance, and real estate showed the largest increase at 2.6%, followed by construction at 1.8%, and wholesale trade at .9%. Sectors with decreases were in mining, down 4.9%, and manufacturing, down 2.7%.

North Dakota's mainstay industry--agriculture--continues to deal with poor grain prices and moderate prices for cattle producers. Current estimates measure the wheat crop at 242 million bushels, down from 308 million bushels in 1998. Prices for this marketing year are expected to be between \$2.45 and \$2.65 per bushel. Farmer-owned cooperatives operating value-added agricultural processing ventures continue to be planned and developed in the state. This popular economic development trend, which brings price and market stability to the agriculture sector, is good news for the state as a whole.

Taxable sales and purchases reported by the state's merchants grew by a respectable 3.8% in the second quarter of 1999 as compared to the second quarter of 1998. This is nearly twice the rate of inflation. The construction sector grew by the greatest percentage, an increase of over 120% compared to year-ago levels. The manufacturing sector also posted a healthy increase, growing by 9.6% from the second quarter of 1998. Retail trade, the state's largest sector, grew by a modest 2%, basically keeping pace with inflation.

The energy industry in North Dakota has been lackluster because of low world oil prices that have plagued the industry during recent years. Preliminary figures for September show oil production in the state at approximately 88,000 barrels of oil per day--down 7% from last year's levels, but holding level with recent months' production. Currently, oil prices are averaging about \$22 per barrel, which, if sustained, should trigger drilling activity in the new year.

North Dakota can expect to continue on its path of slow to moderate growth for the beginning of 2000. Efforts to diversify the state's economy from one that is solely production-based to one that utilizes the latest technological breakthroughs will be key to North Dakota's economic stability.

MAJOR INITIATIVES

In August 1997, Congress passed legislation that gave states the flexibility to develop health insurance plans for otherwise uninsured children in low-income families who do not qualify for Medicaid. Effective October 15, 1998, North Dakota's Medicaid program was enhanced to provide coverage to an additional 300 to 400 children, age 18 and younger, living in families with income at or below 100% of the federal poverty level. Starting October 1, 1999, North Dakota Healthy Steps will offer health insurance coverage to another 2,000 children in families with income at or below 140% of the poverty level. Preventative dental and vision services, co-payments, and deductibles are included, making this a cost-efficient and affordable program for the state.

Recognizing the significance of the bicentennial commemoration of the Lewis and Clark expedition, the state has begun focusing efforts and resources in this area. The Department of Tourism is developing and implementing a marketing plan. Historic sites related to the expedition and state parks located on the Lewis and Clark Trail are being improved. Exhibit development, public programming, and educational programming will be prepared to enhance public awareness. A traveling Lewis and Clark exhibit is being created. Also, the Department of Transportation will be designing and selling an optional Lewis and Clark license plate.

With the state experiencing the highest prison population growth rate of any state during fiscal year 1998, the Department of Corrections became the fastest growing budget in the state. The James River Correctional Center opened during the 1997-99 biennium. By the end of the biennium, the Center was

full. To accommodate the need for additional space, the James River Correctional Center is being expanded to the fifth and sixth floors of the building. In addition, alternatives to incarcerations programs are diverting prisoners from housing in the prison setting to various forms of community supervision.

The 1999 Legislature removed the Information Services Division from the Office of Management and Budget and created an independent agency, the Information Technology Department. All state agencies and institutions are required to prepare an Information Technology Plan. These plans are submitted to the Information Technology Department for review. The executive and legislative branches use these plans to determine technology needs and funding levels.

With water projects and flood control continuing to be a major effort, the Legislative Assembly prepared a statewide water development funding package that provided bonding for Grand Forks, Grafton and Wahpeton flood control, Devils Lake outlet, and the Southwest Pipeline project. Bond repayments will be made from money in the water development trust fund.

With the settlement of the tobacco lawsuit, the Legislature established the Tobacco Settlement Trust Fund for the deposit of all tobacco settlement monies. Within 30 days of deposit, the funds will be allocated as follows: 10% to the Community Health Trust Fund; 45% to the Common Schools Trust Fund; and 45% to the Water Development Trust Fund.

Analysis performed by the Central Personnel Division of the Office of Management and Budget determined that equity increases were necessary for certain classified and elected and appointed positions. A pool of funds was created to provide for an equity increase for classified positions effective July 1, 1999. Increases for elected and appointed positions will be provided effective January 1, 2001. Additional funds were also received by higher education, agricultural research, Department of Transportation, and the Veterans' Home to provide adjustments. The 1999-2001 budget for each state agency includes funds to provide a 2% salary increase each fiscal year. A minimum of \$35 per month was mandated with the additional funds to be used for correcting inequities, for salary compression, and for merit and performance 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.

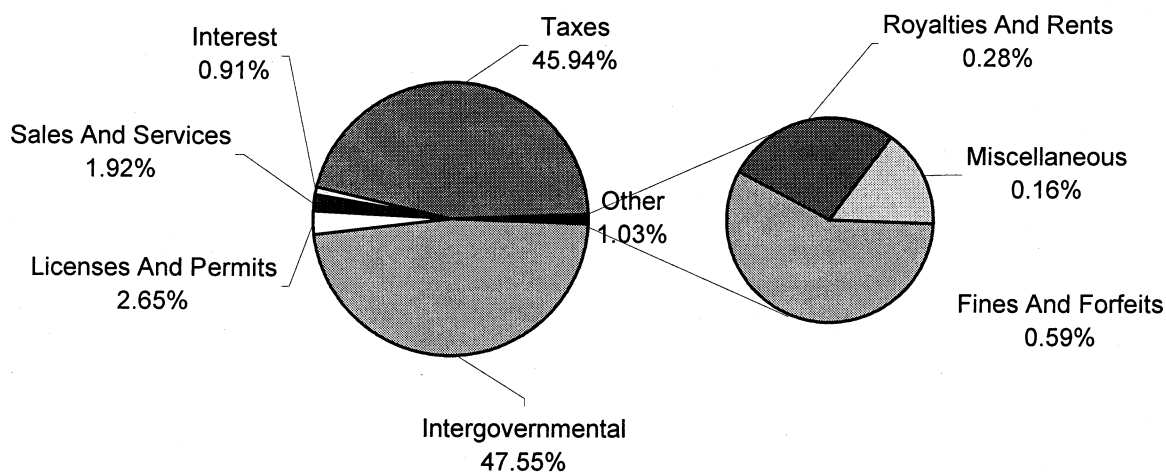
GENERAL GOVERNMENTAL FUNCTIONS. General governmental activities are accounted for in four governmental fund types: the general (GAAP basis), special revenue, capital projects, and debt service funds. Revenues for general governmental functions totaled approximately \$1.7 billion for the fiscal year ended June 30, 1999. The amount of revenues from various sources are presented on the following page:

General Government Revenues
(Expressed in Thousands)

Revenue Source	Amount	Percent of Total	Increase/(Decrease) From 1998	
			Amount	Percent
Taxes	\$ 781,235	45.94%	\$ (21,221)	(2.64%)
Licenses And Permits	44,995	2.65%	987	2.24%
Intergovernmental	808,529	47.55%	(19,243)	(2.32%)
Sales And Services	32,684	1.92%	(3,736)	(10.26%)
Royalties And Rents	4,742	0.28%	(3,045)	(39.10%)
Fines And Forfeits	10,034	0.59%	3,424	51.80%
Interest	15,528	0.91%	(351)	(2.21%)
Miscellaneous	2,703	0.16%	(3,174)	(54.01%)
Total Revenues	<u>\$ 1,700,450</u>	<u>100.00%</u>	<u>\$ (46,359)</u>	<u>(2.65%)</u>

The largest decrease in taxes on a budgetary basis is from corporate tax. This tax revenue decreased by approximately \$9 million, which is a reflection of the slow down in the national economy. Oil and gas production decreased by approximately \$6 million due to the decrease in oil prices. The remaining decrease comes from reductions in the collections of various tax types.

Revenues By Source



Intergovernmental revenues decreased about \$19 million in fiscal year 1999 because of a decrease in flood and snow disasters. The Division of Emergency Management received less federal funds for disaster assistance programs, and the Department of Transportation received less federal funding for emergency repairs to highways.

Expenditures for GAAP general government functions totaled approximately \$1.6 billion for the fiscal year ended June 30, 1999. 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 1998	
			Amount	Percent
General Government	\$ 92,534	5.84%	\$ 14,120	18.01%
Education	373,740	23.60%	9,351	2.57%
Health And Human Services	618,241	39.04%	19,408	3.24%
Regulatory	14,326	0.91%	(167)	(1.15%)
Public Safety	146,050	9.22%	(3,761)	(2.51%)
Agriculture And Economic Development	22,830	1.44%	1,760	8.35%
Natural Resources	35,030	2.21%	3,469	10.99%
Highways	264,980	16.73%	(15,666)	(5.58%)
Capital Outlay	5,351	0.34%	(7,777)	(59.24%)
Debt Service:				
Principal	5,119	0.32%	(61)	(1.18%)
Interest And Other Charges	5,479	0.35%	134	2.51%
Total Expenditures	\$ 1,583,680	100.00%	\$ 20,810	1.33%

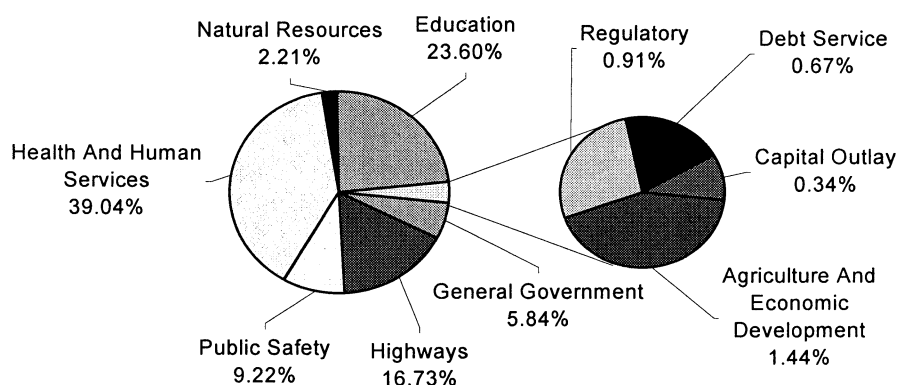
Health and Human Services expenditures increased by approximately \$19 million due to increases in medical assistance payments and child care assistance payments.

Education expenditures increased by approximately \$9 million, which is largely due to additional federal grant money for the school-to-work grant and additional requests by school districts for reimbursements for the finalization of projects.

Highway expenditures decreased by approximately \$16 million because of fewer emergency highway repairs. The decrease in repairs was less because of decreased flooding disasters.

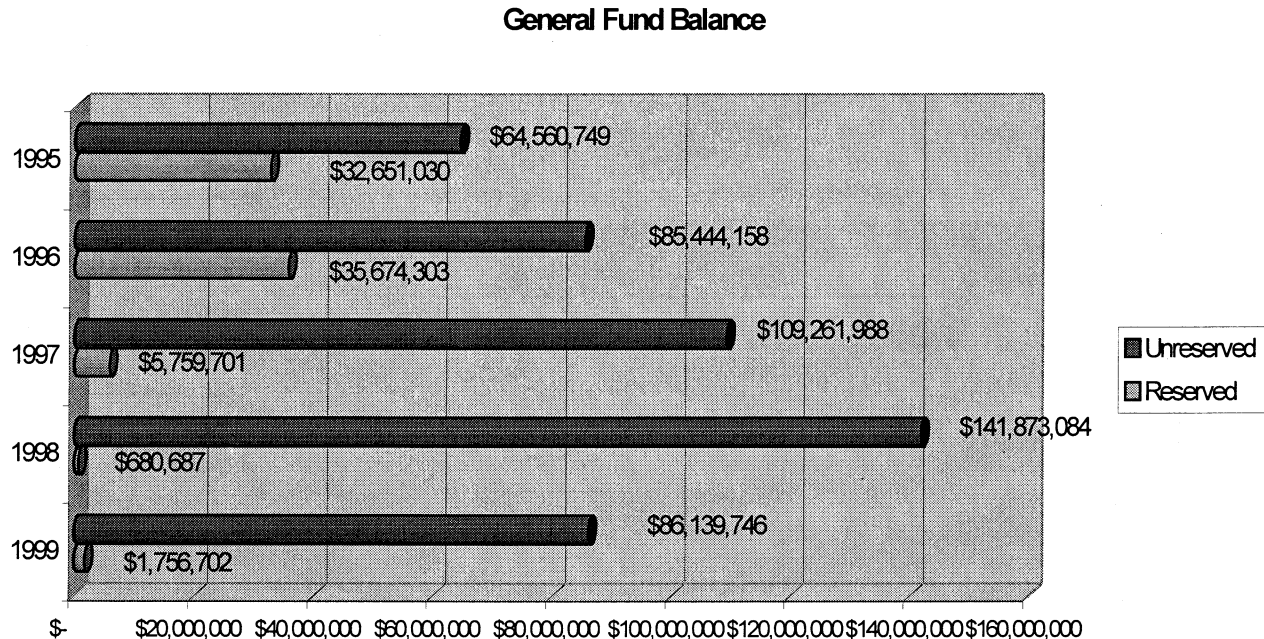
General Government expenditures increased because of a transfer of telecommunication tax collections from the general fund to telecommunication tax agency fund.

Expenditures By Function



GENERAL FUND BALANCE. The GAAP General Fund undesignated balance decreased from \$141.9 million on June 30, 1998, to \$86 million as of June 30, 1999. The primary reason for the decrease has been explained in the Revenues section.

GAAP - basis fund balances for the General Fund at June 30 for the last five 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 agencies 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. In fiscal year 1999, the Bank transferred \$14.6 million to the General Fund and the Mill transferred \$3 million to the General Fund.

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, 1999:

Operating Transfers

							Liabilities	
	Operating		Income		Net		Payable From	
	Operating	Income			Income		Operating	Total
	Revenue	(Loss)	In	Out	(Loss)	Total Assets	Revenue	Equity
Bank Of North Dakota	\$ 96,011	\$ 27,709	\$ -	\$ (17,187)	\$ 10,522	\$ 1,608,428	\$ 215,305	\$ 139,320
Beginning Farmer Revolving Loan	748	26	-	-	26	16,302	-	16,287
Bonding	52	(202)	-	-	171	5,584	259	4,419
Community Water Facility Loan	487	406	-	-	406	15,986	-	15,966
Developmentally Disabled Facility Loan	544	216	-	-	216	8,743	4,583	4,149
Fire and Tornado	3,498	(905)	-	(373)	293	19,961	6,155	10,410
Guaranteed Student Loan	2,123	(575)	-	-	174	15,029	155	4,151
Housing Finance	56,512	3,927	-	(27)	3,900	820,947	752,236	38,284
Mill And Elevator	69,444	4,039	-	(3,032)	1,299	47,676	447	45,679
PERS Uniform Group Insurance	716	153	-	-	338	7,226	31	2,900
Real Estate Trust	945	(876)	150	-	(726)	-	-	-
Roughrider Industries	2,908	46	-	(64)	(5)	2,146	74	1,669
State Fair	3,519	298	160	-	2,344	11,732	2,706	8,942
Student Loan	16,380	4,310	-	-	4,310	226,649	153,237	69,187
Workers Compensation	116,275	(38,327)	-	-	14,855	972,946	669,212	91,174
Total Primary Government	\$ 370,162	\$ 245	\$ 310	\$ (20,683)	\$ 38,123	\$ 3,779,355	\$ 1,804,400	\$ 452,537
Comprehensive Health Assoc.	4,374	(617)	-	-	(603)	417	1,025	(1,576)
Municipal Bond Bank	9,278	1,012	-	-	15,175	212,170	148,001	60,893
ND Development Fund, Inc.	1,092	(620)	955	-	335	20,152	-	20,147
Technology Transfer, Inc.	-	(895)	250	(56)	(692)	1,291	-	1,285
Total Reporting Entity	\$ 384,906	\$ (875)	\$ 1515	\$ (20,739)	\$ 52,338	\$ 4,013,385	\$ 1,953,426	\$ 533,286

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, 1999, are:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Plan Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded Actuarial Accrued Liability (UAAL) (Funded Excess)</u>	<u>Funded Ratio</u>
PERS				
July 1, 1996	\$ 621.7	\$ 597.9	\$ (23.8)	104.0%
July 1, 1997	704.5	646.9	(57.6)	108.9%
July 1, 1998	801.3	720.1	(81.2)	111.3%
July 1, 1999	917.0	842.7	(74.3)	108.8%
NDHPRS				
July 1, 1996	22.2	23.8	1.6	93.3%
July 1, 1997	24.9	27.5	2.6	90.5%
July 1, 1998	28.1	28.9	.8	97.2%
July 1, 1999	32.0	32.2	.2	99.4%

Actuarial Valuation Date	Actuarial Value of Plan Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL) (Funded Excess)	Funded Ratio
JSND				
July 1, 1996	46.1	N/A	1.9	N/A
July 1, 1997	51.0	N/A	-	N/A
July 1, 1998	61.7	N/A	-	N/A
July 1, 1999	66.6	N/A	-	N/A
TFFR				
July 1, 1996	733.3	851.6	118.3	86.1%
July 1, 1997	823.4	977.1	153.6	84.3%
July 1, 1998	928.0	1,033.0	105.1	89.8%
July 1, 1999	1,053.1	1,188.4	135.3	88.6%

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

DEBT ADMINISTRATION. North Dakota has no general obligation bonds outstanding at June 30, 1999. The state's only general obligation bonds, which were issued through the Real Estate Trust Fund, were redeemed at par plus accrued interest on September 1, 1998. The state, however, does have a number of revenue bonds outstanding at June 30, 1999.

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):

	Balance June 30, 1999	Balance June 30, 1998	Balance June 30, 1997	Balance June 30, 1996	Balance June 30, 1995
Bond Issue - Primary Government					
State Fair	\$ 2,663	\$ 2,851	\$ 3,041	\$ 3,231	\$ 3,421
Student Loan Trust	153,237	210,752	232,119	195,948	199,320
Building Authority	76,508	77,506	73,837	77,663	65,613
Housing Finance	752,130	712,872	466,868	396,504	425,149
Lignite Research Fund	6,880	7,560	8,205	8,825	N/A
Water Commission	11,510	8,050	6,830	N/A	N/A
University System	54,648	56,780	57,228	60,213	65,571
Total Revenue Bonds Primary Government	\$ 1,057,576	\$ 1,076,371	\$ 848,128	\$ 742,384	\$ 759,074
Bond Issue - Component Unit					
Municipal Bond Bank	136,475	103,510	97,144	70,455	66,365
Total Revenue Bonds Outstanding	\$ 1,194,051	\$ 1,179,881	\$ 945,272	\$ 812,839	\$ 825,439

Long-Term Notes

The Bank of North Dakota has advances from the Federal Home Loan Bank in the amounts of \$203 million. The advances have a fixed rate of interest, ranging from 4.67 percent to 8.19 percent.

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

Certificate of Achievement for Excellence in Financial Reporting

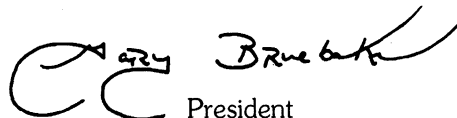
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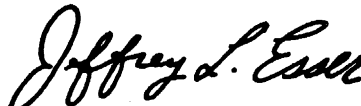
State of
North Dakota

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 1998

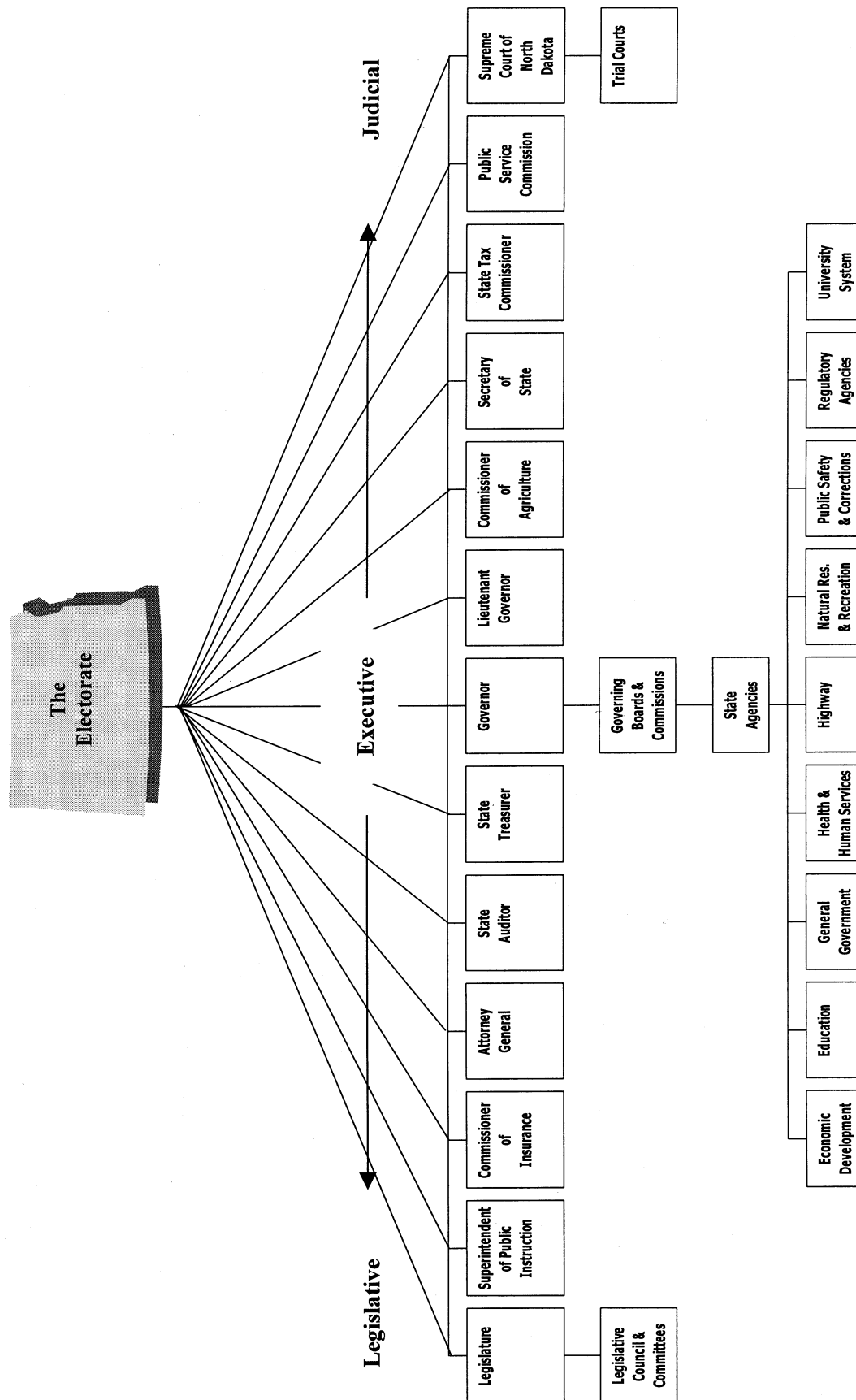
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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




President


Executive Director

STATE OF NORTH DAKOTA ORGANIZATIONAL CHART



STATE OF NORTH DAKOTA

Principal State Officials

June 30, 1999

ELECTED OFFICIALS

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

Dr. Wayne Sanstead, Superintendent of Public Instruction

Rick Clayburgh, Tax Commissioner

Kathi Gilmore, State Treasurer

LEGISLATIVE

Francis Wald, 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

Aaron Krauter, Senate Minority Leader

JUDICIAL

Gerald VandeWalle, Chief Justice, North Dakota Supreme Court

Carol Ronning Kapsner, Justice

Mary Muehlen Maring, Justice

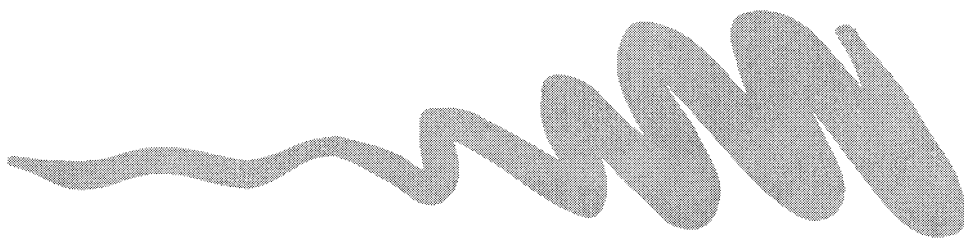
William A. Neumann, Justice

Dale V. Sandstrom, Justice



Wild Prairie Rose - state flower

Financial Section





STATE OF NORTH DAKOTA
OFFICE OF THE STATE AUDITOR
STATE CAPITAL
600 E. BOULEVARD AVE. - DEPT. 117
BISMARCK, ND 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, 1999, 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%	4%
Debt Service Fund Type	82%	61%
Capital Projects Fund Type	96%	47%
Enterprise Fund Type	98%	82%
Internal Service Fund Type	----	3%
Trust and Agency Fund Type	99%	100%
University System	----	2%
General Fixed Assets Account Group	2%	----
General Long-Term Debt Account Group	(63%)	----
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 provide a reasonable basis for our opinion.

In our opinion, based on our audit and the reports of other auditors, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the State of North Dakota as of June 30, 1999 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.

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 year 2000 supplementary information listed in the table of contents is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and do not express an opinion on it. In addition, we do not provide assurance that the State of North Dakota is or will become year 2000 compliant, that the State of North Dakota's year 2000 remediation efforts will be successful in whole or in part, or that parties with which the State of North Dakota does business are or will become year 2000 compliant. 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 1999 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.



Robert R. Peterson
State Auditor

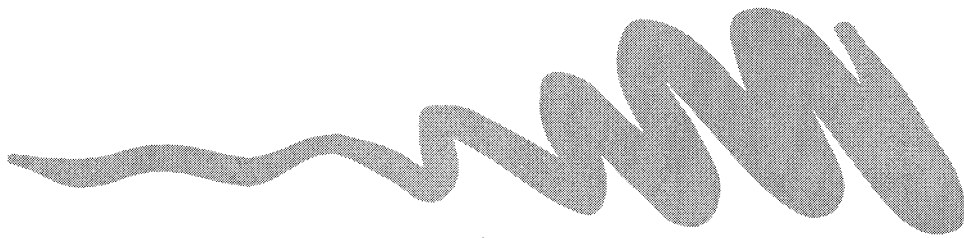


Edwin J. Nagel, Jr., CPA
Director

December 9, 1999



General Purpose Financial Statements



STATE OF NORTH DAKOTA

Combined Balance Sheet
All Fund Types, Account Groups And Discretely Presented Component Units
June 30, 1999

	Government Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Assets And Other Debits				
Assets:				
Cash Deposits At The Bank Of North Dakota	\$ 90,828,394	\$ 152,294,424	\$ 268,361	\$ 4,165,000
Cash And Cash Equivalents	473,121	2,856,178	1,098,392	181,064
Investments At The Bank Of North Dakota	-	21,481,958	8,165,500	-
Investments	-	38,292,491	1,692,000	-
Accounts Receivable - Net	24,175	11,313,425	-	-
Taxes Receivable - Net	86,604,809	426,153	-	-
Interest Receivable - Net	641,111	1,631,499	126,592	636
Loans And Notes Receivable - Net	99,737	50,080,642	-	-
Interfund Receivable	13,700,282	-	-	-
Due From Other Funds	23,456,160	34,568,783	-	-
Intergovernmental Receivable - Net	-	102,213,031	-	-
Advances To Component Units	-	-	-	-
Advances To Primary Government	-	-	-	-
Advances To Other Funds	1,000,000	36,081,000	-	-
Prepaid Items	-	414,436	-	-
Inventory	656,965	9,268,342	-	-
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	\$ 217,484,754	\$ 460,922,362	\$ 11,350,845	\$ 4,346,700
Liabilities, Equity And Other Credits				
Liabilities:				
Accounts Payable	\$ 21,695,126	\$ 76,750,405	\$ -	\$ 13,460
Notes Payable	-	-	-	-
Interest Payable	164,767	793	-	-
Contracts Payable	12,592	4,455,651	-	-
Federal Funds Purchased	-	-	-	-
Securities Lending Collateral	-	1,881,619	-	-
Tax Refunds Payable	28,887,272	-	-	-
Intergovernmental Payable	-	2,533,207	-	-
Claims/Judgements Payable	-	-	-	-
Accrued Payroll	11,759,493	10,816,002	-	-
Compensated Absences Payable	-	-	-	-
Amounts Held In Custody For Others	-	-	-	-
Deposits Held For Other Funds	-	-	-	-
Other Deposits	-	-	-	-
Interfund Payable	-	13,700,282	-	-
Due To Other Funds	20,715,169	26,145,128	-	676,000
Advances From Other Funds	-	34,581,000	-	-
Advances From Component Units	-	-	-	-
Advances From Primary Government	-	-	-	-
Bonds Payable	-	-	-	-
Capital Leases Payable	-	-	-	-
Deferred Revenue	46,353,887	14,610,586	-	-
Other Liabilities	-	-	-	-
Total Liabilities	129,588,306	185,474,673	-	689,460
Equity And Other Credits				
Investment In Fixed Assets	-	-	-	-
Contributed Capital	-	-	-	-
Retained Earnings:				
Reserved	-	-	-	-
Unreserved	-	-	-	-
Fund Balance:				
Reserved For:	-	-	-	-
Debt Service	-	-	11,350,845	-
Capital Projects	-	-	-	3,657,240
Other	1,756,702	104,085,183	-	-
Unreserved:	-	-	-	-
Designated For:	-	-	-	-
Other	-	2,005,739	-	-
Undesignated	86,139,746	169,356,767	-	-
Total Equity And Other Credits	87,896,448	275,447,689	11,350,845	3,657,240
Total Liabilities, Equity And Other Credits	\$ 217,484,754	\$ 460,922,362	\$ 11,350,845	\$ 4,346,700

Proprietary Fund Types		Fiduciary Fund Types	Account Groups			Totals (Memorandum Only) Primary Government	Totals (Memorandum Only) Reporting Entity	
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-term Debt	University System	June 30 1999	Component Units	June 30 1999
\$ 33,738,170	\$ 3,628,740	\$ 69,095,974	\$ -	\$ -	\$ 46,727,207	\$ 400,746,270	\$ 6,365,881	\$ 407,112,151
605,073,149	100	23,053,137	-	-	4,718,538	637,453,679	910,720	638,364,399
157,156,164	-	30,734,317	-	-	42,555,318	260,093,257	10,422,000	270,515,257
1,386,545,326	6,195,802	3,193,775,720	-	-	43,062,723	4,669,564,062	190,616,500	4,860,180,562
39,186,314	56,694	25,613,890	-	-	13,677,141	89,871,639	6,953	89,878,592
-	-	29,880,453	-	-	-	116,911,415	-	116,911,415
33,872,748	30,022	14,759,194	-	-	557,308	51,619,110	2,529,197	54,148,307
1,443,161,348	-	51,731,616	-	-	42,206,342	1,587,279,685	9,915,545	1,597,195,230
-	-	-	-	-	4,124,588	17,824,870	-	17,824,870
1,277,240	3,969,150	772,407	-	-	14,443,356	78,487,096	-	78,487,096
2,946,594	69,709	6,505,322	-	-	23,055,025	134,789,681	26,054	134,815,735
11,526,000	-	-	-	-	-	11,526,000	-	11,526,000
-	-	-	-	-	-	-	11,526,000	11,526,000
8,890,000	-	6,796,274	-	-	-	52,767,274	-	52,767,274
3,577,330	389,270	-	-	-	910,384	5,291,420	135,000	5,426,420
9,597,733	120,822	-	-	-	6,130,039	25,773,901	-	25,773,901
9,419,040	-	-	-	-	-	9,419,040	1,531,000	10,950,040
28,848,136	40,966,570	1,154,561	492,389,731	-	885,392,480	1,448,751,478	45,650	1,448,797,128
4,539,753	-	78,340	-	-	2,983,690	7,601,783	-	7,601,783
-	-	-	-	11,350,845	-	11,350,845	-	11,350,845
-	-	-	-	117,674,572	-	117,674,572	-	117,674,572
\$ 3,779,355,045	\$ 55,426,879	\$ 3,453,951,205	\$ 492,389,731	\$ 129,025,417	\$ 1,130,544,139	\$ 9,734,797,077	\$ 234,030,500	\$ 9,968,827,577
\$ 4,488,904	\$ 950,750	\$ 9,309,299	\$ -	\$ -	\$ 13,359,742	\$ 126,567,686	\$ 745,241	\$ 127,312,927
203,779,000	1,781,687	-	-	622,618	1,793,551	207,976,856	-	207,976,856
26,203,030	-	-	-	-	1,050,236	27,418,826	1,677,000	29,095,826
-	-	-	-	-	298,249	4,766,492	-	4,766,492
276,896,000	-	-	-	-	-	276,896,000	-	276,896,000
206,013,100	1,234,653	247,465,556	-	-	-	456,594,928	-	456,594,928
-	-	1,766,349	-	-	-	30,653,621	-	30,653,621
14,870,590	-	60,423,395	-	78,232	-	77,905,424	626,000	78,531,424
675,345,054	3,296,740	2,387,000	-	1,554,062	-	682,582,856	1,025,000	683,607,856
604,283	853,736	40,613	-	-	4,542,599	28,616,726	-	28,616,726
1,137,724	844,515	27,090	-	22,128,963	14,062,973	38,201,265	-	38,201,265
8,194,108	-	18,471,422	-	-	11,418,428	38,083,958	-	38,083,958
610,223,000	-	-	-	-	-	610,223,000	-	610,223,000
321,788,000	-	-	-	-	1,821,146	323,609,146	-	323,609,146
-	-	-	-	-	4,124,588	17,824,870	-	17,824,870
1,249,084	128,367	28,070,451	-	-	2,288,328	79,272,527	-	79,272,527
4,583,115	2,500,000	1,272,536	-	-	8,689,832	51,626,483	-	51,626,483
11,526,000	-	-	-	-	-	11,526,000	-	11,526,000
-	-	-	-	-	-	-	11,526,000	11,526,000
908,030,467	-	-	-	94,898,000	54,648,429	1,057,576,896	136,475,000	1,194,051,896
111,580	230,318	13,622	-	9,743,542	26,663,215	36,762,277	-	36,762,277
44,169,032	2,280	264,235	-	-	6,277,750	111,677,770	1,207,742	112,885,512
7,605,425	-	-	-	-	854,717	8,460,142	-	8,460,142
3,326,817,496	11,823,046	369,511,568	-	129,025,417	151,893,783	4,304,823,749	153,281,983	4,458,105,732
-	-	-	492,389,731	-	807,719,838	1,300,109,569	-	1,300,109,569
23,775,304	21,343,442	-	-	-	-	45,118,746	-	45,118,746
161,323,407	-	-	-	-	-	161,323,407	61,790,246	223,113,653
267,438,838	22,260,391	-	-	-	-	289,699,229	18,958,271	308,657,500
-	-	-	-	-	-	11,350,845	-	11,350,845
-	-	-	-	-	-	3,657,240	-	3,657,240
-	-	3,071,977,523	-	-	82,850,116	3,260,669,524	-	3,260,669,524
-	-	6,468,340	-	-	4,564,468	13,038,547	-	13,038,547
-	-	5,993,774	-	-	83,515,934	345,006,221	-	345,006,221
452,537,549	43,603,833	3,084,439,637	492,389,731	-	978,650,356	5,429,973,328	80,748,517	5,510,721,845
\$ 3,779,355,045	\$ 55,426,879	\$ 3,453,951,205	\$ 492,389,731	\$ 129,025,417	\$ 1,130,544,139	\$ 9,734,797,077	\$ 234,030,500	\$ 9,968,827,577

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, 1999**

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	June 30 1999
Revenues:						
Taxes	\$ 684,654,913	\$ 96,580,112	\$ -	\$ -	\$ 32,660,974	\$ 813,895,999
Licenses And Permits	8,657,036	36,337,855	-	-	-	44,994,891
Intergovernmental	314,659	807,628,575	585,858	-	7,410,332	815,939,424
Sales And Services	1,606,971	31,077,344	-	-	4,371,857	37,056,172
Royalties And Rents	3,222,016	1,520,084	-	-	65,741	4,807,841
Fines And Forfeits	2,234,407	7,799,149	-	-	1,267,590	11,301,146
Interest And Investment Income	7,060,830	7,465,125	676,035	325,546	2,539,024	18,066,560
Miscellaneous	53,764	2,598,624	51,000	-	127,757	2,831,145
Total Revenues	707,804,596	991,006,868	1,312,893	325,546	48,443,275	1,748,893,178
Expenditures:						
Current:						
General Government	63,584,503	28,949,247	-	-	3,964,970	96,498,720
Education	270,305,831	103,434,343	-	-	355,929	374,096,103
Health And Human Services	183,052,329	435,189,152	-	-	48,543,889	666,785,370
Regulatory	5,399,367	8,926,627	-	-	-	14,325,994
Public Safety	31,695,743	114,354,753	-	-	-	146,050,496
Agriculture And Economic Development	5,801,158	17,029,252	-	-	-	22,830,410
Natural Resources	12,973,132	22,056,602	-	-	-	35,029,734
Highways	140,500	264,839,913	-	-	-	264,980,413
Capital Outlay	-	-	-	5,351,130	-	5,351,130
Debt Service:						
Principal	-	-	5,119,000	-	-	5,119,000
Interest And Other Charges	-	-	5,479,305	-	-	5,479,305
Total Expenditures	572,952,563	994,779,889	10,598,305	5,351,130	52,864,788	1,636,546,675
Revenues Over (Under) Expenditures	134,852,033	(3,773,021)	(9,285,412)	(5,025,584)	(4,421,513)	112,346,503
Other Financing Sources (Uses):						
Operating Transfers In	11,695,796	63,651,585	7,565,529	-	116,850	83,029,760
Operating Transfers Out	(200,007,664)	(45,414,337)	-	(4,730,716)	(1,278,491)	(251,431,208)
Operating Transfers To Component Units	(1,204,936)	-	-	-	-	(1,204,936)
Proceeds From Bonds And Notes	-	-	452,000	6,417,000	-	6,869,000
Proceeds From Sale Of Fixed Assets	7,448	476,825	-	-	-	484,273
Total Other Financing Sources (Uses)	(189,509,356)	18,714,073	8,017,529	1,686,284	(1,161,641)	(162,253,111)
Revenues And Other Sources Over (Under) Expenditures And Other Uses	(54,657,323)	14,941,052	(1,267,883)	(3,339,300)	(5,583,154)	(49,906,608)
Cummulative Effect Of Change In Accounting Principle	-	-	-	-	4,597,383	4,597,383
Revenues And Other Sources Over (Under) Expenditures And Other Uses After Change In Accounting Principle	(54,657,323)	14,941,052	(1,267,883)	(3,339,300)	(985,771)	(45,309,225)
Fund Balances - Beginning Of Year, As Adjusted	142,553,771	260,506,637	12,599,728	7,015,540	39,428,440	462,104,116
Residual Equity Transfers In	-	-	19,000	-	-	19,000
Residual Equity Transfers Out	-	-	-	(19,000)	-	(19,000)
Fund Balances - End Of Year	\$ 87,896,448	\$ 275,447,689	\$ 11,350,845	\$ 3,657,240	\$ 38,442,669	\$ 416,794,891

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, 1999

	Proprietary Fund Types		Fiduciary Fund Type	Totals (Memorandum Only) Primary Government	Component Units	Totals (Memorandum Only) Reporting Entity
	Enterprise	Internal Service	Non- expendable Trust	June 30 1999		June 30 1999
Operating Revenues:						
Sales And Services	\$ 204,313,782	\$ 43,976,405	\$ -	\$ 248,290,187	\$ 4,697,102	\$ 252,987,289
Royalties And Rents	17,364	-	9,919,581	9,936,945	-	9,936,945
Fines And Forfeits	3,192,000	-	-	3,192,000	-	3,192,000
Interest And Investment Income	162,607,059	-	39,138,406	201,745,465	10,047,480	211,792,945
Miscellaneous	32,023	65,404	83	97,510	-	97,510
Total Operating Revenues	370,162,228	44,041,809	49,058,070	463,262,107	14,744,582	478,006,689
Operating Expenses:						
Cost Of Sales And Services	63,611,350	859,446	-	64,470,796	-	64,470,796
Salaries And Benefits	9,657,789	10,265,701	-	19,923,490	168,831	20,092,321
Operating	37,050,739	20,405,197	1,717,303	59,173,239	3,565,714	62,738,953
Benefits	146,416,955	1,303,000	-	147,719,955	4,785,053	152,505,008
Interest	109,944,736	-	209,608	110,154,344	7,335,000	117,489,344
Depreciation	3,223,568	7,541,799	39,532	10,804,899	10,156	10,815,055
Miscellaneous	12,186	-	211	12,397	-	12,397
Total Operating Expenses	369,917,323	40,375,143	1,966,654	412,259,120	15,864,754	428,123,874
Operating Income (Loss)	244,905	3,666,666	47,091,416	51,002,987	(1,120,172)	49,882,815
Nonoperating Revenues (Expenses):						
Operating Grants	-	-	-	-	14,163,000	14,163,000
Interest And Investment Revenue	65,996,270	443,775	-	66,440,045	22,144	66,462,189
Interest Expense	(9,580,893)	(233,723)	-	(9,814,616)	-	(9,814,616)
Gain (Loss) On Sale Of Fixed Assets	(47,121)	(140,825)	-	(187,946)	-	(187,946)
Tax Revenue	1,981,653	-	1,105,310	3,086,963	-	3,086,963
Other	(98,510)	-	-	(98,510)	-	(98,510)
Total Nonoperating Revenues (Expenses)	58,251,399	69,227	1,105,310	59,425,936	14,185,144	73,611,080
Income Before Operating Transfers	58,496,304	3,735,893	48,196,726	110,428,923	13,064,972	123,493,895
Operating Transfers In	310,140	152,624	931,641	1,394,405	-	1,394,405
Operating Transfers Out	(20,683,423)	-	(25,377,200)	(46,060,623)	-	(46,060,623)
Operating Transfers From Primary Government	-	-	-	-	1,204,936	1,204,936
Operating Transfers To Primary Government	-	-	-	-	(55,810)	(55,810)
Net Income	38,123,021	3,888,517	23,751,167	65,762,705	14,214,098	79,976,803
Fund Equity - Beginning Of Year, As Adjusted	416,414,528	39,672,436	489,504,063	945,591,027	66,534,419	1,012,125,446
Residual Equity Transfers Out	(2,000,000)	-	-	(2,000,000)	-	(2,000,000)
Contributed Capital	-	42,880	-	42,880	-	42,880
Fund Equity - End Of Year	\$ 452,537,549	\$ 43,603,833	\$ 513,255,230	\$ 1,009,396,612	\$ 80,748,517	\$ 1,090,145,129

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, 1999

	Proprietary Fund Types		Fiduciary Fund Types Non- Expendable Trust
	Enterprise	Internal Service	
Cash Flows From Operating Activities:			
Operating Income (Loss)	\$ 244,905	\$ 3,666,666	\$ 47,091,416
Adjustments To Reconcile Operating Income To Net Cash Provided By Operating Activities:			
Depreciation	3,223,568	7,541,799	39,532
Amortization/Accretion	5,485,530	1,085,499	-
Reclassification Of Interest Revenue/Expense	(55,186,897)	-	(39,125,057)
Gain On The Sale Of Loans	(500,000)	-	-
Gain On Sale Of Real Estate	-	-	(13,349)
Net (Appreciation) Depreciation In Fair Value Of Investments	2,271,178	-	-
Interest Received On Program Loans	44,554,110	-	-
Disbursements For Loans And Loan Purchases	(142,146,217)	-	-
Receipt Of Loan Principal Repayments	75,266,907	-	-
Provision For Losses	2,269,162	-	-
Premiums Collected	76,390,644	-	-
Premiums Paid	(76,390,644)	-	-
Contributed Property And Equipment	(290,344)	-	-
Other	(31,550)	-	-
Change In Assets And Liabilities:			
(Increase) Decrease In Accounts Receivable	3,149,651	359,541	-
(Increase) Decrease In Due From	261,807	(337,958)	223,482
Increase Decrease In Intergovernmental Receivable	(524,141)	(10,908)	-
Increase In Prepaid Items	(694,607)	(5,607)	-
Decrease In Inventories	2,982,181	39,276	-
Increase In Other Assets	(1,503,447)	-	-
Increase (Decrease) In Accounts Payable	(519,543)	192,384	(14,944)
Increase (Decrease) In Claims/Judgements Payable	78,205,117	475,534	-
Increase (Decrease) In Intergovernmental Payable	2,095,724	(266)	-
Increase In Accrued Payroll	14,822	135,764	-
Increase In Compensated Absences Payable	51,080	109,694	-
Decrease In Amounts Held For Others	(3,899,162)	-	-
Increase (Decrease) In Due To	(529,189)	(340,520)	2,748
Increase (Decrease) In Deferred Revenue	(7,021,608)	(54,306)	-
Decrease In Other Liabilities	(2,135,793)	-	-
Net Cash Provided By (Used For) Operating Activities	5,093,244	12,856,592	8,203,828
Cash Flows From Noncapital Financing Activities:			
Proceeds From Bonds	185,616,000	-	-
Proceeds From Sale Of Notes And Other Borrowings	149,750,000	-	-
Principal Payments - Bonds	(240,360,000)	-	-
Principal Payments - Notes And Other Borrowings	(1,152,000)	-	-
Interest Payments - Bonds	(47,501,318)	-	-
Interest Payments - Notes And Other Borrowings	(9,490,395)	-	-
Payment Of Bond Issue Costs	(97,751)	-	-
Operating Grant Received	-	-	-
Tax Collections	1,981,653	-	1,105,310
Operating Transfers In	310,140	152,624	931,641
Operating Transfers Out	(33,136,423)	-	(25,377,200)
Residual Equity Transfer Out	(2,000,000)	-	-
Net Increase In Non-Interest Bearing Deposits	15,599,000	-	-
Net Decrease In Interest Bearing Deposits	212,608,000	-	-
Payments Of Interest On Deposits	(31,582,000)	-	-
Proceeds From Advances	-	-	262,779
Principal Payments On Advances	(4,620,907)	(1,500,000)	-
Interest Paid On Federal Funds And Reverse Repurchase Agreements	(11,846,000)	-	-
Net Increase In Federal Funds And Reverse Repurchase Agreements	75,382,000	-	-
Advances Made	(6,961,000)	-	-
Collection Of Advances Made	4,985,000	-	304,620
Interest Received On Advances To Other Funds	-	-	615,856
Net Cash Provided By (Used For) Noncapital Financing Activities	257,483,999	(1,347,376)	(22,156,994)

Total (Memorandum Only) Primary Government		Total (Memorandum Only) Reporting Entity	
June 30 1999	Component Units	June 30 1999	
\$ 51,002,987	\$ (1,120,172)	\$ 49,882,815	
10,804,899	10,156	10,815,055	
6,571,029	293,000	6,864,029	
(94,311,954)	(2,551,480)	(96,863,434)	
(500,000)	-	(500,000)	
(13,349)	-	(13,349)	
2,271,178	(1,000)	2,270,178	
44,554,110	-	44,554,110	
(142,146,217)	-	(142,146,217)	
75,266,907	-	75,266,907	
2,269,162	2,407,835	4,676,997	
76,390,644	-	76,390,644	
(76,390,644)	-	(76,390,644)	
(290,344)	-	(290,344)	
(31,550)	1,836	(29,714)	
3,509,192	(6,953)	3,502,239	
147,331	-	147,331	
(535,049)	-	(535,049)	
(700,214)	-	(700,214)	
3,021,457	-	3,021,457	
(1,503,447)	-	(1,503,447)	
(342,103)	644,221	302,118	
78,680,651	(100,000)	78,580,651	
2,095,458	94,000	2,189,458	
150,586	-	150,586	
160,774	-	160,774	
(3,899,162)	-	(3,899,162)	
(866,961)	-	(866,961)	
(7,075,914)	18,564	(7,057,350)	
(2,135,793)	-	(2,135,793)	
26,153,664	(309,993)	25,843,671	
185,616,000	45,516,000	231,132,000	
149,750,000	-	149,750,000	
(240,360,000)	(12,694,000)	(253,054,000)	
(1,152,000)	-	(1,152,000)	
(47,501,318)	(7,297,000)	(54,798,318)	
(9,490,395)	-	(9,490,395)	
(97,751)	(569,000)	(666,751)	
-	15,367,936	15,367,936	
3,086,963	-	3,086,963	
1,394,405	-	1,394,405	
(58,513,623)	(62,725)	(58,576,348)	
(2,000,000)	-	(2,000,000)	
15,599,000	-	15,599,000	
212,608,000	-	212,608,000	
(31,582,000)	-	(31,582,000)	
262,779	4,178,000	4,440,779	
(6,120,907)	-	(6,120,907)	
(11,846,000)	-	(11,846,000)	
75,382,000	-	75,382,000	
(6,961,000)	(4,178,000)	(11,139,000)	
5,289,620	-	5,289,620	
615,856	-	615,856	
233,979,629	40,261,211	274,240,840	

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, 1999

	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	(2,138,032)	(9,426,933)	-
Proceeds From Sale Of Fixed Assets	3,666	1,546,656	-
Principal Payments - Bonds	(195,000)	-	-
Principal Payments - Notes And Other Borrowings	-	(2,419,362)	-
Interest Payments - Bonds	(159,660)	-	-
Interest Payments - Notes And Other Borrowings	(149,050)	(167,573)	-
Payment On Capital Leases	(17,358)	-	-
Net Cash Used For Capital And Related Financing Activities	(2,655,434)	(10,467,212)	-
Cash Flows From Investing Activities:			
Proceeds From Sale And Maturities Of Investment Securities	936,170,974	-	98,664,751
Purchase Of Investment Securities	(1,181,663,968)	(517,456)	(103,522,705)
Interest And Dividends On Investments	79,766,624	424,894	20,112,468
Proceeds From Sale Of Other Real Estate	143,930	-	32,000
Net Increase In Loans	(206,189,000)	-	-
Disbursements For Loans And Loan Purchases	(1,027,600)	-	(9,162,995)
Receipt Of Loan Principal Repayments	2,184,579	-	5,281,701
Loan Income Received	56,331,812	-	4,199,033
Proceeds From Sale Of Loans	9,441,286	-	-
Net Cash Provided By (Used For) Investing Activities	(304,841,363)	(92,562)	15,604,253
Net Change In Cash:			
Net Increase (Decrease) In Cash And Cash Equivalents And Cash Deposits At The Bank Of North Dakota	(44,919,554)	949,442	1,651,087
Cash And Cash Equivalents And Cash Deposits At The Bank Of North Dakota At June 30, 1998	683,730,873	2,679,398	614,476
Cash And Cash Equivalents And Cash Deposits At The Bank Of North Dakota At June 30, 1999	\$ 638,811,319	\$ 3,628,840	\$ 2,265,563
Reconciliation:			
Cash Deposits At The Bank Of North Dakota	\$ 33,738,170	\$ 3,628,740	\$ 69,097,701
Cash And Cash Equivalents	605,073,149	100	23,053,137
Cash And Cash Equivalents And Cash Deposits At The Bank Of North Dakota, Expendable Trust, Pension And Agency Funds	-	-	(89,885,275)
Cash And Cash Equivalents And Cash Deposits At The Bank Of North Dakota	\$ 638,811,319	\$ 3,628,840	\$ 2,265,563
Noncash Transactions:			
Unrealized Gains On Investments	\$ 93,000	\$ -	\$ -
Appropriations Transfer From Undivided Profits To Various State Agencies	17,187,000	-	-
Securities Lending Collateral	25,857,456	209,374	-
Net Appreciation (Depreciation) In Fair Value Of Investments	(1,031,996)	(60,834)	14,040,047
Purchased Fixed Assets Through Capital Lease	44,074	99,269	-
Purchased Fixed Assets Through Assumption Of Note Payable	-	833,688	-
Purchased Prepaid Expenses Through Assumption Of Note Payable	-	920,485	-
Termination of Capital Lease for Fixed Assets	-	(6,209)	-
Contribution of Property And Equipment	290,344	41,500	-
Loans Written Off	-	-	-
Investments Written Off	-	-	-
Loan Converted To Investment	-	-	-
Transfer Of Property And Equipment	-	1,380	-
Total Noncash Transactions	\$ 42,439,878	\$ 2,038,653	\$ 14,040,047

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STATE OF NORTH DAKOTA

Statement Of Changes In Plan Net Assets
Pension And Investment Trust Funds
For The Fiscal Year Ended June 30, 1999

	Pension					Investment		Total
	Highway Patrolmen's Retirement	Job Service Retirement	Prefunded Retiree Health Program	Public Employees' Retirement	Teachers' Retirement	City Of Bismarck	ND Association Of Counties	June 30 1999
Additions:								
Contributions:								
Employer	\$ 717,357	\$ 1,110,818	\$ 3,790,514	\$ 15,873,917	\$ 24,257,131	\$ -	\$ -	\$ 45,749,737
Employee	442,441	406,341	12,155	15,070,370	24,257,091	-	-	40,188,398
Total Contributions	1,159,798	1,517,159	3,802,669	30,944,287	48,514,222	-	-	85,938,135
Investment Income:								
Net Appreciation (Depreciation) In Market								
Value Of Investments	2,719,457	2,222,757	1,818,477	77,612,878	100,015,461	2,138,993	20,821	186,548,844
Interest And Dividends	1,179,008	3,945,875	700,317	33,586,432	33,677,320	1,009,902	8,429	74,107,283
	3,898,465	6,168,632	2,518,794	111,199,310	133,692,781	3,148,895	29,250	260,656,127
Less Investment Expense	112,521	145,756	45,741	3,204,931	4,062,787	94,225	1,920	7,667,881
Net Investment Income	3,785,944	6,022,876	2,473,053	107,994,379	129,629,994	3,054,670	27,330	252,988,246
Securities Lending Activity:								
Securities Lending Income	177,203	217,658	-	5,044,855	4,520,750	143,216	2,155	10,105,837
Less Securities Lending Expense	168,037	206,509	-	4,783,825	4,252,443	136,161	2,012	9,548,987
Net Securities Lending Income	9,166	11,149	-	261,030	268,307	7,055	143	556,850
Repurchase Service Credit	-	-	81,952	1,082,415	636,015	-	-	1,800,382
Miscellaneous Income	36	-	-	3,874	8,688	-	-	12,598
Total Additions	4,954,944	7,551,184	6,357,674	140,285,985	179,057,226	3,061,725	27,473	341,296,211
Deductions:								
Benefits Paid To Participants	1,453,640	1,209,108	-	29,150,704	46,120,317	-	-	77,933,769
Refunds	4,784	-	1,020	3,785,874	2,877,423	-	-	6,669,101
Prefunded Credit Applied	-	-	3,172,977	-	-	-	-	3,172,977
Transfers To Other Plans	-	-	-	134,137	-	-	-	134,137
Administrative Expenses	12,966	13,917	60,912	718,396	944,654	-	-	1,750,845
Total Deductions	1,471,390	1,223,025	3,234,909	33,789,111	49,942,394	-	-	89,660,829
Purchase Of Units At Net Asset Value of \$1.00 Per Unit	-	-	-	-	-	-	575,000	575,000
Net Increase	3,483,554	6,328,159	3,122,765	106,496,874	129,114,832	3,061,725	602,473	252,210,382
Net Assets Held In Trust For Pension Benefits And External Investment Pool Participants								
Beginning Of Year	35,090,219	63,556,844	20,426,977	998,948,392	1,133,469,244	29,039,680	-	2,280,531,356
End Of Year	\$ 38,573,773	\$ 69,885,003	\$ 23,549,742	\$ 1,105,445,266	\$ 1,262,584,076	\$ 32,101,405	\$ 602,473	\$ 2,532,741,738

STATE OF NORTH DAKOTA

**Combined Statement Of Current Funds Revenues,
Expenditures And Other Changes
University System
For The Fiscal Year Ended June 30, 1999**

	Total Unrestricted	Total Restricted	Total Current Funds
Revenues And State Transfers:			
Tuition And Fees	\$ 101,538,001	\$ 2,231	\$ 101,540,232
Federal Appropriations	5,851,709	-	5,851,709
Local Appropriations	1,864,496	-	1,864,496
Federal Grants And Contracts	6,769,667	62,661,187	69,430,854
State Grants And Contracts	532,470	1,393,061	1,925,531
Private Gifts, Grants And Contracts	8,670,289	13,448,945	22,119,234
Investment And Endowment Income	3,353,660	583,940	3,937,600
Sales And Services Of Educational Departments	43,127,096	38,334	43,165,430
Sales And Services Of Auxilliary Enterprises	69,593,546	-	69,593,546
Total Revenues	241,300,934	78,127,698	319,428,632
Operating Transfers In	173,833,091	14,003,331	187,836,422
Operating Transfers From Component Units	-	55,810	55,810
Total Revenues And State Transfers	415,134,025	92,186,839	507,320,864
Expenditures And Mandatory Transfers:			
Educational And General			
Instruction	150,197,428	8,422,800	158,620,228
Research	24,026,566	33,970,667	57,997,233
Public Service	15,419,455	14,343,798	29,763,253
Academic Support	36,151,573	815,970	36,967,543
Student Services	17,364,359	1,868,098	19,232,457
Institutional Support	31,463,315	676,609	32,139,924
Operation And Maintenance Of Plant	40,057,781	4,635,470	44,693,251
Scholarships And Fellowships	7,947,892	26,441,391	34,389,283
Total Educational And General Expenditures	322,628,369	91,174,803	413,803,172
Mandatory Transfer For Principal And Interest	947,779	-	947,779
Mandatory Transfer For Loan Fund Matching	119,361	165	119,526
Total Educational And General Expenditures And Mandatory Transfers	323,695,509	91,174,968	414,870,477
Auxiliary Enterprises:			
Expenditures	65,783,964	1,012,036	66,796,000
Mandatory Transfers For Principal And Interest	3,776,676	-	3,776,676
Total Auxiliary Enterprises	69,560,640	1,012,036	70,572,676
Total Expenditures And Mandatory Transfers	393,256,149	92,187,004	485,443,153
Other Transfers And Deductions:			
Excess Of Restricted Receipts Over			
Transfers To Revenues	-	416,487	416,487
Indirect Costs Recovered	(1,471,098)	-	(1,471,098)
Refunded To Grantors	(3,106)	(63,716)	(66,822)
Nonmandatory Interfund Transfers	(4,263,334)	(1,653,290)	(5,916,624)
Other Additions(Deductions)	708,598	236,809	945,407
Total Other Transfers And Deductions	(5,028,940)	(1,063,710)	(6,092,650)
Net Increase In Fund Balances	\$ 16,848,936	\$ (1,063,875)	\$ 15,785,061

STATE OF NORTH DAKOTA

Combined Statement Of Changes In Fund Balance
University System
For The Fiscal Year Ended June 30, 1999

	Current Funds				Plant Funds			Total (Memorandum Only)
	Unrestricted	Restricted	Loan	Endowment And Similar	Unexpended	Retirement Of Indebtedness	Investment In Plant	June 30 1999
Revenues And Other Additions:								
Unrestricted Current Fund Revenue	\$ 241,300,934	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 241,300,934
Student Fees - Restricted	-	2,231	-	-	-	1,203,716	-	1,205,947
Local Appropriations - Restricted	-	-	-	-	-	4,151	-	4,151
Federal Grants And Contracts - Restricted	-	67,719,604	515,649	-	3,125,028	291,780	-	71,652,061
State Grants And Contracts - Restricted	-	1,412,554	48,451	-	192,648	-	-	1,653,653
Private Gifts, Grants And Contracts - Restricted	-	16,033,358	149,232	119,015	3,109,217	-	145,467	19,556,289
Endowment And Investment Income - Restricted	-	993,972	32,973	612,008	604,330	795,258	-	3,038,541
Interest And Late Fees On Loans Receivable	-	-	1,010,254	-	-	-	-	1,010,254
Sales & Services Of Educational Depts.-Restricted	-	38,789	119	-	472,499	-	-	511,407
Retirement Of Indebtedness	-	-	-	-	45,833	-	9,587,481	9,633,314
Expended For Plant Facilities-Plant Funds	-	-	-	-	-	-	64,171,170	64,171,170
Debt Issuance	-	-	-	-	1,440,151	688,050	-	2,128,201
Other Additions	1,961,572	402,821	288,534	263,189	4,341,674	2,030,962	92,139	9,380,891
Total Revenues And Other Additions	243,262,506	86,603,329	2,045,212	994,212	13,331,380	5,013,917	73,996,257	425,246,813
Expenditures And Other Deductions:								
Education And General Expenditures	322,628,369	91,174,803	-	-	-	5,379	-	413,808,551
Auxiliary Enterprises Expenditures	65,783,964	1,012,036	-	-	-	-	-	66,796,000
Indirect Costs Recovered	1,471,098	7,656,323	76,506	-	-	-	-	9,203,927
Refunds To Grantors	3,106	63,716	4,081	-	-	-	-	70,903
Loan Cancellations And Write-Offs	-	-	710,824	-	-	-	-	710,824
Administrative And Collection Costs	-	-	149,739	-	17,500	1,252	-	168,491
Expended For Plant Facilities	-	-	-	-	23,758,570	-	-	23,758,570
Retirement Of Indebtedness	-	-	-	-	45,833	5,190,809	176,667	5,413,309
Interest On Indebtedness	-	-	-	-	7,793	3,749,738	11,693	3,769,224
Trustee Fees	-	-	-	-	-	56,986	-	56,986
Disposal Of Plant Facilities	-	-	-	-	-	-	29,232,425	29,232,425
Debt Issuance	-	-	-	-	-	-	8,438,540	8,438,540
Other Deductions	1,252,974	166,012	39,366	1,534	-	9,734	179,674	1,649,294
Total Expenditures And Other Deductions	391,139,511	100,072,890	980,516	1,534	23,829,696	9,013,898	38,038,999	563,077,044
Transfers Among Funds And Other Additions (Deductions):								
Mandatory:								
Loan Matching Fund	(119,361)	(165)	119,526	-	-	-	-	-
Principal And Interest - Unrestricted	(947,779)	-	-	-	-	947,779	-	-
Principal And Interest - Auxiliary	(3,776,676)	-	-	-	-	3,776,676	-	-
Nonmandatory Interfund Transfers	(4,263,334)	(1,653,290)	(209,145)	1,417,646	4,285,584	422,539	-	-
Operating Transfers In	173,833,091	14,003,331	3,077	-	12,001,443	-	-	199,840,942
Operating Transfers In From Component Units	-	55,810	-	-	-	-	-	55,810
Total Transfers And Other Additions (Deductions)	164,725,941	12,405,686	(86,542)	1,417,646	16,287,027	5,146,994	-	199,896,752
Net Increase (Decrease) In Fund Balance	16,848,936	(1,063,875)	978,154	2,410,324	5,788,711	1,147,013	35,957,258	62,066,521
Fund Balances - Beginning Of Year As Previously Reported								
	40,924,559	8,962,408	41,655,578	23,597,924	17,711,257	11,969,529	771,762,580	916,583,835
Fund Balance - End Of Year	\$ 57,773,495	\$ 7,898,533	\$ 42,633,732	\$ 26,008,248	\$ 23,499,968	\$ 13,116,542	\$ 807,719,838	\$ 978,650,356

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 section 21-04-02 provides that public funds belonging to or in the custody of the state shall be deposited in the Bank of North Dakota. 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, 1999, pooled deposits in the Bank of North Dakota yielded an average of 3.56 percent on a cash pool that ranged from \$139 to \$261 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. The statutory liability of the state is limited to a total of \$250,000 per person and \$1,000,000 per occurrence. The state purchases commercial insurance for claims in excess of coverage provided by the Fund and continues to transfer liabilities for medical malpractice and aviation to private insurance carriers.

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 twelve-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 Amendments of 1996. 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, 1998. This was the eighth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the State of North Dakota received the GFOA's Award for Distinguished Budget Presentation for its 1999-2001 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.

ACKNOWLEDGMENTS: 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 expertise and dedication are 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 Garry Redmann and Patsy Crooke of the North Dakota Department of Transportation, to Harold Umber of the North Dakota Game and Fish Department, and to Pat Hertz of the North Dakota Tourism Department for providing the photographs and accompanying descriptions used in this report.

Sincerely,

A handwritten signature in black ink, appearing to read "Rod Backman", with a long, sweeping horizontal line extending to the right.

Rod Backman, Director
Office of Management and Budget

STATE OF NORTH DAKOTA
1997-1999 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, 1999

	Approved Budget 1997-99 Biennium	Appropriation Adjustments 1997-99 Biennium	Adjusted Budget 1997-99 Biennium	Actual Biennium To Date Thru 6-30-99	Difference Uncollected/ Unspent Thru 6-30-99
Revenues					
General Fund					
Sales And Use Tax	\$ 674,592,000	\$ (9,913,136)	\$ 664,678,864	\$ 664,364,916	\$ (313,948)
Income Tax	422,615,000	52,826,741	475,441,741	481,708,044	6,266,303
Business Privilege Tax	4,000,000	1,596,325	5,596,325	6,494,162	897,837
Oil And Gas Production Tax	35,313,730	(9,331,790)	25,981,940	26,973,613	991,673
Oil Extraction Tax	23,426,000	(7,131,782)	16,294,218	16,703,114	408,896
Insurance Premium Tax	33,840,000	442,025	34,282,025	35,733,266	1,451,241
Cigarette, Cigar And Tobacco Tax	45,490,000	(640,398)	44,849,602	44,091,170	(758,432)
Wholesale Liquor Tax	10,594,971	(114,302)	10,480,669	11,140,328	659,659
Coal Severance Tax	22,311,000	127,648	22,438,648	22,596,137	157,489
Coal Conversion Tax	23,871,000	(37,377)	23,833,623	23,786,790	(46,833)
Gaming Tax	22,625,000	44,000	22,669,000	22,801,868	132,868
Department Fees And Collections	27,437,725	6,360,707	33,798,432	41,193,364	7,394,932
Mineral Leasing Fees	4,800,000	2,557,000	7,357,000	7,257,989	(99,011)
Gas Tax Administration	1,128,872	-	1,128,872	1,128,872	-
Interest On Public Funds	15,356,000	3,019,000	18,375,000	19,013,889	638,889
Total General Fund Revenues	1,367,401,298	39,804,661	1,407,205,959	1,424,987,522	17,781,563
Other Budgeted Income	2,544,733,567	566,311,258	3,111,044,825	2,645,932,721	(465,112,104)
Total All Revenues	3,912,134,865	606,115,919	4,518,250,784	4,070,920,243	(447,330,541)
Expenditures By Line Item					
Salaries And Wages	730,435,550	11,068,817	741,504,367	687,792,551	53,711,816
Operating Expenses	322,690,439	40,483,288	363,173,727	319,590,349	43,583,378
Equipment	24,800,668	3,154,668	27,955,336	22,633,615	5,321,721
Capital Improvements	83,692,367	41,012,345	124,704,712	58,710,332	65,994,380
Grants	1,802,702,588	251,839,810	2,054,542,398	1,873,398,240	181,144,158
Special Line Items	1,001,957,317	254,810,475	1,256,767,792	1,099,840,470	156,927,322
Total Expenditures By Line Item	3,966,278,929	602,369,403	4,568,648,332	4,061,965,557	506,682,775
Expenditures By Source					
General Fund	1,480,911,612	29,013,501	1,509,925,113	1,472,763,238	37,161,875
Other Budgeted Income	2,485,367,317	573,355,902	3,058,723,219	2,589,202,319	469,520,900
Total Expenditures By Source	3,966,278,929	602,369,403	4,568,648,332	4,061,965,557	506,682,775
Revenues Over (Under) Expenditures					
General Fund	(113,510,314)	10,791,160	(102,719,154)	(47,775,716)	54,943,438
Other Budgeted Income	59,366,250	(7,044,644)	52,321,606	56,730,402	4,408,796
Other Financing Sources (Uses)					
General Fund - Transfers In	67,694,725	1,465,356	69,160,081	69,313,874	153,793
General Fund - Transfers Out	(8,328,475)	(8,510,000)	(16,838,475)	(12,583,472)	4,255,003
Other Budgeted Income - Transfers In	8,328,475	8,510,000	16,838,475	12,583,472	(4,255,003)
Other Budgeted Income - Transfers Out	(67,694,725)	(1,465,356)	(69,160,081)	(69,313,874)	(153,793)
Revenues And Other Sources Over (Under) Expenditures And Other Uses					
General Fund	(54,144,064)	3,746,516	(50,397,548)	8,954,686	59,352,234
Other Budgeted Income	-	-	-	-	-
Beginning Budgetary General Fund Balance, as adjusted	65,000,000	5,572,323	70,572,323	61,808,730	(8,763,593)
Ending Budgetary General Fund Balance	\$ 10,855,936	\$ 9,318,839	\$ 20,174,775	\$ 70,763,416	\$ 50,588,641

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NOTES TO THE FINANCIAL STATEMENTS For the Fiscal Year Ended June 30, 1999

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 sepa-

rate 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, which consists of the governor, the attorney general, and the commissioner of agriculture, 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, 1999, and their report dated September 16, 1999, 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 auditors 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, 1998, and their report dated February 19, 1999, 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, 1999, and their report dated August 13, 1999, 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, 1998, and their report dated April 9, 1999, 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, 1999, and their report dated August 11, 1999, 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 the 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 business-like 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.

Investment Trust Funds account for the transactions, assets, liabilities, and fund equity of the external pool participants (City of Bismarck and ND Association of Counties RIO Investments). The State Investment Board (SIB) administers the external pool participants. SIB 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. Investment 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/judgments, 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 (e.g., revenues and other financing sources) and decreases (e.g., expenditures and other financing uses) in net current assets.

Proprietary, nonexpendable trust, pension trust, and investment 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 (e.g., 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 (e.g., revenues) and decreases (e.g., 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 1997 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. Beginning with the 1997 biennium, the University System's unexpended general fund appropriation authority for the previous biennium did not lapse. The institutions under the University System must use their unexpended general fund appropriation authority for capital repairs and improvements, equipment, and other purposes not requiring an increase in future general fund appropriations (1997 Session Laws, Chapter 32, Section 10). The unexpended general fund authority for the experiment stations under the University System must be deposited in their special revenue funds (NDCC 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 1997-1999 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 1997-1999 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 1997-1999 biennium, there were supplemental appropriations of \$602,369,403.

For the biennium ended June 30, 1999, the following departments had expenditures which exceeded appropriations at the line item level (the legal level of budgetary control) by the following amounts:

Department	Line Item Level	Amount
State Treasurer's Office	Salaries and Wages	\$ 232
Indian Affairs Commission	Operating Expenses	1,884
Governor's Office	Operating Expenses	1,381
Human Services: Management & Councils	Grants	41,605
Securities Commission	Salaries and Wages	188
ND State College of Science	Capital Improvements--Off SAMIS	86,333
North Dakota Forest Service	Special Fund Funding Authority	8,379

The State Treasurer's Office and the Securities Department both miscalculated their salary line item needs in their requests for appropriation line item transfers from salaries to operating from the Emergency Commission. They failed to include the increase in hospital insurance rates which were effective with the June 1999 payroll. This caused the State Treasurer's Office to overspend their salary line by \$232 and the Securities Department to overspend their salary line by \$188.

The Indian Affairs Commission overspent their operating line appropriation by \$1,884. The agency requested and received approval from the Emergency Commission for several line item transfers from salaries to operating during the biennium. However, they did not request enough to cover all of their operating expenditures.

The Governor's office overspent their operating line item by \$1,381 because of travel vouchers incurred in June and paid in July. They had appropriations remaining in their other line items and had a total general fund unexpended appropriation of \$109,772 at the end of the biennium.

The Department of Human Services overspent their grants line item in the Management and Council subdivision appropriation by \$41,605 due to the timing of claims submitted by subgrantees of the DD Council. Federal funding was available, but because it was so late in the biennium, there was not enough time to request the increase in spending authority.

The North Dakota State College of Science's capital improvements-off SAMIS line item was overspent by \$86,333 because the Allied Health Center's (formerly the Bute Gym) remodeling costs exceeded the budgeted amount. Funding was available for these costs, which were for communication and building controls, but no request was made for an increase in the line item appropriation.

North Dakota Forest Service exceeded their special fund authority by \$8,379 because of Local Funds expenditures, which are off SAMIS. They had sufficient funds to cover these expenditures but did not have enough special fund authority. There was no request to increase their special fund authority.

The level of legal control for all agencies is reported in a publication titled "State of North Dakota 1997-1999 Biennium Budget and Actual Detail - (Budgetary Basis) for the Biennium Ended June 30, 1999." This budget information is available through the Office of Management and Budget, 600 East Boulevard Avenue Dept. 110, 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, 1999.

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

All funds of the State record their investments in accordance with Government Accounting Standards Board (GASB) Statement No. 31, "Accounting and Financial Reporting for Certain 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 original cost of the investment sold. Unrealized appreciation or depreciation is computed based on changes in the fair value of investments between years. Security transactions are currently accounted for on a trade date basis. Interest income is recorded when earned. Dividend income is recorded on the ex-dividend date. 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' Boards 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 their evaluation, have 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 \$2,349,500 and \$175,000 at June 30, 1999, respectively. All investments are maintained separately by fund.

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. SECURITIES LENDING

GASB Statement No. 28, *"Accounting and Financial Reporting for Securities Lending Transactions,"* establishes accounting and financial reporting standards for securities lending transactions. The 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.

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 percent of the market value of the securities

plus any accrued interest. Non-U.S. securities are loaned versus collateral valued at 105 percent 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 borrower. The average term of overall loans is twenty-four days.

Cash open collateral is invested in a short term investment pool, the Core Collateral Section, which had an average weighted maturity of twenty-eight 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, and 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 (custodian of investments) 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.

I. RECEIVABLES

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

J. LOANS AND NOTES RECEIVABLE

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

K. INTERFUND TRANSACTIONSDUE 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.

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 non-routine transfers of equity between funds (see Note 4F).

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

L. 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, 1999, valued at approximately \$1,422,412 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, 1999, valued at approximately \$1,676. This inventory is not included in the accompanying financial statements.

The Department of Human Services has approximately \$3.3 million in food stamp inventory which is included in the Special Revenue Federal Fund Inventory.

M. 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.

N. 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 consists of 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.

O. 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.

P. 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.

Q. CLAIMS/JUDGMENTS PAYABLE

Claims/Judgments 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 judgments 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. 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 ten years of creditable service, at which time the State is liable for ten 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.

S. 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 other state agencies.

T. 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.

U. MISCELLANEOUS REVENUE

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

V. 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.

W. 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.

X. CHANGE IN ACCOUNTING PRINCIPLES

GASB Statement No. 32, "Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans," effective for financial statements for periods beginning after December 31, 1998, establishes accounting and financial reporting standards for Internal Revenue Code Section 457 deferred compensation plans of state and local governments. An IRC Section 457 deferred compensation plan that meets the criteria in NCGA Statement 1, *Governmental Accounting and Financial Reporting Principles*, paragraph 26(3)(8), for inclusion in the fiduciary funds of a government should be reported as an expendable trust fund in the financial statements of that government.

In accordance with GASB 32, the State has recorded as a cumulative effect of accounting change the amount of deferred compensation plan account balances held in trust by the State. A portion of the balances were held in trust beginning October 1, 1998, and another portion beginning January 1, 1999. Balances held in trust are reported in an expendable trust fund in these financial statements. Prior to January 1, 1999, the full amount of deferred compensation plan account balances were accounted for in an agency fund.

NOTE 2 - RESTATEMENTS

Certain restatements of fund equity balances as of June 30, 1999, as discussed below, have been reflected in the General Purpose Financial Statements.

State Tuition Fund (Education) was reclassified from a Special Revenue Fund to an Agency Fund. The amount of the fund balance reclassified was \$890,840.

The Lignite Research Fund beginning fund balance was increased by \$46,293 to correct overstatement of previous years' expenditures. This fund is recorded as a Debt Service Fund.

Pursuant to GASB 31, the Bank of North Dakota has restated certain investment securities at fair value for reporting purposes resulting in a decrease to beginning retained earnings of \$90,000.

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

Primary Government Funds	June 30, 1998 Fund Balance/ Equity As Previously Reported	Increased/(Decreased) For Restatement	July 1, 1998 Fund Balance/Equity As Restated
Special Revenue Fund:			
Education	\$ 10,553	\$ (891)	\$ 9,662
Debt Service Fund:			
Lignite Research	\$ 843	\$ 46	\$ 889
Enterprise Fund:			
Bank Of North Dakota	\$ 128,888	\$ (90)	\$ 128,798

NOTE 3 - BUDGET TO GAAP RECONCILIATION

BUDGETARY BASIS VS. GAAP

The accompanying 1997-1999 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, 1999 (expressed in thousands):

	Actual (*) For 1997-1999 Biennium (Budgetary Basis)	Actual Fiscal Year 1998 (Budgetary Basis)	Non- Appropriated Expenditures	Non- Appropriated Accruals	Difference In Basis (**)	GAAP(***) Fiscal Year 1999 Expenditures
General	\$ 1,485,347	\$ (710,341)	\$ 9,320	\$ (10,161)	\$ -	\$ 774,165
Special Revenue	2,042,391	(1,026,287)	29,056	(4,966)	-	1,040,194
Debt Service	-	-	10,598	-	-	10,598
Capital Projects	1,400	(530)	9,231	-	-	10,101
Enterprise	124,086	(60,088)	336,176	-	2,008	402,182
Internal Service	79,951	(38,698)	3,448	-	(4,092)	40,609
Expendable Trust	-	-	54,143	-	-	54,143
Nonexpendable Trust	-	-	27,344	-	-	27,344
Pension Trust	2,711	(1,315)	88,265	-	-	89,661
Agency	90,397	(46,510)	-	-	(43,887)	-
University System	317,161	(158,910)	404,826	-	-	563,077
Total-Primary Government	4,143,444	(2,042,679)	972,407	(15,127)	(45,971)	3,012,074
Component Units	419	(245)	15,614	-	133	15,921
Total-Reporting Entity	\$ 4,143,863	\$ (2,042,924)	\$ 988,021	\$ (15,127)	\$ (45,838)	\$ 3,027,995

(*) Actual for 1997-1999 Biennium Expenditures Includes:

Appropriated Expenditures	\$ 4,061,966
General Fund - Transfers Out	12,583
Other Budgeted Income - Transfers Out	69,314
Total	\$ 4,143,863

(**) Difference in Basis Includes:	<u>Enterprise</u>	<u>Internal Service</u>	<u>Agency</u>	<u>Component Units</u>
Appropriated Expenditures	\$ -	\$ -	\$ (43,887)	\$ -
Capital Acquisitions	3,224	7,542	-	(1)
Depreciation	(1,216)	(11,634)	-	134
Total	<u>\$ 2,008</u>	<u>\$ (4,092)</u>	<u>\$ (43,897)</u>	<u>\$ 133</u>

(***) GAAP Expenditures Reconciliation:

	<u>Total Expenditures/ Operating Expenses</u>	<u>Operating Transfers Out</u>	<u>Operating Transfers To Primary Government</u>	<u>Nonoperating Interest Expense</u>	<u>Residual Equity Transfer Out</u>	<u>GAAP Fiscal Year 1999 Expenditures</u>
General	\$ 572,953	\$ 200,007	\$ -	\$ 1,205	\$ -	\$ 774,165
Special Revenue	994,780	45,414	-	-	-	1,040,194
Debt Service	10,598	-	-	-	-	10,598
Capital Projects	5,351	4,731	-	-	19	10,101
Enterprise	369,917	20,684	-	9,581	2,000	402,182
Internal Service	40,375	-	-	234	-	40,609
Expendable Trust	52,865	1,278	-	-	-	54,143
Nonexpendable	1,967	25,377	-	-	-	27,344
Pension Trust	89,661	-	-	-	-	89,661
Agency	-	-	-	-	-	-
University System	563,077	-	-	-	-	563,077
<i>Total - Primary Government</i>	<u>2,701,544</u>	<u>297,491</u>	<u>-</u>	<u>11,020</u>	<u>2,019</u>	<u>3,012,074</u>
Component Units	15,865	-	56	-	-	15,921
Total - Reporting Entity	<u>\$ 2,717,409</u>	<u>\$ 297,491</u>	<u>\$ 56</u>	<u>\$ 11,020</u>	<u>\$ 2,019</u>	<u>\$ 3,027,995</u>

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

NOTE 4 - DETAILED NOTES ON ACCOUNT BALANCES

A. DEPOSITS

State law generally requires that all State funds be deposited in the Bank of North Dakota. NDCC 21-04-01 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, "[a]ll state funds . . . must be deposited in the 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, 1999. 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	Carrying
	1	2	3	Bank Balance	Amount
Cash Deposits	\$ 15,422	\$ 54	\$ 306,282	\$ 321,758	\$ 426,876
Certificates Of Deposit					
Recorded As Investments	2,514	-	1,692	4,206	4,206
Total	<u>\$ 17,936</u>	<u>\$ 54</u>	<u>\$ 307,974</u>	<u>\$ 325,964</u>	<u>\$ 431,082</u>

University System:

	Category			Total	Carrying
	1	2	3	Bank Balance	Amount
Cash Deposits	\$ 9,072	\$ 123	\$ -	\$ 9,195	\$ 4,442
Certificates Of Deposit					
Recorded As Investments	2,167	-	-	2,167	2,168
Total	<u>\$ 11,239</u>	<u>\$ 123</u>	<u>\$ -</u>	<u>\$ 11,362</u>	<u>\$ 6,610</u>

Component Units:

	Category			Total	Carrying
	1	2	3	Bank Balance	Amount
Cash Deposits	\$ 911	\$ -	\$ -	\$ 911	\$ 911
Certificates Of Deposit					
Recorded As Investments	-	-	9,403	9,403	9,403
Total	<u>\$ 911</u>	<u>\$ -</u>	<u>\$ 9,403</u>	<u>\$ 10,314</u>	<u>\$ 10,314</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, the 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 the 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 State Investment Board participates in a securities lending program whereby securities are loaned to brokers and, in return, the SIB receives collateral held by the trustee in the SIB'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 SIB has no credit risk exposure to borrowers because the amounts the SIB owes the borrowers exceeds the amounts the borrowers owe the SIB.

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 future 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 80 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 authorizes 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 6-09.
 4. The North Dakota State Treasurer's Office - The North Dakota 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 fair 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 which are held by the counterparty, or their trust department or agent, but not 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			Fair Value
	1	2	3	
Commercial Paper	\$ 150,000	\$ -	\$ -	\$ 150,000
Equity Securities				
Not On Securities Loan	909,435	-	-	909,435
On Securities Loan	5,017	-	-	5,017
Bonds And Notes				
Not On Securities Loan	657,214	-	-	657,214
On Securities Loan	2,897	-	-	2,897
U.S. Government & Agency Issues				
Not On Securities Loan	710,932	-	-	710,932
On Securities Loan	35,681	-	-	35,681
	<u>\$ 2,471,176</u>	<u>\$ -</u>	<u>\$ -</u>	2,471,176
Investments In Real Estate Pool				149,209
Investments In Unemployment				
Compensation Pool				22,189
Guaranteed Investment Contract				197,174
Annuities				5,118
Mutual Funds				1,118,031
Private Equity				22,597
Non-Security Investments				2,000

	Fair Value
Investments Held By Broker-Dealer Under Securities Loans With Cash Collateral:	
Equity Securities	109,467
Bonds And Notes	100,483
U.S. Government & Agency Issues	204,588
Securities Lending Short-Term Collateral Investment Pool	
Investments Held As Collateral Under Reverse Repurchase Agreements	423,995
Totals	<u>\$ 4,826,027</u>

University System:

	Category			Fair Value
	1	2	3	
Equity Securities	\$ 10,391	\$ -	\$ 6,995	\$ 17,386
Bonds And Notes	-	-	8,278	8,278
U.S. Government & Agency Issues	722	-	4,338	5,060
	<u>\$ 11,113</u>	<u>\$ -</u>	<u>\$ 19,611</u>	<u>\$ 30,724</u>

Held By Brokers/Dealers	10,139
Totals	<u>\$ 40,863</u>

Component Units:

	Category			Fair Value
	1	2	3	
U.S. Government & Agency Issues	\$ 810	\$ -	\$ -	\$ 810
Equity Securities	175	-	-	175
Obligations Of State And Political Subdivisions	528	-	-	528
	<u>\$ 1,513</u>	<u>\$ -</u>	<u>\$ -</u>	<u>1,513</u>

Guaranteed Investment Contract	69,737
Non-Security Investments	109,964
Totals	<u>\$ 181,214</u>

There were no violations of statutory authority or contractual provisions for investments during the year ended June 30, 1999.

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, 1999, the State had reverse repurchase agreements of \$32,600,000 included in securities lending collateral on the balance sheet. The highest month end balance for the previous year was \$32,600,000, with an average daily balance of \$10,393,000. The weighted average interest rate as of year end was 5.10 percent. The weighted average interest rate paid during the year was 5.31 percent. The market value of these securities at June 30, 1999, was \$32,600,000.

D. RECEIVABLES

Receivables at June 30, 1999, consist of the following (expressed in thousands):

	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Trust and Agency	University System	Component Units	Total
Receivables:										
Accounts	\$ 24	\$ 12,975	\$ -	\$ -	\$ 44,594	\$ 56	\$ 25,614	\$ 14,573	\$ 7	\$ 97,843
Less Allowance	-	(1,662)	-	-	(5,408)	-	-	(896)	-	(7,966)
Taxes	93,008	426	-	-	-	-	30,585	-	-	124,019
Less Allowance	(6,403)	-	-	-	-	-	(705)	-	-	(7,108)
Interest	642	1,791	127	1	33,873	30	14,759	557	2,529	54,309
Less Allowance	(1)	(160)	-	-	-	-	-	-	-	(161)
Loans and Notes	107	54,102	-	-	1,464,332	-	51,732	44,130	13,355	1,627,758
Less Allowance	(7)	(4,021)	-	-	(21,171)	-	-	(1,924)	(3,439)	(30,562)
Net Receivables	\$ 87,370	\$ 63,451	\$ 127	\$ 1	\$ 1,516,220	\$ 86	\$ 121,985	\$ 56,440	\$ 12,452	\$ 1,858,132

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, 1999, are as follows (expressed in thousands):

Primary Government:	<u>Cash</u>	<u>Investments</u>	<u>Loans Receivables</u>	<u>Other Assets</u>
Bank Of North Dakota	\$ -	\$ 169,863	\$ -	\$ -
Guaranteed Student Loan Program	-	8,958	-	-
Housing Finance	260,923	22,098	495,926	14,083
State Fair Association	1,760	-	-	-
	<u>\$ 262,683</u>	<u>\$ 200,919</u>	<u>\$ 495,926</u>	<u>\$ 14,083</u>
Component Unit:				
Municipal Bond Bank	<u>\$ 492</u>	<u>\$ 86,712</u>	<u>\$ -</u>	<u>\$ 13,773</u>

F. INTERFUND TRANSACTIONS

The following balances at June 30, 1999, represent interfund transactions among all funds and State agencies (expressed in thousands):

DUE FROM AND TO OTHER FUNDS

<u>Fund Type/Fund</u>	<u>Due From</u>	<u>Due To</u>
General Fund	\$ 23,456	\$ 20,715
Special Revenue:		
Administration	26	118

<u>Fund Type/Fund</u>	<u>Due From</u>	<u>Due To</u>
Aeronautics & Other Transportation	-	2
Agriculture	29	9
Commodity Promotion	1	7
Cultural And Historical	4	2
Education	2,070	180
Federal	5,407	18,028
Health And Human Services	9,146	5,054
Highway	13,054	975
Insurance	-	23
Intergovernmental Assistance	-	-

STATE OF NORTH DAKOTA

Notes To The Financial Statements

<u>Fund Type/Fund</u>	<u>Due From</u>	<u>Due To</u>	<u>Fund Type/Fund</u>	<u>Due From</u>	<u>Due To</u>
Job Service-Special Revenue	363	212	Job Service	-	2
Judicial and Legal	96	40	Prefunded Retiree Health Program	-	56
Land Dept.-Coal Severance	538	376	Public Employees Retirement	44	27
Land Dept.-Energy Dev. Impact	309	2	Teacher's Retirement	-	73
Land Dept.-Land and Mineral	85	-	Agency:		
Land Dept.-Land Maintenance	-	187	Student And Other	300	2
Motor Vehicle	56	-	Tax Collection	14	27,158
National Guard	2	47	University System	14,443	2,288
Natural Resources	473	73	Total	<u>\$ 78,487</u>	<u>\$ 79,273</u>
Oil Tax Resources	1,862	-			
Other Special	181	30			
Public Safety And Penal Institutions	78	184			
Recreation	788	575			
Regulatory	-	14			
Veterans	1	7			
Capital Projects:					
Building Authority-Capital	-	676			
Enterprise:					
Bank of North Dakota	1,208	280			
Beginning Farmer Revolving Loan	-	15			
Community Water Facility Loan	-	20			
Dev. Disabled Facility Loan	-	10			
Fire and Tornado	-	30			
Guaranteed Student Loan	-	178			
Housing Finance	46	3			
PERS Uniform Group Insurance	19	31			
Roughrider Industries	4	2			
Student Loan	-	613			
Workers Comp.	-	67			
Internal Service:					
Central Services	212	15			
Fleet Services	1,213	64			
Information Services Division	2,277	10			
Risk Management Funds	175	14			
State Investment Board	92	26			
Expendable Trust:					
Deferred Compensation	29	3			
Job Service Expendable	-	564			
Land Dept.-Abandoned Property	3	-			
Land Dept.-Capital Building Fund	-	50			
PERS Flexcomp	29	25			
Nonexpendable Trust:					
Land Department Permanent	354	94			
Pension Trust:					
Highway Patrolmen's Retirement	-	17			

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

	<u>Amount</u>
Due From's	\$ 78,487
General Fund/Bank Of ND	452
Bank of ND/Job Service Expendable Trust	561
Bank of ND/Land Department Permanent	(95)
Bank of ND/Guaranteed Student Loan	(209)
Bank of ND/Student Loan Trust	69
Bank of ND/Public Employees Ret. System	(42)
Information Services/Bank Of ND	103
Land Dept.-Land And Mineral/Bank Of ND	(53)
Due To's	\$ 79,273

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

INTERFUND RECEIVABLES/PAYABLES

<u>Fund Type/Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 13,700	\$ -
Special Revenue:		
Federal	-	13,076
Job Service	-	624
University System	4,125	4,125
TOTAL	\$ 17,825	\$ 17,825

OPERATING TRANSFERS

<u>Fund Type/Fund</u>	<u>In</u>	<u>Out</u>
General Fund	\$ 11,696	\$ 200,008
Special Revenue:		
Administrative	-	35
Agriculture	30	-
Commodity Promotion	-	392
Cultural And Historical	18	-
Education	23,492	406
Federal	1,850	29,777
Health And Human Services	19,106	1,730
Highway	503	1,060
Insurance	-	962
Intergovernmental Assistance	1,161	172
Job Service - Special Revenue	2,875	421
Judicial And Legal	373	165
Land Department - Coal Severance	-	4,378
Land Department - Land & Mineral	613	3,920
Motor Vehicle	-	19
National Guard	256	7
Natural Resources	2,530	1,635
Oil Tax Resources	300	-
Other Special	233	7
PACE Funds	4,255	-
Public Safety And Penal Institutions	5,817	-
Recreation	5	120
Regulatory	100	-
Veterans	134	207
Debt Service:		
Building Authority	6,567	-
Lignite Research	997	-
Water Commission	2	-
Capital Projects:		
Building Authority	-	4,729
Water Commission	-	2
Enterprise:		
Bank Of North Dakota	-	17,187
Fire And Tornado	-	373
Housing Finance	-	27
Mill And Elevator	-	3,032
Real Estate Trust	150	-
Roughrider Industries	-	65
State Fair	160	-
Internal Services:		
Fleet Services	152	-

<u>Fund Type/Fund</u>	<u>In</u>	<u>Out</u>
Expendable Trust:		
Deferred Compensation	117	-
Land Dept. - Abandoned Property	-	932
Land Dept. - Capitol Building	-	230
PERS Flexcomp	-	117
Nonexpendable Trust:		
Land Department-Permanent Fund	932	25,377
University System	199,841	-
TOTAL	<u>\$ 284,265</u>	<u>\$ 297,492</u>

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

Operating Transfers In	\$ 284,265
General Fund/Bank Of ND	14,602
Industrial Commission/Bank ND	(41)
Human Services/Developmentally Disabled Facility Loan	(1,184)
Real Estate Trust/Bank Of ND	(150)
Operating Transfers Out	<u>\$ 297,492</u>

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

OPERATING TRANSFERS IN/OUT OF COMPONENT UNITS

<u>Fund Type/Fund</u>	<u>In</u>	<u>Out</u>
General	\$ -	\$ 1,205
University System	56	-
Total	<u>\$ 56</u>	<u>\$ 1,205</u>

OPERATING TRANSFERS IN/OUT OF PRIMARY GOVERNMENT

<u>Fund Type/Fund</u>	<u>In</u>	<u>Out</u>
Component Units: (Enterprise)		
ND Development Fund	\$ 955	\$ -
Technology Transfer, Inc.	250	56
Total	<u>\$ 1,205</u>	<u>\$ 56</u>

ADVANCES TO AND FROM OTHER FUNDS

<u>Fund Type/Fund</u>	<u>Advance To</u>	<u>Advance From</u>
General Fund	\$ 1,000	\$ -
Special Revenue:		
Federal	-	34,581
Aeronautics And Other		
Transportation	1,540	-
Highway	32,525	-
Recreation	2,015	-
Insurance	1	-
Enterprise:		
Dev. Disabled Facility Loan	-	4,583
Bank Of North Dakota	8,890	-
Internal Service:		
Fleet Services	-	2,500
Expendable Trust:		
Land Dept. - Abandoned And		
Unclaimed Property	1,273	-
Nonexpendable Trust:		
Land Dept - Permanent Fund	5,524	1,273
University System	-	8,690
Total	<u>\$ 52,768</u>	<u>\$ 51,627</u>

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	\$ 52,768
Land Dept. - Permanent Fund/Dev. Disabled	(941)
Bank Of North Dakota/University System	(200)
Advances From Other Funds	<u>\$ 51,627</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	\$ 11,526	\$ 11,526

ADVANCES TO/FROM PRIMARY GOVERNMENT

<u>Fund Type/Fund</u>	<u>Advances To</u>	<u>Advances From</u>
Component Unit:		
(Enterprise)		
Municipal Bond Bank	\$ 11,526	\$ 11,526

RESIDUAL EQUITY TRANSFER

The North Dakota Student Loan Trust made a residual equity transfer of \$2,000,000 to the North Dakota Guaranteed Student Loan Program to maintain a guarantee reserve requirement established by the North Dakota Legislature. These financial statements do not reflect the residual equity transfer in because of the agencies' different fiscal year ends.

The Building Authority Capital Projects Fund made a residual equity transfer of \$19,000 to the Building Authority Debt Service Fund.

G. FIXED ASSETS

The following is a summary of fixed assets at June 30, 1999 (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	\$ 686	\$ -	\$ -	\$ 18,677	\$ 15,170	\$ -
Buildings	26,957	-	1,186	294,623	515,332	-
Improvements Other Than Buildings	4,598	-	-	52,362	68,186	109
Equipment	38,343	80,041	108	122,043	283,817	-
Construction In Progress	441	-	-	4,685	2,887	-
Total Fixed Assets (Gross)	71,025	80,041	1,294	492,390	885,392	109
Less: Accumulated Depreciation	(42,177)	(39,074)	(140)	-	-	(63)
Total Fixed Assets (Net)	<u>\$ 28,848</u>	<u>\$ 40,967</u>	<u>\$ 1,154</u>	<u>\$ 492,390</u>	<u>\$ 885,392</u>	<u>\$ 46</u>

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

Description	Balance July 1, 1998	Adjustments to Beginning Balances	Additions	Retirements	Transfers Between Asset Class and Funds	Balance June 30, 1999
Land	\$ 18,597	\$ (2)	\$ 82	\$ -	\$ -	\$ 18,677
Buildings	285,127	52	5,960	(270)	3,754	294,623
Improvements Other Than Buildings	48,810	9	3,525	(230)	248	52,362
Equipment	117,801	213	12,374	(8,350)	5	122,043
Construction In Progress	5,459	(19)	3,252	-	(4,007)	4,685
Total General Fixed Assets	<u>\$ 475,794</u>	<u>\$ 253</u>	<u>\$ 25,193</u>	<u>\$ (8,850)</u>	<u>\$ -</u>	<u>\$ 492,390</u>

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

Project Description:

Enterprise Funds	Amount Authorized	Amount Expended Through June 30, 1999	Balance Authorized
Mill And Elevator:			
Wheat Germ System Improvement	\$ 41	\$ 36	\$ 5
Upgrade Packing Air Compressor	45	41	4
Mill Upgrade/Expansion	19,500	122	19,378
State Fair:			
All Seasons Arena Renovation	7,036	242	6,794
Total	<u>\$ 26,622</u>	<u>\$ 441</u>	<u>\$ 26,181</u>

Project Description:

General Fixed Assets Account Group	Amount Authorized	Amount Expended Through June 30, 1999	Balance Authorized
J-Wing Exit	\$ 71	\$ 47	\$ 24
Ancillary	1,917	1,853	64
LRC Building	226	50	176
Nursing Residence Ceiling	36	36	-
Boiler Replacement	1,050	-	1,050
West Tower - Penitentiary	274	49	225
CPQC	677	407	270
AASF Readiness Center	6,582	566	6,016
GF Lot Improvements	269	254	15
Mayville Lot Improvements	15	5	10
New Salem Tractor Shed	10	3	7
Wilton Tractor Shed	10	6	4
Sterling Tractor Shed	10	3	7
Valley City Shed	26	9	17
Williston Shed	24	9	15
Kenmare Building	219	163	56
Apple Creek Rest Areas	1,330	1,225	105
Total General Fixed Asset Account Group	<u>\$ 12,746</u>	<u>\$ 4,685</u>	<u>\$ 8,061</u>

Project Description:

<u>University System</u>	<u>Amount Authorized</u>	<u>Amount Expended Through June 30, 1999</u>	<u>Balance Authorized</u>
Schafer Hall Renovation	\$ 58	\$ 23	\$ 35
House Project	18	18	-
Student Center Renovation	2,847	585	2,262
West Dining Center Renovation	52	52	-
Animal Care Facility	3	3	-
Ehly Hall	1,355	1,081	274
STTC Phase II	816	40	776
Student Health & Wellness Center	35	35	-
Apartment Storage Facility	3	3	-
Animal Research Facility	732	468	264
Barnes & Noble Bookstore	28	28	-
McFarland Hall Renovation	577	551	26
Total	<u>\$ 6,524</u>	<u>\$ 2,887</u>	<u>\$ 3,637</u>

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, 1999, amounted to \$12,522,148.

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, 1999, for all fund types are as follows (expressed in thousands):

<u>Year Ending June 30</u>	<u>Amounts</u>
2000	\$ 6,482
2001	5,112
2002	2,611
2003	1,957
2004	1,495
Thereafter	3,047
Total Minimum Lease Payments	<u>\$ 20,704</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, 1999 (expressed in thousands):

<u>Year Ending June 30</u>	<u>Amounts</u>
2000	\$ 448
2001	450
2002	414
2003	414
2004	48
Thereafter	144
Future Income on Noncancellable Operating Leases	<u>\$ 1,918</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, 1999 (expressed in thousands):

Year Ending June 30	Governmental Fund Types	Proprietary Fund Types	Fiduciary Fund Types	University System
2000	\$ 4,308	\$ 219	\$ 7	\$ 6,368
2001	3,038	91	6	5,604
2002	2,258	32	2	4,694
2003	811	21	-	4,619
2004	555	8	-	3,390
Thereafter	-	-	-	7,526
Total Minimum Lease Payments	10,970	371	15	32,201
Less: Amount Representing Interest	(1,226)	(29)	(1)	(5,538)
Present Value of Future Minimum Lease Payments	<u>\$ 9,744</u>	<u>\$ 342</u>	<u>\$ 14</u>	<u>\$ 26,663</u>

Changes in Capital Lease Obligations for the year ended June 30, 1999, are as follows (expressed in thousands):

	Governmental Fund Types	Proprietary Fund Types	Fiduciary Fund Types	University System
Balance at July 1, 1998	\$ 13,112	\$ 435	\$ -	\$ 26,998
Leases Added	-	47	14	6,548
Payments	(3,368)	(140)	-	(6,883)
Balance at June 30, 1999	<u>\$ 9,744</u>	<u>\$ 342</u>	<u>\$ 14</u>	<u>\$ 26,663</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: (1) secured by first mortgage upon property and no further indebtedness may be incurred by the State unless evidenced by a bond issue; (2) authorized by law; (3) for a certain purpose; (4) provisioned to pay the interest semi-annually; and (5) the principal is paid 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, 1999, 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. 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 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, the 1995 Series A Bonds, and the 1998 Series A, B, and C Bonds have interest payable semiannually on June 1 and December 1 of each year. The bonds of each series are subject to optional and/or 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 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, 1999, there was \$16 million of authorized and \$8,825,000 issued through the Lignite Research Fund. The Commission's intention is not to issue any bonds in the future.

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.

Water Commission

The Water Commission is authorized by Senate Bill No. 2188 to issue bonds to finance various flood control and pipeline projects throughout the state of North Dakota. Authorized and unissued bonds totaled \$84,800,000 at June 30, 1999. Water development projects that will benefit from the financing are as follows:

Grand Forks	\$ 52,000,000
Devils Lake	20,000,000
Wahpeton	3,500,000
Grafton	4,800,000
Southwest Pipeline Project	4,500,000

Interest is payable semiannually on January 1 and July 1 of each year for the 1997 Series A Bonds. The bonds are subject to an optional redemption clause and a sinking fund redemption clause. The optional redemption clause states that the bonds are subject to redemption at the option of the Water Commission, as a whole on any date or in part on any interest payment date on or after July 1,

2007, from any amounts available to the Water Commission for that purpose at a redemption price of par, plus accrued interest.

Interest is payable semiannually on March 1 and September 1 of each year for the 1998 Series A Bonds. The bonds are subject to an optional redemption clause and a sinking fund redemption clause. The optional redemption clause states that the bonds are subject to redemption at the option of the Water Commission, as a whole on any date or in part on any interest payment date on or after September 1, 2008, from any amounts available to the Water Commission for that purpose at a redemption price of par, plus accrued interest.

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 1998 through 2011.

Student Loan Trust

The 1988 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 1989 Series A 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 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 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. Details of the terms and provisions of the auction rate bonds are outlined in Schedule A of the First 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 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 \$6,850,000 plus accrued interest on July 1, 1999.

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 were 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, 2006, at 100% of the principal amount plus accrued interest to date of redemption.

Interest is payable semiannually on January 1 and July 1 of each year for the 1997 Series A and B Bonds.

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 on July 1, 1997, and to current refund and redeem the remainder of the 1988 Series A Bonds at a redemption price of 103% on August 1, 1997. The difference between the reacquisition price and the net carrying amount of the old debt of \$1,757,030 has been deferred and is being amortized to interest expense over the life of the old debt. The Trust refunded the 1988 Series A Bonds to benefit from declines in interest rates. The Series 1997 Bonds were issued at a variable rate, currently at a range of 3.55% to 3.60%, to refund the Series 1988 A Bonds with an average interest rate of 7.64%. As a result, the cash flow required for debt service of the Series 1997 Bonds can be estimated at a range of \$780,000 less than to \$4,520,000 more than the cash flow required for debt service of the Series 1988 A Bonds, based on an estimated future average interest rate range of 4.00% to 6.25%. The difference in the present value of the old and new debt service payments after paying the costs of issuing the bonds and the call premium will result in an estimated economic gain range of \$3.3 million to zero. Due to interest fluctuation risks involved with the variable rate offerings, there is a risk that the cash flow savings and economic gain previously disclosed would be different than estimated. It is also important to note that the cash flow savings and economic gain amounts do not reflect any amounts which might be owed for arbitrage rebate.

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 \$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.

Interest on the 1998 Series A and B Bonds is payable semiannually on June 1 and December 1 of each year.

The proceeds of the Series 1998 Bonds were used to refund the current maturities of the 1988 Series B Bonds and the 1989 Series B Bonds on July 1, 1998, and to call \$32,670,000 of the 1989 Series A and B Bonds at a redemption price of 103% on August 1, 1998. The 1998 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 Commission may call for early redemption of the 1998 Series A and B Bonds at a redemption price equal to 100% of the principal amount of \$46,550,000 plus accrued interest to date of redemption. The 1998 Series A Bonds are subject to mandatory redemption prior to maturity at a redemption price equal to 100% of the principal amount of \$15,650,000 at December 31, 2001, plus accrued interest.

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 1998.

In January 1999, Single Family Mortgage Program Bonds Series 1988 A, with a face value of \$10,405,000 and an average interest rate of 8.28%, were refunded by the issuance of the 1998 Series F Single Family Mortgage Program Bonds with a face value of \$11,215,000 and an average interest rate of 5.28%. The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of approximately \$495,000. This difference, reported in the financial statements as a deduction from bonds payable, is being charged to operations over the next twenty years using the bonds outstanding method. The Agency refunded the bonds to decrease the total scheduled debt service payments by approximately \$4,700,000 and to obtain an economic gain (difference between the present values of the scheduled debt service payments on the old and new debt) of approximately \$2.7 million over the next twenty years.

The Agency has \$4,735,000 outstanding letters of credit related to the Single Family Bonds at June 30, 1999. 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, 1999, 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 6/30/99
Primary Government			
General Long-Term Debt Account Group:			
<u>Building Authority</u>			
Series A:			
1991	2000-2005	6.25-6.60	\$ 1,455
1992	2000-2008	5.60-6.40	370
1993	2000-2010	5.15-6.00	23,003
1995	2000-2017	5.00-6.10	15,584
1998	2000-2019	4.40-5.125	8,060
Series B:			
1993	2000-2015	4.30-5.50	13,296
1998	2002-2010	4.50-5.00	11,340
Series C:			
1998	2000-2010	3.20-4.35	3,400
Subtotal			76,508
<u>Lignite Research</u>			
Series A:			
1995	2000-2006	4.50-5.75	6,880
<u>Water Commission</u>			
Series 1997 A:			
Serial Bonds	2000-2012	4.35-5.50	1,830
Term Bonds	2018	5.70	1,370
Term Bonds	2028	5.75	3,590
Series 1997 B:			
Serial Bonds	2001-2038	5.00	3,400

Description	Maturity Date	Interest Rate (%)	Balance 6/30/99
Series 1998 A:			
Serial Bonds	2001-2038	4.25-5.75	865
Term Bonds	2025	5.87	455
Subtotal			11,510
Enterprise Funds:			
<u>State Fair</u>			
Series A:			
1994	2000-2012	3.50-6.00	2,663
<u>Student Loan Trust</u>			
Series A:			
1989	2002-2006	6.90-7.00	3,626
1996	2003	3.30	6,850
1997	2000-2003	3.55	52,500
1998	2002	3.35	16,035
Series B:			
1988	2000-2003	7.60-7.90	6,595
1996	2006	3.30	10,550
1997	2006-2028	3.60	15,198
1998	2006	3.35	29,617
Series C:			
1989	2003-2006	7.20-7.25	5,107
1996	2003	5.45	4,160
Series D:			
1996	2007-2015	5.80-6.40	3,000
Subtotal			153,238
<u>Housing Finance</u>			
<u>Multi-Family Bonds</u>			
Series 1990 A:			
Serial Bonds	2000	7.30-7.40	35
Term Bonds	2000-2016	7.75	2,170
Series 1990 B:			
Serial Bonds	2000	7.30-7.40	25
Term Bonds	2000-2016	7.75	1,445
Series 1990 C:			
Serial Bonds	2000	7.30-7.40	10
Term Bonds	2000-2016	7.75	775
Series 1990 D:			
Serial Bonds	2000	7.30-7.40	5
Term Bonds	2000-2016	7.75	300
Series 1990 E:			
Serial Bonds	2000	7.30-7.40	5
Term Bonds	2000-2016	7.75	285
Series 1993 A:			
Term Bonds	2000-2005	5.125	90
Term Bonds	2004-2024	5.75	1,793
Series 1995 A:			
Serial Bonds	2000-2008	4.30-5.50	1,825

STATE OF NORTH DAKOTA

Notes To The Financial Statements

Description	Maturity Date	Interest Rate (%)	Balance 6/30/99
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	2000-2005	6.20-6.85	300
<u>Single Family Bonds</u>			
Series 1986 A:			
Serial Bonds	2000-2002	6.75-7.05	485
Term Bonds	2008	7.25	1,461
Term Bonds	2018	7.375	4,488
Series 1987 A:			
Term Bonds	2016	8.05	2,710
Term Bonds	2017	8.5	170
Series 1987 B:			
Serial Bonds	2000-2003	8.10-8.55	250
Term Bonds	2008	9.00	585
Term Bonds	2019	9.25	235
Series 1989 A:			
Serial Bonds	2000-2005	7.60-8.00	2,040
Cap. Apprec. Bonds	2005-2009	8.00-8.10	6,679
Term Bonds	2012	8.30	1,746
Term Bonds	2022	8.375	8,506
Series 1989 B:			
Term Bonds	2014	8.00	1,060
Series 1990 A:			
Serial Bonds	2000-2006	7.00-7.50	790
Term Bonds	2011	7.90	940
Term Bonds	2024	8.05	5,305
Series 1990 B:			
Serial Bonds	2000-2006	6.50-7.20	1,025
Term Bonds	2011	7.625	1,215
Term Bonds	2025	7.75	6,945
Series 1990 C:			
Serial Bonds	2000-2006	6.25-7.00	1,265
Term Bonds	2011	7.25	1,445
Term Bonds	2025	7.30	8,595
Series 1991 A:			
Serial Bonds	2000-2007	5.95-6.75	1,350
Term Bonds	2013	6.95	1,500
Term Bonds	2024	7.00	5,240
Series 1992 A:			
Serial Bonds	2000-2007	5.70-6.50	2,190
Term Bonds	2013	6.75	2,560
Term Bonds	2024	6.80	8,095
Series 1992 B:			
Serial Bonds	2000-2007	5.20-6.25	3,920
Term Bonds	2014	6.70	3,785

Description	Maturity Date	Interest Rate (%)	Balance 6/30/99
Term Bonds	2019	6.00	5,275
Term Bonds	2026	6.80	5,335
Series 1993 A:			
Serial Bonds	2000-2009	3.95-5.10	1,790
Term Bonds	2025	5.55	5,925
Series 1994 A:			
Serial Bonds	2003-2010	5.10-5.50	2,385
Term Bonds	2026	5.95	4,785
Series 1994 B:			
Serial Bonds	2000-2003	4.20-4.80	905
Term Bonds	2026	5.80	5,410
Series 1994 C:			
Serial Bonds	2000-2010	5.00-6.40	2,625
Term Bonds	2017	6.25	935
Term Bonds	2026	6.95	8,600
Series 1994 D:			
Serial Bonds	2000-2010	5.00-6.25	7,500
Term Bonds	2020	6.25	3,160
Term Bonds	2025	6.75	8,870
Series 1994 E:			
Term Bonds	2015	6.30	5,670
Series 1995 A:			
Serial Bonds	2000-2010	5.75-7.15	2,360
Term Bonds	2016	7.40	2,355
Term Bonds	2021	7.10	2,285
Term Bonds	2027	7.50	3,500
Series 1995 B:			
Serial Bonds	2000-2011	4.75-6.00	4,925
Term Bonds	2016	6.25	3,405
Term Bonds	2019	5.875	1,570
Term Bonds	2027	6.32	9,195
Series 1995 D:			
Serial Bonds	2000-2012	4.45-6.15	1,605
Term Bonds	2017	6.30	1,055
Term Bonds	2021	5.80	960
Term Bonds	2028	6.325	2,520
Series 1995 F:			
Serial Bonds	2000-2011	4.35-5.85	3,965
Term Bonds	2016	6.00	2,700
Term Bonds	2020	5.50	1,620
Term Bonds	2026	6.15	945
Term Bonds	2027	6.15	6,140
Series 1996 A:			
Serial Bonds	2000-2012	4.45-6.15	4,985
Term Bonds	2017	6.30	3,255
Term Bonds	2021	5.80	2,595
Term Bonds	2028	6.325	8,370

STATE OF NORTH DAKOTA

Notes To The Financial Statements

Description	Maturity Date	Interest Rate (%)	Balance 6/30/99	Description	Maturity Date	Interest Rate (%)	Balance 6/30/99
Series 1996 B:				Series 1997 G:			
Serial Bonds	2000-2012	4.40-6.05	5,195	Serial Bonds	2000-2014	4.20-5.45	8,600
Term Bonds	2017	6.25	3,295	Term Bonds	2018	4.80	3,295
Term Bonds	2021	5.70	2,210	Term Bonds	2021	5.05	3,350
Term Bonds	2028	6.40	4,320	Term Bonds	2029	5.75	4,910
Term Bonds	2028	6.45	4,695	Term Bonds	2030	5.75	9,025
Series 1996 C:				Series 1998 A:			
Serial Bonds	2000-2013	4.00-5.75	8,665	Serial Bonds	2000-2014	4.00-5.15	10,180
Term Bonds	2018	5.95	5,225	Term Bonds	2019	5.25	5,560
Term Bonds	2021	5.15	3,930	Term Bonds	2023	4.60	5,765
Term Bonds	2029	6.10	13,645	Term Bonds	2028	5.35	2,995
Series 1996 D:				Term Bonds	2029	5.35	7,425
Serial Bonds	2000-2013	4.20-5.60	5,960	Series 1998 B:			
Term Bonds	2018	5.80	3,465	Serial Bonds	2000-2014	4.10-5.30	17,330
Term Bonds	2022	5.10	2,825	Term Bonds	2019	5.45	9,815
Term Bonds	2029	5.90	8,895	Term Bonds	2023	4.75	11,170
Series 1997 A:				Term Bonds	2029	5.50	3,995
Serial Bonds	2000-2012	4.20-5.90	3,875	Term Bonds	2030	5.50	17,540
Term Bonds	2018	6.00	2,365	Series 1998 D:			
Term Bonds	2021	5.30	1,600	Interim Bonds	2000	4.10	40,000
Term Bonds	2028	6.15	2,240	Series 1998 E:			
Term Bonds	2028	6.15	3,580	Serial Bonds	2000-2014	3.50-5.00	4,610
Series 1997 B:				Term Bonds	2019	5.15	1,975
Serial Bonds	2000-2013	4.20-5.50	2,650	Term Bonds	2030	4.60	6,300
Term Bonds	2018	5.75	1,590	Term Bonds	2030	5.25	7,115
Term Bonds	2021	5.00	1,240	Series 1998 F:			
Term Bonds	2028	5.85	4,160	Term Bonds	2019	5.28	10,512
Series 1997 C:				Series 1999 A:			
Serial Bonds	2000-2014	3.90-5.35	9,315	Serial Bonds	2001-2015	3.20-5.15	14,375
Term Bonds	2019	5.50	5,175	Term Bonds	2020	5.20	5,085
Term Bonds	2022	4.70	4,360	Term Bonds	2030	4.85	18,910
Term Bonds	2030	5.55	5,975	Term Bonds	2030	5.25	16,630
Term Bonds	2030	5.55	6,930	Series 1999 B:			
Series 1997 D:				Term Bonds	2019	6.10	3,510
Serial Bonds	2000-2014	3.80-5.00	11,475	Series 1999 C:			
Term Bonds	2019	5.15	6,185	Term Bonds	2020	3.20	60,000
Term Bonds	2023	4.50	5,295	Subtotal			752,130
Term Bonds	2030	5.25	1,000	University System			
Term Bonds	2030	5.25	14,045	VCSU - Valley City:			
Series 1997 E:				Dormitory Bonds Of			
Interim Bonds	2000	4.35	20,000	1961	2002	4.25	30
Series 1997 F:				Dormitory Bonds Of			
Serial Bonds	2000-2014	4.20-5.60	4,260	1971	2011	7.20-7.25	480
Term Bonds	2019	5.80	2,415	Technology Fee-1996	2006	4.00-4.75	225
Term Bonds	2023	5.20	2,635	UND-Williston			
Term Bonds	2029	5.90	5,125	Williston Center	2019	3.00	326
				Technology Fee-1996	2006	4.00-4.75	56

STATE OF NORTH DAKOTA

Notes To The Financial Statements

Description	Maturity Date	Interest Rate (%)	Balance 6/30/99
<u>UND-Lake Region:</u>			
Dorm Revenue			
Bonds of 1965	2004	4.20	100
Building Revenue			
Bonds of 1972	2013	5.90	775
<u>UND-Grand Forks:</u>			
EERC Revenue			
Bonds 92	2003	4.40-6.40	1,330
Housing & Auxiliary			
Facilities 93A	2013	4.25-5.25	4,270
Building Authority	2010		140
Technology Fee-1996	2006	4.00-4.75	1,082
Building Authority	2002	-	581
1998 A Housing and Refunding	2014	3.80-4.80	22,540
<u>NDSU-Fargo</u>			
1988 Memorial Union Addition	2007	6.90-7.70	565
1992 Refunding	2011	5.60-6.50	7,715
IACC Building Match	2009	-	277
Technology Fee-1996	2006	4.00-4.75	750
1996 B Refunding	2008	4.10-5.25	1,130
<u>NDSCS-Wahpeton:</u>			
Babcock Hall	2003	4.25	49
McMahon & Forkner Halls	2006	4.00	200
Robertson Hall	2008	4.50	420
Married Student Housing	2012	6.50-7.50	294
Schulz & Forkner Addition	2012	7.00-7.25	555
Nordgaard Hall	2014	6.25-6.30	980
Building Authority	2010	-	156
Technology Fee-1996	2006	4.00-4.75	192
Building Authority	2010	-	300
<u>MISU-Minot</u>			
1992 Refunding	2006	6.10-6.75	1,580
Student Center 1994	2014	3.80-5.40	1,705
Building Authority	2013	-	64
Building Authority	2010	-	989
Technology	2006	4.00-4.75	231
<u>MISU-Bottineau:</u>			
1961 Gross Hall	2000	4.25	7
1971 Milligan Hall	2011	6.90	253
Technology Fee-1996	2006	4.00-4.75	22
<u>MSU-Mayville</u>			
Agassiz Hall	2007	3.00	255

Description	Maturity Date	Interest Rate (%)	Balance 6/30/99
1998 Refunding	2006	4.00-4.80	645
Technology Fee-1996	2006	4.00-4.75	126
<u>DSU-Dickinson</u>			
1999 Student Union Improvement	2019	4.25-5.90	1,000
Technology Fee-1996	2006	4.00-4.75	264
Building Authority	2002	-	183
<u>BSC-Bismarck</u>			
Werner Hall 1964	2005	4.00	142
Swenson Hall 1971	2005	7.10-7.40	130
Student Union	2008	6.00-6.10	405
Revenue	2003	3.90-4.40	295
Technology Fee-1996	2006	4.00-4.75	127
Building Authority	2002	-	707
Subtotal			54,648
Total Revenue Bonds Payable-Primary Government			\$ 1,057,577

Description	Maturity Date	Interest Rate (%)	Balance 6/30/99
<u>Component Units</u>			
<u>Municipal Bond Bank</u>			
Series A:			
1979	2000	6.20-6.25	\$ 1,475
1989	2000-2014	10.20-10.50	9,150
Series A Thru O:			
1990	2000-2010	6.60-7.55	465
Series A Thru I:			
1991	2000-2012	5.60-8.75	1,580
Series A Thru K:			
1992	2000-2012	4.50-6.60	2,421
Series A Thru F:			
1993	2000-2013	3.70-5.40	5,390
Series A:			
1993	2000-2015	4.60-6.25	17,852
Series A:			
1994	2000-2014	4.00-6.50	3,530
Series A Thru C:			
1995	2000-2015	4.20-6.00	1,845
Series A:			
1995	2000-2016	5.40-6.40	6,158
Series A Thru D:			
1996	2000-2016	4.40-6.60	1,260
Series A:			
1996	2000-2018	3.80-6.00	29,212

STATE OF NORTH DAKOTA

Notes To The Financial Statements

Description	Maturity Date	Interest Rate (%)	Balance 6/30/99
Series A:			
1997	2000-2016	3.80-7.15	10,480
Series A Thru E:			
1998	2000-2016	3.70-5.25	9,503
Series A:			
1998	2000-2018	3.25-5.00	36,154
Total Revenue Bonds Payable-Component Units			\$ 136,475

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

Primary Government

Fiscal Year	Principal	Interest
2000	\$ 137,967	\$ 53,607
2001	21,492	49,130
2002	44,640	47,013
2003	87,013	47,516
2004	26,216	42,157
Thereafter	744,916	537,926
Less Bond Discount	(81)	81
Deferred Amount On Refund	(1,800)	1,800
Accrued Interest At Maturity On Zero Coupon Bonds	(2,786)	2,786
Total	\$ 1,057,577	\$ 782,016

Component Units

Fiscal Year	Principal	Interest
2000	\$ 8,000	\$ 7,550
2001	6,725	7,080
2002	6,410	6,726
2003	6,570	6,393
2004	6,590	6,046
Thereafter	102,180	42,014
Total	\$ 136,475	\$ 75,809

2. NOTES PAYABLE

The following is a schedule of notes payable outstanding at June 30, 1999 (expressed in thousands):

Description	Maturity Date	Interest Rate (%)	Balance 6/30/99
General Long-Term Debt Account Group			
Job Service	2004	7.90-9.00	\$ 623
Enterprise Funds			
Bank of North Dakota*	2000-2019	3.00-8.19	203,779
Internal Service Funds			
Information Services	2000-2001	4.75-5.85	1,782
University System	2000-2004	4.79-8.50	1,793
Total Primary Government			\$ 207,977

* The Bank has obtained advanced commitments for disaster relief assistance from the Federal Home Loan Bank of Des Moines totaling \$73,500,000 as of December 31, 1998. These advance commitments expire from February 1999 to May 2000.

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

Fiscal Year	Principal	Interest
2000	\$ 10,001	\$ 16,917
2001	14,657	11,176
2002	2,958	10,733
2003	22,836	10,007
2004	10,918	8,867
Thereafter	146,607	53,598
Total	\$ 207,977	\$ 111,298

Changes in General Long-Term Debt Account Group

Changes in General Long-Term Debt Account Group for the year ended June 30, 1999, were (expressed in thousands):

	Balance July 1, 1998	Additions	Deletions	Balance June 30, 1999
Notes Payable	\$ 756	\$ -	\$ (133)	\$ 623
Intergovernmental Payable	69	9	-	78
Bonds Payable	93,116	6,900	(5,118)	94,898
Claims/Judgments Payable	3,663	185	(2,294)	1,554
Capital Leases	13,112	-	(3,368)	9,744
Total	\$110,716	\$ 7,094	\$ (10,913)	\$ 106,897

Compensated Absences at June 30, 1999, were approximately \$22,130,000, a net increase of \$715,000 from the June 30, 1998, balance of approximately \$21,415,000.

3. DEFEASED DEBT

Primary GovernmentBuilding Authority Bonds

On March 11, 1993, the Authority issued \$34,740,000 in Revenue Bonds with a true interest rate of 5.75% to advance refund \$31,845,000 of outstanding 1990 Series A, B and C Bonds with an average interest rate of 7.4%. 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 State's financial statements. At June 30, 1999, \$23,780,000 of bonds outstanding are considered defeased.

The Authority issued \$11,340,000 in 1998 Series B Bonds with an average interest rate of 4.7% to advance refund \$9,495,000 of outstanding 1991 Series A Bonds and \$1,755,000 of outstanding 1992 Series A Bonds with an average interest rate of 6.4%. The net proceeds of approximately \$11,196,000 were used to purchase investment securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1991 Series A and 1992 Series A Bonds. As a result, a portion of the 1991 Series A and 1992 Series A Bonds are considered to be defeased, and the liability for those bonds is not reflected on the State's financial statements. At June 30, 1999, \$11,250,000 of bonds outstanding are considered defeased.

As a result of the partial refunding, the Authority reduced its total debt service payments over the next fifteen years by approximately \$818,000 and will obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of approximately \$584,000.

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. 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. At June 30, 1999, \$4,110,000 of bonds outstanding are considered defeased.

University SystemMayville State University

On July 1, 1998, Mayville State University issued \$695,000 of Student Center Refunding Revenue Bonds (Series 1998) with an average interest rate of 4.40%. These bonds were used to advance refund \$640,000 of outstanding 1989 Student Center Revenue Bonds (with an average interest rate of 7.40%). The net proceeds of \$666,673 (after payment of \$28,327 in underwriting fees, insurance, and other issuance costs) were used to purchase U.S. Government Securities. Those securities are deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1989 Student Center Revenue Bonds. As a result, the 1989 bonds are considered to be defeased and the liability for those bonds has been removed from the balance sheet. The University advance refunded the bonds to reduce its total debt service payments over the next ten years by approximately \$77,000 and to obtain an economic gain (difference of the present values of the debt service payments on the old and new debt) of \$59,500. The principal amount outstanding as of June 30, 1999, of the original bonds refunded by the advance refunding of 1998 totaled \$600,000.

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 the State's financial statements.

The principal amount outstanding as of June 30, 1999, of the original bonds refunded (considered defeased) by the advance refunding total \$330,000.

University of North Dakota

On January 1, 1998, the University of North Dakota issued \$22.6 million of Housing and Auxiliary Facilities Improvement and Refunding Revenue Bonds (Series 1998 A) with an average interest rate of 4.70%. These bonds were used to advance refund \$20.4 million of outstanding 1988 Series A and B Housing and Auxiliary Facilities Refunding Revenue Bonds (with an average interest rate of 7.50%) and to provide \$450,000 for parking lot construction at the Rural Technology Center. The net proceeds of \$21.6 million (after payment of \$387,000 in underwriting fees, insurance, and other issuance costs) were used to purchase U.S. Government Securities. These securities

are deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1988 Series A and B Bonds. As a result, the 1988 Series A and B Bonds are considered to be defeased and the liability for those bonds has been removed from the balance sheet. The University advance refunded the bonds to reduce its total debt service payments over the next 17 years by approximately \$4 million and to obtain an economic gain (difference of the present values of the debt service payments on the old and new debt) of \$3.8 million. The principal amount outstanding as of June 30, 1999, of the original bonds refunded by the advanced refunding of 1998 totaled \$19,385,000.

Housing and Auxiliary Facilities Refunding Series 1985 A 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 1984 A, and (b) \$3,750,000 of Housing and Auxiliary Facilities Revenue Bonds Series 1984 B. The principal amount outstanding as of June 30, 1999, of the original bonds refunded by the advance refunding of 1985 totaled \$14,520,000.

Housing and Auxiliary Revenue Refunding Bonds Series 1984 A, 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, 1999, of the original bonds refunded by the advance refunding of 1984 totaled \$4,160,000.

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, 1999, of the original bonds refunded by the advance refunding of 1975 totaled \$1,720,000.

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, 1999, of the defeased certificates totals \$3,935,000.

North Dakota State University

The North Dakota State 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" in accordance with Financial Accounting Standards Board Statement No. 76. 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, 1999, of the original bonds refunded by the advance refunding total \$3,615,000.

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, 1999.

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 1996 A) on March 13, 1996. The purpose of issuing the Series 1996 A Bonds was to advance refund a portion (\$980,000) 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 1996 A issue were irrevocably deposited in an escrow account to provide for all debt service payments after the April 1, 2003, crossover date. The Series 1988 Bonds are callable at the option of the Board on or after April 1, 2006. The portion of the Series 1988 Bonds that are advance refunded are considered "defeased" in accordance with Financial Accounting Standards Board Statement No. 76. 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, 1999, the principal amount outstanding of the advance refunded portion of the Series 1988 Bonds is

\$980,000. As of June 30, 1999, the portion of the Series 1988 Bonds that were not advance refunded by the Series 1996 A Bonds is reported in the State's balance sheet in the amount of \$565,000.

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%. 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%. 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 pro rata 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 the State's financial statements.

On July 9, 1998, the Bond Bank issued \$6,685,000 (Series 1998 B Bonds) with an average interest rate of 4.79%. The bonds were used to advance refund all or portions of \$6,314,000 of callable outstanding 1991 Series E and I Bonds and 1992 Series C, E, and F with an average interest rate of 8.56%. The last bonds mature June 1, 2012, and the last bonds are callable on June 1, 2001. The net proceeds of \$6,525,000 (after payment of \$160 in underwriting fees and other issuance costs allocated) were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds. The advance refunding met the requirements of an in-substance debt defeasance and the liability for those bonds is not reflected on the State's financial statements. The Bond Bank refunded the Bonds to decrease its total scheduled debt payments by approximately \$510,000 and to achieve an economic gain (difference between the present values of the scheduled debt service payments on the old and new debt) by approximately \$380,000 over the next fourteen years.

At December 31, 1998, \$11,837,000 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 \$6,991,703 at June 30, 1999. These amounts are reported in the General Long-Term Debt Account Group and Enterprise Funds as an intergovernmental payable.

NOTE 5 - CONTRIBUTED CAPITAL RECONCILIATION

Changes in contributed capital for the year ended June 30, 1999, were (expressed in thousands):

	Enterprise	Internal Service	Total
Contributed Capital, June 30, 1998	\$ 23,775	\$ 21,300	\$ 45,075
Additions	-	43	43
Deletions	-	-	-
Contributed Capital, June 30, 1999	<u>\$ 23,775</u>	<u>\$ 21,343</u>	<u>\$ 45,118</u>

Contributed Capital increased in the Information Services Division by \$1,380 as a result of an equipment transfer.

Contributed Capital increased in Fleet Services by \$41,500 as a result of vehicles donated from private companies.

NOTE 6 - RETAINED EARNINGS/FUND EQUITY - SPECIFIC RESERVES

Certain fund equity reserves presented in the accompanying financial statements as of June 30, 1999, as Reserved for Other Specific Purposes are further detailed as follows (expressed in thousands):

1. RETAINED EARNINGS: RESERVED FOR

Primary Government:	Enterprise
Capital Growth (Bank Of North Dakota)	\$ 42,000
Debt Service And Arena Expansion (State Fair)	2,010
Escrow Requirements (Guaranteed Student Loan)	2,130
Debt Service On Mortgage Loans (Housing Finance)	26,348

STATE OF NORTH DAKOTA

Notes To The Financial Statements

	<u>Enterprise</u>		<u>General Fund</u>	<u>Special Revenue</u>	<u>Trust And Agency</u>	<u>University System</u>
Health Insurance Premiums Buydown (PERS Uniform Group Insurance)	2,900	Post-Employment Healthcare Benefits	-	-	23,550	-
Political Subdivision Water Facilities (Community Water Facilities)	5,966	External Pool Participants	-	-	32,704	-
Loans to Beginning Farmers (Beginning Farmer)	8,561	Prepaid Expenditures	-	414	-	-
Loans for Developmentally Disabled Facilities (Developmentally Disabled Facility)	2,221	Arbitrage Rebate	-	78	-	-
Other (Student Loan) (1)	69,187	Federal Loan Funds	-	-	-	33,143
Total	\$ 161,323	Institutional Restricted	-	-	-	6,272
(1) For: -Acquisition of new and existing student loans		Agri. Experiment Station	-	-	-	1,455
-Repayment of bond interest and principal		Coop. Extension Service	-	-	-	172
-Meet estimated operating expenses of the trust for the next three years		Institutional Loan	-	-	-	9,402
-Surplus account		Endowment Restricted	-	-	-	11,977
Component Units:	<u>Enterprise</u>	Quasi Endowment Restricted	-	-	-	6,116
Equity Investments, Loans, Grants And Guaranty Of Collections (North Dakota Development Fund, Inc.)	\$ 2,474	Term Endowment Restricted	-	-	-	5
Contingencies (Comprehensive Health Association)	(1,576)	Institutional Unexpended Plant	-	-	-	6,243
Debt Service or Purchase Of Municipal Securities (Municipal Bond Bank)	60,893	Retirement of Debt/Repair & Replacement	-	-	-	8,065
Total	\$ 61,791	Total	\$ 1,757	\$ 104,084	\$ 3,071,978	\$ 82,850

2. RETAINED EARNINGS: DESIGNATED FOR

Primary Government:	<u>Internal Service</u>
Future Catastrophic Losses (Risk Management Fund)	\$ 3,507

3. FUND BALANCES: RESERVED FOR OTHER

	<u>General Fund</u>	<u>Special Revenue</u>	<u>Trust And Agency</u>	<u>University System</u>
Inventory	\$ 657	\$ 5,923	\$ -	\$ -
Long-Term Receivables	1,100	86,162	-	-
Legal Requirements	-	11,507	539,236	-
Pension Benefits	-	-	2,476,488	-

4. FUND BALANCE: UNRESERVED - DESIGNATED FOR OTHER

	<u>Special Revenue</u>	<u>Trust And Agency</u>
Trust Purposes	\$ -	\$ 6,468
Fund Activities	10	-
Patients Welfare	232	-
PACE Fund Activity	1,764	-
Total	\$ 2,006	\$ 6,468

NOTE 7 - DEFICIT FUND EQUITY

LAND DEPARTMENT MAINTENANCE FUND

At June 30, 1999, Land Maintenance had a deficit of \$9,402. A transfer from Land trust funds is expected to cover the deficit.

COMPONENT UNITS**COMPREHENSIVE HEALTH ASSOCIATION OF NORTH DAKOTA (CHAND)**

At December 31, 1998, CHAND had a deficit of \$1,576,258. Additional member assessments are expected to cover the deficit.

NOTE 8 - 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. Certain 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 (Main System). 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 Security 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, 1999, the number of participating local political subdivisions in PERS was:

Cities and Park Districts	54
Counties	41
School Districts	66
Other	44
Total Participating Local Political Subdivisions	205

Death and disability benefits are set by statute. If an active employee dies with less than five years (three years of service for the Main System and National Guard, effective August 1, 1999) 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 (three years of service for the Main System and National Guard, effective August 1, 1999), 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.

Effective March 25, 1999, for judges only, the death benefit is changed to the greater of (i) lump sum payment of accumulated contributions, and (ii) 100% of the member's accrued benefit (not reduced on account of age), payable for the spouse's lifetime.

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.

Effective March 25, 1999, for Judges only, the disability benefit formula is changed to 70% of final average salary minus social security and workers compensation benefits.

Pension benefits are set by statute. The System has no provisions or policies with respect to automatic and ad hoc post-retirement benefit increases. (Effective August 1, 1999, there is an addition of ad hoc post-retirement increases for retirees, disableds, and beneficiaries equal to 8% for the Main System and National Guard, and effective March 25, 1999, two ad hoc post-retirement increases for retirees and beneficiaries for judges equal to 2% beginning January 1, 2000, and January 1, 2001.) Employees are entitled to unreduced monthly pension benefits beginning when the sum of age and years of credited service equals or exceeds 85 or at normal retirement age (65), equal to 1.77% (1.89% effective August 1, 1999) 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 (three years of service for the Main System and National Guard effective August 1, 1999). 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 1.77% multiplier (1.89% effective August 1, 1999). The monthly pension benefit for security officers or firefighters at normal retirement age (55) is equal to 1.77% (1.89% effective August 1, 1999) of the final average salary for each year of service with five years served (three years of service effective August 1, 1999) 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% contribution. Some of the political subdivisions are paying all or part of the employee contributions. Employer contributions of 4.12% 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%. 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 percent 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 percent 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.

Pension 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 equals 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 3.25% (3.40% effective August 1, 1999) 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 10.30% (of which the State is paying 4%) of total compensation and an employer contribution of 16.70%. 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 [three years of service for the Main System and National Guard, effective August 1, 1999] credited for PERS, 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 Annuity 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). 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, 1999, the number of participating employer units in TFFR was:

Type	Number
Special Education Units	19
Vocational Education Units	4
Public School Districts	229
County Superintendents	17
Other	18
Total	287

A member is entitled to receive full benefits when five (three effective July 1, 1999) 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 (or the date as of which age plus service equal 85, effective July 1, 1999). 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 15-39.1-10. Monthly benefits under TFFR are equal to the three highest annual salaries earned divided by 36 months and multiplied by 1.75% (1.88% effective July 1, 1999) times the number of service credits earned. Retirees may elect payment of benefits in the form of a single life annuity, 100% or 50% joint and survivor annuity, five- or ten-year term certain annuity, or level income with Social Security benefits. Members may also qualify for benefits calculated under other formulas and may be eligible for legislative increases in monthly benefits.

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

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

Assessments and contributions paid to TFFR are set by NDCC 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 7.75% of salary as defined by NDCC 15-39.1-04. Every governmental body employing a teacher must also pay into TFFR a sum equal to 7.75% of the teacher's salary. Based on an annual actuarial valuation, TFFR is effectively providing for the normal cost of TFFR's participants plus amortizing the unfunded liability over approximately a 20-year period.

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

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

	PERS	NDHPRS	JSND	TFFR
Retirees and Beneficiaries Currently Receiving Benefits:	4,496	77	191	4,568
Special Prior Service Retirees:	191	-	-	-
Terminated Employees:				
Vested	72	1	6	1,069
Nonvested	2,467	1	-	250
Total Terminated Employees	2,539	2	6	1,319

	PERS	NDHPRS	JSND	TFFR
Active Employees:				
Vested	11,953	68	104	8,079
Nonvested	4,381	56	-	1,967
Total Active Employees	16,334	124	104	10,046
Date of Annual Valuation	July 1, 1999	July 1, 1999	July 1, 1999	July 1, 1999

The above table 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 original cost of the investment. 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 five percent or more of the net assets available for benefits. JSND pension plan assets include Guaranteed Investment Contract, which comprises approximately 24.1 percent 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 percent, less funds used to purchase cost-of-living annuities for retirees prior to October 1, 1993, and pay administration expenses charged by the Travelers. Contract value was \$16,838,766 at June 30, 1999.

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, 1999, were \$52,971,439.

C. FUNDING STATUS AND PROGRESS

The actuarial methods and assumptions together with the schedule of funding progress is presented by the retirement systems in their separately presented financial reports based upon the actuary reports generated by the studies conducted by the Segal Company and Wyatt Company. The actuarial value of assets is based on a five-year smoothed fair value basis. Under this method, realized and unrealized gains and losses on investments are smoothed over five years. Below is listed the various actuarial methods and significant assumptions used to determine the annual required contributions, together with the schedule of funding progress.

	PERS NDHPRS	JSND	TFFR
Valuation date	July 1, 1999	July 1, 1999	July 1, 1999
Actuarial Cost Method	Entry Age Normal	Frozen Entry Age ***	Entry Age Normal
Amortization method	Level Percent Open	Level Dollar Closed	Level Payment Open
Remaining amortization period	20 years	15 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	4.50%	5%	4.00%
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 10.5-year funding period.

*** As of July 1, 1999, the actuarial value of assets exceeds the present value of projected benefits; therefore, the unfunded actuarial accrued liability is currently zero.

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, 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%)
July 1, 1998	801.3	720.1	(81.2)	111.3%	379.0	(21.4%)
July 1, 1999	917.0	842.7	(74.3)	108.8%	397.7	(18.7%)
NDHPRS						
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	90.5%	4.2	61.9%
July 1, 1998	28.1	28.9	0.8	97.2%	4.3	18.6%
July 1, 1999	32.0	32.2	0.2	99.4%	4.5	4.4%
JSND						
July 1, 1996	\$ 46.1	N/A*	\$ 1.9	N/A	\$ 4.9	38.5%
July 1, 1997	51.0	N/A	-	N/A	4.7	0.0%
July 1, 1998	61.7	N/A	-	N/A	4.3	0.0%
July 1, 1999	66.6	N/A	-	N/A	4.0	0.0%
TFFR						
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%
July 1, 1998	928.0	1,033.0	105.1	89.8%	298.4	35.2%
July 1, 1999	1053.1	1,188.4	135.3	88.6%	314.6	43.0%

*The Frozen Initial Liability method does not directly identify an Actuarial Accrued Liability.

**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 15-39.1-09. It is required that every eligible teacher be a member of the Fund and assessed at a rate

of 7.75 percent of gross salary and that every governmental body employing a teacher pay into the plan a sum equal to 7.75 percent 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, 1999, 1998 and 1997 were \$521,216, \$609,384 and \$439,900, and \$1,110,818, \$577,936, and \$1,189,411, respectively, which are equal to or exceed 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			
1997	\$	11,421,000	100%
1998		10,810,265	100%
1999		9,698,810	100%
TFFR			
1997	\$	19,693,130	100%
1998		23,326,328	100%
1999		24,257,091	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	1.50%	9.50%	11.00%
	over 10	2.00%	10.00%	12.00%
II	0 thru 2	0.50%	4.50%	5.00%
	3 thru 10	1.50%	9.50%	11.00%
	over 10	2.00%	10.00%	12.00%
IV	0	1.00%	9.00%	10.00%

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 \$12,952,634, which is the required contribution, for the fiscal year ended June 30, 1999.

F. OTHER PENSION DISCLOSURES

INCOME TAXES

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

NOTE 9 - POST-RETIREMENT BENEFITS

The Retiree Health Benefits Fund is administered by the North Dakota Retirement Board (the Board) to provide members receiving retirement benefits from the Public Employees Retirement System (which includes judges retired under NDCC 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 one percent of covered compensation. The employer contribution for the Supreme and District Court judges is three percent of covered compensation in order to extend this benefit to judges retired under NDCC 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 one 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 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 \$176,029 for the period ending June 30, 1999. The number of employees from Job Service using the credit was 134 at June 30, 1999. 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 employee's years of credited service, not to exceed the premium in effect for selected coverage.

Actuarial valuations of the Fund were done as of June 30, 1999. 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 percent 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 \$65,000 per year. Plan assets are valued at market value for actuarial purposes.

The following are the changes in actuarial assumptions, asset method and plan experience, 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
Changes in plan experience	<u>(.03%)</u>	<u>\$ (120,637)</u>

Employer contributions totaling \$3,790,514 were made for the year ended June 30, 1999. The actuarially required employer contribution of \$3,924,786 for the year ended June 30, 1999, is 98 percent of the covered payroll and reflects the fact that the statutory rate of one percent is sufficient to cover future costs of the Fund. At June 30, 1999, the cost of benefits incurred for the fund was \$3,160,789.

Employee membership is as follows:

Retirees receiving benefit	3,015
Active participants	<u>16,458</u>
Total Membership	<u>19,473</u>

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	\$ 57,603,461
Net assets available for benefits, at actuarial value	<u>19,402,875</u>
"Unfunded" accrued liability	<u>\$ 38,200,586</u>

The fair value of the net assets available for benefits at June 30, 1999, is \$23,416,272.

NOTE 10 - DEFERRED COMPENSATION PLAN

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

All compensation deferred under the plans, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights, are held in trust for the exclusive use of the employee or their beneficiary.

The related assets of the plan, held in trust, are reported at market value as follows (expressed in thousands):

Plan Participation By:	
State of North Dakota	\$ 4,451
Other Jurisdictions	917
Total Value	<u>\$ 5,368</u>

NOTE 11 - PERS UNIFORM GROUP INSUR- ANCE PROGRAM SURPLUS

The PERS Uniform Group Insurance Program, an enterprise fund, contracts with Blue Cross Blue Shield of North Dakota (BCBS) to provide health care insurance to the employees of the State of North Dakota, or any of its political subdivisions, institutions, departments or agencies. The contract provides for an accounting of premiums paid and claims incurred during the biennium, with any surplus shared according to a formula outlined in the contract. The surplus will be reduced by claims incurred during the biennium that are paid during the 24 months following the end of the biennium. Based on BCBS's accounting for the biennium ended June 30, 1997, the State's portion of the surplus was determined to be

\$11.2 million. This amount was reduced by \$6.4 million for claims paid during the fiscal year that were incurred in the 1995-97 biennium. The surplus was also reduced by \$.2 million for claims paid during the current fiscal year that were incurred during the 1995-97 biennium. The State used \$5.5 million and \$5.3 million of the accumulated surplus and earnings during the fiscal years 1999 and 1998, respectively, to reduce the premium rates. The accumulated surplus and other invested funds in the amount of \$4.6 million is shown as cash on the State's balance sheet. These funds are being held by BCBS and are earning interest based on a formula provided in the contract at a rate equal to the five year treasury note as quoted by the Wall Street Journal.

The contract for the 1997-99 biennium provides for a similar accounting of surplus balances. As of June 30, 1999, the surplus for the 1999 fiscal year is \$4.9 million. This surplus is not reflected on the financial statements, as this is only an estimate and the amount will change based on claims paid throughout the life of the contract and 24 months following the end of the contract.

Similarly, the PERS Uniform Group Insurance Program contracts with ReliaStar Life Insurance Company to provide life insurance to the employees of the State of North Dakota or any of its political subdivisions, institutions, departments or agencies. The contract provides for an accounting of premiums paid and claims incurred during the biennium, with any surplus shared according to a formula outlined in the contract. Based on ReliaStar's final accounting for the 1997-1999 biennium, there is no surplus for this contract period. The surplus is used to fund rate reductions in the supplemental life program or provide benefit enhancements. The surplus is being held at ReliaStar and is earning interest based on a formula provided in the contract at a rate equal to three percent plus any additional interest as ReliaStar may declare from year to year. The surplus of \$2,013,214 is shown as cash on the State's balance sheet.

NOTE 12 - 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, 1999, is as follows (expressed in thousands):

STATE OF NORTH DAKOTA

Schedule of Segment Information - Enterprise Funds

For The Fiscal Year Ended June 30, 1999

(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	\$ 96,011	\$ 748	\$ 52	\$ 487	\$ 544	\$ 3,498	\$ 2,123
Operating Expenses	68,302	722	254	81	329	4,404	2,698
Depreciation	511	-	-	-	-	3	-
Operating Income (Loss)	27,709	26	(202)	406	216	(905)	(575)
Operating Grants, Entitlements, and Shared Revenue	-	-	-	-	-	-	-
Operating Transfers:							
In	-	-	-	-	-	-	-
Out	(17,187)	-	-	-	-	(373)	-
Net Income (Loss)	10,522	26	171	406	216	293	174
Current Capital Contributions and Transfers	-	-	-	-	-	-	-
Property, Plant, and Equipment :							
Balance June 30, 1999	3,055	-	-	-	-	13	-
Additions	408	-	-	-	-	3	-
Deletions	(10)	-	-	-	-	-	-
Total Assets	1,608,428	16,302	5,584	15,986	8,743	19,961	15,029
Net Working Capital	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Liabilities Payable From Operating Revenues	215,305	-	259	-	4,583	6,155	155
Total Equity	139,320	16,287	4,419	15,966	4,149	10,410	4,151

N/A: Not Available

Notes To The Financial Statements

								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 1999
\$ 56,512	\$ 69,444	\$ 716	\$ 945	\$ 2,908	\$ 3,519	\$ 16,380	\$ 116,275	\$ 370,162
52,585	65,405	562	1,821	2,862	3,221	12,070	154,601	369,917
28	1,512	-	-	64	474	-	632	3,224
3,927	4,039	153	(876)	46	298	4,310	(38,327)	245
-	-	-	-	-	-	-	-	-
-	-	-	150	-	160	-	-	310
(27)	(3,032)	-	-	(64)	-	-	-	(20,683)
3,900	1,299	338	(726)	(5)	2,344	4,310	14,855	38,123
-	-	-	-	-	-	-	-	-
82	15,128	-	-	536	8,327	-	1,707	28,848
58	738	-	-	113	685	-	682	2,687
(5)	(215)	-	-	-	-	-	(50)	(280)
820,947	47,676	7,226	-	2,146	11,732	226,649	972,946	3,779,355
N/A	30,493	N/A	N/A	1,319	3,067	N/A	N/A	34,879
752,236	447	31	-	74	2,706	153,237	669,212	1,804,400
38,284	45,679	2,900	-	1,669	8,942	69,187	91,174	452,537

N/A: Not Available

NOTE 13 - 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, 1999, are as follows (expressed in thousands):

STATE OF NORTH DAKOTA

Notes To The Financial Statements

Condensed Financial Information - Component Units For The Fiscal Year Ended June 30, 1999

Condensed Balance Sheet

	Comprehensive Health Association	Municipal Bond Bank	North Dakota Development Fund	Technology Transfer Inc.	Total June 30 1999
Assets					
Cash	\$ 384	\$ 563	\$ 6,184	\$ 145	\$ 7,276
Investments	-	196,264	4,600	175	201,039
Accounts Receivable - Net	7	-	-	-	7
Interest Receivable - Net	-	2,279	250	-	2,529
Loans And Notes Receivable - Net	-	-	9,111	804	9,915
Intergovernmental Receivable - Net	26	-	-	-	26
Advances To Primary Government	-	11,526	-	-	11,526
Prepaid Items	-	-	-	135	135
Unamortized Bond Issuance Costs	-	1,531	-	-	1,531
Fixed Assets (Net Of Depreciation)	-	7	7	32	46
Total Assets	\$ 417	\$ 212,170	\$ 20,152	\$ 1,291	\$ 234,030
Liabilities					
Accounts Payable	\$ 739	\$ -	\$ -	\$ 6	\$ 745
Interest Payable	-	1,677	-	-	1,677
Intergovernmental Payable	-	626	-	-	626
Claims/Judgements Payable	1,025	-	-	-	1,025
Advances From Primary Government	-	11,526	-	-	11,526
Bonds Payable	-	136,475	-	-	136,475
Deferred Revenue	229	973	5	-	1,207
Total Liabilities	1,993	151,277	5	6	153,281
Equity					
Retained Earnings	(1,576)	60,893	20,147	1,285	80,749
Total Liabilities And Equity	\$ 417	\$ 212,170	\$ 20,152	\$ 1,291	\$ 234,030

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 1999
Operating Revenues	\$ 4,374	\$ 9,278	\$ 1,092	\$ -	\$ 14,744
Operating Expenses					
Depreciation	-	(6)	-	(4)	(10)
Other	(4,991)	(8,260)	(1,712)	(891)	(15,854)
Operating Income (Loss)	(617)	1,012	(620)	(895)	(1,120)
Nonoperating Revenues	14	14,163	-	9	14,186
Operating Transfers From Primary Government	-	-	955	250	1,205
Operating Transfers To Primary Government	-	-	-	(56)	(56)
Net Income (Loss)	(603)	15,175	335	(692)	14,215
Fund Equity - Beginning Of Year As Previously Reported	(973)	45,718	19,812	1,977	66,534
Fund Equity - End Of Year	\$ (1,576)	\$ 60,893	\$ 20,147	\$ 1,285	\$ 80,749

NOTE 14 - FINANCIAL INSTRUMENTS WITH OFF-BALANCE-SHEET RISK**BANK 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)
Commitments to extend credit	\$ 192,076
Financial standby letters of credit	57,893
	<u>\$ 249,969</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 \$10,622,000 at June 30, 1999. 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 \$24,815,000 at June 30, 1999.

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 \$31,816,000 at December 31, 1998.

NOTE 15 - SIGNIFICANT CONCENTRATIONS OF CREDIT RISK

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

NOTE 16 - 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 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 (e.g., comprehensive, collision), with the exception of liability, which is provided by the State's Risk Management Fund (RMF). State agencies are charged premiums to cover Fleet Service's RMF assessment and to pay for those losses which are not covered by RMF. 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 1999, a total of \$142,610,313 in claims was recognized. Incurred but not reported claims of \$668,800,000 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 (RMF) to pay money damages for claims for which the State is liable. The statutory liability of the State is limited to a total of \$250,000 per person and \$1,000,000 per occurrence. The State purchases commercial insurance for claims in excess of coverage provided by the Fund and continues to transfer liabilities for medical malpractice and aviation to private insurance carriers. Settlements have not exceeded insurance coverage in any of the past three fiscal years.

Revenues to the RMF are generated from contributions required from state agencies, boards and commissions, and the University System. 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 lessor 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. Unpaid claim liabilities are based on an actuarial study of the outstanding loss reserve need for the fund and a forecast of ultimate loss and loss expense. These liabilities were determined on an undiscounted expected level of ultimate loss. 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 in consideration settled claims, the frequency of claims, and other economic and social factors.

The following table presents the changes in claims liabilities balance for the fiscal years ending June 30, 1998, and June 30, 1999:

Fiscal Year	Beginning Balance	Current Year Claims and Changes In Estimates	Claims Payments	Ending Balance
1998	\$ 4,579,661	\$ (1,485,761)	\$ 272,694	\$ 2,821,206
1999	2,821,206	1,303,000	827,466	3,296,740

NOTE 17 - PUBLIC ENTITY RISK POOLS

A. GENERAL

FIRE 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 1,095 policies to participating entities for a total building and content coverage of \$4.6 billion. The Bonding Fund is used to provide fidelity bonding of public employees and officials. The fund has issued 2,896 policies to participating entities. The total coverage for the Bonding Fund is \$521,018,621. If the assets of these funds were exhausted, fund participants would not be responsible for the funds' liabilities.

The Fire and Tornado and Bonding Fund are accounted for on the accrual basis. The Fire and Tornado Fund establishes claim liabilities based on estimates of the ultimate cost of claims that have been reported but not settled, and of claims incurred but not reported. The Bonding Fund establishes claim liabilities based on actual judgments obtained against the fund but not paid prior to

fiscal year end. Liabilities for incurred but not reported losses have not been established as they are not expected to be material amounts. Neither fund incurred any acquisition costs which should have been capitalized, nor were any liabilities recognized that were discounted. Investment income was not considered in determining the existence of premium deficiencies.

The Fire and Tornado Fund uses reinsurance agreements to reduce its exposure to large losses on all types of its insured events. Reinsurance permits recovery of a portion of losses from reinsurers, although it does not discharge the primary liability of the Fund as direct insurer of the risks that are reinsured. The Fire and Tornado Fund does not report reinsured risks as liabilities unless it is probable that those risks will not be covered by reinsurers. However, at June 30, 1999, 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, 1999, coverage extended to the following employer units:

Cities and Townships	1,239
Counties	1
State Agencies	91
Private Employers	20,777
Total	<u>22,108</u>

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, 1999, 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)	\$ 830,000	\$ 920,200	\$ 1,050,000
Discounted at 6% rate	*	508,800	600,000
Discounted plus contingency reserve	-	668,800	-

*Not computed by actuary.

For many years, the actuarial computations were based on the use of a six percent discount factor, recognizing the effects of future investment earnings. Due to the level of uncertainty in the actuarial computations and other factors, management's goal is to increase the liability to an undiscounted level over a period of years through the use of a contingency reserve. This contingency reserve represents the amount of the liability provided for in excess of the expected liability at the six percent discount factor.

The Bureau has adjusted the estimated liability for unpaid loss and loss adjustment expense to the actuary's six percent discounted expected value plus contingency reserve of \$668.8 million at June 30, 1999. The addition of the contingency reserve represents an estimated liability reserve at a discount of 3.0 percent. This adjustment resulted in an increase to expenses of \$45 million in 1999.

The June 30, 1998, liability of \$591.7 million was also recorded at the discounted rate of six percent plus a contingency reserve. The addition of the contingency reserve represents an estimated liability discounted at 3.65 percent. The 1998 liability resulted in an increase to expenses of \$50.8 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, 1999.

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	
	1999	1998	1999	1998	1999	1998
Unpaid claims and claims adjustment expenses at the beginning of the year	\$ 5,176	\$ 4,469	\$ 109	\$ 133	\$ 591,700	\$ 496,900
Incurred claims and claims adjustment expenses:						
Provision for current fiscal year	3,578	5,521	229	127	92,130	89,020
Change in provision for prior fiscal year	-	-	-	-	19,368	92,832
Payments and claims and adjustment expenses attributable to:						
Current fiscal year insured events	2,555	(345)	29	(18)	(14,317)	(15,332)
Prior fiscal years' insured events	(5,176)	(4,469)	(109)	(133)	(52,901)	(53,560)
Total Payments	(2,621)	(4,814)	(80)	(151)	(67,218)	(68,892)
Change in provision for discount	-	-	-	-	(13,000)	(73,600)
Contingency reserve for adverse deviation	-	-	-	-	45,000	53,000
Other	-	-	-	-	820	2,440
Total unpaid claims and claims adjustment expenses at the end of the year	<u>\$ 6,133</u>	<u>\$ 5,176</u>	<u>\$ 258</u>	<u>\$ 109</u>	<u>\$ 668,800</u>	<u>\$ 591,700</u>

NOTE 18 - GUARANTEED STUDENT LOAN RESERVES RECALL

During 1997, the Balanced Budget Act (H.R. 2015, Section 6101) was passed, amending Section 422 of the Higher Education Act. The Act requires the Secretary of Education to recall portions of reserve funds held by guarantee agencies. Based on the State's reserve fund balance and the original principal amount of all outstanding insured loans as of September 30, 1996, the Department of Education has determined that the State's required share of the recall of Federal reserve funds is \$7,574,859. Within 90 days after the beginning of each of the fiscal years 1998 through 2002, the State is required to transfer twenty percent of their required share to a restricted account. On September 1, 2002, this amount will be recalled by the Department.

NOTE 19 - COMMITMENTS AND CONTINGENCIES**A. LONG-TERM COMMITMENTS****BUILDING AUTHORITY**

The Authority has committed funds to complete various construction and modernization programs at June 30, 1999, as follows (expressed in thousands):

State Board of Higher Education	<u>\$ 2,718</u>
---------------------------------	-----------------

The Authority has also committed to fund construction projects for University of North Dakota--Williston, North Dakota State University, and the Department of Corrections and Rehabilitation. The cost of these construction projects is not known as of June 30, 1999.

BEGINNING FARMER REVOLVING LOAN FUND

The Loan Fund enters into commitments with the Bank of North Dakota to buydown interest rates on Beginning Farmer Loans originated by the Bank. At December 31, 1998, there were \$101,136 in buydown commitments.

STATE FAIR ASSOCIATION

The City of Minot, North Dakota imposed a special one percent sales tax and a special one percent use tax from January 1, 1998, to December 31, 1999, estimated to generate \$8,000,000, which is largely dedicated to the expansion and renovation of the All Seasons Arena Complex located on North Dakota State Fair property. The Association has estimated commitments of \$7,036,000 for construction costs and architect fees for the expansion or Phase 1 of the project. During the year ended September 30, 1998, the Association received \$1,981,653 in sales tax collections from the City of Minot and paid out \$242,821 in construction costs, which are included in Construction In Progress at September 30, 1998. Unexpended sales tax collections are classified as restricted cash in the financial statements.

STUDENT LOAN TRUST

The Higher Education Act Reauthorization extended the legal authorization of the programs under the Higher Education Act of 1965, including Student Financial Assistance (Title IV) for a five-year period through 2003. This reauthorization legislation included the following provisions which will, collectively, have an impact on future operations of the Trust:

- Reduction of the levels of Federal Reinsurance for all loans disbursed on or after October 1, 1998, by three percent from previously allowable percentages.
- Increase by 90 days the period of time a borrower must be delinquent to be considered in default.

MUNICIPAL BOND BANK

On April 1, 1997, a Standby Bond Purchase Agreement was executed with the Central Dakota Irrigation District, a political subdivision. Should the District experience financial difficulties, the Bond Bank will purchase Central Dakota Irrigation District's Refunding Improvement Bonds (warrants) in an aggregate principal amount not less than the outstanding principal amount of the warrants plus accrued interest on the warrants. The original amount of the warrants issued April 1, 1997, was \$3,270,000.

PACE FUND

Funds committed to buy down interest rates on loans, but not yet disbursed at June 30, 1999, totaled \$2,992,557.

DEPARTMENT OF HUMAN SERVICES

As of June 30, 1999, the Department of Human Services had significant commitments for the purchase of services as follows (expressed in thousands):

Alcohol/Drug Abuse Prevention	\$	745
Consultants		111
Education Programs		340
Mental Health Services		100
Refugee Assistance		551
Residential Services		481
Total	\$	2,328

INDUSTRIAL COMMISSION

As of June 30, 1999, the Industrial Commission had significant commitments of \$6,000,000. The commitments are funding for the capture, compression, and transportation of carbon dioxide from the gasification company. The \$6,000,000 will be provided as an equity investment of no less than \$4,000,000 and a grant of \$2,000,000. There are a number of conditions that must be met prior to the funding being provided.

PUBLIC SERVICE COMMISSION

As of June 30, 1999, the Public Service Commission had significant commitments of \$643,249. This amount consists primarily of contractor charges associated with the Abandoned Mine Lands.

AERONAUTICS COMMISSION

As of June 30, 1999, the Aeronautics Commission had significant commitments of \$310,000. This amount consists of grants to political subdivisions for maintenance and improvements of their airports.

ECONOMIC DEVELOPMENT AND FINANCE

As of June 30, 1999, Economic Development and Finance had significant commitments of \$523,373. This amount consists of grants for the research and development of North Dakota agriculture products.

DAIRY PRODUCTS PROMOTION COMMISSION

As of June 30, 1999, the Dairy Products Commission had significant commitments of \$322,500. This amount consists of a contract with ADA/DC of the Upper Midwest to implement and administer programs intended to contribute to the betterment of North Dakota dairy farmers and the State's dairy industry. The contract also provides the Commission with administrative, financial, and reporting services.

STATE OF NORTH DAKOTA

Notes To The Financial Statements

NORTH DAKOTA SOYBEAN COUNCIL

As of June 30, 1999, the North Dakota Soybean Council had significant commitments of \$225,805. This amount mainly consists of grants for the research and development of soybeans.

STATE WATER COMMISSION

As of June 30, 1999, the State Water Commission had long-term commitments of the following (expressed in thousands):

Hydrologic Investigations	\$	95
Devils Lake		1,196
Maple River Flood Control		2,071
Nesson Valley Irrigation		1,500
Northwest Area Water Supply		2
Southwest Pipeline Project		397
Flood Mitigation Assistance Program		172
General Contracts		1,392
EPA Wetlands Grant		89
Total	\$	6,914

NORTH DAKOTA DEPARTMENT OF TRANSPORTATION

At June 30, 1999, the North Dakota Department of Transportation (Special Revenue Fund) had non-construction contract commitments of approximately \$2.5 million of which \$1.9 million represents federal programs which are cost reimbursable.

Construction commitments at June 30, 1999, totaled approximately \$162.6 million, of which \$127.9 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 System have been let as follows (expressed in thousands):

	Original Issue	Paid To Date	Amount To Be Paid
UND:			
Abbot Hall	\$ 3,474	\$ 3,459	\$ 15
McCannel Hall	4,055	4,050	5
Harrington Hall Lab Renovation	123	113	10
Biomedical Research Facility	370	106	264

	Original Issue	Paid To Date	Amount To Be Paid
NDSU:			
Union - Phase II	6	-	6
Ehly Hall	1,279	1,005	274
Skills Training Center - Phase II	811	35	776
Minot State University:			
Moore Hall	4,217	4,175	42
Memorial Hall	3,208	1,989	1,219
BSC:			
Schafer Hall Hallway	43	8	35
DSU:			
Student Union Improv.	2,702	440	2,262
Stoxen Library Windows	94	-	94
Stoxen/Weinbergen Sidewalk	36	-	36
Mall Area Sidewalk	29	-	29
Campus Area Storm Sewer	10	-	10
Pulver Hall Roof Repair	31	-	31
Family Student Housing Roof Repair	46	-	46
VCSU:			
McFarland Hall	577	551	26

UNIVERSITY OF NORTH DAKOTA

Northwest Airlines has notified UND it intends to terminate a lease agreement between Northwest Airlines/NATCO and UND for rented space in Ryan Hall on UND's campus. This termination would put at risk approximately \$1,415,000 in lease receivable at June 30, 1999. The lease agreement was established to offset a loan obtained from the Bank of North Dakota to finance NATCO's commitment to the cost of the building where the space is located. To date, NATCO has missed two of its quarterly lease payments, due May 2, 1999, and August 2, 1999. On June 16, 1999, NATCO was served in an action by UND in the Northeastern Division of the U.S. Court for the District of North Dakota. The court date for this suit has been set for December 1, 2000.

OTHER CONSTRUCTION COMMITMENTS

The State has various long-term construction commitments in the following agencies at June 30, 1999 (expressed in thousands):

Office of Management & Budget	\$	30
Department of Human Services		234
Department of Transportation		71
Adjutant General		6,286

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 \$1,570,000 to \$1,930,000. Accruals for litigation have been set up in the General Long-Term Debt Account Group for \$365,000, in the Guaranteed Student Loan Fund for \$155,000, and in the Risk Management Fund for \$1,050,000. Litigation that is reasonably possible to result in an unfavorable outcome is estimated at \$320,000 to \$10,890,000.

The estimated gain in all the litigation brought by the State in which a gain is probable was \$211,000. This amount was not accrued in these financial statements.

The State had not settled any cases before June 30, 1999, in which the settlement had not been paid as of June 30, 1999.

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 conditioned 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, 1998, was completed in March of 1999. As a result of this audit, approximately \$2,035,000 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 20 - SUBSEQUENT EVENTS**GUARANTEED STUDENT LOAN PROGRAM**

In October 1998, Congress passed legislation reauthorizing the Higher Education Act. This reauthorization legislation included the following provisions which will, collectively, have a significant impact on future operations of the Program:

- Recall of additional reserves similar to the recall action discussed in Note 18. These recalls are to occur in fiscal years 2002, 2006, and 2007. The State's share of these recalls has not yet been determined.
- Creation within the Program of a new Federal Student Loan Reserve Fund. This fund and any future

earnings of the fund are the sole property of the federal government. The fund may only be used to pay claims and certain specified fees.

- Creation within the Program of a new Agency Operating Fund. This fund and any future earnings of the fund are the property of the State. The fund may be used to support certain listed activities and other student financial aid activities as selected by the Program.
- Creation of a new loan processing and issuance fee and account maintenance fee to be paid into the Operating Fund by the Department of Education.
- Creation of a new default aversion fee to be paid into the Operating Fund from the Federal Student Loan Reserve Fund.
- Elimination of the administrative cost allowance.
- Reduction of the levels of Federal Reinsurance for all loans disbursed on or after October 1, 1998. The reductions are approximately three percentage points.
- Reduction of the percentage of collections from 27 percent to 24 percent, which the Program is allowed to retain; except that on October 1, 2003, that percentage will again decline to 23 percent.
- Reduction of the minimum reserve levels required of guarantee agencies under the Higher Education Act.
- Increase by 90 days the period of time a borrower must be delinquent to be considered in default.

TECHNOLOGY TRANSFER, INC.

On July 1, 1999, Technology Transfer ceased operations, and its remaining assets were transferred to the North Dakota Development Fund, Inc. The Legislature had reduced its appropriation from \$1,454,000 for the 1995-97 biennium to \$500,000 for the 1997-99 biennium; in addition, all full-time employees were eliminated.

STATE FAIR ASSOCIATION

Subsequent to the balance sheet date, Arena II ice operations were discontinued due to the inability to repair leaks in the ice floor. Consequently, the North Dakota State Fair Association has estimated a reduction in arena revenue of \$105,000 and has adjusted the budget for the 1998-99 fiscal year accordingly. In addition, the Association has made a commitment of \$25,000 to ice users to use toward the rental of a temporary ice floor.

HOUSING FINANCE AGENCY

Subsequent to June 30, 1999, the Agency entered into a series of transactions to issue the \$40,000,000 1999 Series D Housing Finance Program Bonds and issue the \$50,000,000 1999 Series E Housing Finance Program Bonds.

MUNICIPAL BOND BANK

On April 1, 1999, the Bond Bank issued \$10,285,000 of Taxable Insured Refunding Revenue Series A and B Bonds. Proceeds of the bonds were used to refund the outstanding Insured Water System Bonds which were dated March 15, 1989. The bonds bear an interest rate of ten percent with maturities ranging from April 1, 2000, to April 1, 2015.

The Industrial Commission approved the issuance of a total \$4,510,000 of Capital Financing Program Bonds, Series 1999 A through F, and \$20,000,000 of State Revolving Fund Program Bonds, Series 1999 A. These bonds are for the express purpose of providing funds to make loans to certain political subdivisions. Interest rates vary from 3.80% to 8.75%, with maturities ranging from June 1, 2000, to June 1, 2023.

NORTH DAKOTA STATE UNIVERSITY

On August 26, 1999, NDSU issued \$3.5 million of revenue bonds to finance construction of the Student Health and Wellness Center at the University.

An Internal Revenue Service (IRS) audit report dated April 28, 1995, assessed NDSU a liability of \$323,918 for various employer related taxes which NDSU did not pay for January 1, 1991, through December 31, 1994. The assessment categories include (a) taxable wages on tenure purchase payments (\$268,488) and (b) FICA taxes on J-1 VISA employees (\$31,191). NDSU paid the assessment prior to June 30, 1995, to avoid potential interest and penalty and vigorously contested the IRS's assessment related to the \$299,679. A lawsuit filed by NDSU for a refund was pending before the United States District Court in Fargo at June 30, 1999. Subsequent to June 30, 1999, the Court came to a decision on the case. The J-1 VISA was dismissed, and also dismissed was NDSU's claim for FICA refund on early retirement payments for administrators (non-tenured employees). NDSU's claim prevailed regarding FICA on tenure buyouts.

YEAR 2000 SUPPLEMENTARY INFORMATION

The Year 2000 issue is a result of shortcomings in many electronic data processing systems and other electronic data processing systems and other electronic equipment that may adversely affect operations. The State has been working diligently for a number of years to detect and correct these problems, and is confident major interruptions to computer systems and other electronic equipment critical to operations will be avoided. As a precaution, the State has created contingency plans to deal with any unforeseen problems.

Four progressing stages have been used to demonstrate progress in addressing the Year 2000 issue. The stages are: awareness, assessment, remediation, and validation/testing. The State has completed all the above stages for all computer systems.

The Information Technology Department has identified 187 computer systems that may be affected by the Year 2000 issue, of which 62 are identified as critical.

The State has also completed awareness and assessment stages related to other electronic equipment. Some of these systems have embedded technologies that have been corrected by manufacturers. All equipment is either in the remediation stage or has been completed. Because of the nature of this equipment, it is not possible to perform validation and testing in all cases. 65 state agencies are reporting their Year 2000 progress on a monthly basis to the Information Technology Department. As of September 1999, 62% of these agencies have completed 100% of their Year 2000 projects. The remaining agencies have completed at least 80% of their project work.

The University System and its institutions and related entities have generally completed all stages of addressing Year 2000 problems. Each institution and related entity in the North Dakota University System has appointed a Y2K coordinator who is responsible for working with institutional and System personnel to draft and implement plans to address potential Y2K problems. The University System's Chief Information Officer and his staff are providing advice and assistance in the preparation of Y2K readiness plans and in compiling readiness plans and in compiling Y2K status reports. Each institution or related entity is responsible for assessing its Y2K readiness, other than for administrative information systems, and determining its plans for remediation where necessary.

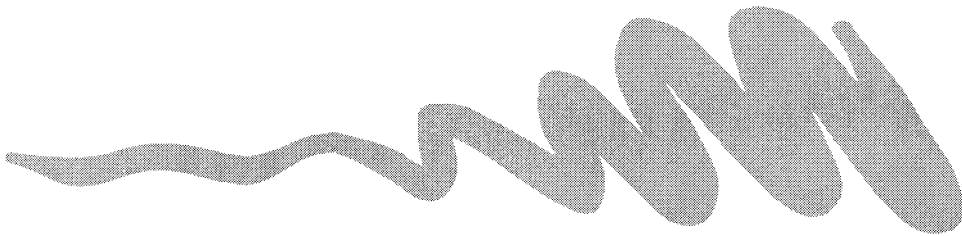
The University System has completed all four stages for the computer systems that they determined to be mission-critical. Results indicate that all mission-critical systems are Year 2000 compliant.

The University System and its institutions and related entities also have numerous applications and systems that are not considered mission-critical, which may be affected by the Y2K problem. Many of these systems have embedded technologies that have been or will be corrected by the manufacturers. These applications and systems are being assessed along with the mission-critical applications and systems, and will be remediated, if necessary, as time and budgets allow.

There are no material commitments or contractual obligations, related to Y2K compliance, outstanding for the University System and its institutions or related entities.

Because of the unprecedented nature of the Year 2000 issue, its effects and success of related remediation efforts will not be fully determinable until the Year 2000 and thereafter. Management cannot assure that the State of North Dakota is or will be Year 2000 ready, that the State of North Dakota remediation efforts will be successful in whole or in part, or that parties with whom the State of North Dakota does business will be Year 2000 ready.

Combining, Individual Fund, and Account Group Statements and Schedules





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, 1999

**June 30
1999****Assets:**

Cash Deposits At The Bank Of North Dakota	\$ 90,828,394
Cash And Cash Equivalents	473,121
Accounts Receivable - Net	24,175
Taxes Receivable - Net	86,604,809
Interest Receivable - Net	641,111
Loans And Notes Receivable - Net	99,737
Interfund Receivable	13,700,282
Due From Other Funds	23,456,160
Advances To Other Funds	1,000,000
Inventory	656,965

Total Assets **\$217,484,754****Liabilities:**

Accounts Payable	\$ 21,695,126
Interest Payable	164,767
Contracts Payable	12,592
Tax Refunds Payable	28,887,272
Accrued Payroll	11,759,493
Due To Other Funds	20,715,169
Deferred Revenue	46,353,887

Total Liabilities **129,588,306****Equity****Fund Balance:**

Reserved For:	
Inventory	656,965
Long - Term Receivables	1,099,737
Undesignated	86,139,746

Total Equity **87,896,448****Total Liabilities And Equity** **\$217,484,754**

STATE OF NORTH DAKOTA**Statement Of Revenues, Expenditures And
Changes In Fund Balances
General Fund
For The Fiscal Year Ended June 30, 1999**

	June 30 1999
Revenues:	
Taxes	\$ 684,654,913
Licenses And Permits	8,657,036
Intergovernmental	314,659
Sales And Services	1,606,971
Royalties And Rents	3,222,016
Fines And Forfeits	2,234,407
Interest And Investment Income	7,060,830
Miscellaneous	53,764
Total Revenues	<u>707,804,596</u>
Expenditures:	
Current:	
General Government	63,584,503
Education	270,305,831
Health And Human Services	183,052,329
Regulatory	5,399,367
Public Safety	31,695,743
Agriculture And Economic Development	5,801,158
Natural Resources	12,973,132
Highways	140,500
Total Expenditures	<u>572,952,563</u>
Revenues Over Expenditures	<u>134,852,033</u>
Other Financing Sources (Uses):	
Operating Transfers In	11,695,796
Operating Transfers Out	(200,007,664)
Operating Transfers To Component Units	(1,204,936)
Proceeds From Sale Of Fixed Assets	7,448
Total Other Financing Sources (Uses)	<u>(189,509,356)</u>
Revenues And Other Financing Sources	
Under Expenditures And Other Financing Uses	(54,657,323)
Fund Balances - Beginning Of Year As Previously Reported	<u>142,553,771</u>
Fund Balances - End Of Year	<u>\$ 87,896,448</u>



Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes. The following pages describe North Dakota's special revenue funds.

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)

259 - Legislative Services Fund

Accounts for fees received for providing legislative information services and copies of documents. (NDCC 54-35)

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. 2, 1997 S.L.)

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

260 - Minor Use Pesticide Fund

Accounts for registration and donations to the pesticide control board. (NDCC 4-35)

264 - Anhydrous Ammonia Storage Inspection Fund

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

306 - Stockmen's Association Fund

Accounts for revenues and expenditures associated with the general operation of the department. (NDCC 36-22-08)

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)

227 - Dry Pea and Lentil Council Fund

To promote the sale of North Dakota dry pea and lentil bean products. (NDCC 4-10.7)

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. (N.D.C.C 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)

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)

930 - NDUS State Approving Agency

Accounts for funds used for the education readjustment monetary benefits provided to returning military personnel attending colleges in North Dakota. (Governors Executive Order)

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 211)

FEDERAL

002 - Federal Fund

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

HEALTH AND HUMAN SERVICES

215 - Children's Services Coordinating Committee Fund

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

254 - Employment of People With Disabilities Fund

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

257 - Organ/Tissue Transplant Fund

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

258 - Quality Restoration Fund

Moneys recovered from parties responsible for an environmental emergency. Used for costs of environmental assessment, removal, corrective action, or monitoring as determined on a case-by-case basis. (NDCC 23-31-02)

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 - Children's 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)

225 - State Infrastructure Bank (SIB)

Funds for funding eligible projects as determined by agreement of the members of the multi-state infrastructure bank. (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 Judgment Fund

Funds to pay for damages occurring from a motor vehicle accident when a judgment has been rendered and the judgment debtor is unable to satisfy the claim. (NDCC 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. (NDCC 23-37)

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 211)

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 non-game 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 61-31-10)

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 (934) - 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)

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 211)

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 43-43-06)

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. (NDCC 54-44.1)

460 - Preliminary Planning Revolving Loan Fund

Used for the prepayment of consulting and planning fees for new capital improvements and major remodeling of existing facilities. (NDCC 54-27-22)

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 54-23.2)

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 55-08)

441 - Trail Tax Transfer Fund

Fund used for all-terrain vehicle safety education and promotion. (NDCC 39-29)

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)

262 - Securities Protection Fund

Accounts for revenues and expenditures from civil penalties collected from securities enforcement actions. (NDCC 10-04-03)

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)

491 - Veterans' Cemetery Trust Fund

Accounts for distinctive motor license plates fees for the operation of the Veterans' Cemetery. (NDCC 39-04)

STATE OF NORTH DAKOTA
**Combining Balance Sheet
Special Revenue Funds
June 30, 1999**

	Administration	Aeronautics And Other Transportation	Agriculture	Commodity Promotion	Cultural And Historical	Education
Assets:						
Cash Deposits At The Bank Of North Dakota	\$ 337,097	\$ 1,299,526	\$ 1,551,863	\$ 2,778,965	\$ 173,049	\$ 7,250,350
Cash And Cash Equivalents	10	-	114,181	1,092,046	-	11,106
Investments At The Bank Of North Dakota	-	-	1,600,000	-	240	135,000
Investments	-	-	-	1,220,000	211,000	-
Accounts Receivable - Net	11,025	-	167,058	1,040,541	17,044	76,353
Taxes Receivable - Net	151,082	236,589	-	-	-	-
Interest Receivable - Net	103	-	5,372	14,251	1,986	1,201
Loans And Notes Receivable - Net	-	-	-	-	-	-
Due From Other Funds	25,833	430	29,336	1,395	3,955	2,069,994
Intergovernmental Receivable - Net	158,758	-	-	-	-	-
Advances To Other Funds	-	1,540,000	-	-	-	-
Prepaid Items	-	-	-	-	-	-
Inventory	-	-	-	-	-	69,760
Total Assets	\$ 683,908	\$ 3,076,545	\$ 3,467,810	\$ 6,147,198	\$ 407,274	\$ 9,613,764
Liabilities:						
Accounts Payable	\$ 35,122	\$ 199,105	\$ 112,332	\$ 585,090	\$ 15,074	\$ 107,961
Interest Payable	-	-	579	214	-	-
Contracts Payable	-	-	-	-	-	-
Securities Lending Collateral	-	-	-	-	-	-
Intergovernmental Payable	-	67,221	-	-	-	-
Accrued Payroll	63,944	20,086	132,265	72,470	17	183,958
Interfund Payable	-	-	-	-	-	-
Due To Other Funds	118,092	2,239	8,714	7,170	1,622	180,007
Advances From Other Funds	-	-	-	-	-	-
Deferred Revenue	259,407	25,883	104,956	100,610	1,986	68,379
Total Liabilities	476,565	314,534	358,846	765,554	18,699	540,305
Equity						
Fund Balance:						
Reserved For:						
Inventory	-	-	-	-	-	69,760
Long - Term Receivables	-	1,540,000	-	-	-	-
Prepaid Expenditures	-	-	-	-	-	-
Legal Requirements	-	-	-	-	-	-
Arbitrage Rebate	-	-	-	-	-	-
Unreserved:						
Designated For:						
Fund Activities	-	-	-	-	-	-
Patients Welfare	-	-	-	-	-	-
Undesignated	207,343	1,222,011	3,108,964	5,381,644	388,575	9,003,699
Total Equity	207,343	2,762,011	3,108,964	5,381,644	388,575	9,073,459
Total Liabilities And Equity	\$ 683,908	\$ 3,076,545	\$ 3,467,810	\$ 6,147,198	\$ 407,274	\$ 9,613,764

STATE OF NORTH DAKOTA

Combining Balance Sheet
Special Revenue Funds (Continued)
June 30, 1999

	Land Department					
	Coal Severance	Energy Development Impact	Land And Mineral	Land Maintenance	Motor Vehicle	National Guard
Assets:						
Cash Deposits At The Bank Of North Dakota	\$ 5,901	\$ 2,078,408	\$ 1,024,956	\$ 260,892	\$ 1,250,242	\$ 260,399
Cash And Cash Equivalents	-	-	-	-	-	14,940
Investments At The Bank Of North Dakota	-	-	626,330	-	-	-
Investments	21,304,238	-	1,020,987	-	-	-
Accounts Receivable - Net	-	-	-	-	-	1,848
Taxes Receivable - Net	-	-	-	-	-	-
Interest Receivable - Net	256,441	-	28,088	-	-	-
Loans And Notes Receivable - Net	29,083,912	-	-	-	-	-
Due From Other Funds	537,487	308,553	85,450	-	55,702	1,935
Intergovernmental Receivable - Net	-	-	-	-	-	-
Advances To Other Funds	-	-	-	-	-	-
Prepaid Items	-	-	-	-	-	-
Inventory	-	-	-	-	-	-
Total Assets	\$ 51,187,979	\$ 2,386,961	\$ 2,785,811	\$ 260,892	\$ 1,305,944	\$ 279,122
Liabilities:						
Accounts Payable	\$ 7,932	\$ 13,193	\$ 846,330	\$ 19,098	\$ 12,853	\$ 3,443
Interest Payable	-	-	-	-	-	-
Contracts Payable	-	-	-	-	-	-
Securities Lending Collateral	-	-	-	-	-	-
Intergovernmental Payable	-	-	-	-	-	-
Accrued Payroll	-	1,708	-	63,756	5,430	9,747
Interfund Payable	-	-	-	-	-	-
Due To Other Funds	376,241	1,634	-	187,440	282	46,603
Advances From Other Funds	-	-	-	-	-	-
Deferred Revenue	-	-	-	-	752	-
Total Liabilities	384,173	16,535	846,330	270,294	19,317	59,793
Equity						
Fund Balance:						
Reserved For:						
Inventory	-	-	-	-	-	-
Long - Term Receivables	29,083,912	-	-	-	-	-
Prepaid Expenditures	-	-	-	-	-	-
Legal Requirements	-	-	-	-	-	-
Arbitrage Rebate	-	-	-	-	-	-
Unreserved:						
Designated For:						
Fund Activities	-	-	-	-	-	-
Patients Welfare	-	-	-	-	-	-
Undesignated	21,719,894	2,370,426	1,939,481	(9,402)	1,286,627	219,329
Total Equity	50,803,806	2,370,426	1,939,481	(9,402)	1,286,627	219,329
Total Liabilities And Equity	\$ 51,187,979	\$ 2,386,961	\$ 2,785,811	\$ 260,892	\$ 1,305,944	\$ 279,122

								Total
Natural Resources	Oil Tax Resources	Other Special	PACE Fund	Public Safety And Penal Institutions	Recreation	Regulatory	Veterans	June 30 1999
\$ 11,129,242	\$ 5,363,443	\$ 1,096,463	\$ 13,271,195	\$ 2,042,816	\$ 5,224,423	\$ 1,424,097	\$ 938,963	\$ 152,294,424
21,927	77,491	29,776	-	6,128	741,465	115,286	115,058	2,856,178
3,213,520	999,999	17,734	-	-	10,065,000	-	-	21,481,958
-	-	-	-	-	-	-	4,232,026	38,292,491
1,899	3,537	49,511	-	265,551	41,544	362,935	160,707	11,313,425
623	-	-	-	-	-	-	-	426,153
75,525	79,124	6	-	-	126	2,615	266,037	1,631,499
-	7,157,001	-	-	-	-	-	183,608	50,080,642
473,282	1,862,117	180,653	-	78,100	787,916	189	600	34,568,783
164,683	-	-	-	-	-	-	-	102,213,031
-	-	-	414,436	-	2,015,000	-	-	36,081,000
-	-	-	-	-	-	-	-	414,436
-	-	365,289	-	-	44,592	123,903	-	9,268,342
\$ 15,080,701	\$ 15,542,712	\$ 1,739,432	\$ 13,685,631	\$ 2,392,595	\$ 18,920,066	\$ 2,029,025	\$ 5,896,999	\$ 460,922,362
\$ 872,207	\$ -	\$ 104,848	\$ -	\$ 267,521	\$ 659,270	\$ 64,539	\$ 174,151	\$ 76,750,405
-	-	-	-	-	-	-	-	793
-	-	-	-	-	53,257	-	-	4,455,651
-	-	-	-	-	-	-	24,716	1,881,619
3,434	-	-	-	-	-	-	-	2,533,207
8,367	-	9,435	-	168,591	534,844	112,600	150,985	10,816,002
-	-	-	-	-	-	-	-	13,700,282
73,329	-	30,186	-	183,884	575,323	14,089	7,003	26,145,128
-	-	-	-	-	-	-	-	34,581,000
38,289	119,084	-	-	246,234	-	-	351,052	14,610,586
995,626	119,084	144,469	-	866,230	1,822,694	191,228	707,907	185,474,673
-	-	365,289	-	-	44,592	123,903	-	5,923,492
-	7,157,001	-	-	-	2,015,000	-	183,608	86,161,642
-	-	-	414,436	-	-	-	-	414,436
-	-	-	11,507,381	-	-	-	-	11,507,381
78,232	-	-	-	-	-	-	-	78,232
-	-	-	1,763,814	-	-	-	-	1,774,236
-	-	-	-	-	-	-	-	231,503
14,006,843	8,266,627	1,229,674	-	1,526,365	15,037,780	1,713,894	5,005,484	169,356,767
14,085,075	15,423,628	1,594,963	13,685,631	1,526,365	17,097,372	1,837,797	5,189,092	275,447,689
\$ 15,080,701	\$ 15,542,712	\$ 1,739,432	\$ 13,685,631	\$ 2,392,595	\$ 18,920,066	\$ 2,029,025	\$ 5,896,999	\$ 460,922,362

STATE OF NORTH DAKOTA

Combining Statement Of Revenues, Expenditures And
Changes In Fund Balance
Special Revenue
For The Fiscal Year Ended June 30, 1999

	Administration	Aeronautics And Other Transportation	Agriculture	Commodity Promotion	Cultural And Historical	Education
Revenues:						
Taxes	\$ 603,067	\$ 1,088,412	\$ -	\$ -	\$ -	\$ 1,105,310
Licenses And Permits	41,000	776,373	250,858	8,954,968	9,600	87,334
Intergovernmental	43,092	22,908	-	-	2,500	242,661
Sales And Services	1,154,246	1,703	1,687,533	7,313	1,528	2,736,125
Royalties And Rents	-	-	-	-	-	254,989
Fines And Forfeits	1,200	-	-	1,450	-	3,908,705
Interest And Investment Income	745	-	80,086	143,488	8	7,565
Miscellaneous	202,544	324	43,808	25,905	-	6,959
Total Revenues	2,045,894	1,889,720	2,062,285	9,133,124	13,636	8,349,648
Expenditures:						
Current:						
General Government	2,103,818	-	-	-	-	-
Education	-	-	-	-	-	31,950,797
Health And Human Services	-	-	-	-	-	-
Regulatory	-	1,131,624	-	-	2,266	-
Public Safety	-	-	-	-	-	-
Agriculture And Economic Development	-	-	2,289,356	7,786,118	-	-
Natural Resources	-	-	-	-	23,759	-
Highways	-	671,513	-	-	-	73,973
Total Expenditures	2,103,818	1,803,137	2,289,356	7,786,118	26,025	32,024,770
Revenues Over (Under) Expenditures	-(57,924)	86,583	(227,071)	1,347,006	(12,389)	(23,675,122)
Other Financing Sources (Uses):						
Operating Transfers In	-	-	30,000	-	17,870	23,491,931
Operating Transfers Out	(35,084)	-	-	(392,192)	-	(405,869)
Proceeds From Sale Of Fixed Assets	-	-	35,000	-	-	-
Total Other Financing Sources (Uses)	(35,084)	-	65,000	(392,192)	17,870	23,086,062
Revenues And Other Financing Sources Over (Under) Expenditures And Other Financing Uses	(93,008)	86,583	(162,071)	954,814	5,481	(589,060)
Fund Balances - Beginning Of Year As Adjusted	300,351	2,675,428	3,271,035	4,426,830	383,094	9,662,519
Fund Balances - End Of Year	\$ 207,343	\$ 2,762,011	\$ 3,108,964	\$ 5,381,644	\$ 388,575	\$ 9,073,459

Federal	Health And Human Services	Highway	Home Quarter Purchase	Insurance	Inter- Governmental Assistance	Job Service	Judicial And Legal
\$ -	\$ 18,355	\$ 82,654,067	\$ -	\$ 8,162	\$ -	\$ -	\$ 1
-	1,565,064	14,232,176	-	156,750	-	-	-
757,931,610	5,173,501	16,076,144	-	-	-	26,159,474	133
2,034,668	11,614,951	888,766	2,583	3,524,661	-	-	1,355,232
-	197,816	118,172	-	-	-	-	-
-	-	2,494,556	-	-	4,665	1,150,333	236,316
-	49,436	1,077,953	11,833	678,800	669,901	291,963	422
22,299	774,107	452,875	-	47	72,395	89,973	989
759,988,577	19,393,230	117,994,709	14,416	4,368,420	746,961	27,691,743	1,593,093
22,673,382	-	-	-	-	595,828	-	1,963,313
68,129,376	-	-	-	-	-	-	-
377,379,996	27,130,595	-	-	-	-	28,911,149	-
2,801,804	-	-	-	2,285,164	-	-	-
95,820,515	-	10,097,301	-	-	-	-	-
796,521	846,946	-	20,008	-	-	-	-
12,187,007	-	-	-	-	-	-	-
154,854,591	-	109,145,480	-	-	-	-	-
734,643,192	27,977,541	119,242,781	20,008	2,285,164	595,828	28,911,149	1,963,313
25,345,385	(8,584,311)	(1,248,072)	(5,592)	2,083,256	151,133	(1,219,406)	(370,220)
1,850,340	19,106,366	502,753	-	-	1,161,471	2,875,287	373,276
(29,776,788)	(1,729,725)	(1,060,049)	-	(961,898)	(172,502)	(421,188)	(164,722)
-	82,941	340,926	-	-	-	-	-
(27,926,448)	17,459,582	(216,370)	-	(961,898)	988,969	2,454,099	208,554
(2,581,063)	8,875,271	(1,464,442)	(5,592)	1,121,358	1,140,102	1,234,693	(161,666)
3,288,336	16,260,417	71,123,835	248,985	9,663,765	16,050,977	1,830,189	850,338
\$ 707,273	\$ 25,135,688	\$ 69,659,393	\$ 243,393	\$ 10,785,123	\$ 17,191,079	\$ 3,064,882	\$ 688,672

STATE OF NORTH DAKOTA

Combining Statement Of Revenues, Expenditures And
Changes In Fund Balance
Special Revenue (Continued)

For The Fiscal Year Ended June 30, 1999

	Land Department					
	Coal Severance	Energy Development Impact	Land And Mineral	Land Maintenance	Motor Vehicle	National Guard
Revenues:						
Taxes	\$ 3,493,790	\$ 1,594,822	\$ -	\$ -	\$ 1,552,729	\$ -
Licenses And Permits	-	-	-	-	127,997	-
Intergovernmental	-	-	-	-	-	16,951
Sales And Services	-	-	-	1,084,958	-	124,444
Royalties And Rents	-	-	705,592	-	-	100,542
Fines And Forfeits	-	-	-	-	-	-
Interest And Investment Income	1,803,781	-	257,250	-	-	1,531
Miscellaneous	-	-	-	-	-	41,381
Total Revenues	5,297,571	1,594,822	962,842	1,084,958	1,680,726	284,849
Expenditures:						
Current:						
General Government	-	-	-	-	-	-
Education	46,300	2,009,907	71,829	1,126,165	-	-
Health And Human Services	-	-	-	-	22,689	-
Regulatory	-	-	-	-	-	-
Public Safety	-	-	-	-	-	414,449
Agriculture And Economic Development	-	-	-	-	1,504,794	-
Natural Resources	-	-	-	-	-	-
Highways	-	-	-	-	-	-
Total Expenditures	46,300	2,009,907	71,829	1,126,165	1,527,483	414,449
Revenues Over (Under) Expenditures	5,251,271	(415,085)	891,013	(41,207)	153,243	(129,600)
Other Financing Sources (Uses):						
Operating Transfers In	-	-	612,963	-	-	256,228
Operating Transfers Out	(4,377,654)	-	(3,920,478)	-	(19,000)	(6,710)
Proceeds From Sale Of Fixed Assets	-	-	-	-	-	-
Total Other Financing Sources (Uses)	(4,377,654)	-	(3,307,515)	-	(19,000)	249,518
Revenues And Other Financing Sources Over (Under) Expenditures And Other Financing Uses	873,617	(415,085)	(2,416,502)	(41,207)	134,243	119,918
Fund Balances - Beginning Of Year As Adjusted	49,930,189	2,785,511	4,355,983	31,805	1,152,384	99,411
Fund Balances - End Of Year	\$ 50,803,806	\$ 2,370,426	\$ 1,939,481	\$ (9,402)	\$ 1,286,627	\$ 219,329

									Total
Natural Resources	Oil Tax Resource	Other Special	PACE Fund	Public Safety And Penal Institutions	Recreation	Regulatory	Veterans	June 30 1999	
\$ 618,964	\$ 3,608,025	\$ 1,591	\$ -	\$ -	\$ 232,817	\$ -	\$ -	\$ 96,580,112	
481,507	-	32,141	-	594,733	8,087,133	928,086	12,135	36,337,855	
641,450	616,197	14,503	-	449,564	75,368	162,519	-	807,628,575	
55,512	-	1,281,044	-	177,287	1,104,451	1,201,999	1,038,340	31,077,344	
-	3,508	14,962	-	95,665	28,665	-	173	1,520,084	
-	-	-	-	-	1,924	-	-	7,799,149	
1,089,395	429,091	707	437,493	-	1,650	53,832	378,195	7,465,125	
175,323	358	521,309	-	30,532	124,645	-	12,851	2,598,624	
3,062,151	4,657,179	1,866,257	437,493	1,347,781	9,656,653	2,346,436	1,441,694	991,006,868	
-	-	1,413,883	-	-	-	199,023	-	28,949,247	
-	-	99,969	-	-	-	-	-	103,434,343	
-	-	47,443	-	-	-	-	1,697,280	435,189,152	
1,151,104	-	1,502	-	-	-	1,553,163	-	8,926,627	
-	-	14,952	-	7,986,318	-	-	21,218	114,354,753	
73,997	-	210,815	3,264,446	-	-	236,251	-	17,029,252	
2,453,002	-	305,208	-	-	7,087,626	-	-	22,056,602	
-	-	94,356	-	-	-	-	-	264,839,913	
3,678,103	-	2,188,128	3,264,446	7,986,318	7,087,626	1,988,437	1,718,498	994,779,889	
(615,952)	4,657,179	(321,871)	(2,826,953)	(6,638,537)	2,569,027	357,999	(276,804)	(3,773,021)	
2,529,770	300,000	233,144	4,255,000	5,816,982	4,788	99,729	133,687	63,651,585	
(1,635,297)	-	(7,036)	-	-	(120,190)	-	(207,955)	(45,414,337)	
-	-	-	-	-	17,958	-	-	476,825	
894,473	300,000	226,108	4,255,000	5,816,982	(97,444)	99,729	(74,268)	18,714,073	
278,521	4,957,179	(95,763)	1,428,047	(821,555)	2,471,583	457,728	(351,072)	14,941,052	
13,806,554	10,466,449	1,690,726	12,257,584	2,347,920	14,625,789	1,380,069	5,540,164	260,506,637	
\$ 14,085,075	\$ 15,423,628	\$ 1,594,963	\$ 13,685,631	\$ 1,526,365	\$ 17,097,372	\$ 1,837,797	\$ 5,189,092	\$ 275,447,689	



Prickly Pear Cactus Flower

Debt Service Funds

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

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)

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.

962 - Water Commission Debt Service Fund

Account for accumulation of resources for, and the payment of, principal and interest on bonds issued by the State Water Commission. (NDCC 61-02)

STATE OF NORTH DAKOTA

**Combining Balance Sheet
Debt Service Funds
June 30, 1999**

				<u>Total</u>
	Building Authority	Lignite Research	Water Commission	June 30 1999
Assets:				
Cash Deposits At The Bank Of North Dakota	\$ 268,000	\$ 361	\$ -	\$ 268,361
Cash And Cash Equivalents	-	-	1,098,392	1,098,392
Investments At The Bank Of North Dakota	7,283,000	882,500	-	8,165,500
Investments	1,692,000	-	-	1,692,000
Interest Receivable - Net	116,000	6,637	3,955	126,592
Total Assets	\$ 9,359,000	\$ 889,498	\$ 1,102,347	\$ 11,350,845
Liabilities:				
Total Liabilities	\$ -	\$ -	\$ -	\$ -
Equity				
Fund Balance:				
Reserved For:				
Debt Service	9,359,000	889,498	1,102,347	11,350,845
Total Equity	9,359,000	889,498	1,102,347	11,350,845
Total Liabilities And Equity	\$ 9,359,000	\$ 889,498	\$ 1,102,347	\$ 11,350,845

STATE OF NORTH DAKOTA

Combining Statement Of Revenues, Expenditures And
Changes In Fund Balance
Debt Service Funds
For The Fiscal Year Ended June 30, 1999

				Total
	Building Authority	Lignite Research	Water Commission	June 30 1999
Revenues:				
Intergovernmental	\$ -	\$ -	\$ 585,858	\$ 585,858
Interest And Investment Income	571,000	54,900	50,135	676,035
Miscellaneous	51,000	-	-	51,000
Total Revenues	622,000	54,900	635,993	1,312,893
Expenditures:				
Debt Service:				
Principal	4,399,000	680,000	40,000	5,119,000
Interest And Other Charges	4,670,000	371,590	437,715	5,479,305
Total Expenditures	9,069,000	1,051,590	477,715	10,598,305
Revenues Over (Under) Expenditures	(8,447,000)	(996,690)	158,278	(9,285,412)
Other Financing Sources:				
Operating Transfers In	6,567,000	996,813	1,716	7,565,529
Proceeds From Bonds And Notes	452,000	-	-	452,000
Total Other Financing Sources	7,019,000	996,813	1,716	8,017,529
Revenues And Other Financing Sources Over (Under) Expenditures	(1,428,000)	123	159,994	(1,267,883)
Fund Balances - Beginning of Year, As Adjusted	10,768,000	889,375	942,353	12,599,728
Residual Equity Transfers In	19,000	-	-	19,000
Fund Balances - End Of Year	\$ 9,359,000	\$ 889,498	\$ 1,102,347	\$ 11,350,845



Red Poll

Capital Projects Funds

Capital projects funds are used to account for the acquisition of major capital facilities other than those financed by proprietary funds and trust funds.

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)

961 - Water Commission - Capital Projects Fund

Account for the construction of water related projects, including rural water systems. (NDCC 61-02)

STATE OF NORTH DAKOTA

**Combining Balance Sheet
Capital Projects Funds
June 30, 1999**

	Total		
	Building Authority	Water Commission	June 30 1999
Assets:			
Cash Deposits At The Bank Of North Dakota	\$ 4,165,000	\$ -	\$ 4,165,000
Cash And Cash Equivalents	-	181,064	181,064
Interest Receivable - Net	-	636	636
Total Assets	\$ 4,165,000	\$ 181,700	\$ 4,346,700
Liabilities:			
Accounts Payable	\$ -	\$ 13,460	\$ 13,460
Due To Other Funds	676,000	-	676,000
Total Liabilities	676,000	13,460	689,460
Equity			
Fund Balance:			
Reserved For:			
Capital Projects	3,489,000	168,240	3,657,240
Total Equity	3,489,000	168,240	3,657,240
Total Liabilities And Equity	\$ 4,165,000	\$ 181,700	\$ 4,346,700

STATE OF NORTH DAKOTA

**Combining Statement of Revenues, Expenditures And
Changes In Fund Balance
Capital Projects Funds
For The Fiscal Year Ended June 30, 1999**

	Total		
	Building Authority	Water Commission	June 30 1999
Revenues:			
Interest And Investment Income	\$ 281,000	\$ 44,546	\$ 325,546
Total Revenues	281,000	44,546	325,546
Expenditures:			
Capital Outlay	711,000	4,640,130	5,351,130
Total Expenditures	711,000	4,640,130	5,351,130
Revenues Under Expenditures	(430,000)	(4,595,584)	(5,025,584)
Other Financing Sources (Uses):			
Operating Transfers Out	(4,729,000)	(1,716)	(4,730,716)
Proceeds From Bonds And Notes	2,917,000	3,500,000	6,417,000
Total Other Financing Sources (Uses)	(1,812,000)	3,498,284	1,686,284
Revenues Over And Other Financing Sources Under Expenditures And Other Financing Uses	(2,242,000)	(1,097,300)	(3,339,300)
Fund Balances - Beginning Of Year As Previously Reported	5,750,000	1,265,540	7,015,540
Residual Equity Transfers Out	(19,000)	-	(19,000)
Fund Balances - End of Year	\$ 3,489,000	\$ 168,240	\$ 3,657,240



Bee Plant

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. The following page describes these funds.



Rufous-sided Towhee

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) - ND 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, 1999

	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	\$ -	\$ 2,863,632	\$ 507,302	\$ 922,349	\$ 1,289,927	\$ 1,642,804	\$ 1,411,653
Cash And Cash Equivalents	335,582,000	-	-	-	-	-	-
Investments At The Bank Of North Dakota	-	-	-	-	-	-	9,958,590
Investments	415,705,000	-	4,981,636	-	-	18,203,880	1,615,470
Accounts Receivable - Net	-	-	73,772	-	-	1,650	2,868
Interest Receivable - Net	20,267,000	451,548	20,959	162,892	25,881	98,887	154,760
Loans And Notes Receivable - Net	807,843,000	11,401,098	-	14,900,394	7,427,156	-	-
Due From Other Funds	1,208,000	-	136	-	-	32	-
Intergovernmental Receivable - Net	-	-	-	-	-	-	1,834,638
Advances To Component Units	11,526,000	-	-	-	-	-	-
Advances To Other Funds	8,890,000	-	-	-	-	-	-
Prepaid Items	-	1,585,804	-	-	-	-	-
Inventory	-	-	-	-	-	-	-
Unamortized Bond Issuance Costs	-	-	-	-	-	-	-
Fixed Assets (Net Of Depreciation)	3,055,000	-	-	-	-	13,442	-
Other Assets	4,352,000	-	-	-	-	-	51,239
Total Assets	\$ 1,608,428,000	\$ 16,302,082	\$ 5,583,805	\$ 15,985,635	\$ 8,742,964	\$ 19,960,695	\$ 15,029,218
Liabilities:							
Accounts Payable	\$ -	\$ -	\$ 3,483	\$ -	\$ -	\$ 61,393	\$ 404,093
Notes Payable	203,779,000	-	-	-	-	-	-
Interest Payable	4,921,000	-	-	-	-	-	-
Federal Funds Purchased	276,896,000	-	-	-	-	-	-
Securities Lending Collateral	32,600,000	-	899,250	-	-	3,288,026	-
Intergovernmental Payable	-	-	-	-	-	-	7,829,119
Claims/Judgements Payable	-	-	257,531	-	-	6,132,523	155,000
Accrued Payroll	-	-	3,148	-	-	15,535	-
Compensated Absences Payable	-	-	1,470	-	-	22,595	-
Amounts Held In Custody For Others	-	-	-	-	-	-	-
Deposits Held For Other Funds	610,223,000	-	-	-	-	-	-
Other Deposits	321,788,000	-	-	-	-	-	-
Due To Other Funds	280,000	15,296	79	19,754	10,364	30,485	177,573
Advances From Other Funds	-	-	-	-	4,583,115	-	-
Advances From Component Units	11,526,000	-	-	-	-	-	-
Bonds Payable	-	-	-	-	-	-	-
Capital Leases Payable	-	-	-	-	-	-	-
Deferred Revenue	-	-	-	-	-	-	1,804,062
Other Liabilities	7,095,000	-	-	-	-	-	508,733
Total Liabilities	1,469,108,000	15,296	1,164,961	19,754	4,593,479	9,550,557	10,878,580
Equity							
Contributed Capital	2,000,000	7,725,478	-	10,000,000	1,928,791	-	2,115,050
Retained Earnings:							
Reserved For:							
Debt Requirements	-	-	-	-	-	-	-
Loan Purposes	-	8,561,308	-	5,965,881	2,220,694	-	-
Capital Construction	-	-	-	-	-	-	-
Capital Growth	42,000,000	-	-	-	-	-	-
Escrow Requirements	-	-	-	-	-	-	2,130,384
Contingencies	-	-	-	-	-	-	-
Unreserved	95,320,000	-	4,418,844	-	-	10,410,138	(94,796)
Total Equity	139,320,000	16,286,786	4,418,844	15,965,881	4,149,485	10,410,138	4,150,638
Total Liabilities And Equity	\$ 1,608,428,000	\$ 16,302,082	\$ 5,583,805	\$ 15,985,635	\$ 8,742,964	\$ 19,960,695	\$ 15,029,218

									Total
Housing Finance	Mill And Elevator	PERS Uniform Group Insurance	Real Estate Trust	Roughrider Industries	State Fair	Student Loan	Workers Compensation	June 30 1999	
\$ 6,767,000	\$ 10,942,441	\$ 470,817	\$ -	\$ 481,138	\$ 1,117,078	\$ 4,993,809	\$ 328,220	\$ 33,738,170	
260,952,000	-	6,662,076	-	500	1,876,573	-	-	605,073,149	
-	-	-	-	-	-	112,827,190	34,370,384	157,156,164	
40,424,000	-	-	-	-	250,000	-	905,365,340	1,386,545,326	
306,000	12,432,691	74,534	-	490,596	127,488	-	25,676,715	39,186,314	
5,633,000	-	-	-	-	-	1,559,096	5,498,725	33,872,748	
496,619,000	-	-	-	-	-	104,970,700	-	1,443,161,348	
46,000	-	19,073	-	3,999	-	-	-	1,277,240	
343,000	-	-	-	-	-	768,956	-	2,946,594	
-	-	-	-	-	-	-	-	11,526,000	
-	-	-	-	-	-	-	-	8,890,000	
1,764,000	206,169	-	-	2,843	18,514	-	-	3,577,330	
-	8,966,446	-	-	631,287	-	-	-	9,597,733	
8,011,000	-	-	-	-	-	1,408,040	-	9,419,040	
82,000	15,127,873	-	-	535,794	8,327,348	-	1,706,679	28,848,136	
-	-	-	-	-	15,000	121,514	-	4,539,753	
\$ 820,947,000	\$ 47,675,620	\$ 7,226,500	\$ -	\$ 2,146,157	\$ 11,732,001	\$ 226,649,305	\$ 972,946,063	\$ 3,779,355,045	
\$ 1,285,000	\$ 1,094,630	\$ 21,834	\$ -	\$ 184,194	\$ 72,019	\$ 196,778	\$ 1,165,480	\$ 4,488,904	
-	-	-	-	-	-	-	-	203,779,000	
19,369,000	-	-	-	265	12,545	1,900,220	-	26,203,030	
-	-	-	-	-	-	-	-	276,896,000	
-	-	-	-	-	-	-	169,225,824	206,013,100	
5,527,000	-	-	-	-	-	1,514,471	-	14,870,590	
-	-	-	-	-	-	-	668,800,000	675,345,054	
-	454,763	28,009	-	102,828	-	-	-	604,283	
106,000	447,269	30,974	-	74,334	42,671	-	412,411	1,137,724	
4,029,000	-	4,165,108	-	-	-	-	-	8,194,108	
-	-	-	-	-	-	-	-	610,223,000	
-	-	-	-	-	-	-	-	321,788,000	
3,000	-	30,851	-	1,682	-	613,459	66,541	1,249,084	
-	-	-	-	-	-	-	-	4,583,115	
-	-	-	-	-	-	-	-	11,526,000	
752,130,000	-	-	-	-	2,662,992	153,237,475	-	908,030,467	
-	-	-	-	111,580	-	-	-	111,580	
214,000	-	49,244	-	250	-	-	42,101,476	44,169,032	
-	-	-	-	1,692	-	-	-	7,605,425	
782,663,000	1,996,662	4,326,020	-	476,825	2,790,227	157,462,403	881,771,732	3,326,817,496	
-	5,985	-	-	-	-	-	-	23,775,304	
26,348,000	-	-	-	-	250,000	-	-	26,598,000	
-	-	-	-	-	-	69,186,902	-	85,934,785	
-	-	-	-	-	1,759,758	-	-	1,759,758	
-	-	-	-	-	-	-	-	42,000,000	
-	-	-	-	-	-	-	-	2,130,384	
-	-	2,900,480	-	-	-	-	-	2,900,480	
11,936,000	45,672,973	-	-	1,669,332	6,932,016	-	91,174,331	267,438,838	
38,284,000	45,678,958	2,900,480	-	1,669,332	8,941,774	69,186,902	91,174,331	452,537,549	
\$ 820,947,000	\$ 47,675,620	\$ 7,226,500	\$ -	\$ 2,146,157	\$ 11,732,001	\$ 226,649,305	\$ 972,946,063	\$ 3,779,355,045	

STATE OF NORTH DAKOTA

Combining Statement Of Revenues, Expenses And Changes In Fund Equity

Enterprise Funds

For The Fiscal Year Ended June 30, 1999

	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	\$ 8,625,000	\$ -	\$ 52,078	\$ -	\$ -	\$ 3,498,309	\$ 2,119,744
Royalties And Rents	-	-	-	-	-	-	-
Fines And Forfeits	-	-	-	-	-	-	-
Interest And Investment Income	87,386,000	748,333	-	486,648	544,387	-	-
Miscellaneous	-	-	-	-	-	-	3,054
Total Operating Revenues	96,011,000	748,333	52,078	486,648	544,387	3,498,309	2,122,798
Operating Expenses:							
Cost Of Sales And Services	-	-	-	-	-	-	-
Salaries And Benefits	6,378,000	-	20,009	-	-	270,998	-
Operating	7,561,000	351,823	5,838	80,529	45,221	551,653	2,694,111
Benefits	-	-	228,502	-	-	3,578,140	-
Interest	53,852,000	366,000	-	-	283,395	-	-
Depreciation	511,000	-	-	-	-	3,028	-
Miscellaneous	-	4,064	-	-	-	-	4,372
Total Operating Expenses	68,302,000	721,887	254,349	80,529	328,616	4,403,819	2,698,483
Operating Income (Loss)	27,709,000	26,446	(202,271)	406,119	215,771	(905,510)	(575,685)
Nonoperating Revenues (Expenses):							
Interest And Investment Revenue	-	-	426,648	-	-	1,777,225	749,143
Interest Expense	-	-	(53,602)	-	-	(205,654)	-
Gain (Loss) On Sale Of Fixed Assets	-	-	-	-	-	-	-
Tax Revenue	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total Nonoperating Revenues (Expenses)	-	-	373,046	-	-	1,571,571	749,143
Income (Loss) Before Operating Transfers	27,709,000	26,446	170,775	406,119	215,771	666,061	173,458
Operating Transfers In	-	-	-	-	-	-	-
Operating Transfers Out	(17,187,000)	-	-	-	-	(373,277)	-
Net Income (Loss)	10,522,000	26,446	170,775	406,119	215,771	292,784	173,458
Fund Equity - Beginning Of Year, As Adjusted	128,798,000	16,260,340	4,248,069	15,559,762	3,933,714	10,117,354	3,977,180
Residual Equity Transfers Out	-	-	-	-	-	-	-
Fund Equity - End Of Year	\$ 139,320,000	\$ 16,286,786	\$ 4,418,844	\$ 15,965,881	\$ 4,149,485	\$ 10,410,138	\$ 4,150,638

								Total
Housing Finance	Mill And Elevator	PERS Uniform Group Insurance	Real Estate Trust	Roughrider Industries	State Fair	Student Loan	Workers Compensation	June 30 1999
\$ 381,000	\$ 69,444,130	\$ 715,406	\$ -	\$ 2,896,798	\$ 3,498,556	\$ -	\$ 113,082,761	\$ 204,313,782
-	-	-	7,656	9,708	-	-	-	17,364
-	-	-	-	-	-	-	3,192,000	3,192,000
56,131,000	-	-	936,760	-	-	16,373,931	-	162,607,059
-	-	317	265	1,285	21,027	6,075	-	32,023
56,512,000	69,444,130	715,723	944,681	2,907,791	3,519,583	16,380,006	116,274,761	370,162,228
-	61,863,377	-	-	1,747,973	-	-	-	63,611,350
-	1,090,232	317,405	-	901,343	679,802	-	-	9,657,789
4,659,000	940,069	245,048	1,457,997	148,776	2,063,342	4,886,949	11,359,383	37,050,739
-	-	-	-	-	-	-	142,610,313	146,416,955
47,898,000	-	-	362,594	-	-	7,182,747	-	109,944,736
28,000	1,511,622	-	-	63,520	474,627	-	631,771	3,223,568
-	-	-	-	-	3,750	-	-	12,186
52,585,000	65,405,300	562,453	1,820,591	2,861,612	3,221,521	12,069,696	154,601,467	369,917,323
3,927,000	4,038,830	153,270	(875,910)	46,179	298,062	4,310,310	(38,326,706)	244,905
-	390,746	184,205	-	18,699	70,081	-	62,379,523	65,996,270
-	(584)	-	-	(5,075)	(165,602)	-	(9,150,376)	(9,580,893)
-	-	-	-	(46)	-	-	(47,075)	(47,121)
-	-	-	-	-	1,981,653	-	-	1,981,653
-	(98,510)	-	-	-	-	-	-	(98,510)
-	291,652	184,205	-	13,578	1,886,132	-	53,182,072	58,251,399
3,927,000	4,330,482	337,475	(875,910)	59,757	2,184,194	4,310,310	14,855,366	58,496,304
-	-	-	150,140	-	160,000	-	-	310,140
(27,000)	(3,031,552)	-	-	(64,594)	-	-	-	(20,683,423)
3,900,000	1,298,930	337,475	(725,770)	(4,837)	2,344,194	4,310,310	14,855,366	38,123,021
34,384,000	44,380,028	2,563,005	725,770	1,674,169	6,597,580	66,876,592	76,318,965	416,414,528
-	-	-	-	-	-	(2,000,000)	-	(2,000,000)
\$ 38,284,000	\$ 45,678,958	\$ 2,900,480	\$ -	\$ 1,669,332	\$ 8,941,774	\$ 69,186,902	\$ 91,174,331	\$ 452,537,549

STATE OF NORTH DAKOTA

Combining Statement Of Cash Flows
Enterprise Funds
For The Fiscal Year Ended June 30, 1999

	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)	\$ 27,709,000	\$ 26,446	\$ (202,271)	\$ 406,119	\$ 215,771	\$ (905,510)
Adjustments To Reconcile Operating Income To Net Cash Provided By Operating Activities:						
Depreciation	511,000	-	-	-	-	3,028
Amortization/Accretion	-	-	-	-	-	-
Reclassification Of Interest Revenue/Expense	(34,356,000)	(748,333)	-	(486,648)	(260,992)	-
Gain On The Sale Of Loans	-	-	-	-	-	-
Net Depreciation In Fair Value Of Investments	822,000	-	-	-	-	-
Interest Received On Program Loans	-	-	-	-	-	-
Disbursements For Loans And Loan Purchases	-	-	-	-	-	-
Receipt Of Loan Principal Repayments	-	-	-	-	-	-
Provision For Losses	1,700,000	289,974	-	-	-	-
Premiums Collected	-	-	-	-	-	-
Premiums Paid	-	-	-	-	-	-
Contributed Property And Equipment	-	-	-	-	-	-
Other	10,000	-	-	-	-	-
Change In Assets And Liabilities:						
(Increase) Decrease In Accounts Receivable	-	-	(31,438)	-	-	8,390
(Increase) Decrease In Due From	204,000	-	180	-	-	854
Increase In Intergovernmental Receivable	-	-	-	-	-	-
(Increase) Decrease In Prepaid Items	-	(58,597)	2,722	-	-	12,701
(Increase) Decrease In Inventories	-	-	-	-	-	-
(Increase) Decrease In Other Assets	(1,539,000)	-	-	-	-	-
Increase (Decrease) In Accounts Payable	-	-	(80,333)	-	-	51,279
Increase In Claims/Judgements Payable	-	-	148,401	-	-	956,716
Increase (Decrease) In Intergovernmental Payable	-	-	-	-	-	-
Increase (Decrease) In Accrued Payroll	-	-	111	-	-	(3,406)
Increase (Decrease) In Compensated Absences Payable	-	-	(3,123)	-	-	1,039
Increase (Decrease) In Amounts Held For Others	-	-	-	-	-	-
Increase (Decrease) In Due To	(1,000)	(813)	(188)	1,164	(838)	(7,460)
Increase (Decrease) In Deferred Revenue	-	-	-	-	-	-
Increase (Decrease) In Other Liabilities	(2,285,000)	-	-	-	-	-
Net Cash Provided By (Used For) Operating Activities	(7,225,000)	(491,323)	(165,939)	(79,365)	(46,059)	117,631
Cash Flows From Noncapital Financing Activities:						
Proceeds From Bonds	-	-	-	-	-	-
Proceeds From Sale Of Notes And Other Borrowings	149,750,000	-	-	-	-	-
Principal Payments - Bonds	-	-	-	-	-	-
Principal Payments - Notes And Other Borrowings	(58,000)	-	-	-	-	-
Interest Payments - Bonds	-	-	-	-	-	-
Interest Payments - Notes And Other Borrowings	(9,207,000)	-	-	-	(283,395)	-
Payment Of Bond Issue Costs	-	-	-	-	-	-
Tax Collections	-	-	-	-	-	-
Operating Transfers In	-	-	-	-	-	-
Operating Transfers Out	(29,640,000)	-	-	-	-	(373,277)
Residual Equity Transfer Out	-	-	-	-	-	-
Net Increase In Non-Interest Bearing Deposits	15,599,000	-	-	-	-	-
Net Decrease In Interest Bearing Deposits	212,668,000	-	-	-	-	-
Payments Of Interest On Deposits	(31,582,000)	-	-	-	-	-
Principal Payments On Advances	(4,178,000)	-	-	-	(442,907)	-
Interest Paid On Federal Funds And Reverse Repurchase Agreements	(11,846,000)	-	-	-	-	-
Net Increase In Federal Funds And Reverse Repurchase Agreements	75,382,000	-	-	-	-	-
Advances Made	(6,961,000)	-	-	-	-	-
Collection Of Advances Made	4,985,000	-	-	-	-	-
Net Cash Provided By (Used For) Noncapital Financing Activities	364,852,000	-	-	-	(726,302)	(373,277)

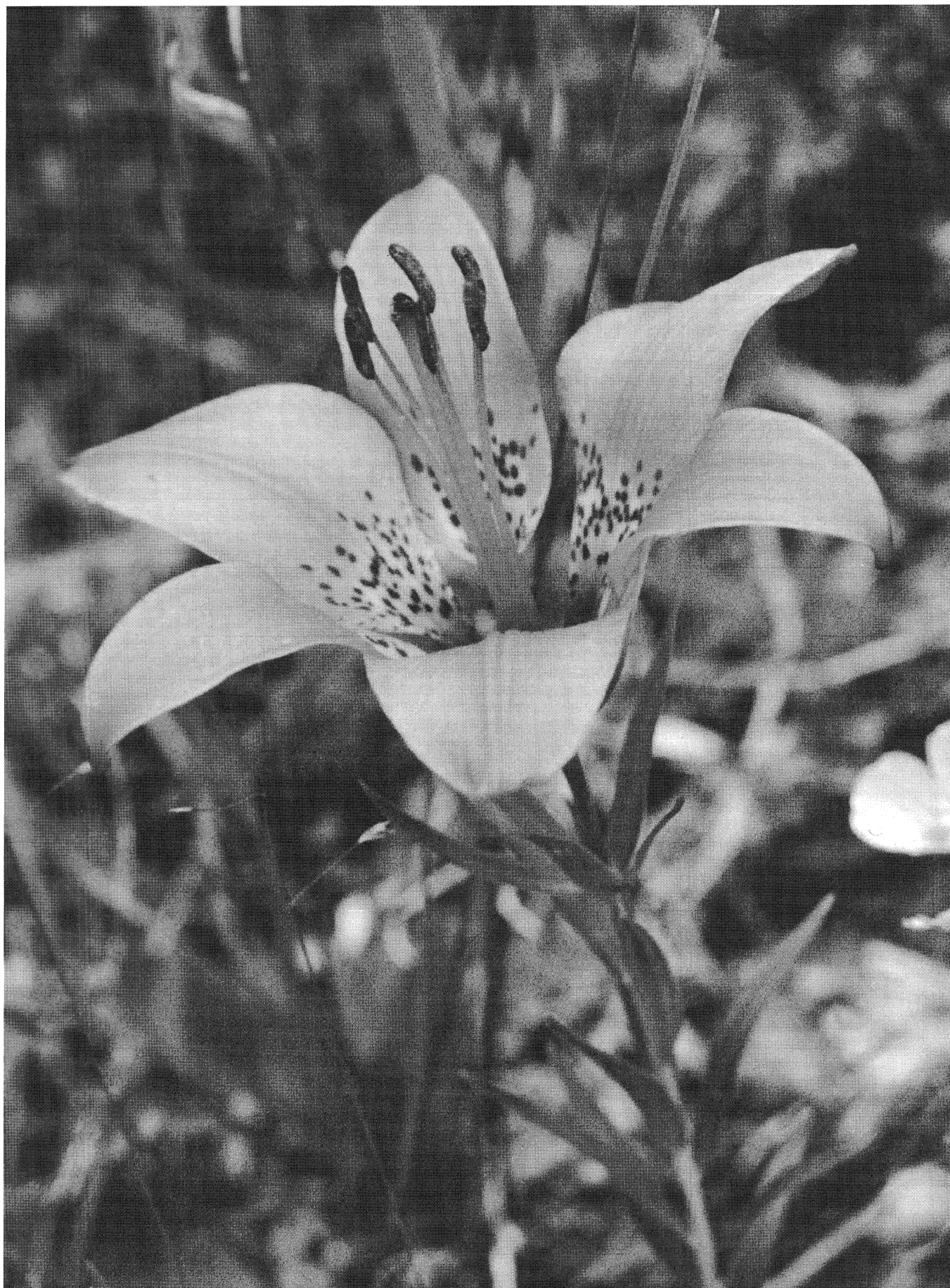
Guaranteed Student Loan	Housing Finance	Mill And Elevator	PERS Uniform Group Insurance	Real Estate Trust	Roughrider Industries	State Fair	Student Loan	Workers Compensation	Total
									June 30 1999
\$ (575,685)	\$ 3,927,000	\$ 4,038,830	\$ 153,270	\$ (875,910)	\$ 46,179	\$ 298,062	\$ 4,310,310	\$ (38,328,706)	\$ 244,905
-	28,000	1,511,622	-	-	63,520	474,627	-	631,771	3,223,568
-	2,105,000	-	-	1,457,581	-	3,750	1,919,199	-	5,485,530
-	(8,459,000)	-	-	(74,166)	-	-	(10,801,758)	-	(55,186,897)
-	-	-	-	(500,000)	-	-	-	-	(500,000)
-	1,343,000	-	-	-	-	-	106,178	-	2,271,178
-	32,689,000	-	-	-	-	-	11,885,110	-	44,554,110
-	(140,255,000)	-	-	-	-	-	(1,891,217)	-	(142,146,217)
-	51,218,000	-	-	-	-	-	24,048,907	-	75,266,907
94,966	-	-	-	-	-	(6,800)	5,000	186,022	2,269,162
-	-	-	76,390,644	-	-	-	-	-	76,390,644
-	-	-	(76,390,644)	-	-	-	-	-	(76,390,644)
-	-	-	-	-	-	(290,344)	-	-	(290,344)
-	5,000	-	-	-	-	-	(46,550)	-	(31,550)
163,665	(31,000)	1,320,374	(57,762)	-	(274,217)	(11,839)	-	2,063,478	3,149,651
-	(18,000)	-	(14,319)	23	89,069	-	-	-	261,807
(403,141)	(121,000)	-	-	-	-	-	-	-	(524,141)
-	(563,000)	(91,349)	-	-	(2,843)	(1,332)	-	7,091	(694,607)
-	-	3,116,625	-	-	(134,444)	-	-	-	2,982,181
35,553	-	-	-	-	-	-	-	-	(1,503,447)
297,872	490,000	(837,499)	(519)	-	148,208	49,604	128,878	(767,033)	(519,543)
-	-	-	-	-	-	-	-	77,100,000	78,205,117
(413,675)	1,194,000	-	-	-	-	-	1,315,399	-	2,095,724
-	-	(6,416)	(540)	-	25,073	-	-	-	14,822
-	10,000	30,989	180	-	9,245	7,381	-	(4,631)	51,080
-	1,091,000	-	(4,990,162)	-	-	-	-	-	(3,899,162)
(333,744)	-	-	(20,997)	-	(9,767)	-	(121,969)	(33,577)	(529,189)
(127,865)	(83,000)	-	13,454	(7,658)	185	-	-	(6,816,706)	(7,021,608)
155,000	-	-	-	(6,058)	265	-	-	-	(2,135,793)
(1,107,054)	(55,450,000)	9,083,176	(4,917,395)	(6,186)	(39,547)	523,109	30,857,487	34,039,709	5,093,244
-	185,616,000	-	-	-	-	-	-	-	185,616,000
-	-	-	-	-	-	-	-	-	149,750,000
-	(148,590,000)	-	-	(32,880,000)	-	-	(58,890,000)	-	(240,360,000)
-	(1,094,000)	-	-	-	-	-	-	-	(1,152,000)
-	(38,980,000)	-	-	(1,087,784)	-	-	(7,433,534)	-	(47,501,318)
-	-	-	-	-	-	-	-	-	(9,490,395)
-	-	-	-	-	-	-	(97,751)	-	(97,751)
-	-	-	-	-	-	1,981,653	-	-	1,981,653
-	-	-	-	150,140	-	160,000	-	-	310,140
-	(27,000)	(3,031,552)	-	-	(64,594)	-	-	-	(33,136,423)
-	-	-	-	-	-	-	(2,000,000)	-	(2,000,000)
-	-	-	-	-	-	-	-	-	15,599,000
-	-	-	-	-	-	-	-	-	212,608,000
-	-	-	-	-	-	-	-	-	(31,582,000)
-	-	-	-	-	-	-	-	-	(4,620,907)
-	-	-	-	-	-	-	-	-	(11,846,000)
-	-	-	-	-	-	-	-	-	75,382,000
-	-	-	-	-	-	-	-	-	(6,961,000)
-	-	-	-	-	-	-	-	-	4,985,000
-	(3,075,000)	(3,031,552)	-	(33,817,644)	(64,594)	2,141,653	(68,421,285)	-	257,483,999

STATE OF NORTH DAKOTA

Combining Statement Of Cash Flows
Enterprise Funds (Continued)
For The Fiscal Year Ended June 30, 1999

	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	(408,000)	-	-	-	-	(3,614)
Proceeds From Sale Of Fixed Assets	-	-	-	-	-	-
Principal Payments - Bonds	-	-	-	-	-	-
Interest Payments - Bonds	-	-	-	-	-	-
Interest Payments - Notes And Other Borrowings	-	-	-	-	-	-
Payment On Capital Leases	-	-	-	-	-	-
Net Cash Used For Capital And Related Financing Activities	(408,000)	-	-	-	-	(3,614)
Cash Flows From Investing Activities:						
Proceeds From Sale And Maturities Of Investment Securities	529,487,000	-	-	-	-	-
Purchase Of Investment Securities	(691,948,000)	-	(223,679)	-	-	(984,342)
Interest And Dividends On Investments	29,307,000	81,483	327,194	31,539	37,500	1,264,427
Proceeds From Sale Of Other Real Estate	-	-	-	-	-	-
Net Increase In Loans	(206,189,000)	-	-	-	-	-
Disbursements For Loans And Loan Purchases	-	-	-	(1,027,600)	-	-
Receipt Of Loan Principal Repayments	-	721,339	-	342,336	673,194	-
Loan Income Received	54,052,000	649,367	-	441,255	514,230	-
Proceeds From Sale Of Loans	-	-	-	-	-	-
Net Cash Provided By (Used For) Investing Activities	(285,291,000)	1,452,189	103,515	(212,470)	1,224,924	280,085
Net Change In Cash:						
Net Increase (Decrease) In Cash And Cash Equivalents						
And Cash Deposits At The Bank Of North Dakota	71,928,000	960,866	(62,424)	(291,835)	452,563	20,825
Cash And Cash Equivalents And Cash Deposits						
At The Bank Of North Dakota At June 30, 1998	263,654,000	1,902,766	569,726	1,214,184	837,364	1,621,979
Cash And Cash Equivalents And Cash Deposits						
At The Bank Of North Dakota At June 30, 1999	<u>\$ 335,582,000</u>	<u>\$ 2,863,632</u>	<u>\$ 507,302</u>	<u>\$ 922,349</u>	<u>\$ 1,289,927</u>	<u>\$ 1,642,804</u>
Reconciliation:						
Cash Deposits At The Bank Of North Dakota	\$ -	\$ 2,863,632	\$ 507,302	\$ 922,349	\$ 1,289,927	\$ 1,642,804
Cash And Cash Equivalents	335,582,000	-	-	-	-	-
Cash And Cash Equivalents And Cash Deposits						
At The Bank Of North Dakota	<u>\$ 335,582,000</u>	<u>\$ 2,863,632</u>	<u>\$ 507,302</u>	<u>\$ 922,349</u>	<u>\$ 1,289,927</u>	<u>\$ 1,642,804</u>
Noncash Transactions:						
Net Appreciation (Depreciation) In Fair Value Of Investments	\$ -	\$ -	\$ 40,354	\$ -	\$ -	\$ 284,909
Unrealized Gains On Investments	93,000	-	-	-	-	-
Appropriations Transfer From Undivided Profits To Various State Agencies	17,187,000	-	-	-	-	-
Purchased Fixed Assets Through Capital Lease	-	-	-	-	-	-
Securities Lending Collateral	-	-	36,535	-	-	200,271
Contribution Of Property And Equipment	-	-	-	-	-	-
Total Noncash Transactions	\$ 17,280,000	\$ -	\$ 76,889	\$ -	\$ -	\$ 485,180

									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 1999
-	(58,000)	(523,209)	-	-	(68,103)	(395,507)	-	(681,599)	(2,138,032)
-	-	-	-	-	46	-	-	3,620	3,666
-	-	-	-	-	-	(195,000)	-	-	(195,000)
-	-	-	-	-	-	(159,660)	-	-	(159,660)
-	-	(143,975)	-	-	(5,075)	-	-	-	(149,050)
-	-	-	-	-	(17,358)	-	-	-	(17,358)
-	(58,000)	(667,184)	-	-	(90,490)	(750,167)	-	(677,979)	(2,655,434)
11,213,514	6,901,000	-	-	18,362,193	-	-	326,745,839	43,461,428	936,170,974
(11,516,200)	(8,105,000)	-	-	-	-	-	(366,521,389)	(104,365,358)	(1,181,663,968)
748,470	14,552,000	435,627	184,205	737,347	18,699	70,081	5,886,284	26,084,768	79,766,624
-	-	-	-	143,930	-	-	-	-	143,930
-	-	-	-	-	-	-	-	-	(206,189,000)
-	-	-	-	-	-	-	-	-	(1,027,600)
-	-	-	-	447,710	-	-	-	-	2,184,579
-	-	-	-	674,960	-	-	-	-	56,331,812
-	-	-	-	9,441,286	-	-	-	-	9,441,286
445,784	15,348,000	435,627	184,205	29,807,426	18,699	70,081	(33,889,266)	(34,819,162)	(304,841,363)
(661,270)	(43,235,000)	5,820,067	(4,733,190)	(4,016,404)	(175,932)	1,984,676	(71,453,064)	(1,457,432)	(44,919,554)
2,072,923	310,954,000	5,122,374	11,866,083	4,016,404	657,570	1,008,975	76,446,873	1,785,652	683,730,873
\$ 1,411,653	\$ 287,719,000	\$ 10,942,441	\$ 7,132,893	\$ -	\$ 481,638	\$ 2,993,651	\$ 4,993,809	\$ 328,220	\$ 638,811,319
\$ 1,411,653	\$ 6,767,000	\$ 10,942,441	\$ 470,817	\$ -	\$ 481,138	\$ 1,117,078	\$ 4,993,809	\$ 328,220	\$ 33,738,170
-	260,952,000	-	6,662,076	-	500	1,876,573	-	-	605,073,149
\$ 1,411,653	\$ 287,719,000	\$ 10,942,441	\$ 7,132,893	\$ -	\$ 481,638	\$ 2,993,651	\$ 4,993,809	\$ 328,220	\$ 638,811,319
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,357,259)	\$ (1,031,996)
-	-	-	-	-	-	-	-	-	93,000
-	-	-	-	-	-	-	-	-	17,187,000
-	-	-	-	-	44,074	-	-	-	44,074
-	-	-	-	-	-	-	-	25,620,650	25,857,456
-	-	-	-	-	-	290,344	-	-	290,344
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 44,074	\$ 290,344	\$ -	\$ 24,263,391	\$ 42,439,878



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.

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)

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)

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)

(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)

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, 1999

	Central Services	Fleet Services	Information Services Division	Risk Management	State Investment Board	Total June 30 1999
Assets:						
Cash Deposits At The Bank Of North Dakota	\$ 636,457	\$ 481,893	\$ 708,606	\$ 1,692,822	\$ 108,962	\$ 3,628,740
Cash And Cash Equivalents	100	-	-	-	-	100
Investments	-	-	-	6,195,802	-	6,195,802
Accounts Receivable - Net	19,467	7,162	28,398	-	1,667	56,694
Interest Receivable - Net	-	-	-	30,022	-	30,022
Due From Other Funds	211,820	1,212,680	2,277,288	175,094	92,268	3,969,150
Intergovernmental Receivable - Net	48,600	2,676	16,933	1,500	-	69,709
Prepaid Items	7,827	-	381,443	-	-	389,270
Inventory	120,822	-	-	-	-	120,822
Fixed Assets (Net Of Depreciation)	254,491	35,764,175	4,874,190	26,265	47,449	40,966,570
Total Assets	\$ 1,299,584	\$ 37,468,586	\$ 8,286,858	\$ 8,121,505	\$ 250,346	\$ 55,426,879
Liabilities:						
Accounts Payable	\$ 32,753	\$ 527,655	\$ 222,423	\$ 27,918	\$ 140,001	\$ 950,750
Notes Payable	-	-	1,781,687	-	-	1,781,687
Securities Lending Collateral	-	-	-	1,234,653	-	1,234,653
Claims/Judgments Payable	-	-	-	3,296,740	-	3,296,740
Accrued Payroll	61,136	65,888	704,390	22,322	-	853,736
Compensated Absences Payable	67,214	48,164	678,136	18,943	32,058	844,515
Due To Other Funds	15,435	64,329	9,557	13,609	25,437	128,367
Advances From Other Funds	-	2,500,000	-	-	-	2,500,000
Capital Leases Payable	186,823	43,495	-	-	-	230,318
Deferred Revenue	2,280	-	-	-	-	2,280
Total Liabilities	365,641	3,249,531	3,396,193	4,614,185	197,496	11,823,046
Equity						
Contributed Capital	774,154	19,656,047	913,241	-	-	21,343,442
Retained Earnings:						
Unreserved	159,789	14,563,008	3,977,424	3,507,320	52,850	22,260,391
Total Equity	933,943	34,219,055	4,890,665	3,507,320	52,850	43,603,833
Total Liabilities And Equity	\$ 1,299,584	\$ 37,468,586	\$ 8,286,858	\$ 8,121,505	\$ 250,346	\$ 55,426,879

STATE OF NORTH DAKOTA
Combining Statement Of Revenues, Expenses And Changes In Fund Equity
Internal Revenue Funds
For The Fiscal Year Ended June 30, 1999

	Central Services	Fleet Services	Information Services Division	Risk Management	State Investment Board	Total June 30 1999
Operating Revenues:						
Sales And Services	\$ 2,346,517	\$ 13,233,940	\$ 24,811,884	\$ 2,362,158	\$ 1,221,906	\$ 43,976,405
Miscellaneous	-	52,477	-	75	12,852	65,404
Total Operating Revenues	2,346,517	13,286,417	24,811,884	2,362,233	1,234,758	44,041,809
Operating Expenses:						
Cost Of Sales And Services	859,446	-	-	-	-	859,446
Salaries And Benefits	675,997	869,433	7,825,297	229,853	665,121	10,265,701
Operating Benefits	573,439	5,203,171	13,310,821	769,924	547,842	20,405,197
Depreciation	-	-	-	1,303,000	-	1,303,000
Depreciation	129,641	4,302,939	3,082,448	20,287	6,484	7,541,799
Total Operating Expenses	2,238,523	10,375,543	24,218,566	2,323,064	1,219,447	40,375,143
Operating Income	107,994	2,910,874	593,318	39,169	15,311	3,666,666
Nonoperating Revenues (Expenses):						
Interest And Investment Revenue	-	-	-	441,406	2,369	443,775
Interest Expense	(19,871)	(11,828)	(135,874)	(66,150)	-	(233,723)
Loss On Sale Of Fixed Assets	(8,854)	(130,898)	(1,073)	-	-	(140,825)
Total Nonoperating Revenues (Expenses)	(28,725)	(142,726)	(136,947)	375,256	2,369	69,227
Income Before Operating Transfers	79,269	2,768,148	456,371	414,425	17,680	3,735,893
Operating Transfers In	-	152,624	-	-	-	152,624
Net Income	79,269	2,920,772	456,371	414,425	17,680	3,888,517
Fund Equity - Beginning Of Year As Previously Reported	854,674	31,256,783	4,432,914	3,092,895	35,170	39,672,436
Contributed Capital	-	41,500	1,380	-	-	42,880
Fund Equity - End Of Year	\$ 933,943	\$ 34,219,055	\$ 4,890,665	\$ 3,507,320	\$ 52,850	\$ 43,603,833

STATE OF NORTH DAKOTA

Combining Statement Of Cash Flows
Internal Service Funds
For The Fiscal Year Ended June 30, 1999

	Central Services	Fleet Services	Information Services Division	Risk Management	State Investment Board	Total June 30 1999
Cash Flows From Operating Activities:						
Operating Income	\$ 107,994	\$ 2,910,874	\$ 593,318	\$ 39,169	\$ 15,311	\$ 3,666,666
Adjustments To Reconcile Operating Income To Net Cash Provided By Operating Activities:						
Depreciation	129,641	4,302,939	3,082,448	20,287	6,484	7,541,799
Amortization/Accretion	-	-	1,085,499	-	-	1,085,499
Change In Assets And Liabilities:						
(Increase) Decrease In Accounts Receivable	(6,547)	392,455	(25,623)	-	(744)	359,541
(Increase) Decrease In Due From	(41,815)	187,220	(416,903)	14,121	(80,581)	(337,958)
(Increase) Decrease In Intergovernmental Receivable	(8,780)	1,001	(3,377)	248	-	(10,908)
Increase In Prepaid Items	(5,607)	-	-	-	-	(5,607)
Decrease In Inventories	39,276	-	-	-	-	39,276
Increase (Decrease) In Accounts Payable	(2,346)	250,636	(82,847)	2,591	24,350	192,384
Increase In Claims/Judgements Payable	-	-	-	475,534	-	475,534
Decrease In Intergovernmental Payable	(266)	-	-	-	-	(266)
Increase In Accrued Payroll	4,548	515	124,443	6,258	-	135,764
Increase (Decrease) In Compensated Absences Payable	(6,413)	3,869	93,295	18,943	-	109,694
Increase (Decrease) In Due To	(4,534)	(303,898)	9,557	(98)	(41,547)	(340,520)
Increase (Decrease) In Deferred Revenue	2,280	-	-	(56,586)	-	(54,306)
Net Cash Provided By (Used For) Operating Activities	207,431	7,745,611	4,459,810	520,467	(76,727)	12,856,592
Cash Flows From Noncapital Financing Activities:						
Operating Transfers In	-	152,624	-	-	-	152,624
Principal Payments On Advances From Other Funds	-	(1,500,000)	-	-	-	(1,500,000)
Net Cash Used For Noncapital Financing Activities	-	(1,347,376)	-	-	-	(1,347,376)
Cash Flows From Capital And Related Financing Activities:						
Acquisition And Construction Of Capital Assets	(28,218)	(7,310,048)	(2,073,256)	(8,134)	(7,277)	(9,426,933)
Proceeds From Sale Of Fixed Assets	-	1,490,284	56,372	-	-	1,546,656
Principal Payments - Notes And Other Borrowings	(112,254)	(100,339)	(2,206,769)	-	-	(2,419,362)
Interest Payments - Notes And Other Borrowings	(19,871)	(11,828)	(135,874)	-	-	(167,573)
Net Cash Used For Capital And Related Financing Activities	(160,343)	(5,931,931)	(4,359,527)	(8,134)	(7,277)	(10,467,212)
Cash Flows From Investing Activities:						
Purchase Of Investment Securities	-	-	-	(517,456)	-	(517,456)
Interest And Dividends On Investments	-	-	-	422,525	2,369	424,894
Net Cash Provided By (Used For) Investing Activities	-	-	-	(94,931)	2,369	(92,562)
Net Change In Cash:						
Net Increase (Decrease) In Cash And Cash Equivalents And Cash Deposits At The Bank Of North Dakota	47,088	466,304	100,283	417,402	(81,635)	949,442
Cash And Cash Equivalents And Cash Deposits At The Bank Of North Dakota At June 30, 1998	589,469	15,589	608,323	1,275,420	190,597	2,679,398
Cash And Cash Equivalents And Cash Deposits At The Bank Of North Dakota At June 30, 1999	\$ 636,557	\$ 481,893	\$ 708,606	\$ 1,692,822	\$ 108,962	\$ 3,628,840
Reconciliation:						
Cash Deposits At The Bank Of North Dakota	636,457	481,893	708,606	1,692,822	108,962	3,628,740
Cash And Cash Equivalents	100	-	-	-	-	100
Cash And Cash Equivalents And Cash Deposits At The Bank Of North Dakota	\$ 636,557	\$ 481,893	\$ 708,606	\$ 1,692,822	\$ 108,962	\$ 3,628,840
Noncash Transactions:						
Purchased Fixed Assets Through Assumption Of Note Payable	\$ -	\$ -	\$ 833,688	\$ -	\$ -	\$ 833,688
Purchased Prepaid Expenses Through Assumption Of Note Payable	-	-	920,485	-	-	920,485
Purchased Fixed Assets Through Capital Lease	99,269	-	-	-	-	99,269
Net Depreciation In Fair Value Of Investments	-	-	-	(60,834)	-	(60,834)
Termination Of Capital Lease For Fixed Assets	(6,209)	-	-	-	-	(6,209)
Contribution Of Property And Equipment	-	41,500	-	-	-	41,500
Securities Lending Collateral	-	-	-	209,374	-	209,374
Transfer In Of Equipment From Other State Agency	-	-	1,380	-	-	1,380
Total Noncash Transactions	\$ 93,060	\$ 41,500	\$ 1,755,553	\$ 148,540	\$ -	\$ 2,038,653

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. The following pages contain a detailed listing of these funds.

TRUST AND AGENCY FUNDS

I. EXPENDABLE TRUSTS

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)

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)

PREFUNDED RETIREE HEALTH PROGRAM

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. INVESTMENT TRUST FUND

911 - ND Association of Counties RIO Investments

Account for the investment assets held by the State Investment Board in a trustee capacity as an agent for the North Dakota Association of Counties. (NDCC 21-10)

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. (NDCC 21-10)

V. 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)

463 - Child Support Disbursement Unit Fund

Accounts for all child support payments received by the state disbursement unit. (NDCC 14-09-25)

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)

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)

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)

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)

405 - Financial Institution Tax Distribution
Accounts for a tax imposed on each financial institution. (NDCC 57-35.3-03)

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. (N.D.C. 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)

424 - Telecommunications Carriers Tax Fund
Accounts for the telecommunications carriers' tax that is allocated to counties. (NDCC 57-34-03)

426 - Special Fuels Tax Collection and Refund Fund
Accounts for tax imposed on the sale or delivery of special fuels. (NDCC 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)

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)

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 Non-game 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, 1999

	Expendable Trusts							Non-Expendable Trusts	
	Donation Expendable	Deferred Compensation	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	\$ 74,267	\$ -	\$ 24,001	\$ 12,824	\$ 218,778	\$ 720,531	\$ -	\$ 583	\$ 2,257,080
Cash And Cash Equivalents	-	-	22,189,259	-	-	-	22,043	7,900	-
Investments At The Bank Of North Dakota	16,098	-	290,000	-	220,000	-	-	6,052	-
Investments	-	5,367,974	-	1,118,502	99,812	-	50,000	27,667	470,288,920
Accounts Receivable - Net	-	-	10,783,437	-	-	307,070	-	-	-
Taxes Receivable - Net	-	-	-	-	-	-	-	-	-
Interest Receivable - Net	-	-	394,360	-	1,591	-	-	50	5,503,593
Loans And Notes Receivable - Net	-	-	-	-	-	-	677	-	51,730,939
Due From Other Funds	-	29,347	-	2,862	-	28,339	-	-	354,209
Intergovernmental Receivable - Net	-	-	6,505,322	-	-	-	-	-	-
Advances To Other Funds	-	-	-	1,272,536	-	-	-	-	5,523,738
Fixed Assets (Net Of Depreciation)	-	-	-	-	-	-	-	-	1,103,657
Other Assets	-	-	-	-	-	-	-	-	-
Total Assets	\$ 90,365	\$ 5,397,321	\$40,186,379	\$ 2,406,724	\$ 540,181	\$1,055,940	\$ 72,720	\$ 42,252	\$ 536,762,136
Liabilities:									
Accounts Payable	\$ -	\$ 15,892	\$ 6,930,771	\$ 19,724	\$ -	\$ 6,762	\$ -	\$ -	\$ 135,010
Securities Lending Collateral	-	-	-	-	-	-	-	-	22,047,914
Tax Refunds Payable	-	-	-	-	-	-	-	-	-
Intergovernmental Payable	-	-	1,029,293	-	-	-	-	-	-
Claims/Judgements Payable	-	-	-	2,387,000	-	-	-	-	-
Accrued Payroll	-	5,579	-	-	-	5,771	-	-	-
Compensated Absences Payable	-	-	-	-	-	-	-	-	-
Amounts Held In Custody For Others	-	-	-	-	-	-	-	-	-
Due To Other Funds	-	2,835	564,510	-	50,000	24,589	-	-	93,698
Advances From Other Funds	-	-	-	-	-	-	-	-	1,272,536
Capital Leases Payable	-	-	-	-	-	-	-	-	-
Deferred Revenue	-	-	264,235	-	-	-	-	-	-
Total Liabilities	-	24,306	8,788,809	2,406,724	50,000	37,122	-	-	23,549,158
Equity									
Fund Balance:									
Reserved For:									
Legal Requirements	90,365	-	31,397,570	-	-	-	-	38,465	507,709,385
Pension And Other Benefits	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Unreserved:									
Designated For:									
Trust Purposes	-	5,373,015	-	-	-	1,018,818	72,720	3,787	-
Undesignated	-	-	-	-	490,181	-	-	-	5,503,593
Total Equity	90,365	5,373,015	31,397,570	-	490,181	1,018,818	72,720	42,252	513,212,978
Total Liabilities And Equity	\$ 90,365	\$ 5,397,321	\$40,186,379	\$ 2,406,724	\$ 540,181	\$1,055,940	\$ 72,720	\$ 42,252	\$ 536,762,136

Pension					Investment		Agency				Total
Highway Patrolmen's Retirement	Job Service Retirement	Prefunded Retiree Health Program	Public Employees Retirement	Teacher's Retirement	City Of Bismarck	ND Association Of Counties	Bonding	Payroll	Student and Other	Tax Collection	June 30 1999
\$ -	\$ 97,927	\$ 171,623	\$ 461,224	\$ 4,876,377	\$ -	\$ -	\$ 1,505,894	\$ 4,448,691	\$ 2,579,405	\$ 51,646,769	\$ 69,095,974
423,303	223,279	-	12,103,243	9,894,278	342,564	30,003	7,135,497	-	656,083	177,852	23,053,137
41,976,175	74,382,337	23,157,423	1,200,198,114	1,338,903,690	35,018,699	686,973	2,449,434	-	50,000	-	3,193,775,720
-	24,545	288,538	2,469,413	5,798,508	-	-	-	5,600,675	20	341,684	25,613,890
-	-	-	-	-	-	-	-	-	-	29,880,453	29,880,453
122,816	4,633	24	3,511,646	5,205,568	14,754	159	-	-	-	-	14,759,194
-	-	-	-	-	-	-	-	-	-	-	51,731,616
-	-	-	43,974	-	-	-	-	-	300,268	13,408	772,407
-	-	-	-	-	-	-	-	-	-	-	6,505,322
-	-	-	-	-	-	-	-	-	-	-	6,796,274
-	-	-	50,904	-	-	-	-	-	-	-	1,154,561
-	-	-	-	-	-	-	-	-	78,340	-	78,340
\$42,522,294	\$74,732,721	\$23,617,608	\$1,218,838,518	\$1,364,678,421	\$35,376,017	\$ 717,135	\$11,090,825	\$10,049,366	\$3,714,116	\$82,060,166	\$ 3,453,951,205
\$ -	\$ 50,591	\$ 11,522	\$ 879,120	\$ 1,111,455	\$ 25,166	\$ 997	\$ -	\$ -	\$ 122,289	\$ -	\$ 9,309,299
3,931,733	4,795,411	-	112,417,532	100,909,855	3,249,446	113,665	-	-	-	-	247,465,556
-	-	-	-	-	-	-	-	-	-	1,766,349	1,766,349
-	-	-	-	-	-	-	-	6,258,755	-	53,135,347	60,423,395
-	-	-	-	-	-	-	-	-	-	-	2,387,000
-	-	-	29,263	-	-	-	-	-	-	-	40,613
-	-	-	27,090	-	-	-	-	-	-	-	27,090
-	-	-	-	-	-	-	11,090,825	3,790,611	3,589,986	-	18,471,422
16,788	1,716	56,344	26,625	73,035	-	-	-	-	1,841	27,158,470	28,070,451
-	-	-	-	-	-	-	-	-	-	-	1,272,536
-	-	-	13,622	-	-	-	-	-	-	-	13,622
-	-	-	-	-	-	-	-	-	-	-	264,235
3,948,521	4,847,718	67,866	113,393,252	102,094,345	3,274,612	114,662	11,090,825	10,049,366	3,714,116	82,060,166	369,511,568
-	-	-	-	-	-	-	-	-	-	-	539,235,785
38,573,773	69,885,003	23,549,742	1,105,445,266	1,262,584,076	-	-	-	-	-	-	2,500,037,860
-	-	-	-	-	32,101,405	602,473	-	-	-	-	32,703,878
-	-	-	-	-	-	-	-	-	-	-	6,468,340
-	-	-	-	-	-	-	-	-	-	-	5,993,774
38,573,773	69,885,003	23,549,742	1,105,445,266	1,262,584,076	32,101,405	602,473	-	-	-	-	3,084,439,637
\$42,522,294	\$74,732,721	\$23,617,608	\$1,218,838,518	\$1,364,678,421	\$35,376,017	\$ 717,135	\$11,090,825	\$10,049,366	\$3,714,116	\$82,060,166	\$ 3,453,951,205

STATE OF NORTH DAKOTA

Combining Statement Of Plan Net Assets
Pension And Investment Trust Funds
June 30, 1999

	Pension					Investment		Total
	Highway Patrolmen's Retirement	Job Service Retirement	Prefunded Retiree Health Program	Public Employees' Retirement	Teachers' Retirement	City Of Bismarck	ND Association Of Counties	June 30 1999
Assets								
Cash Deposits At The Bank Of North Dakota	\$ -	\$ 97,927	\$ 171,623	\$ 461,224	\$ 4,876,377	\$ -	\$ -	\$ 5,607,151
Receivables:								
Contributions Receivable	-	24,545	288,538	2,469,413	5,798,508	-	-	8,581,004
Interest Receivable - Net	122,816	4,633	24	3,511,646	5,205,568	14,754	159	8,859,600
Due From Other Funds	-	-	-	43,974	-	-	-	43,974
Total Receivables	122,816	29,178	288,562	6,025,033	11,004,076	14,754	159	17,484,578
Investments, At Fair Value:								
Equity Pool	21,207,383	38,268,675	14,212,309	606,369,225	774,570,932	16,768,644	310,151	1,471,707,319
Fixed Income	623,254	223,279	8,945,114	17,820,305	-	-	-	27,611,952
Fixed Income Pool	13,972,688	14,232,534	-	399,512,193	344,084,684	13,242,432	263,157	785,307,688
Cash And Cash Pool	621,990	246,951	-	17,784,165	27,802,316	393,746	30,003	46,879,171
Guaranteed Investment Contract	-	16,838,766	-	-	-	-	-	16,838,766
Real Estate Pool	1,728,159	-	-	49,412,179	88,654,030	1,185,846	-	140,980,214
Private Equity	314,271	-	-	8,985,758	12,776,151	521,149	-	22,597,329
Total Investments	38,467,745	69,810,205	23,157,423	1,099,883,825	1,247,888,113	32,111,817	603,311	2,511,922,439
Invested Securities Lending Collateral	3,931,733	4,795,411	-	112,417,532	100,909,855	3,249,446	113,665	225,417,642
Fixed Assets (Net Of Depreciation)	-	-	-	50,904	-	-	-	50,904
Total Assets	42,522,294	74,732,721	23,617,608	1,218,838,518	1,364,678,421	35,376,017	717,135	2,760,482,714
Liabilities								
Accrued Payroll	-	-	-	29,263	-	-	-	29,263
Accounts Payable	-	50,591	11,522	879,120	1,111,455	25,166	997	2,078,851
Due To Other Funds	16,788	1,716	56,344	26,625	73,035	-	-	174,508
Securities Lending Collateral	3,931,733	4,795,411	-	112,417,532	100,909,855	3,249,446	113,665	225,417,642
Compensated Absences Payable	-	-	-	27,090	-	-	-	27,090
Capital Lease Payable	-	-	-	13,622	-	-	-	13,622
Total Liabilities	3,948,521	4,847,718	67,866	113,393,252	102,094,345	3,274,612	114,662	227,740,976
Net Assets Held In Trust For:								
Pension Benefits	38,573,773	69,885,003	23,549,742	1,105,445,266	1,262,584,076	-	-	2,500,037,860
External Investment Pool Participants	-	-	-	-	-	32,101,405	602,473	32,703,878
Total Net Assets Held In Trust:	\$ 38,573,773	\$ 69,885,003	\$ 23,549,742	\$ 1,105,445,266	\$ 1,262,584,076	\$ 32,101,405	\$ 602,473	\$ 2,532,741,738

STATE OF NORTH DAKOTA

Combining Statement Of Revenues, Expenditures And
Changes In Fund Balance
Expendable Trust Funds
For The Fiscal Year Ended June 30, 1999

								Total
	Deferred Compensation	Donation Expendable	Job Service Expendable	Land Abandoned Property	Land Capitol Building	PERS Flexcomp	Veterans Home	June 30 1999
Revenues:								
Taxes	\$ -	\$ -	\$ 32,660,974	\$ -	\$ -	\$ -	\$ -	\$ 32,660,974
Intergovernmental	-	-	7,410,332	-	-	-	-	7,410,332
Sales And Services	491,784	-	-	-	-	3,880,073	-	4,371,857
Royalties And Rents	-	-	-	-	65,741	-	-	65,741
Fines And Forfeits	-	-	-	1,267,590	-	-	-	1,267,590
Interest And Investment Income	331,410	2,667	2,145,579	2,413	24,817	29,060	3,078	2,539,024
Miscellaneous	-	8,566	31,870	-	-	-	87,321	127,757
Total Revenues	823,194	11,233	42,248,755	1,270,003	90,558	3,909,133	90,399	48,443,275
Expenditures:								
Current:								
General Government	164,412	-	-	-	-	3,800,558	-	3,964,970
Education	-	6,403	-	338,362	11,164	-	-	355,929
Health And Human Services	-	-	48,482,498	-	-	-	61,391	48,543,889
Total Expenditures	164,412	6,403	48,482,498	338,362	11,164	3,800,558	61,391	52,864,788
Revenues Over (Under) Expenditures	658,782	4,830	(6,233,743)	931,641	79,394	108,575	29,008	(4,421,513)
Other Financing Sources (Uses):								
Operating Transfers In	116,850	-	-	-	-	-	-	116,850
Operating Transfers Out	-	-	-	(931,641)	(230,000)	(116,850)	-	(1,278,491)
Total Other Financing Sources (Uses)	116,850	-	-	(931,641)	(230,000)	(116,850)	-	(1,161,641)
Revenues Over (Under) Expenditures And Other Financing Sources (Uses)	775,632	4,830	(6,233,743)	-	(150,606)	(8,275)	29,008	(5,583,154)
Cummulative Effect Of Change In Accounting Principle	4,597,383	-	-	-	-	-	-	4,597,383
Revenues Over (Under) Expenditures And Other Financing Sources (Uses) After Change In Accounting Principle	5,373,015	4,830	(6,233,743)	-	(150,606)	(8,275)	29,008	(985,771)
Fund Balances - Beginning Of Year As Adjusted	-	85,535	37,631,313	-	640,787	1,027,093	43,712	39,428,440
Fund Balances - End Of Year	\$ 5,373,015	\$ 90,365	\$ 31,397,570	\$ -	\$ 490,181	\$ 1,018,818	\$ 72,720	\$ 38,442,669

STATE OF NORTH DAKOTA

**Combining Statement Of Revenues, Expenses And Changes In Fund Equity
Nonexpendable Trust Funds
For The Fiscal Year Ended June 30, 1999**

	Donation Non- Expendable	Land Department Permanent	Total June 30 1999
Operating Revenues:			
Royalties And Rents	\$ -	\$ 9,919,581	\$ 9,919,581
Interest And Investment Income	2,000	39,136,406	39,138,406
Miscellaneous	83	-	83
Total Operating Revenues	2,083	49,055,987	49,058,070
Operating Expenses:			
Operating	454	1,716,849	1,717,303
Interest	-	209,608	209,608
Depreciation	-	39,532	39,532
Miscellaneous	211	-	211
Total Operating Expenses	665	1,965,989	1,966,654
Operating Income	1,418	47,089,998	47,091,416
Nonoperating Revenues (Expenses):			
Tax Revenue	-	1,105,310	1,105,310
Total Nonoperating Revenues (Expenses)	-	1,105,310	1,105,310
Income Before Operating Transfers	1,418	48,195,308	48,196,726
Operating Transfers In	-	931,641	931,641
Operating Transfers Out	-	(25,377,200)	(25,377,200)
Net Income	1,418	23,749,749	23,751,167
Fund Equity - Beginning Of Year As Previously Reported	40,834	489,463,229	489,504,063
Fund Equity - End Of Year	\$ 42,252	\$ 513,212,978	\$ 513,255,230

STATE OF NORTH DAKOTA
**Combining Statement Of Cash Flows
Nonexpendable Trust Funds
For The Fiscal Year Ended June 30, 1999**

	Donation Non- Expendable	Land Department Permanent	Total June 30 1999
Cash Flows From Operating Activities:			
Operating Income	\$ 1,418	\$ 47,089,998	\$ 47,091,416
Adjustments To Reconcile Operating Income To Net Cash Provided By Operating Activities:			
Depreciation	-	39,532	39,532
Reclassification Of Interest Revenue/Expense	(2,000)	(39,123,057)	(39,125,057)
Gain On Sale Of Real Estate	-	(13,349)	(13,349)
Change In Assets And Liabilities:			
Decrease In Due From	-	223,482	223,482
Decrease In Accounts Payable	-	(14,944)	(14,944)
Increase In Due To	-	2,748	2,748
Net Cash Provided By (Used For) Operating Activities	(582)	8,204,410	8,203,828
Cash Flows From Noncapital Financing Activities:			
Tax Collections	-	1,105,310	1,105,310
Operating Transfers In	-	931,641	931,641
Operating Transfers Out	-	(25,377,200)	(25,377,200)
Proceeds From Advances From Other Funds	-	262,779	262,779
Collection Of Advances Made	-	304,620	304,620
Interest Received On Advances Made	-	615,856	615,856
Net Cash Used For Noncapital Financing Activities	-	(22,156,994)	(22,156,994)
Cash Flows From Investing Activities:			
Proceeds From Sale And Maturities Of Investment Securities	-	98,664,751	98,664,751
Purchase Of Investment Securities	-	(103,522,705)	(103,522,705)
Interest And Dividends On Investments	2,000	20,110,468	20,112,468
Proceeds From Sale Of Other Real Estate	-	32,000	32,000
Disbursements For Loans And Loan Purchases	-	(9,162,995)	(9,162,995)
Receipt Of Loan Principal Repayments	-	5,281,701	5,281,701
Loan Income Received	-	4,199,033	4,199,033
Net Cash Provided By Investing Activities	2,000	15,602,253	15,604,253
Net Change In Cash:			
Net Increase In Cash And Cash Equivalents			
And Cash Deposits At The Bank Of North Dakota	1,418	1,649,669	1,651,087
Cash And Cash Equivalents And Cash Deposits At The Bank Of North Dakota At June 30, 1998	7,065	607,411	614,476
Cash And Cash Equivalents And Cash Deposits At The Bank Of North Dakota At June 30, 1999	\$ 8,483	\$ 2,257,080	\$ 2,265,563
Reconciliation:			
Cash Deposits At The Bank Of North Dakota	\$ 583	\$ 2,257,080	\$ 2,257,663
Cash And Cash Equivalents	7,900	-	7,900
Cash And Cash Equivalents And Cash Deposits At The Bank Of North Dakota	\$ 8,483	\$ 2,257,080	\$ 2,265,563
Noncash Transactions:			
Net Appreciation In Fair Value Of Investments	\$ -	\$ 14,040,047	\$ 14,040,047
Total Noncash Transactions	\$ -	\$ 14,040,047	\$ 14,040,047

STATE OF NORTH DAKOTA

Combining Statement Of Changes In Assets And Liabilities

Agency Funds

For The Fiscal Year Ended June 30, 1999

	June 30 1998	Additions	Deductions	June 30 1999
Bonding				
Assets				
Cash Deposits At The Bank Of North Dakota	\$ 962,886	\$ 5,431,089	\$ 4,888,081	\$ 1,505,894
Cash And Cash Equivalents	1,000	-	1,000	-
Investments At The Bank Of North Dakota	6,920,764	372,606	157,873	7,135,497
Investments	2,548,336	1,173	100,075	2,449,434
Accounts Receivable - Net	-	1,500	1,500	-
Total Assets	\$ 10,432,986	\$ 5,806,368	\$ 5,148,529	\$ 11,090,825
Liabilities				
Accounts Payable	\$ -	\$ 500	\$ 500	\$ -
Amounts Held In Custody For Others	10,432,986	5,803,868	5,146,029	11,090,825
Total Liabilities	\$ 10,432,986	\$ 5,804,368	\$ 5,146,529	\$ 11,090,825
Deferred Compensation				
Assets				
Investments	\$ 76,424,021	\$ 10,372,812	\$ 86,796,833	\$ -
Total Assets	\$ 76,424,021	\$ 10,372,812	\$ 86,796,833	\$ -
Liabilities				
Deferred Compensation	\$ 76,424,021	\$ 10,372,812	\$ 86,796,833	\$ -
Total Liabilities	\$ 76,424,021	\$ 10,372,812	\$ 86,796,833	\$ -
Payroll				
Assets				
Cash Deposits At The Bank Of North Dakota	\$ 4,724,992	\$ 64,545,625	\$ 64,821,926	\$ 4,448,691
Accounts Receivable - Net	-	70,072,241	64,471,566	5,600,675
Due From Other Funds	-	64,640	64,640	-
Total Assets	\$ 4,724,992	\$ 134,682,506	\$ 129,358,132	\$ 10,049,366
Liabilities				
Intergovernmental Payable	\$ -	\$ 70,675,294	\$ 64,416,539	\$ 6,258,755
Amounts Held In Custody For Others	4,724,992	70,164,204	71,098,585	3,790,611
Due To Other Funds	-	450,614	450,614	-
Total Liabilities	\$ 4,724,992	\$ 141,290,112	\$ 135,965,738	\$ 10,049,366
Student And Other				
Assets				
Cash Deposits At The Bank Of North Dakota	\$ 1,145,604	\$ 26,992,035	\$ 25,558,234	\$ 2,579,405
Cash And Cash Equivalents	48,996	2,333,597	1,726,510	656,083
Investments At The Bank Of North Dakota	50,000	-	-	50,000
Investments	114,786	-	64,786	50,000
Accounts Receivable - Net	46,857	19,311,103	19,357,940	20
Due From Other Funds	294,105	3,810,931	3,804,768	300,268
Other Assets	66,990	557,967	546,617	78,340
Total Assets	\$ 1,767,338	\$ 53,005,633	\$ 51,058,855	\$ 3,714,116
Liabilities				
Accounts Payable	\$ 1,277	\$ 17,846,838	\$ 17,725,826	\$ 122,289
Amounts Held In Custody For Others	1,766,061	29,951,387	28,127,462	3,589,986
Due To Other Funds	-	3,824,363	3,822,522	1,841
Total Liabilities	\$ 1,767,338	\$ 51,622,588	\$ 49,675,810	\$ 3,714,116

	June 30 1998	Additions	Deductions	June 30 1999
Tax Collection				
Assets				
Cash Deposits At The Bank Of North Dakota	\$ 54,551,305	\$ 349,252,403	\$ 352,156,939	\$ 51,646,769
Cash And Cash Equivalents	846,022	-	668,170	177,852
Accounts Receivable - Net	480,163	-	138,479	341,684
Taxes Receivable - Net	32,510,815	336,318,450	338,948,812	29,880,453
Due From Other Funds	488	9,567,083	9,554,163	13,408
Total Assets	\$ 88,388,793	\$ 695,137,936	\$ 701,466,563	\$ 82,060,166
Liabilities				
Tax Refunds Payable	\$ 1,197,554	\$ 568,795	\$ -	\$ 1,766,349
Intergovernmental Payable	54,778,508	629,201,053	630,844,214	53,135,347
Due To Other Funds	32,412,731	70,278,555	75,532,816	27,158,470
Total Liabilities	\$ 88,388,793	\$ 700,048,403	\$ 706,377,030	\$ 82,060,166
Total Assets And Liabilities-Agency Funds				
Assets				
Cash Deposits At The Bank Of North Dakota	\$ 61,384,787	\$ 446,221,152	\$ 447,425,180	\$ 60,180,759
Cash And Cash Equivalents	896,018	2,333,597	2,395,680	833,935
Investments At The Bank Of North Dakota	6,970,764	372,606	157,873	7,185,497
Investments	79,087,143	10,373,985	86,961,694	2,499,434
Accounts Receivable - Net	527,020	89,384,844	83,969,485	5,942,379
Taxes Receivable - Net	32,510,815	336,318,450	338,948,812	29,880,453
Due From Other Funds	294,593	13,442,654	13,423,571	313,676
Other Assets	66,990	557,967	546,617	78,340
Total Assets	\$ 181,738,130	\$ 899,005,255	\$ 973,828,912	\$ 106,914,473
Liabilities				
Accounts Payable	\$ 1,277	\$ 17,847,338	\$ 17,726,326	\$ 122,289
Tax Refunds Payable	1,197,554	568,795	-	1,766,349
Intergovernmental Payable	54,778,508	699,876,347	695,260,753	59,394,102
Amounts Held In Custody For Others	16,924,039	105,919,459	104,372,076	18,471,422
Due To Other Funds	32,412,731	74,553,532	79,805,952	27,160,311
Deferred Compensation	76,424,021	10,372,812	86,796,833	-
Total Liabilities	\$ 181,738,130	\$ 909,138,283	\$ 983,961,940	\$ 106,914,473



Rose-breasted Grosbeak

General Fixed Assets Account Group

General Fixed Assets account group records fixed assets required 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, 1999

(Expressed In Thousands)

	June 30 1999
General Fixed Assets	
Land	\$ 18,677
Buildings	294,623
Improvements Other Than Buildings	52,362
Equipment	122,043
Construction In Progress	<u>4,685</u>
Total General Fixed Assets	<u>\$ 492,390</u>
 Investment In General Fixed Assets By Source	
Pre-June 30, 1991	\$ 298,809
General Fund	57,837
Federal Grants	81,857
Special Revenue Funds	52,053
Donations	<u>1,834</u>
Total Investment In General Fixed Assets	<u>\$ 492,390</u>

STATE OF NORTH DAKOTA

Schedule Of General Fixed Assets By Function

June 30, 1999

(Expressed In Thousands)

Function	Land	Buildings	Improvements Other Than Buildings	Equipment	Construction In Progress	Total
General Government	\$ 2,210	\$ 50,249	\$ 307	\$ 10,581	\$ 47	\$ 63,394
Education	110	6,798	868	4,165	-	11,941
Health And Human Services	1,303	81,525	4,260	39,779	1,939	128,806
Regulatory	503	746	-	2,701	-	3,950
Public Safety	2,344	121,156	22,748	10,377	1,022	157,647
Agriculture And Economic Development	-	2,366	-	1,298	-	3,664
Natural Resources	8,959	16,981	21,300	9,938	-	57,178
Highways	3,248	14,802	2,879	43,204	1,677	65,810
Total General Fixed Assets	<u>\$ 18,677</u>	<u>\$ 294,623</u>	<u>\$ 52,362</u>	<u>\$ 122,043</u>	<u>\$ 4,685</u>	<u>\$ 492,390</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, 1999

(Expressed In Thousands)

Function	General Fixed Assets June 30, 1998	Adjustments To Beginning Balance	Additions	Retirements	Transfers Between Asset Class And Funds	General Fixed Assets June 30, 1999
General Government	\$ 61,950	\$ 38	\$ 2,946	\$ (1,540)	\$ -	\$ 63,394
Education	11,450	29	767	(304)	-	11,942
Health And Human Services	127,977	44	4,493	(3,709)	-	128,805
Regulatory	4,188	22	304	(564)	-	3,950
Public Safety	148,455	(35)	10,389	(1,162)	-	157,647
Agriculture And Economic Development	3,467	10	292	(106)	-	3,663
Natural Resources	55,020	140	2,560	(541)	-	57,179
Highways	63,287	5	3,442	(924)	-	65,810
Total General Fixed Assets	\$ 475,794	\$ 253	\$ 25,193	\$ (8,850)	\$ -	\$ 492,390

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. See the following page for a complete listing.



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

338 - Agricultural Research 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

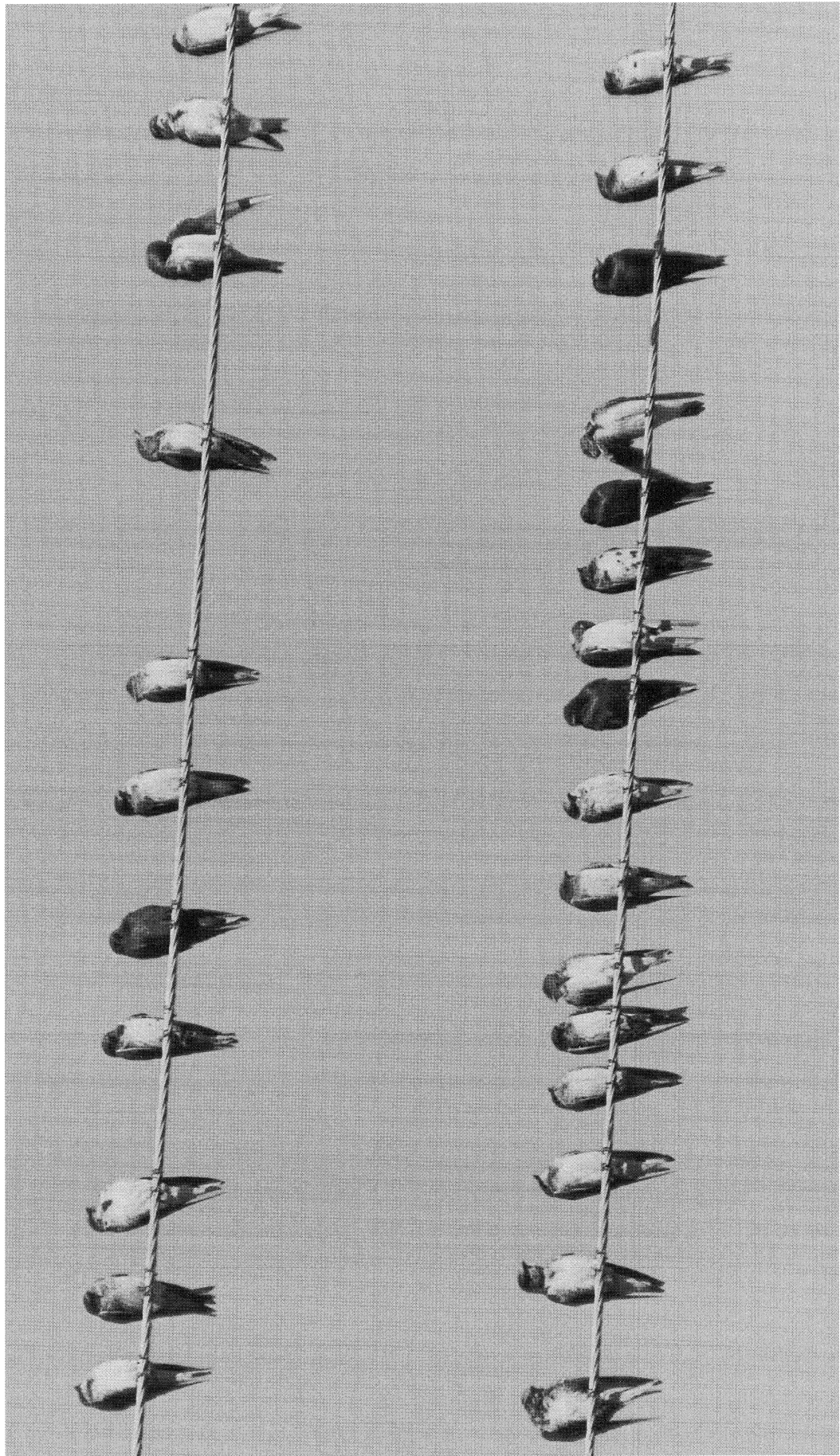
847 - School of Science Dormitory Fund

851 - Valley City Dormitory Fund

STATE OF NORTH DAKOTA
**Combining Balance Sheet
University System
June 30, 1999**

	Current Funds					
	Unrestricted				Endowment And Similar	
	General Operating	Auxiliary	Restricted	Loan		
Assets						
Cash Deposits At The Bank Of North Dakota	\$ 15,193,559	\$ 5,538,073	\$ 401,287	\$ 1,939,538	\$ 1,288,351	
Cash And Cash Equivalents	2,389,012	162,009	1,247	-	95,712	
Investments At The Bank Of North Dakota	14,895,016	5,695,744	51,500	-	4,476,750	
Investments	2,266,458	3,615,112	4,081,653	71,512	20,145,611	
Accounts Receivable - Net	8,786,281	1,358,049	19,828	13,685	-	
Leases Receivable - Net	-	-	-	-	-	
Interest Receivable - Net	171,002	27,840	16,506	466	1,824	
Loans And Notes Receivable - Net	-	-	-	40,634,821	-	
Interfund Receivable	3,786,976	280,658	16,868	-	-	
Due From General Fund	10,311,182	-	-	-	-	
Due From Other State Funds	60,071	-	2,424,192	-	-	
Intergovernmental Receivable	1,682,625	-	18,564,168	-	-	
Prepaid Items	560,295	28,678	318,106	-	-	
Inventory	2,450,705	3,679,334	-	-	-	
Fixed Assets	17,646	-	-	-	-	
Other Assets	1,363,052	668,500	1,130	14,994	-	
Total Assets	\$ 63,933,880	\$ 21,053,997	\$ 25,896,485	\$ 42,675,016	\$ 26,008,248	
Liabilities						
Accounts Payable	\$ 6,560,642	\$ 741,808	\$ 1,423,790	\$ 3,089	\$ -	
Notes Payable	378,280	-	-	-	-	
Interest Payable	845	-	-	-	-	
Contracts Payable	49,482	-	-	-	-	
Accrued Payroll	1,652,769	206,281	490,078	-	-	
Compensated Absences Payable	13,138,776	915,987	8,210	-	-	
Amounts Held In Custody For Others	-	-	-	-	-	
Deposits	1,258,940	514,818	-	-	-	
Interfund Payable	365,545	14,021	3,581,225	38,195	-	
Due To Other Funds	449,291	16,567	-	-	-	
Advances From State Funds	-	-	6,887,958	-	-	
Bonds Payable	-	-	-	-	-	
Capital Leases Payable	-	-	-	-	-	
Deferred Revenue	326,960	343,188	5,606,691	-	-	
Other Liabilities	58,554	221,628	-	-	-	
Total Liabilities	24,240,084	2,974,298	17,997,952	41,284	-	
Equity						
Investment In Fixed Assets	-	-	-	-	-	
Fund Balance:						
Restricted:						
Reserved For:						
Federal Loan Funds	-	-	-	33,143,117	-	
Specified Purposes	-	-	7,898,658	9,401,733	18,098,026	
Unrestricted:						
Designated for Asbestos Related Projects	42,253	-	-	-	-	
Undesignated	39,651,543	18,079,699	(125)	88,882	7,910,222	
Total Equity	39,693,796	18,079,699	7,898,533	42,633,732	26,008,248	
Total Liabilities And Equity	\$ 63,933,880	\$ 21,053,997	\$ 25,896,485	\$ 42,675,016	\$ 26,008,248	

Plant Funds				Total
Unexpended	Retirement Of Indebtedness	Investment In Plant	Agency	June 30 1999
\$ 11,030,437	\$ 3,620,862	\$ -	\$ 7,715,100	\$ 46,727,207
-	2,034,888	-	35,670	4,718,538
11,471,850	5,588,923	-	375,535	42,555,318
-	4,913,523	-	7,968,854	43,062,723
1,980,187	109,338	706,667	703,106	13,677,141
-	1,415,271	-	-	1,415,271
213,899	88,485	-	37,286	557,308
-	-	156,250	-	40,791,071
40,086	-	-	-	4,124,588
971,911	-	-	-	11,283,093
676,000	-	-	-	3,160,263
2,721,889	6,459	-	79,884	23,055,025
-	3,105	-	200	910,384
-	-	-	-	6,130,039
-	-	885,374,834	-	885,392,480
34,325	29,086	869,264	3,339	2,983,690
\$ 29,140,584	\$ 17,809,940	\$ 887,107,015	\$ 16,918,974	\$ 1,130,544,139
\$ 3,211,899	\$ 483	\$ -	\$ 1,418,031	\$ 13,359,742
-	1,415,271	-	-	1,793,551
-	1,049,391	-	-	1,050,236
248,767	-	-	-	298,249
-	-	-	2,193,471	4,542,599
-	-	-	-	14,062,973
-	-	-	11,418,428	11,418,428
-	-	-	47,388	1,821,146
101,213	5,203	-	19,186	4,124,588
-	-	-	1,822,470	2,288,328
1,801,874	-	-	-	8,689,832
275,952	280,000	54,092,477	-	54,648,429
-	1,943,050	24,720,165	-	26,663,215
911	-	-	-	6,277,750
-	-	574,535	-	854,717
5,640,616	4,693,398	79,387,177	16,918,974	151,893,783
-	-	807,719,838	-	807,719,838
-	-	-	-	33,143,117
6,242,695	8,065,887	-	-	49,706,999
4,522,215	-	-	-	4,564,468
12,735,058	5,050,655	-	-	83,515,934
23,499,968	13,116,542	807,719,838	-	978,650,356
\$ 29,140,584	\$ 17,809,940	\$ 887,107,015	\$ 16,918,974	\$ 1,130,544,139



Purple Martins

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.

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)

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)

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)

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, 1999

	Comprehensive Health Association	Municipal Bond Bank	North Dakota Development Fund	Technology Transfer Inc.	Total June 30 1999
Assets					
Cash Deposits At The Bank Of North Dakota	\$ -	\$ 563,000	\$ 5,657,707	\$ 145,174	\$ 6,365,881
Cash And Cash Equivalents	384,375	-	526,345	-	910,720
Investments At The Bank Of North Dakota	-	8,172,000	2,250,000	-	10,422,000
Investments	-	188,092,000	2,349,500	175,000	190,616,500
Accounts Receivable - Net	6,953	-	-	-	6,953
Interest Receivable - Net	-	2,279,000	250,197	-	2,529,197
Loans And Notes Receivable - Net	-	-	9,111,539	804,006	9,915,545
Intergovernmental Receivable - Net	26,054	-	-	-	26,054
Advances To Primary Government	-	11,526,000	-	-	11,526,000
Prepaid Items	-	-	-	135,000	135,000
Unamortized Bond Issuance Costs	-	1,531,000	-	-	1,531,000
Fixed Assets (Net Of Depreciation)	-	7,000	6,630	32,020	45,650
Total Assets	\$ 417,382	\$ 212,170,000	\$ 20,151,918	\$ 1,291,200	\$ 234,030,500
Liabilities					
Accounts Payable	\$ 738,861	\$ -	\$ -	\$ 6,380	\$ 745,241
Interest Payable	-	1,677,000	-	-	1,677,000
Intergovernmental Payable	-	626,000	-	-	626,000
Claims/Judgements Payable	1,025,000	-	-	-	1,025,000
Advances From Primary Government	-	11,526,000	-	-	11,526,000
Bonds Payable	-	136,475,000	-	-	136,475,000
Deferred Revenue	229,779	973,000	4,963	-	1,207,742
Total Liabilities	1,993,640	151,277,000	4,963	6,380	153,281,983
Equity					
Retained Earnings:					
Reserved For:					
Contingencies	(1,576,258)	-	-	-	(1,576,258)
Equity Investments-Loans-Grants And Collections	-	-	2,473,504	-	2,473,504
Debt Service Or Purchase Of Municipal Securities	-	60,893,000	-	-	60,893,000
Unreserved	-	-	17,673,451	1,284,820	18,958,271
Total Equity	(1,576,258)	60,893,000	20,146,955	1,284,820	80,748,517
Total Liabilities And Equity	\$ 417,382	\$ 212,170,000	\$ 20,151,918	\$ 1,291,200	\$ 234,030,500

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, 1999

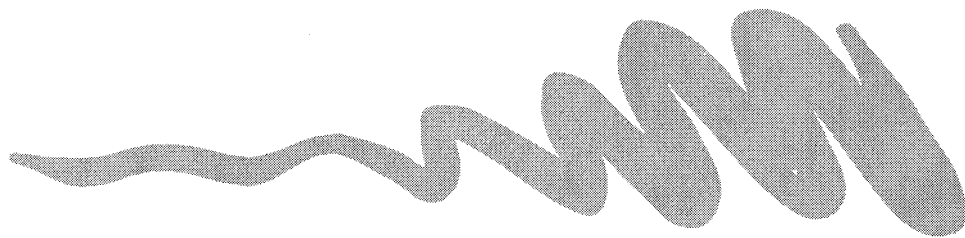
	Comprehensive Health Association	Municipal Bond Bank	North Dakota Development Fund	Technology Transfer Inc.	Total June 30 1999
Operating Revenues:					
Sales And Services	\$ 4,374,458	\$ 312,000	\$ 10,644	\$ -	\$ 4,697,102
Interest And Investment Income	-	8,966,000	1,081,480	-	10,047,480
Total Operating Revenues	4,374,458	9,278,000	1,092,124	-	14,744,582
Operating Expenses:					
Salaries And Benefits	-	127,000	-	41,831	168,831
Operating	206,158	798,000	1,712,216	849,340	3,565,714
Benefits	4,785,053	-	-	-	4,785,053
Interest	-	7,335,000	-	-	7,335,000
Depreciation	-	6,000	-	4,156	10,156
Total Operating Expenses	4,991,211	8,266,000	1,712,216	895,327	15,864,754
Operating Income (Loss)	(616,753)	1,012,000	(620,092)	(895,327)	(1,120,172)
Nonoperating Revenues:					
Operating Grants	-	14,163,000	-	-	14,163,000
Interest And Investment Income	13,269	-	-	8,875	22,144
Total Nonoperating Revenues	13,269	14,163,000	-	8,875	14,185,144
Income (Loss) Before Operating Transfers	(603,484)	15,175,000	(620,092)	(886,452)	13,064,972
Operating Transfers From Primary Government	-	-	954,936	250,000	1,204,936
Operating Transfers To Primary Government	-	-	-	(55,810)	(55,810)
Net Income (Loss)	(603,484)	15,175,000	334,844	(692,262)	14,214,098
Fund Equity - Beginning Of Year As Previously Reported	(972,774)	45,718,000	19,812,111	1,977,082	66,534,419
Fund Equity - End Of Year	\$ (1,576,258)	\$ 60,893,000	\$ 20,146,955	\$ 1,284,820	\$ 80,748,517

STATE OF NORTH DAKOTA

Combining Statement Of Cash Flows
Component Units - Proprietary Funds
For The Fiscal Year Ended June 30, 1999

	Comprehensive Health Association	Municipal Bond Bank	North Dakota Development Fund	Technology Transfer Inc.	Total June 30 1999
Cash Flows From Operating Activities:					
Operating Income (Loss)	\$ (616,753)	\$ 1,012,000	\$ (620,092)	\$ (895,327)	\$ (1,120,172)
Adjustments To Reconcile Operating Income To Net Cash Provided By Operating Activities:					
Depreciation	-	6,000	-	4,156	10,156
Amortization/Accretion	-	293,000	-	-	293,000
Reclassification Of Interest Revenue/Expense	-	(1,470,000)	(1,081,480)	-	(2,551,480)
Net Appreciation In Fair Value Of Investments	-	(1,000)	-	-	(1,000)
Provision For Losses	-	-	1,614,009	793,826	2,407,835
Other	-	-	1,836	-	1,836
Change In Assets And Liabilities:					
Increase In Accounts Receivable	(6,953)	-	-	-	(6,953)
Increase (Decrease) In Accounts Payable	656,291	(18,000)	-	5,930	644,221
Decrease In Claims/Judgements Payable	(100,000)	-	-	-	(100,000)
Increase In Intergovernmental Payable	-	94,000	-	-	94,000
Increase In Deferred Revenue	15,351	-	3,213	-	18,564
Net Cash Used For Operating Activities	(52,064)	(84,000)	(82,514)	(91,415)	(309,993)
Cash Flows From Noncapital Financing Activities:					
Proceeds From Bonds	-	45,516,000	-	-	45,516,000
Principal Payments - Bonds	-	(12,694,000)	-	-	(12,694,000)
Interest Payments - Bonds	-	(7,297,000)	-	-	(7,297,000)
Payment Of Bond Issue Costs	-	(569,000)	-	-	(569,000)
Operating Grant Received	-	14,163,000	954,936	250,000	15,367,936
Operating Transfers Out	-	-	-	(62,725)	(62,725)
Proceeds From Advances	-	4,178,000	-	-	4,178,000
Advances Made	-	(4,178,000)	-	-	(4,178,000)
Net Cash Provided By Noncapital Financing Activities	-	39,119,000	954,936	187,275	40,261,211
Cash Flows From Capital And Related Financing Activities:					
Acquisition And Construction Of Capital Assets	-	(1,000)	(6,200)	(28,648)	(35,848)
Net Cash Used For Capital And Related Financing Activities	-	(1,000)	(6,200)	(28,648)	(35,848)
Cash Flows From Investing Activities:					
Proceeds From Sale And Maturities Of Investment Securities	-	65,164,000	3,950,000	-	69,114,000
Purchase Of Investment Securities	-	(112,874,000)	(2,750,000)	-	(115,624,000)
Interest And Dividends On Investments	13,269	8,685,000	96,497	8,875	8,803,641
Disbursements For Loans And Loan Purchases	-	-	(3,625,781)	(240,850)	(3,866,631)
Receipt Of Loan Principal Repayments	-	-	1,754,555	33,428	1,787,983
Loan Income Received	-	-	934,504	-	934,504
Net Cash Provided By (Used For) Investing Activities	13,269	(39,025,000)	359,775	(198,547)	(38,850,503)
Net Change In Cash:					
Net Increase (Decrease) In Cash And Cash Equivalents And Cash Deposits At The Bank Of North Dakota	(38,795)	9,000	1,225,997	(131,335)	1,064,867
Cash And Cash Equivalents And Cash Deposits At The Bank Of North Dakota At June 30, 1998	423,170	554,000	4,958,055	276,509	6,211,734
Cash And Cash Equivalents And Cash Deposits At The Bank Of North Dakota At June 30, 1999	\$ 384,375	\$ 563,000	\$ 6,184,052	\$ 145,174	\$ 7,276,601
Reconciliation:					
Cash Deposits At The Bank Of North Dakota	\$ -	\$ 563,000	\$ 5,657,707	\$ 145,174	\$ 6,365,881
Cash And Cash Equivalents	384,375	-	526,345	-	910,720
Cash And Cash Equivalents And Cash Deposits At The Bank Of North Dakota	\$ 384,375	\$ 563,000	\$ 6,184,052	\$ 145,174	\$ 7,276,601
Noncash Transactions:					
Loans Written Off	\$ -	\$ -	\$ 172,203	\$ 321,523	\$ 493,726
Investments Written Off	-	-	535,000	-	535,000
Loan Converted To Investment	-	-	317,150	-	317,150
Total Noncash Transactions	\$ -	\$ -	\$ 1,024,353	\$ 321,523	\$ 1,345,876

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 Nine Fiscal Years
(Expressed In Thousands)**

<i>Expenditures by Function:</i>	1991	1992	1993	1994	1995	1996	1997	1998	1999
General Government	\$ 55,455	\$ 55,164	\$ 60,825	\$ 57,292	\$ 74,254	\$ 76,034	\$ 77,968	\$ 78,414	\$ 92,534
Education	295,804	310,847	319,304	319,807	329,249	340,073	347,109	364,389	373,740
Health & Human Services	389,344	458,735	487,209	487,095	528,052	558,607	586,421	598,833	618,241
Regulatory	33,903	13,213	14,599	13,198	14,800	17,713	20,544	14,493	14,326
Public Safety	31,956	36,702	36,606	45,062	47,240	54,443	97,498	149,811	146,050
Agriculture & Economic Development	15,996	15,749	19,006	17,313	19,657	19,319	20,544	21,070	22,830
Natural Resources	29,369	34,943	38,210	35,053	38,249	42,402	34,905	31,561	35,030
Highways	161,888	192,209	176,732	198,392	226,626	212,335	236,743	280,647	264,980
Capital Outlay	3,968	2,512	2,747	624	3,357	5,427	5,855	13,128	5,351
Debt Service:									
Principal	4,450	2,760	3,160	5,185	2,988	3,878	4,446	5,180	5,119
Interest & Other Charges	4,235	4,400	4,621	3,660	4,254	4,936	5,294	5,345	5,479
Advance Refunding Escrow	-	688	1,052	-	-	-	-	-	-
Total Expenditures By Function	\$ 1,026,368	\$ 1,127,922	\$ 1,164,071	\$ 1,182,681	\$ 1,288,726	\$ 1,335,167	\$ 1,437,327	\$ 1,562,871	\$ 1,583,680

Notes: 1) Information For 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 Nine Fiscal Years
(Expressed in Thousands)

<i>Revenues By Source:</i>	1991	1992	1993	1994	1995	1996	1997	1998	1999
Taxes	\$ 608,336	\$ 563,833	\$ 614,461	\$ 654,865	\$ 680,620	\$ 722,954	\$ 745,896	\$ 802,456	\$ 781,235
Licenses And Permits	26,902	29,520	33,144	31,786	34,820	39,120	38,244	44,008	44,995
Intergovernmental	445,679	514,798	542,879	566,392	623,520	669,853	705,174	827,772	808,529
Sales And Service	23,216	31,568	32,680	26,248	34,888	30,403	36,090	36,420	32,684
Royalties And Rents	9,578	9,243	10,001	6,385	7,111	7,361	7,874	7,787	4,742
Fines And Forfeits	1,482	1,711	1,775	1,845	1,901	4,583	4,951	6,610	10,034
Interest	24,152	15,493	10,321	9,455	13,576	14,459	16,379	15,879	15,528
Miscellaneous	6,643	11,569	5,698	4,635	4,747	4,520	4,973	5,877	2,703
Total Revenues By Source	\$ 1,145,988	\$ 1,177,735	\$ 1,250,959	\$ 1,301,611	\$ 1,401,183	\$ 1,493,253	\$ 1,559,581	\$ 1,746,809	\$ 1,700,450

Notes: 1) Information For 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	1989-1991	1991-1993	1993-1995	1995-1997	1997-1999
Sales And Use Tax	\$ 465,991,671	\$ 472,354,351	\$ 551,585,835	\$ 605,471,019	\$ 664,364,916
Income Tax	225,349,317	244,094,270	279,780,472	315,516,252	358,287,825
Corporate Income Tax	89,807,210	79,304,171	94,755,138	99,347,937	123,420,219
Business Privilege Tax	4,468,129	4,501,873	5,488,535	3,854,132	6,494,162
Oil And Gas Production Tax	51,866,716	34,068,927	23,560,500	33,042,320	26,973,613
Oil Extraction Tax	62,139,140	48,153,450	29,328,185	21,987,655	16,703,114
Insurance Premium Tax	32,723,215	32,522,677	32,120,236	36,968,670	35,733,266
Cigarette, Cigar And Tobacco Tax	29,680,052	27,524,919	44,864,988	45,030,090	44,091,170
Liquor And Beer Tax	11,550,832	10,151,036	10,370,481	10,339,078	11,140,328
Department Fees And Collections	22,653,224	23,362,701	22,083,103	28,737,207	41,193,364
Gaming Tax	7,749,304	11,477,000	22,371,750	22,848,486	22,801,868
Coal Severance Tax	21,924,265	23,244,128	23,828,544	22,245,267	22,596,137
Interest On Public Funds	27,848,014	16,134,417	13,603,488	15,554,914	19,013,889
Coal Conversion Tax	18,648,878	19,557,661	22,960,212	24,064,781	23,786,790
Mineral Leasing Tax	10,985,554	8,815,204	5,445,476	5,629,526	7,257,989
Bank Of North Dakota Profits - Transfer	14,000,000	27,217,457	14,100,000	50,214,540	29,600,000
Mill And Elevator Profits - Transfer	3,500,000	3,000,000	-	1,000,000	3,000,000
Gas Tax Administration - Transfer	959,268	988,904	1,025,000	1,071,878	1,128,872
Budget Stabilization Fund - Transfer	-	23,328,283	-	-	-
Other Transfers	14,923,233	-	50,067,240	38,445,224	36,713,873
Total Revenues By Source	\$1,116,768,022	\$1,109,801,429	\$1,247,339,183	\$1,381,368,976	\$1,494,301,395

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 (1)
Last Nine Fiscal Years (2)**

<u>Fiscal Year</u>	<u>Population</u> (3)	<u>Gross Bonded Debt</u> (4)	<u>Less Payable From Enterprise Revenues</u>	<u>Net Bonded Debt</u>	<u>Net Bonded Debt Per Capita</u>
1991	634,160	\$ 54,821,260	\$ 29,309,246	\$ 25,512,014	\$ 40.23
1992	635,443	52,283,032	28,157,168	24,125,864	37.97
1993	637,205	43,636,833	20,329,658	23,307,175	36.58
1994	639,551	39,229,787	15,427,389	23,802,398	37.22
1995	641,344	39,045,747	15,888,554	23,157,193	36.11
1996	642,633	38,834,919	38,834,919	-	-
1997	640,883	33,083,824	33,083,824	-	-
1998	638,244	31,441,073	31,441,073	-	-
1999	638,244	-	-	-	-

- 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 1990 Is Not Available.
 - 3) Estimated Population for 1999.
 - 4) The State Has No General Obligation Bonded Debt At 6/30/99.

Source: Real Estate Trust
North Dakota Census Data Center

**Revenue Bond Coverage
Last Ten Fiscal Years**

MUNICIPAL BOND BANK (1)

Fiscal Year	Gross Revenues	Principal Proceeds	Direct Operating Expenses (3)	Net Revenue Available For Debt Service	Debt Service Requirements			Coverage
					Principal	Interest	Total	
1989	\$ 3,157,341	\$ 1,910,000	\$ 339,727	\$ 4,727,614	\$ 1,990,000	\$ 2,237,426	\$ 4,227,426	1.12
1990	3,983,879	2,294,250	333,942	5,944,187	2,170,000	2,758,037	4,928,037	1.21
1991	4,010,823	3,448,000	250,125	7,208,698	3,760,000	3,595,522	7,355,522	0.98
1992	3,942,678	4,770,750	318,342	8,395,086	3,660,000	3,589,730	7,249,730	1.16
1993	5,142,000	4,301,000	605,000	8,838,000	4,435,000	4,373,000	8,808,000	1.00
1994	5,809,000	6,586,000	444,000	11,951,000	6,076,000	5,048,000	11,124,000	1.07
1995	6,312,000	5,654,000	808,000	11,158,000	5,398,000	5,363,000	10,761,000	1.04
1996	6,784,000	9,020,000	966,000	14,838,000	6,675,000	5,390,000	12,065,000	1.23
1997	8,872,000	10,108,000	1,124,000	17,856,000	8,987,000	7,198,000	16,185,000	1.10
1998	9,278,000	7,217,000	963,000	15,532,000	12,694,000	7,297,000	19,991,000	0.78

STUDENT LOAN TRUST

Fiscal Year	Gross Revenues	Principal Proceeds	Direct Operating Expenses (3)	Net Revenue Available For Debt Service	Debt Service Requirements			Coverage
					Principal	Interest	Total	
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	18,312,200	20,190,543	5,069,338	33,433,405	39,583,541	10,844,752	50,428,293	0.66
1998	17,923,460	19,922,911	4,097,138	33,749,233	68,048,100	8,989,815	77,037,915	0.44
1999	16,380,006	24,048,907	4,636,162	35,792,751	57,909,900	7,433,534	65,343,434	0.55

HOUSING FINANCE AGENCY

Fiscal Year	Gross Revenues	Principal Proceeds	Direct Operating Expenses (3)	Net Revenue Available For Debt Service	Debt Service Requirements			Coverage
					Principal	Interest	Total	
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	46,084,000	27,371,000	14,182,000	59,273,000	113,421,000	27,565,000	140,986,000	0.42
1998	53,699,000	43,806,000	16,232,000	81,273,000	122,684,000	31,520,000	154,204,000	0.53
1999	56,512,000	51,218,000	13,577,000	94,153,000	149,683,000	38,980,000	188,663,000	0.50

STATE FAIR ASSOCIATION (2)

Fiscal Year	Gross Revenues	Principal Proceeds	Direct Operating Expenses (3)	Net Revenue Available For Debt Service	Debt Service Requirements			Coverage
					Principal (4)	Interest	Total	
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
1997	3,408,989	-	2,758,476	650,513	195,000	167,460	362,460	1.79
1998	3,749,664	-	2,752,836	996,828	195,000	159,660	354,660	2.81

(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**

	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
Population (1)	660,000	638,800	634,207	635,478	637,315	639,594	641,374	642,805	640,965	638,244
Employed	317,000	305,270	299,760	298,440	306,230	323,510	324,610	333,620	338,690	335,910
Unemployed	14,000	12,780	13,330	15,900	13,990	13,060	10,980	10,560	8,850	11,080
Total Labor Force	331,000	318,050	313,090	314,340	320,220	336,570	335,590	344,180	347,540	346,990
N.D. Unemployment Rate	4.3%	4.0%	4.3%	5.1%	4.4%	3.9%	3.3%	3.1%	2.5%	3.2%
U.S. Unemployment Rate	5.3%	5.6%	6.8%	7.5%	6.9%	6.1%	5.6%	5.4%	4.9%	4.5%

Source: Job Service North Dakota
North Dakota State Data Center

**Demographic Statistics
Last Ten Fiscal Years**

Fiscal Year	(1) Population	Per Capita Income	Public Median Age	(2) School Enrollment	Unemployment Rate
1990	638,800	\$ 15,320	32.3	117,134	4.0%
1991	634,207	15,572	33.0	117,719	4.3%
1992	635,478	16,374	33.5	118,094	5.1%
1993	637,315	17,137	33.8	118,500	4.4%
1994	639,594	18,156	34.2	118,649	3.9%
1995	641,374	18,149	34.6	118,606	3.3%
1996	642,805	20,197	35.1	117,816	3.1%
1997	640,965	20,103	35.4	116,103	2.5%
1998	638,244	21,708	35.8	113,929	3.2%
1999	N/A	N/A	N/A	111,705	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>
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	1,621,769,127
1997	6,403,545,513	1,709,146,792
1998	6,476,111,865	N/A

Source: Office Of State Tax Commissioner

N/A: Not Available

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

<u>Academic Year</u>	<u>Kindergarten</u>	<u>Grades 1-3</u>	<u>Grades 4-6</u>	<u>Grades 7-8</u>	<u>Grades 9-12</u>	<u>Total Enrollment</u>	<u>Special Education Students Served</u>
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	12,858
1998-99	7,917	24,546	25,411	18,318	37,737	113,929	13,138
1999-2000	7,559	23,930	24,989	17,652	37,575	111,705	N/A

<u>Academic Year</u>	<u>Average Daily Membership</u>	<u>Total Cost Of Education</u>	<u>Average cost Per Pupil</u>
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
1997-98	117,996	526,786,165	4,464
1998-99	N/A	N/A	N/A

N/A: Not Available

Source: Department of Public Instruction

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

	1990 FTE	1991 FTE	1992 FTE	1993 FTE	1994 FTE	1995 FTE	1996 FTE	1997 FTE	1998 FTE	1999 FTE
Bismarck State College	1,794	1,858	1,954	1,965	1,842	1,795	1,932	2,001	2,082	2,181
Dickinson State University	1,254	1,315	1,388	1,383	1,342	1,373	1,459	1,470	1,484	1,535
Mayville State University	732	739	693	676	708	739	723	635	643	651
Minot State University	3,394	3,349	3,278	3,417	3,216	3,134	2,964	2,727	2,597	2,588
MiSU - Bottineau ¹	487	443	489	359	338	337	369	389	410	467
ND State College Of Science	2,093	2,047	2,091	2,014	2,170	2,259	2,340	2,271	2,219	2,139
North Dakota State University	7,243	7,254	7,504	7,917	8,092	8,196	8,190	8,079	8,142	8,253
University of North Dakota	9,837	9,786	10,059	9,671	9,463	9,390	9,221	8,725	8,684	8,911
UND - Lake Region	483	478	433	442	455	479	437	439	492	474
UND - Williston	599	622	717	738	702	714	702	663	592	615
Valley City State University	959	946	845	902	853	929	932	879	903	896
Total	28,875	28,837	29,451	29,484	29,181	29,345	29,269	28,278	28,248	28,710

Note: Full-Time Equivalent Enrollment Is Based Upon Student Credit Hours.

¹Prior to 1996, MiSU - Bottineau was aligned with NDSU and thus referred to as NDSU - Bottineau

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
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
1998	45,704,201	190,953,879	311,172,120	530,697,438	1,348,847,569	3,410,886,443	655,596,265	42,366,524	6,536,224,439
1999	31,757,153	343,461,168	344,021,173	498,876,964	1,286,510,874	3,407,541,628	659,377,754	53,571,680	6,625,118,394

Fiscal Years - Percentage Change

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%
1998	4.7%	10.6%	9.6%	13.2%	1.0%	6.0%	7.2%	14.8%	5.9%
1999	-30.5%	79.9%	10.6%	-6.0%	-4.6%	-0.1%	0.6%	26.4%	1.4%

Source: Office Of State Tax Commissioner

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

Industry	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
Manufacturing	16,500	17,350	17,850	18,350	19,500	21,500	21,300	21,550	23,200	24,150
Construction	9,800	10,100	10,300	11,000	11,800	12,800	13,500	14,850	14,650	15,150
Mining	4,050	4,300	4,250	3,900	3,850	3,700	3,850	4,100	4,150	4,050
Wholesale Trade	19,500	19,300	19,100	19,200	19,300	20,000	20,800	21,200	21,850	21,550
Retail Trade	49,950	50,850	52,500	53,600	55,350	56,700	58,300	59,050	59,050	59,350
Services	65,950	68,650	70,650	73,750	76,550	80,650	80,950	84,450	86,800	89,550
Finance, Insurance & Real Estate	12,200	12,450	12,700	13,050	13,450	13,950	13,750	14,300	14,800	15,650
Transp., Communi- cation & Utilities	17,000	17,100	17,200	17,550	17,950	18,550	18,450	18,350	18,000	17,800
Government	65,600	65,500	65,700	66,800	67,100	67,300	71,300	70,800	70,500	70,550
Total	260,550	265,600	270,250	277,200	284,850	295,150	302,200	308,650	313,000	317,800

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	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
Manufacturing	\$ 20,657	\$ 20,889	\$ 21,799	\$ 22,975	\$ 23,541	\$ 24,447	\$ 25,504	\$ 26,601	\$ 27,396	\$ 28,992
Construction	20,297	21,564	21,649	22,079	22,874	23,274	24,833	26,579	27,282	28,808
Mining	30,635	31,696	32,272	34,541	36,104	35,914	37,016	37,126	38,924	40,760
Wholesale Trade	21,361	22,541	23,029	23,968	24,847	25,817	26,196	27,343	28,343	29,868
Retail Trade	9,311	9,646	9,976	10,501	10,791	11,219	11,453	11,857	12,427	12,849
Services	15,406	16,198	16,705	17,492	17,735	17,980	18,648	19,352	20,084	21,001
Finance, Insurance & Real Estate	19,908	20,554	21,290	22,828	23,521	24,066	25,008	25,769	26,889	28,132
Transp., Communi- cation & Utilities	24,628	25,573	26,396	27,089	27,564	28,427	29,182	29,954	31,228	33,117
Government	18,630	19,451	20,189	21,133	21,716	22,248	22,779	23,396	24,147	24,965
All Industries	\$ 16,924	\$ 17,625	\$ 18,132	\$ 18,944	\$ 19,382	\$ 19,893	\$ 20,493	\$ 21,236	\$ 22,045	\$ 23,049

Source: Job Service North Dakota, North Dakota Employment And Wages

**Annual Crude Oil Production In North Dakota
And Oil Price Per Barrel
Last Ten Calendar Years**

<u>Crude Oil</u>		
<u>Calendar Year</u>	<u>Barrels</u>	<u>Average Price Per Barrel</u>
1989	36,725,255	\$ 18
1990	36,720,396	22
1991	35,895,278	20
1992	32,900,171	19
1993	30,918,673	16
1994	27,690,412	15
1995	29,335,924	16
1996	32,311,349	19
1997	35,837,784	17
1998	35,517,552	10

Source: North Dakota Industrial Commission,
Oil And Gas Division

**Taxable Coal Production And
Natural Gas Produced
Last Ten Fiscal Years**

<u>Fiscal Years</u>	<u>Coal Production (Coal Tons)</u>	<u>Gas Produced (Cubic Feet)</u>
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
1998	29,552,000	57,081,716,000
1999	30,927,000	55,929,183,000

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

Value Of Export Shares Of Agricultural Commodities - 1997-1998 (1)

	1997 <u>Dollars</u> (Mil.)	1997 <u>% of U.S.</u>	1998 <u>Dollars</u> (Mil.)	1998 <u>% of U.S.</u>
Wheat And Products	\$ 458.7	10.6	\$ 223.0	5.6
Feeds Grains And Products	152.3	1.8	99.8	1.6
Sunflower Seed And Oil	127.7	49.0	174.6	51.6
Vegetables And Preparations	102.2	2.5	102.0	2.5
Soybeans And Products	95.2	1.1	112.8	1.3
Feeds And Fodder	70.1	3.9	48.3	2.8
Seeds	44.4	4.9	49.4	6.0
Live Animals And Meats Excluding Poultry	19.5	.4	19.3	.4
Hides And Skins	7.9	.5	5.4	.4
Dairy Products	3.3	.4	3.1	.3
Fats, Oils And Greases	2.4	.5	2.8	.4
Other	--	--	0.6	--
Total	\$1,083.4	1.9	\$ 841.1	1.5

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.

1998 Crop Rank Among States

North Dakota <u>Ranks</u>	<u>Crop Description</u>	North Dakota <u>Produces</u>
1st	Flaxseed	87%
	Durum Wheat	69%
	Non-oil Sunflowers	69%
	All Sunflowers	57%
	Oil Sunflowers	55%
	Pinto Beans	47%
	Navy Beans	45%
	Spring Wheat	40%
	All Dry Edible Beans	32%
	Barley	30%
	Rye	19%
	Oats	16%
2nd	Honey	13%
	All Wheat	12%
3rd	Sugarbeets	16%
4th	Potatoes	6%
	Total Acreage of Principal Crops Harvested	6%

Source: North Dakota Agricultural Statistics 1999

**Cash Receipts From
Farm Marketings And Government Payments - 1995-1998**

<u>Item</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	Percent Total 1998 Pct. (1)
	Thousand Dollars				
Crops	<u>\$ 2,567,477</u>	<u>\$ 2,859,746</u>	<u>\$ 2,662,039</u>	<u>\$ 2,419,228</u>	<u>67.8</u>
Food Grains	1,431,235	1,470,705	1,289,739	921,844	25.8
Wheat	1,430,059	1,469,700	1,288,696	917,849	25.7
Rye	1,176	1,005	1,043	3,995	0.1
Feed Crops	391,257	498,250	439,541	369,665	10.4
Barley	230,059	293,159	215,345	163,316	4.6
Corn	103,407	133,005	122,888	126,541	3.5
Hay	40,213	58,681	92,916	71,752	2.0
Oats	17,578	13,405	8,392	8,056	0.2
Oil Crops	342,736	380,657	524,878	639,613	17.9
Sunflower	192,836	182,658	240,632	263,982	7.4
Soybeans	108,940	155,274	208,573	231,046	6.5
Canola	27,599	32,407	58,463	107,966	3.0
Flaxseed	10,562	7,786	12,219	26,406	0.7
Miscellaneous	2,799	2,532	4,991	10,213	0.3
Veg., Fruits, Nuts	206,701	293,518	222,795	254,226	7.1
Dry Beans	98,903	165,753	114,049	119,866	3.4
Potatoes	103,619	125,561	106,876	132,470	3.7
Miscellaneous	4,179	2,204	1,870	1,890	0.1
Other Crops	195,548	216,616	185,086	233,880	6.6
Sugarbeets	153,624	194,219	159,370	204,129	5.7
Miscellaneous	41,924	22,397	25,716	29,751	0.8
Livestock	<u>573,110</u>	<u>543,559</u>	<u>597,725</u>	<u>549,269</u>	<u>15.4</u>
Meat Animals	417,056	365,767	444,108	388,705	10.9
Cattle And Calves	372,283	311,446	399,583	352,887	9.9
Hogs	38,160	47,343	36,186	29,528	0.8
Sheep And Lambs	6,613	6,978	8,339	6,290	0.2
Dairy Products	96,524	107,545	86,304	98,670	2.8
Poultry And Eggs	15,750	25,052	25,303	17,767	0.5
Turkeys	12,863	21,252	22,612	14,553	0.4
Eggs	1,504	2,681	2,164	2,250	.1
Other Poultry	1,383	1,119	527	964	--
Miscellaneous Livestock	43,780	45,195	42,010	44,127	1.2
Honey	15,919	17,802	18,130	18,547	0.5
Other Livestock	27,861	27,393	23,880	25,580	0.7
TOTAL CROPS & LIVESTOCK	<u>3,140,587</u>	<u>3,403,305</u>	<u>3,259,764</u>	<u>2,968,497</u>	<u>83.1</u>
GOVERNMENT PAYMENTS	<u>296,215</u>	<u>353,417</u>	<u>361,549</u>	<u>601,846</u>	<u>16.9</u>
GRAND TOTAL	<u>\$ 3,436,802</u>	<u>\$ 3,756,722</u>	<u>\$ 3,621,313</u>	<u>\$ 3,570,343</u>	<u>100.0</u>

Source: North Dakota Agricultural Statistics 1999

(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 year's earned contribution revenues and investment revenues. (2) This line shows each fiscal year's 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 year's 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									
	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
1 Net Earned Required Contribution And Investment Revenues	\$ 807	\$ 647	\$ 485	\$ 428	\$ 128	\$ 161	\$ 305	\$ 370	\$ 633	\$ 479
2 Unallocated Expenses	44	43	27	13	34	59	68	63	205	79
3 Estimated Incurred Claims And Expense, End Of Policy Year	10	4	50	31	208	249	325	91	128	229
4 Paid (Cumulative) As Of:										
End Of Policy Year	10	4	50	31	208	249	11	91	18	(29)
One Year Later	10	4	50	31	208	249	11	91	18	
Two Years Later	10	4	50	31	208	249	11	91		
Three Years Later	10	4	50	31	208	249	11			
Four Years Later	10	4	50	31	208	249				
Five Years Later	10	4	50	31	208					
Six Years Later	10	4	50	31						
Seven Years Later	10	4	50							
Eight Years Later	10	4								
Nine Years Later	10									
5 Reestimated Incurred Claims And Expenses:										
End Of Policy Year	10	4	50	31	208	309	11	91	128	229
One Year Later	10	4	50	31	208	309	11	91	128	
Two Years Later	10	4	50	31	208	309	11	91		
Three Years Later	10	4	50	31	208	309	11			
Four Years Later	10	4	50	31	208	309				
Five Years Later	10	4	50	31	208					
Six Years Later	10	4	50	31						
Seven Years Later	10	4	50							
Eight Years Later	10	4								
Nine Years Later	10									
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									
	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
1 Net Earned Required Contribution And Investment Revenues	\$ 3,279	\$ 3,290	\$ 3,257	\$ 3,494	\$ 3,552	\$ 3,349	\$ 3,545	\$ 3,946	\$ 5,870	\$ 4,787
2 Unallocated Expenses	398	428	407	553	539	596	422	345	1,282	1,031
3 Estimated Incurred Claims And Expense, End Of Policy Year	652	656	384	255	1,125	2,116	1,598	7,612	5,521	3,578
4 Paid (Cumulative) As Of:										
End Of Policy Year	377	310	174	213	733	448	(5)	3,143	345	(2,554)
One Year Later	652	655	174	213	733	448	(5)	3,143	345	
Two Years Later	652	655	174	213	733	448	(5)	3,143		
Three Years Later	652	655	174	213	733	448	(5)			
Four Years Later	652	655	174	213	733	448				
Five Years Later	652	655	174	213	733					
Six Years Later	652	655	174	213						
Seven Years Later	652	655	174							
Eight Years Later	652	655								
Nine Years Later	652									
5 Reestimated Incurred Claims And Expenses:										
End Of Policy Year	652	559	384	255	1,125	2,116	1,589	7,612	5,521	3,578
One Year Later	652	559	384	255	1,125	2,116	1,589	7,612	5,521	
Two Years Later	652	559	384	255	1,125	2,116	1,589	7,612		
Three Years Later	652	559	384	255	1,125	2,116	1,589			
Four Years Later	652	559	384	255	1,125	2,116				
Five Years Later	652	559	384	255	1,125					
Six Years Later	652	559	384	255						
Seven Years Later	652	559	384							
Eight Years Later	652	559								
Nine Years Later	652									
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									
	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
1 Net Earned Required Contribution And Investment Revenues	\$53,508	\$70,752	\$90,373	\$113,640	\$127,730	\$142,220	\$173,614	\$186,648	\$211,339	\$178,623
2 Unallocated Expenses	4,067	4,627	7,004	8,324	9,024	11,321	10,983	12,357	14,127	12,038
3 Estimated Incurred Claims And Expense, End Of Policy Year	79,500	110,000	116,650	124,200	114,300	106,081	94,160	84,551	89,020	92,130
4 Paid (Cumulative) As Of:										
End Of Policy Year	16,001	16,921	13,949	11,777	14,092	14,406	13,275	12,953	15,332	14,317
One Year Later	33,318	32,987	30,891	27,987	28,390	26,810	25,832	25,463	28,133	
Two Years Later	43,145	42,685	39,703	36,222	36,420	33,256	30,473	30,213		
Three Years Later	50,799	49,156	45,675	41,511	41,497	37,487	33,575			
Four Years Later	56,256	51,387	47,286	43,561	45,495	40,787				
Five Years Later	60,381	54,782	50,032	46,493	48,628					
Six Years Later	63,394	57,490	52,436	48,913						
Seven Years Later	66,072	59,631	54,488							
Eight Years Later	68,679	61,815								
Nine Years Later	71,072									
5 Reestimated Incurred Claims And Expenses:										
End Of Policy Year	79,500	110,000	116,650	124,200	114,300	106,081	94,160	84,551	89,020	92,130
One Year Later	103,500	110,500	119,650	120,850	98,417	96,838	89,357	86,080	89,100	
Two Years Later	109,500	110,100	117,450	94,420	90,663	91,740	85,720	85,940		
Three Years Later	109,400	109,000	94,371	87,884	85,948	88,905	85,350			
Four Years Later	110,600	98,750	91,640	82,730	88,270	87,775				
Five Years Later	106,050	95,876	93,329	85,630	90,280					
Six Years Later	105,907	105,776	91,685	86,880						
Seven Years Later	102,100	104,790	94,350							
Eight Years Later	118,925	106,590								
Nine Years Later	120,390									
6 Increase In Estimated Incurred Claims And Expense From End Of Policy Year	40,890	(3,410)	(22,300)	(37,320)	(24,020)	(18,306)	(8,810)	1,389	80	0

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)

	Fire And Tornado		Bonding		Workers Compensation	
	<u>1999</u>	<u>1998</u>	<u>1999</u>	<u>1998</u>	<u>1999</u>	<u>1998</u>
Unpaid Claims And Claims Adjustment Expenses At The Beginning Of The Year	\$ 5,176	\$ 4,469	\$ 109	\$ 133	\$ 591,700	\$ 496,900
Incurred Claims And Claims Adjustment Expenses:						
Provision For Current Fiscal Year	3,578	5,521	229	127	92,130	89,020
Change In Provision For Prior Fiscal Year	-	-	-	-	19,368	92,832
Payments And Claims And Adjustment Expenses Attributable To:						
Current Fiscal Year Insured Events	2,554	(345)	29	(18)	(14,317)	(15,332)
Prior Fiscal Years Insured Events	(5,176)	(4,469)	(109)	(133)	(52,901)	(53,560)
Total Payments	(2,622)	(4,814)	(80)	(151)	(67,218)	(68,892)
Premium Deficiency	-	-	-	-	-	-
Change In Provision For Discount	-	-	-	-	(13,000)	(73,600)
Other	-	-	-	-	820	2,440
Contingency Reserve For Adverse Deviation	-	-	-	-	45,000	53,000
Total Unpaid Claims And Claims Adjustment Expenses At The End Of The Year	<u>\$ 6,132</u>	<u>\$ 5,176</u>	<u>\$ 258</u>	<u>\$ 109</u>	<u>\$ 668,800</u>	<u>\$ 591,700</u>

Source: Individual Financial Statements