

STATE OF NORTH DAKOTA

Comprehensive Annual Financial Report

FOR THE FISCAL YEAR ENDED

June 30, 2000



Prepared by the Office of Management and Budget

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**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
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INTRODUCTORY SECTION

2000



The *Kids Count 2000* report, published by The Annie E. Casey Foundation, ranked North Dakota third in the nation overall in 10 indicators of children's quality of life from 1990 to 1997. North Dakota has the lowest percentage of "idle" teens -- those who are neither in school nor working. Among other factors, the state also had the second lowest teen birth rate, the second lowest percentage of families with children headed by a single parent, and the third lowest percentage of high school dropouts.

In each of the last four years, North Dakota has ranked among Kids Count's top three states.

Sources: *Kids Count 2000*

"Study: Area Good for Kids," *Fargo Forum*, June 20, 2000.

Photo provided by Renae Walker, Bismarck Public Schools

OFFICE OF MANAGEMENT AND BUDGET

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

December 7, 2000

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, 2000. 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 slow pace and lags the nation's economy. Employment growth is decelerating and currently shows only small growth year over year. The economic centers of Fargo and Bismarck continue to lead growth in the state, experiencing stronger population and labor force growth.

The overall unemployment rate in the state as of September 2000 was 2.1 percent, compared to 2.8 percent in September 1999. Nationally the unemployment rate was 3.9 percent for September. Four of the major industries showed growth over the 1999 levels. Manufacturing showed the largest gain of 2.3 percent. Transportation, communications and utilities had the second largest increase of 1.1 percent, government increased by 0.8 percent, and services increased by 0.2 percent. Construction decreased by 7.1 percent, wholesale trade decreased by 1.6 percent; and finance, insurance, real estate, and retail trade each dropped by 0.3 percent. Mining remained unchanged over the year.

North Dakota continues to deal with a struggling farm economy. Although cattle prices have increased, grain prices remain low. Higher yields and more harvested acres resulted in a 36 percent increase to all wheat production from 1999. Agriculture's role in North Dakota's economy is five times as large as it is nationwide, with direct farm production (on a value-added basis) accounting for approximately 7.6 percent of total economic output versus 1.5 percent nationwide. When adding in farm-related industries such as food processing and the transportation and distribution of food products, this figure rises to nearly 13 percent of the economy versus 5 percent nationwide.

Manufacturing is an increasingly important industry in North Dakota, with the long-term prospects for the industry on the upside. The location of durable goods manufacturing in the state, particularly of industrial machinery and equipment, has resulted in generally strong manufacturing employment growth. North Dakota provides a favorable labor cost environment, as average hourly earnings for manufacturing are approximately \$12.70 in North Dakota, well below the national average of approximately \$14.40.

Taxable sales and purchases reported by the state's merchants grew by a modest 1.2 percent in the second quarter of 2000 compared to the second quarter of 1999. The mining and oil extraction sector grew by the greatest percentage, an increase of 59.20 percent, while the construction sector showed the largest decrease, 38.24 percent.

The high price of oil has caused a resurgence in North Dakota's oil industry. North Dakota has 21 oil rigs operating compared to 10 one year ago. Oil production is expected to increase as a result of the continued strong price of oil. Currently, the price of oil is averaging about \$28 per barrel in North Dakota.

North Dakota can expect to continue on its path of slow, but positive, growth. The state's tight labor markets and demographic trends pose a downside risk, as does the continued weakness in the agriculture economy; however, the continued concentration of durable goods manufacturing in the state is an upside risk.

MAJOR INITIATIVES

During the 1999-01 biennium, North Dakota developed a comprehensive long-term planning document called *North Dakota Delivers*. The document contains 21 statewide goals within four broad categories - Life Long Learning, Economic Prosperity, Quality of Life, and Responsible Government, accompanied by 88 success indicators. The data obtained for each of the success indicators will be used to determine the results of our efforts and establish priorities in allocating state resources. State agencies are asked to align their budget requests with the statewide goals. The first report, containing historical data for the 88 success indicators, will be issued in December 2000. Future reports will include targets to work toward in future biennia.

The 56th Legislative Assembly of the State of North Dakota passed Senate Bill 2043 requiring the Information Technology Department to deploy a statewide area network capable of handling voice, video and data. The network was to be in place for state agencies and higher education by July 1, 2000. Phase 2 of this project included counties, cities, and school districts and is effective August 1, 2001. The 2001 legislative

session will give the Legislature an opportunity to review the mandate of the school districts connecting to this network. All 53 counties and some of the larger cities already have connections to the state network. This network consists of a minimum ATM T-1 connection to each location. The State of North Dakota has viewed this opportunity as being the catalyst for the telecommunications carriers to deploy an extended network of advanced services throughout the state. Not only will state and local government, education, and libraries in North Dakota have access to a high broadband network, but once the carriers build the infrastructure, the citizens will also be able to purchase from the carriers a similar service for a reasonable price. Previously, services were either not available or were too costly for users.

A Security Command Center has been established for the capitol complex. This new monitoring operation has expanded exterior and interior video monitoring. The new system provides for digital recording of events, automated camera tours, and colored video capabilities. The Capitol Security Command Center is manned 24 hours a day, 365 days a year. The enhanced video coverage and quality of video images, along with the trained security staff, provide excellent security coverage for the capitol complex, including the governor's residence. The operations of the Capitol Security Command Center are closely linked to the Highway Patrol officers who provide the law enforcement services for the capitol complex. In conjunction with the Capitol Security Command Center, a new card access system for several buildings on and off the capitol complex has been implemented. The system provides manageable controlled access by various security levels for each cardholder along with extensive reporting and alarming capabilities. The system is expandable and is a key component of the Capitol Security system.

The Interim Committee on Higher Education approved the "Report of the Roundtable—A North Dakota University System for the 21st Century." The report presents a plan to link the University System with the state's economic vitality. Advanced through the work of 21 legislators and 40 state leaders from the private sector, government, and education, the report says steps must be taken to ensure the state's future is not an extension of the trends of the past, all of North Dakota must benefit from a stronger economy, and the state's economic vitality is closely linked to the University System. It identifies six cornerstones on which to build a university system for the future: an economic development connection; education excellence; a flexible and responsive system; an accessible system; funding and rewards; and sustaining the vision.

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.

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

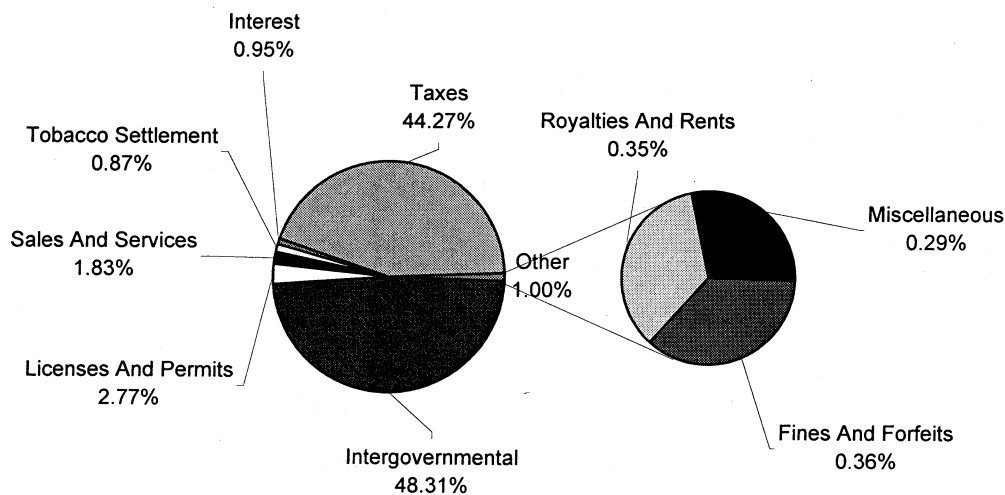
funds. Revenues for general governmental functions totaled approximately \$1.9 billion for the fiscal year ended June 30, 2000. The amount of revenues from various sources are presented below:

General Government Revenues
(Expressed in Thousands)

Revenue Source	Amount	Percent of Total	Increase/(Decrease) From 1999	
			Amount	Percent
Taxes	\$ 838,306	44.27%	\$ 57,071	7.31%
Licenses And Permits	52,373	2.77%	7,378	16.40%
Intergovernmental	914,839	48.31%	106,310	13.15%
Sales And Services	34,564	1.83%	1,880	5.75%
Royalties And Rents	6,624	0.35%	1,882	39.69%
Fines And Forfeits	6,909	0.36%	(3,125)	(31.14%)
Interest	17,907	0.95%	2,379	15.32%
Tobacco Settlement	16,475	0.87%	16,475	N/A
Miscellaneous	5,565	0.29%	2,862	105.88%
Total Revenues	\$ 1,893,562	100.00%	\$ 193,112	11.36%

The largest increase in taxes on a budgetary basis is from individual income tax. This tax revenue increased by approximately \$25 million because of an increase in adjusted gross income as a result of near full employment and employment growth of approximately 1 percent. Oil and gas production tax collections increased by \$13 million due to the higher price of oil per barrel. Sales tax collections also increased by nearly \$13 million because of strong growth in certain sectors of the economy, primarily the construction sector. Motor vehicle excise tax collections were about \$9 million higher because of a greater number of vehicle registrations. There were some minor decreases in the collection of other tax types.

Revenues By Source



Intergovernmental revenue increased by \$106 million because of an increase in federal grants for various activities. Almost all of the increase was for funding of the medical assistance program, \$47 million, and for funding of highway construction, \$46 million. Six million dollars in additional federal grants were received for education programs and seven million in increased federal funds were received for various employment related programs.

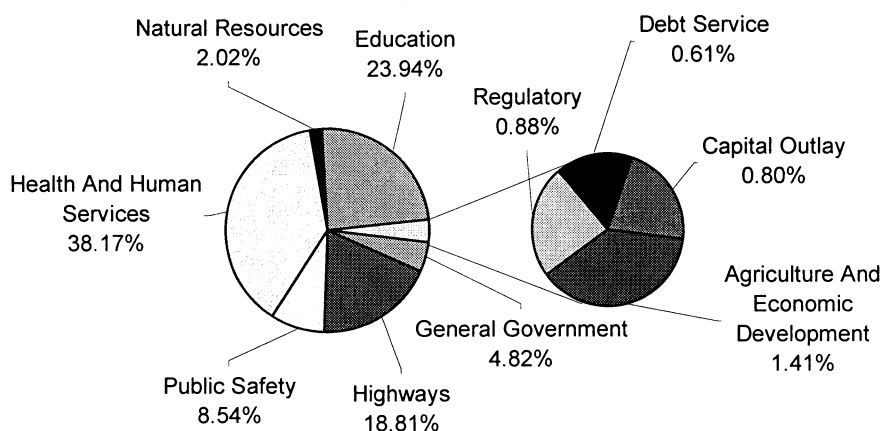
Expenditures for GAAP general government functions totaled approximately \$1.7 billion for the fiscal year ended June 30, 2000. The amount of expenditures and other uses by function are presented below:

General Government Expenditures
(Expressed in Thousands)

Function	Amount	Percent of Total	Increase/(Decrease) From 1999	
			Amount	Percent
General Government	\$ 80,236	4.82%	\$ (12,298)	(13.29%)
Education	398,518	23.94%	24,778	6.63%
Health And Human Services	635,288	38.17%	17,047	2.76%
Regulatory	14,595	0.88%	269	1.88%
Public Safety	142,102	8.54%	(3,948)	(2.70%)
Agriculture And Economic Development	23,433	1.41%	603	2.64%
Natural Resources	33,638	2.02%	(1,392)	(3.97%)
Highways	313,115	18.81%	48,135	18.17%
Capital Outlay	13,264	0.80%	7,913	147.88%
Debt Service:				
Principal	4,731	0.28%	(388)	(7.58%)
Interest And Other Charges	5,420	0.33%	(59)	(1.08%)
Total Expenditures	\$ 1,664,340	100.00%	\$ 80,660	5.09%

Highway expenditures increased by approximately \$48 million due to increased road construction. Increased highway maintenance activity was made possible by additional federal grants.

Expenditures By Function

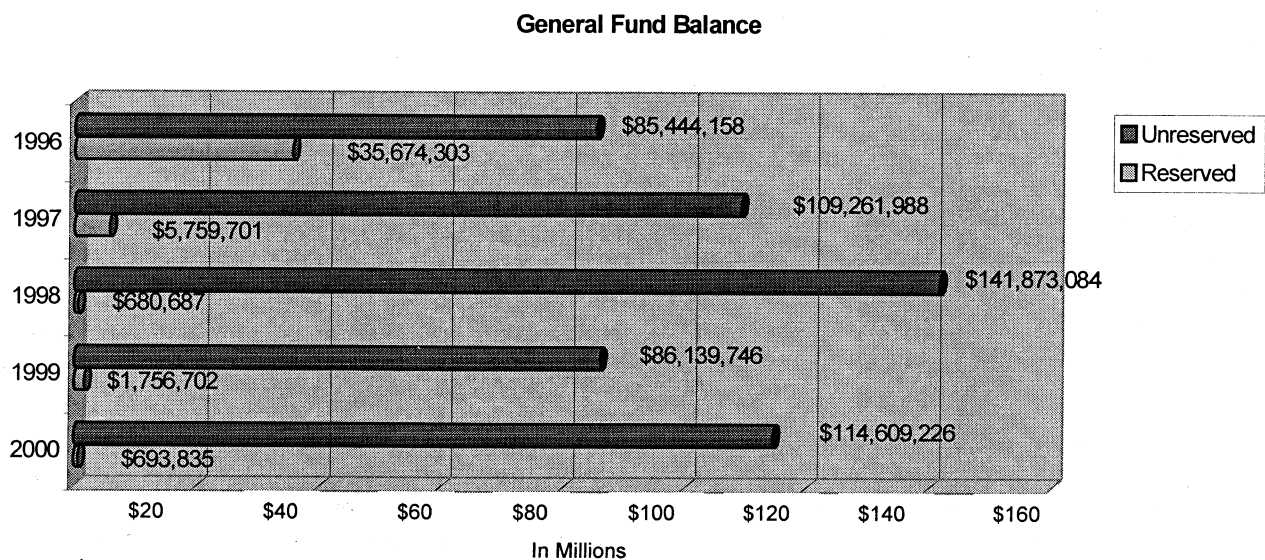


Education expenditures increased by nearly \$25 million because of additional funding available for education from various sources. State funding for education increased by nearly \$15 million. Federal funding for special education and classroom size reduction accounts for about \$6 million of the increase. The remaining increase in expenditures is due to increases in other grants and federal funding.

Health and Human services expenditures increased by \$17 million because of an increase in medical assistance payments and foster care payments.

GENERAL FUND BALANCE. The GAAP General Fund undesignated balance increased from \$86 million on June 30, 1999, to \$114.6 million as of June 30, 2000. The primary reason for the increase has been explained in the Revenues section.

GAAP - basis fund balances for the General Fund at June 30 for the last 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. On a cash basis, the Bank transferred \$15 million to the General Fund during the fiscal year.

There are sixteen 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, 2000:

	Liabilities							
	Operating Revenue	Operating Income (Loss)	Operating Transfers		Net Income (Loss)	Total Assets	Payable From	
			In	Out			Operating Revenue	Total Equity
Bank Of North Dakota	\$ 105,770	\$ 29,041	\$ 17	\$ (29,509)	\$ (451)	\$ 1,686,761	\$ 372,219	\$ 138,869
Beginning Farmer Revolving Loan	766	298	1,000	-	1,298	17,598	-	17,585
Bonding	57	(23)	-	-	504	6,075	85	4,922
Community Water Facility Loan	500	419	-	-	419	16,405	-	16,385
Developmentally Disabled Facility Loan	502	194	-	(1,184)	(989)	7,452	4,282	3,160
Fire and Tornado	4,710	1,801	-	(32)	3,655	19,489	1,825	14,065
Guaranteed Student Loan	2,527	(160)	2,000	-	(2,028)	17,266	175	2,122
Housing Finance	60,068	6,443	-	(23)	6,420	866,237	786,464	44,704
Mill And Elevator	60,988	1,489	-	(27)	1,823	50,176	532	47,502
PERS Uniform Group Insurance	734	170	-	-	431	4,242	36	3,331
Roughrider Industries	3,063	(98)	-	(1)	(96)	1,976	78	1,573
State Fair	3,130	(273)	380	-	4,333	17,103	2,518	13,275
Student Loan	15,835	4,527	-	-	4,527	232,179	153,097	73,714
Workers Compensation	102,301	(60,901)	-	-	35,068	1,155,091	750,110	126,242
Total Primary Government	\$ 360,951	\$ (17,073)	\$ 3,397	\$ (30,776)	\$ 54,914	\$ 4,098,050	\$ 2,071,421	\$ 507,449
Comprehensive Health Assoc.	6,121	484	-	-	514	296	1,025	(1,062)
Municipal Bond Bank	10,991	1,330	-	-	18,095	224,598	142,878	78,988
ND Development Fund, Inc.	1,214	(887)	375	-	(512)	20,954	-	20,920
Total Reporting Entity	\$ 379,277	\$ (16,146)	\$ 3,772	\$ (30,776)	\$ 73,011	\$ 4,343,898	\$ 2,215,324	\$ 606,295

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). Certain employees may elect to participate in a deferred contribution pension plan.

Some key funding progress actuarial amounts (expressed in millions) for the retirement systems at June 30, 2000, are:

Actuarial Valuation Date	Actuarial Value of Plan Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL) (Funded Excess)	Funded Ratio
PERS				
July 1, 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%
July 1, 2000	1,027.0	891.9	(135.1)	115.1%
NDHPRS				
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%
July 1, 2000	35.9	34.0	(1.9)	105.6%

Actuarial Valuation Date	Actuarial Value of Plan Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL) (Funded Excess)	Funded Ratio
JSND				
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
July 1, 2000	71.0	N/A	-	N/A
TFFR				
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%
July 1, 2000	1,308.5	1,287.9	(20.6)	101.6%

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, 2000. The state, however, does have a number of revenue bonds outstanding at June 30, 2000. 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, 2000	Balance June 30, 1999	Balance June 30, 1998	Balance June 30, 1997	Balance June 30, 1996
Bond Issue – Primary Government					
State Fair	\$ 2,474	\$ 2,663	\$ 2,851	\$ 3,041	\$ 3,231
Student Loan Trust	153,097	153,237	210,752	232,119	195,948
Building Authority	77,032	76,508	77,506	73,837	77,663
Housing Finance	786,353	752,130	712,872	466,868	396,504
Lignite Research Fund	6,160	6,880	7,560	8,205	8,825
Water Commission	43,533	11,510	8,050	6,830	N/A
University System	55,628	54,648	56,780	57,228	60,213
Total Revenue Bonds Primary Government	\$ 1,124,277	\$ 1,057,576	\$ 1,076,371	\$ 848,128	\$ 742,384
Bond Issue - Component Unit					
Municipal Bond Bank	133,735	136,475	103,510	97,144	70,455
Total Revenue Bonds Outstanding	\$ 1,258,012	\$ 1,194,051	\$ 1,179,881	\$ 945,272	\$ 812,839

Long-Term Notes

The Bank of North Dakota has advances from the Federal Home Loan Bank in the amounts of \$362.3 million. The advances have a fixed rate of interest, ranging from 5.25 percent to 7.35 percent.

For additional debt administration details, see Note 3J Long-Term Debt in the Notes to the Financial Statements.

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

CASH MANAGEMENT. NDCC 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, 2000, pooled deposits in the Bank of North Dakota yielded an average of 3.98 percent on a cash pool that ranged from \$103 to \$265 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, 1999. This was the ninth 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 the various individuals who provided 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

Certificate of Achievement for Excellence in Financial Reporting

Presented to

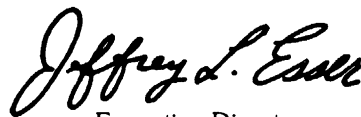
State of
North Dakota

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 1999

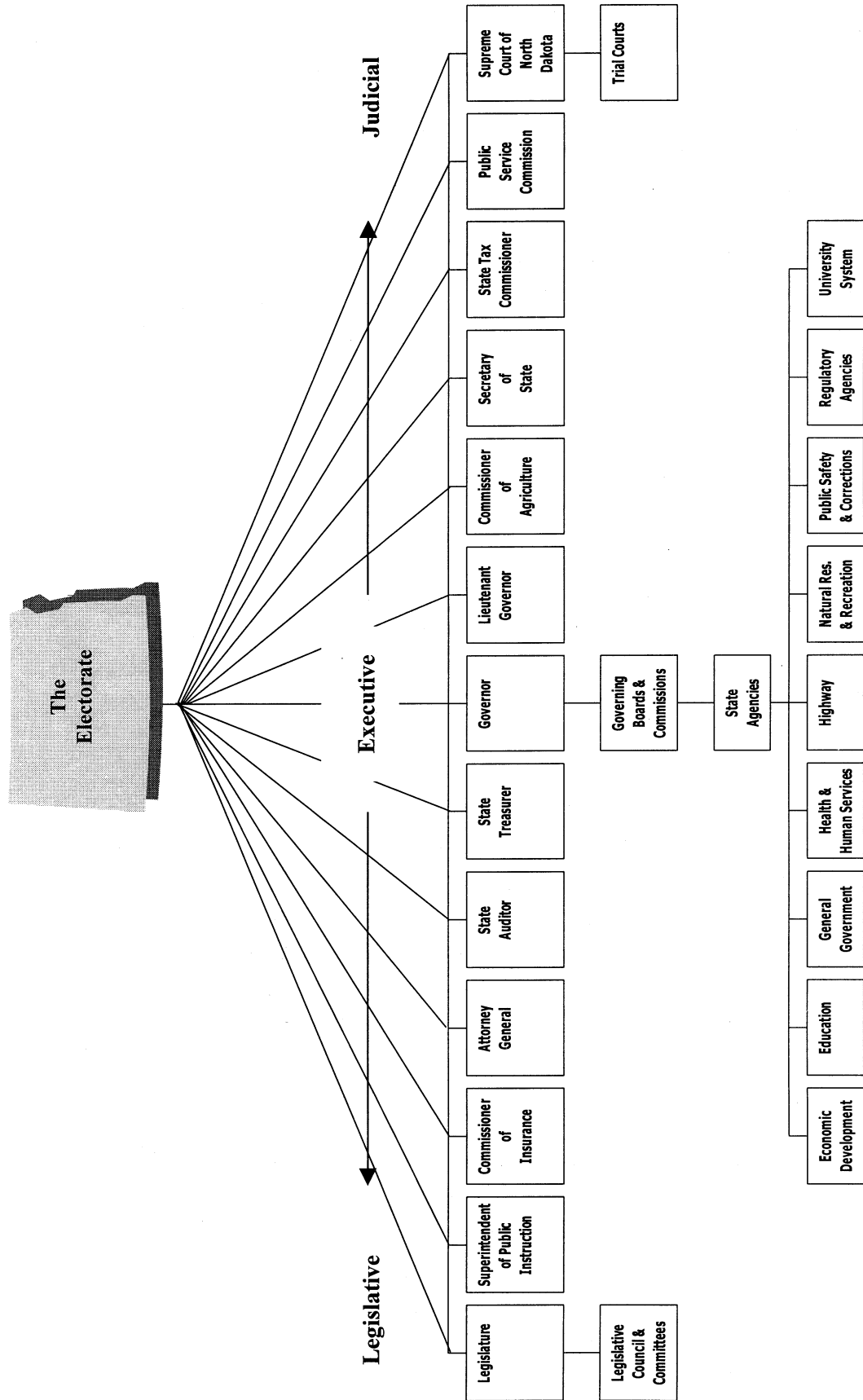
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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




Cary Bruebach
President


Jeffrey L. Esser
Executive Director

STATE OF NORTH DAKOTA ORGANIZATIONAL CHART



NORTH DAKOTA
PRINCIPAL STATE OFFICIALS
June 30, 2000

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



The Maah Daah Hey Trail, whose name comes from the Mandan Indians, is one of the pre-eminent emerging outdoor adventures in the United States. The Maah Daah Hey Trail is a 120-mile hiking, horseback, and mountain bicycle trail that winds its way through the wilderness of the North Dakota Badlands. The *Sports Afield* magazine ranked it as the sixth best place to mountain bike in the nation, and it placed 24th in *National Geographic's* 100 best adventures.

Sources: "Sightsee the Maah Daah Hey Way," *N.D.REC/RTC Magazine*, May 2000.
Photo provided by Pat Hertz, Department of Tourism

FINANCIAL SECTION

2000



STATE OF NORTH DAKOTA
OFFICE OF THE STATE AUDITOR
STATE CAPITOL
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, 2000, 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	15%	4%
Debt Service Fund Type	60%	20%
Capital Projects Fund Type	23%	12%
Enterprise Fund Type	98%	85%
Internal Service Fund Type	----	3%
Trust and Agency Fund Type	96%	100%
University System	----	1%
General Fixed Assets Account Group	2%	----
General Long-Term Debt Account Group	(51%)	----
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, 2000 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.

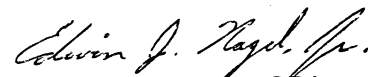
Our audit was made for the purpose of forming an opinion on the general-purpose financial statements of the State of North Dakota, taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the table of contents are presented for purposes of additional 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 7, 2000 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.



Robert R. Peterson
State Auditor



Edwin J. Nagel, Jr., CPA
Director

December 7, 2000



Straddling the U.S./Canadian border of North Dakota and Manitoba is one of the greatest symbols of peace—the International Peace Garden. For more than 65 years, the Peace Garden has stood as a unique tribute to the peace and friendship between the people of Canada and the United States of America, making it the longest unfortified common international border in the world. Each year, more than a quarter million people from around the world visit the park to enjoy its colorful gardens, landscapes, and wilderness areas.

Source: Photo provided by Department of Tourism

General Purpose Financial Statements

2000

STATE OF NORTH DAKOTA

Combined Balance Sheet

All Fund Types, Account Groups And Discretely Presented Component Units

June 30, 2000

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Assets and Other Debits				
Assets:				
Cash Deposits At The Bank Of North Dakota	\$ 75,331,355	\$ 208,427,110	\$ 3,536,564	\$ 5,344,340
Cash And Cash Equivalents	876,757	2,899,929	2,871,455	17,584,333
Investments At The Bank Of North Dakota	-	34,479,044	8,187,500	-
Investments	-	40,607,889	1,692,000	-
Accounts Receivable - Net	653,485	12,203,949	34,485	-
Taxes Receivable - Net	94,021,990	379,443	-	-
Interest Receivable - Net	965,323	1,604,532	178,313	582
Loans And Notes Receivable - Net	83,145	51,870,366	-	-
Interfund Receivable	35,453,838	-	-	-
Due From Other Funds	25,146,532	32,257,495	-	-
Intergovernmental Receivable - Net	-	117,609,912	-	-
Advances To Component Units	-	-	-	-
Advances To Primary Government	-	-	-	-
Advances To Other Funds	-	38,518,772	-	-
Prepaid Items	-	642,584	-	-
Inventory	610,690	9,747,356	-	-
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	\$ 233,143,115	\$ 551,248,381	\$ 16,500,317	\$ 22,929,255
Liabilities, Equity and Other Credits				
Liabilities:				
Accounts Payable	\$ 18,430,140	\$ 75,192,023	\$ 17,000	\$ 2,402,785
Notes Payable	5,727,357	110,000	-	-
Interest Payable	462,566	273	110,448	-
Contracts Payable	10,691	5,303,563	-	-
Federal Funds Purchased	-	-	-	-
Securities Lending Collateral	-	2,203,390	-	-
Tax Refunds Payable	30,165,297	-	-	-
Intergovernmental Payable	103,796	3,860,007	-	-
Claims/Judgements Payable	-	6,735	-	-
Accrued Payroll	10,157,184	12,892,706	-	-
Compensated Absences Payable	-	-	-	-
Amounts Held In Custody For Others	-	-	-	-
Deposits Held For Other Funds	-	-	-	-
Other Deposits	-	-	-	-
Interfund Payable	-	20,453,838	-	-
Due To Other Funds	9,169,998	28,983,536	-	419,000
Advances From Other Funds	-	34,018,772	-	-
Advances From Component Units	-	-	-	-
Advances From Primary Government	-	-	-	-
Bonds Payable	-	-	-	-
Capital Leases Payable	-	-	-	-
Deferred Revenue	43,613,025	17,280,920	-	-
Other Liabilities	-	-	-	-
Total Liabilities	117,840,054	200,305,763	127,448	2,821,785
Equity and Other Credits				
Investment In Fixed Assets	-	-	-	-
Contributed Capital	-	-	-	-
Retained Earnings:				
Reserved	-	-	-	-
Unreserved	-	-	-	-
Fund Balance:				
Reserved For:	-	-	-	-
Debt Service	-	-	16,372,869	-
Capital Projects	-	-	-	20,107,470
Other	693,835	106,278,624	-	-
Unreserved:	-	-	-	-
Designated For:	-	-	-	-
Other	-	4,036,620	-	-
Undesignated	114,609,226	240,627,374	-	-
Total Equity and Other Credits	115,303,061	350,942,618	16,372,869	20,107,470
Total Liabilities, Equity and Other Credits	\$ 233,143,115	\$ 551,248,381	\$ 16,500,317	\$ 22,929,255

The Accompanying Notes Are An Integral Part Of The Financial Statements

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 2000	Component Units	June 30 2000	
\$ 90,872,228	\$ 3,042,860	\$ 71,920,584	\$ -	\$ -	\$ 40,630,064	\$ 499,105,105	\$ 8,697,641	\$ 507,802,746	
642,283,207	100	22,663,085	-	-	5,276,975	694,455,841	255,291	694,711,132	
127,543,152	-	37,995,844	-	-	59,699,785	267,905,325	7,877,000	275,782,325	
1,356,384,026	5,919,454	3,509,035,320	-	-	40,928,424	4,954,567,113	205,360,850	5,159,927,963	
47,180,543	28,487	28,743,242	-	-	9,441,413	98,285,604	40,510	98,326,114	
321,684	-	36,598,292	-	-	-	131,321,409	-	131,321,409	
36,598,069	48,050	17,549,720	-	-	847,908	57,792,497	2,869,629	60,662,126	
1,705,324,804	-	51,601,239	-	-	43,359,914	1,852,239,468	10,212,194	1,862,451,662	
-	-	-	-	-	4,044,518	39,498,356	-	39,498,356	
1,191,432	4,296,497	1,306,788	-	-	9,092,724	73,291,468	-	73,291,468	
2,181,569	80,659	162,339	-	-	24,287,615	144,322,094	-	144,322,094	
9,143,000	-	-	-	-	-	9,143,000	-	9,143,000	
-	-	-	-	-	-	-	9,143,000	9,143,000	
-	-	8,275,170	-	-	-	46,793,942	-	46,793,942	
3,951,370	77,582	-	-	-	576,017	5,247,553	-	5,247,553	
9,817,698	124,551	-	-	-	6,133,553	26,433,848	-	26,433,848	
9,495,110	-	-	-	-	-	9,495,110	1,360,000	10,855,110	
49,431,812	44,399,697	1,122,778	506,838,414	-	919,185,161	1,520,977,862	31,513	1,521,009,375	
6,332,035	-	98,051	-	-	3,250,756	9,680,842	-	9,680,842	
-	-	-	-	16,372,869	-	16,372,869	-	16,372,869	
-	-	-	-	141,397,524	-	141,397,524	-	141,397,524	
\$ 4,098,051,739	\$ 58,017,937	\$ 3,787,072,452	\$ 506,838,414	\$ 157,770,393	\$ 1,166,754,827	\$ 10,598,326,830	\$ 245,847,628	\$ 10,844,174,458	
\$ 17,784,234	\$ 1,036,698	\$ 3,654,189	\$ -	\$ -	\$ 11,572,793	\$ 130,089,862	\$ 114,634	\$ 130,204,496	
363,648,232	350,218	-	-	477,154	3,007,504	373,320,465	-	373,320,465	
28,737,436	-	-	-	-	1,540,135	30,850,858	1,621,000	32,471,858	
677,372	-	-	-	-	1,687,910	7,679,536	-	7,679,536	
199,635,000	-	-	-	-	-	199,635,000	-	199,635,000	
271,859,988	1,155,666	263,316,212	-	-	-	538,535,256	-	538,535,256	
-	-	848,470	-	-	-	31,013,767	-	31,013,767	
23,271,227	732	65,873,237	-	91,455	-	93,200,454	1,103,000	94,303,454	
751,758,088	3,937,586	2,840,000	-	1,040,525	-	759,582,934	1,025,000	760,607,934	
194,414	891,153	51,967	-	-	5,517,736	29,705,160	-	29,705,160	
1,239,118	944,311	35,371	-	23,347,817	13,990,672	39,557,289	-	39,557,289	
5,734,309	-	17,599,977	-	-	11,377,798	34,712,084	-	34,712,084	
634,103,000	-	-	-	-	-	634,103,000	-	634,103,000	
267,406,000	-	-	-	-	2,427,912	269,833,912	-	269,833,912	
14,457,000	-	-	-	-	4,044,518	38,955,356	-	38,955,356	
980,358	173,841	32,072,459	-	-	1,627,953	73,427,145	-	73,427,145	
4,281,947	4,500,000	1,575,168	-	-	7,090,549	51,466,436	-	51,466,436	
9,143,000	-	-	-	-	-	9,143,000	-	9,143,000	
-	-	-	-	-	-	-	9,143,000	9,143,000	
941,923,165	-	-	-	126,725,400	55,628,385	1,124,276,950	133,735,000	1,258,011,950	
86,166	56,803	8,019	-	6,088,042	24,288,794	30,527,824	-	30,527,824	
49,484,324	11,603	628,194	-	-	6,918,869	117,936,935	260,633	118,197,568	
4,196,992	-	-	-	-	674,455	4,871,447	-	4,871,447	
3,590,601,370	13,058,611	388,503,263	-	157,770,393	151,395,983	4,622,424,670	147,002,267	4,769,426,937	
-	-	-	506,838,414	-	840,524,844	1,347,363,258	-	1,347,363,258	
21,960,254	21,361,982	-	-	-	-	43,322,236	1,284,820	44,607,056	
169,605,772	-	-	-	-	-	169,605,772	82,289,490	251,895,262	
315,884,343	23,597,344	-	-	-	-	339,481,687	15,271,051	354,752,738	
-	-	-	-	-	-	16,372,869	-	16,372,869	
-	-	-	-	-	-	20,107,470	-	20,107,470	
-	-	3,385,183,454	-	-	80,536,442	3,572,692,355	-	3,572,692,355	
-	-	7,469,402	-	-	4,648,233	16,154,255	-	16,154,255	
-	-	5,916,333	-	-	89,649,325	450,802,258	-	450,802,258	
507,450,369	44,959,326	3,398,569,189	506,838,414	-	1,015,358,844	5,975,902,160	98,845,361	6,074,747,521	
\$ 4,098,051,739	\$ 58,017,937	\$ 3,787,072,452	\$ 506,838,414	\$ 157,770,393	\$ 1,166,754,827	\$ 10,598,326,830	\$ 245,847,628	\$ 10,844,174,458	

The Accompanying Notes Are An Integral Part Of The Financial Statements

STATE OF NORTH DAKOTA

Combined Statement Of Revenues, Expenditures And Changes In Fund Balances All Governmental Fund Types And Expendable Trust Funds For The Fiscal Year Ended June 30, 2000

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	June 30 2000
Revenues:						
Taxes	\$ 734,974,065	\$ 103,331,441	\$ -	\$ -	\$ 39,845,128	\$ 878,150,634
Licenses And Permits	11,317,453	41,055,525	-	-	-	52,372,978
Intergovernmental	164,095	913,863,670	811,412	-	1,046,554	915,885,731
Sales And Services	1,408,547	33,155,026	-	-	4,947,641	39,511,214
Royalties And Rents	4,451,445	2,172,198	-	-	79,662	6,703,305
Fines And Forfeits	1,664,005	5,245,205	-	-	608,002	7,517,212
Interest And Investment Income	7,511,546	9,071,632	748,669	575,395	2,140,844	20,048,086
Tobacco Settlement	-	16,475,035	-	-	-	16,475,035
Miscellaneous	1,664,074	3,900,591	-	-	452,592	6,017,257
Total Revenues	763,155,230	1,128,270,323	1,560,081	575,395	49,120,423	1,942,681,452
Expenditures:						
Current:						
General Government	51,857,281	28,378,338	-	-	4,542,784	84,778,403
Education	288,446,110	110,071,862	-	-	327,748	398,845,720
Health And Human Services	166,163,619	469,124,031	-	-	41,426,160	676,713,810
Regulatory	5,909,924	8,685,376	-	-	-	14,595,300
Public Safety	44,230,789	97,871,592	-	-	-	142,102,381
Agriculture And Economic Development	5,399,415	18,033,618	-	-	-	23,433,033
Natural Resources	12,507,337	21,130,541	-	-	-	33,637,878
Highways	263,872	312,851,223	-	-	-	313,115,095
Capital Outlay	-	-	-	13,263,726	-	13,263,726
Debt Service:						
Principal	-	-	4,731,000	-	-	4,731,000
Interest And Other Charges	-	-	5,420,401	-	-	5,420,401
Total Expenditures	574,778,347	1,066,146,581	10,151,401	13,263,726	46,296,692	1,710,636,747
Revenues Over (Under) Expenditures	188,376,883	62,123,742	(8,591,320)	(12,688,331)	2,823,731	232,044,705
Other Financing Sources (Uses):						
Operating Transfers In	33,460,525	90,600,355	8,644,195	-	300,635	133,005,710
Operating Transfers Out	(194,061,401)	(77,602,672)	(148,000)	(2,264,000)	(1,065,003)	(275,141,076)
Operating Transfers To Component Units	(375,000)	-	-	-	-	(375,000)
Proceeds From Bonds And Notes	-	-	4,936,149	31,583,561	-	36,519,710
Proceeds From Sale Of Fixed Assets	5,606	373,504	-	-	-	379,110
Total Other Financing Sources (Uses)	(160,970,270)	13,371,187	13,432,344	29,319,561	(764,368)	(105,611,546)
Revenues and Other Sources Over Expenditures and Other Uses	27,406,613	75,494,929	4,841,024	16,631,230	2,059,363	126,433,159
Fund Balances - Beginning of Year As Previously Reported	87,896,448	275,447,689	11,350,845	3,657,240	38,442,669	416,794,891
Residual Equity Transfers In	-	-	181,000	-	-	181,000
Residual Equity Transfers Out	-	-	-	(181,000)	-	(181,000)
Fund Balances - End of Year	\$ 115,303,061	\$ 350,942,618	\$ 16,372,869	\$ 20,107,470	\$ 40,502,032	\$ 543,228,050

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, 2000

	Proprietary Fund Types		Fiduciary Fund Types	Totals (Memorandum Only) Primary Government		Totals (Memorandum Only) Reporting Entity
	Enterprise	Internal Service	Non- expendable Trust	June 30 2000	Component Units	June 30 2000
Operating Revenues:						
Sales And Services	\$ 183,449,954	\$ 44,088,232	\$ -	\$ 227,538,186	\$ 6,528,485	\$ 234,066,671
Royalties And Rents	7,770	-	13,558,698	13,566,468	-	13,566,468
Fines And Forfeits	2,526,859	-	-	2,526,859	-	2,526,859
Interest And Investment Income	174,726,330	-	55,894,779	230,621,109	11,798,443	242,419,552
Miscellaneous	241,248	62,469	-	303,717	-	303,717
Total Operating Revenues	360,952,161	44,150,701	69,453,477	474,556,339	18,326,928	492,883,267
Operating Expenses:						
Cost Of Sales And Services	58,097,423	772,308	-	58,869,731	-	58,869,731
Salaries And Benefits	10,132,533	11,307,826	-	21,440,359	144,000	21,584,359
Operating	34,565,335	21,524,996	2,063,243	58,153,574	3,674,064	61,827,638
Claims And Benefits	152,795,481	1,352,000	-	154,147,481	5,461,605	159,609,086
Interest	119,312,294	-	31,600	119,343,894	8,115,000	127,458,894
Depreciation	3,112,346	7,861,536	39,528	11,013,410	5,000	11,018,410
Miscellaneous	10,161	-	402	10,563	-	10,563
Total Operating Expenses	378,025,573	42,818,666	2,134,773	422,979,012	17,399,669	440,378,681
Operating Income (Loss)	(17,073,412)	1,332,035	67,318,704	51,577,327	927,259	52,504,586
Nonoperating Revenues (Expenses):						
Operating Grants	-	-	-	-	16,765,000	16,765,000
Interest And Investment Revenue	111,658,217	260,151	-	111,918,368	29,585	111,947,953
Interest Expense	(12,532,498)	(128,327)	-	(12,660,825)	-	(12,660,825)
Gain (Loss) On Sale Of Fixed Assets	(13,345)	(126,906)	-	(140,251)	-	(140,251)
Tax Revenue	4,283,700	-	2,236,683	6,520,383	-	6,520,383
Tobacco Settlement	-	-	13,479,131	13,479,131	-	13,479,131
Establishment Of FFEL Balance/Other	(4,031,963)	-	40,000	(3,991,963)	-	(3,991,963)
Total Nonoperating Revenues (Expenses)	99,364,111	4,918	15,755,814	115,124,843	16,794,585	131,919,428
Income Before Operating Transfers	82,290,699	1,336,953	83,074,518	166,702,170	17,721,844	184,424,014
Operating Transfers In	3,397,000	-	297,368	3,694,368	-	3,694,368
Operating Transfers Out	(30,774,879)	-	(26,401,000)	(57,175,879)	-	(57,175,879)
Operating Transfers From Primary Government	-	-	-	-	375,000	375,000
Net Income	54,912,820	1,336,953	56,970,886	113,220,659	18,096,844	131,317,503
Fund Equity - Beginning of Year As Previously Reported	452,537,549	43,603,833	513,255,230	1,009,396,612	80,748,517	1,090,145,129
Residual Equity Transfers Out	-	-	-	-	(1,284,820)	(1,284,820)
Contributed Capital	-	18,540	-	18,540	1,284,820	1,303,360
Fund Equity - End of Year	\$ 507,450,369	\$ 44,959,326	\$ 570,226,116	\$ 1,122,635,811	\$ 98,845,361	\$ 1,221,481,172

The Accompanying Notes Are An Integral Part Of The Financial Statements

STATE OF NORTH DAKOTA

Combined Statement Of Cash Flows All Proprietary Fund Types, Nonexpendable Trust Funds And Discretely Presented Component Units For The Fiscal Year Ended June 30, 2000

	<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Types</u>
	<u>Enterprise</u>	<u>Internal Service</u>	<u>Non- Expendable Trust</u>
Cash Flows From Operating Activities:			
Operating Income (Loss)	\$ (17,073,412)	\$ 1,332,035	\$ 67,318,704
Adjustments To Reconcile Operating Income To Net Cash Provided By Operating Activities:			
Depreciation	3,112,346	7,861,536	39,528
Amortization\Accretion	3,283,165	306,936	-
Reclassification Of Interest Revenue\Expense	(58,926,410)	-	(55,845,770)
Gain On Sale Of Real Estate	-	-	(49,009)
Net Depreciation In Fair Value Of Investments	2,896,000	-	-
Interest Received On Program Loans	44,821,516	-	-
Disbursements For Loans And Loan Purchases	(104,741,673)	-	-
Receipt Of Loan Principal Repayments	68,956,283	-	-
Provision For Losses	2,761,555	-	-
Premiums Collected	85,815,135	-	-
Premiums Paid	(85,815,135)	-	-
Tobacco settlement	-	-	13,479,131
Other	11,347	-	-
Change In Assets And Liabilities:			
(Increase) Decrease In Accounts Receivable	(9,069,311)	28,207	-
(Increase) Decrease In Due From	85,808	(327,347)	(466,426)
(Increase) Decrease In Intergovernmental Receivable	632,239	(10,950)	-
(Increase) Decrease In Prepaid Items	(357,311)	4,752	-
Increase In Inventories	(219,965)	(3,729)	-
Increase In Other Assets	(1,864,000)	-	-
Increase In Accounts Payable	13,296,671	85,948	56,291
Increase (Decrease) In Claims\Judgements Payable	76,393,034	640,846	-
Increase In Intergovernmental Payable	2,245,635	732	-
(Increase) Decrease In Accrued Payroll	(409,869)	37,417	-
Increase In Compensated Absences Payable	101,394	99,796	-
Decrease In Amounts Held For Others	(2,459,799)	-	-
Increase (Decrease) In Due To	(268,726)	45,474	2,953
Increase In Deferred Revenue	7,101,953	9,323	-
Decrease In Other Liabilities	(2,994,200)	-	-
Net Cash Provided By (Used For) Operating Activities	27,314,270	10,110,976	24,535,402
Cash Flows From Noncapital Financing Activities:			
Proceeds From Bonds	210,000,000	-	-
Proceeds From Sale Of Notes And Other Borrowings	189,079,000	-	-
Principal Payments - Bonds	(1,496,326)	-	-
Principal Payments - Notes And Other Borrowings	(206,121,000)	-	-
Interest Payments - Bonds	(43,896,589)	-	-
Interest Payments - Notes And Other Borrowings	(15,446,198)	-	-
Payment Of Bond Issue Costs	(1,368,000)	-	-
Operating Grant Received	-	-	-
Tax Collections	3,962,016	-	2,236,683
Operating Transfers In	3,397,000	-	297,368
Operating Transfers Out	(16,317,879)	-	(26,401,000)
Residual Equity Transfer Out	-	-	-
Net Increase In Non-Interest Bearing Deposits	(49,509,000)	-	-
Net Decrease In Interest Bearing Deposits	19,007,000	-	-
Payments Of Interest On Deposits	(36,373,000)	-	-
Proceeds From Advances	33,108	2,000,000	302,632
Principal Payments On Advances	(2,717,276)	-	-
Interest Paid On Federal Funds And Reverse Repurchase Agreements	(11,391,000)	-	-
Net Increase In Federal Funds And Reverse Repurchase Agreements	(58,511,000)	-	-
Advances Made	-	-	(1,340,853)
Collection Of Advances Made	11,273,000	-	164,588
Interest Received On Advances To Other Funds	-	-	571,544
Net Cash Provided By (Used For) Noncapital Financing Activities	(6,396,144)	2,000,000	(24,169,038)

The Accompanying Notes Are An Integral Part Of The Financial Statements

Total (Memorandum Only) Primary Government		Total (Memorandum Only) Reporting Entity	
June 30 2000	Component Units	June 30 2000	
\$ 51,577,327	\$ 927,259	\$ 52,504,586	
11,013,410	5,000	11,018,410	
3,590,101	119,000	3,709,101	
(114,772,180)	(3,724,443)	(118,496,623)	
(49,009)	-	(49,009)	
2,896,000	-	2,896,000	
44,821,516	-	44,821,516	
(104,741,673)	-	(104,741,673)	
68,956,283	-	68,956,283	
2,761,555	1,824,445	4,586,000	
85,815,135	-	85,815,135	
(85,815,135)	-	(85,815,135)	
13,479,131	-	13,479,131	
11,347	142,757	154,104	
(9,041,104)	(33,557)	(9,074,661)	
(707,965)	-	(707,965)	
621,289	26,054	647,343	
(352,559)	-	(352,559)	
(223,694)	-	(223,694)	
(1,864,000)	-	(1,864,000)	
13,438,910	11,474	13,450,384	
77,033,880	(635,701)	76,398,179	
2,246,367	477,000	2,723,367	
(372,452)	-	(372,452)	
201,190	-	201,190	
(2,459,799)	-	(2,459,799)	
(220,299)	-	(220,299)	
7,111,276	25,891	7,137,167	
(2,994,200)	-	(2,994,200)	
61,960,648	(834,821)	61,125,827	
210,000,000	14,815,000	224,815,000	
189,079,000	-	189,079,000	
(1,496,326)	(18,446,000)	(19,942,326)	
(206,121,000)	-	(206,121,000)	
(43,896,589)	(8,146,000)	(52,042,589)	
(15,446,198)	-	(15,446,198)	
(1,368,000)	(171,000)	(1,539,000)	
-	16,765,000	16,765,000	
6,198,699	-	6,198,699	
3,694,368	375,000	4,069,368	
(42,718,879)	-	(42,718,879)	
-	(145,174)	(145,174)	
(49,509,000)	-	(49,509,000)	
19,007,000	-	19,007,000	
(36,373,000)	-	(36,373,000)	
2,335,740	2,383,000	4,718,740	
(2,717,276)	-	(2,717,276)	
(11,391,000)	-	(11,391,000)	
(58,511,000)	-	(58,511,000)	
(1,340,853)	(2,383,000)	(3,723,853)	
11,437,588	-	11,437,588	
571,544	-	571,544	
(28,565,182)	5,046,826	(23,518,356)	

The Accompanying Notes Are An Integral Part Of The Financial Statements

STATE OF NORTH DAKOTA

Combined Statement Of Cash Flows All Proprietary Fund Types, Nonexpendable Trust Funds And Discretely Presented Component Units (Continued) For The Fiscal Year Ended June 30, 2000

	<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Types Non- Expendable Trust</u>
	<u>Enterprise</u>	<u>Internal Service</u>	
Cash Flows From Capital And Related Financing Activities:			
Acquisition And Construction Of Capital Assets	(23,047,177)	(12,968,873)	-
Proceeds From Sale Of Fixed Assets	3,837	1,565,845	-
Proceeds From Sale Of Notes And Other Borrowings	572,232	-	-
Principal Payments - Bonds	(195,000)	-	-
Principal Payments - Notes And Other Borrowings	-	(1,604,984)	-
Interest Payments - Bonds	(151,372)	(43,875)	-
Interest Payments - Notes And Other Borrowings	(125,363)	(15,151)	-
Capital Contributions	-	-	-
Payment On Capital Leases	(25,414)	-	-
Net Cash Provided By (Used For) Capital And Related Financing Activities	(22,968,257)	(13,067,038)	-
Cash Flows From Investing Activities:			
Proceeds From Sale And Maturities Of Investment Securities	1,107,220,770	98,028	82,211,988
Purchase Of Investment Securities	(909,506,437)	-	(108,110,406)
Interest And Dividends On Investments	55,010,988	272,154	20,671,800
Proceeds From Sale Of Other Real Estate	-	-	162,379
Net Increase In Loans	(229,883,000)	-	-
Disbursements For Loans And Loan Purchases	(650,000)	-	(4,609,803)
Receipt Of Loan Principal Repayments	2,479,100	-	4,740,754
Loan Income Received	71,722,827	-	4,573,535
Net Cash Provided By (Used For) Investing Activities	96,394,248	370,182	(359,753)
Net Change In Cash:			
Net Increase (Decrease) In Cash And Cash Equivalents And Cash Deposits At The Bank Of North Dakota	94,344,117	(585,880)	6,611
Cash And Cash Equivalents And Cash Deposits At The Bank Of North Dakota At June 30, 1999	638,811,318	3,628,840	2,265,563
Cash And Cash Equivalents And Cash Deposits At The Bank Of North Dakota At June 30, 2000	<u>\$ 733,155,435</u>	<u>\$ 3,042,960</u>	<u>\$ 2,272,174</u>
Reconciliation:			
Cash Deposits At The Bank Of North Dakota	90,872,228	\$ 3,042,860	\$ 71,920,584
Cash And Cash Equivalents	642,283,207	100	22,663,085
Cash And Cash Equivalents And Cash Deposits At The Bank Of North Dakota, Expendable Trust, Pension And Agency Funds	-	-	(92,311,495)
Cash And Cash Equivalents And Cash Deposits At The Bank Of North Dakota	<u>\$ 733,155,435</u>	<u>\$ 3,042,960</u>	<u>\$ 2,272,174</u>
Noncash Transactions:			
Reduction In Appropriation	\$ (17,000)	\$ -	\$ -
Appropriations Transfer From Undivided Profits To Various State Agencies	29,509,000	-	-
Securities Lending Collateral	47,096,888	(78,987)	-
Net Appreciation (Depreciation) In Fair Value Of Investments	8,142,530	(99,332)	29,717,914
Construction pay requests payable recorded as construction work in progress	677,372	-	-
Restricted sales tax receivable	321,684	-	-
Contribution Of Property And Equipment	-	16,500	-
Loans Written Off	-	-	-
Investments Written Off	-	-	-
Capital Contribution	-	-	-
Residual Equity Transfer Out	-	-	-
Transfer Of Property And Equipment	-	2,040	-
Interest On Investments	49,548,542	-	-
Total Noncash Transactions	\$ 135,279,016	\$ (159,779)	\$ 29,717,914

The Accompanying Notes Are An Integral Part Of The Financial Statements

Total (Memorandum Only) Primary Government		Total (Memorandum Only) Reporting Entity	
June 30 2000	Component Units	June 30 2000	
(36,016,050)	(5,000)	(36,021,050)	
1,569,682	-	1,569,682	
572,232	-	572,232	
(195,000)	-	(195,000)	
(1,604,984)	-	(1,604,984)	
(195,247)	-	(195,247)	
(140,514)	-	(140,514)	
-	145,174	145,174	
(25,414)	-	(25,414)	
(36,035,295)	140,174	(35,895,121)	
1,189,530,786	54,620,400	1,244,151,186	
(1,017,616,843)	(66,777,000)	(1,084,393,843)	
75,954,942	11,491,596	87,446,538	
162,379	-	162,379	
(229,883,000)	-	(229,883,000)	
(5,259,803)	(5,210,461)	(10,470,264)	
7,219,854	3,199,617	10,419,471	
76,296,362	-	76,296,362	
96,404,677	(2,675,848)	93,728,829	
93,764,848	1,676,331	95,441,179	
644,705,721	7,276,601	651,982,322	
\$ 738,470,569	\$ 8,952,932	\$ 747,423,501	
\$ 165,835,672	\$ 8,697,641	\$ 174,533,313	
664,946,392	255,291	665,201,683	
(92,311,495)	-	(92,311,495)	
\$ 738,470,569	\$ 8,952,932	\$ 747,423,501	
\$ (17,000)	\$ -	\$ (17,000)	
29,509,000	-	29,509,000	
47,017,901	-	47,017,901	
37,761,112	-	37,761,112	
677,372	-	677,372	
321,684	-	321,684	
16,500	-	16,500	
-	543,175	543,175	
-	554,750	554,750	
-	1,139,646	1,139,646	
-	(1,139,646)	(1,139,646)	
2,040	-	2,040	
49,548,542	-	49,548,542	
\$ 164,837,151	\$ 1,097,925	\$ 165,935,076	

The Accompanying Notes Are An Integral Part Of The Financial Statements

STATE OF NORTH DAKOTA

Statement Of Changes In Plan Net Assets Pension And Investment Trust Funds For The Fiscal Year Ended June 30, 2000

	Pension			
	Defined Contribution Retirement	Highway Patrolmen's Retirement	Job Service Retirement	Prefunded Retiree Health Program
Additions:				
Contributions:				
Employer	\$ 198,077	\$ 741,089	\$ -	\$ 3,992,189
Employee	192,307	457,079	344,773	3,246
Transfers from other plans	8,779,857	-	-	-
Total Contributions	9,170,241	1,198,168	344,773	3,995,435
Investment Income:				
Net Appreciation (Depreciation) In Fair				
Value Of Investments	(236,486)	2,375,276	223,796	1,291,045
Interest And Dividends	181,546	1,345,421	5,063,014	860,741
	(54,940)	3,720,697	5,286,810	2,151,786
Less Investment Expense	12	128,902	177,519	51,548
Net Investment Income	(54,952)	3,591,795	5,109,291	2,100,238
Securities Lending Activity:				
Securities Lending Income	-	199,672	295,631	-
Less Securities Lending Expense	-	187,951	278,379	-
Net Securities Lending Income	-	11,721	17,252	-
Repurchase Service Credit	-	-	-	73,929
Miscellaneous Income	-	65	-	-
Total Additions	9,115,289	4,801,749	5,471,316	6,169,602
Deductions:				
Benefits Paid To Participants	194,361	1,629,020	1,519,300	-
Refunds	-	6,576	-	1,712
Prefunded Credit Applied	-	-	-	3,423,158
Transfers To Other Plans	-	-	-	-
Administrative Expenses	246,042	13,821	35,418	85,061
Total Deductions	440,403	1,649,417	1,554,718	3,509,931
Purchase Of Units At Net Asset Value of \$1.00 Per Unit	-	-	-	-
Redemption of Units at Net Asset Value of \$1.00 Per Unit	-	-	-	-
Net Increase	8,674,886	3,152,332	3,916,598	2,659,671
Net Assets Held In Trust For Pension Benefits And External Investment Pool Participants				
Beginning Of Year	-	38,573,773	69,885,003	23,549,742
End Of Year	\$ 8,674,886	\$ 41,726,105	\$ 73,801,601	\$ 26,209,413

The Accompanying Notes Are An Integral Part Of The Financial Statements

Pension		Investment		Total
Public Employees' Retirement	Teachers' Retirement	City Of Bismarck	ND Association Of Counties	June 30 2000
\$ 16,521,248	\$ 25,527,734	\$ -	\$ -	\$ 46,980,337
15,693,237	25,528,245	-	-	42,218,887
-	-	-	-	8,779,857
32,214,485	51,055,979	-	-	97,979,081
68,101,931	111,269,923	1,751,732	56,684	184,833,901
38,478,430	39,834,547	1,171,875	62,941	86,998,515
106,580,361	151,104,470	2,923,607	119,625	271,832,416
3,684,724	4,947,423	123,532	4,458	9,118,118
102,895,637	146,157,047	2,800,075	115,167	262,714,298
5,706,923	5,199,726	172,739	7,477	11,582,168
5,371,876	4,879,347	162,756	7,056	10,887,365
335,047	320,379	9,983	421	694,803
925,534	2,509,576	-	-	3,509,039
10,530	6,222	-	-	16,817
136,381,233	200,049,203	2,810,058	115,588	364,914,038
34,026,828	53,583,271	-	-	90,952,780
3,852,102	2,788,019	-	-	6,648,409
-	-	-	-	3,423,158
8,693,091	-	-	-	8,693,091
800,529	1,015,549	-	-	2,196,420
47,372,550	57,386,839	-	-	111,913,858
-	-	875,000	1,550,000	2,425,000
-	-	-	(325,877)	(325,877)
89,008,683	142,662,364	3,685,058	1,339,711	255,099,303
1,105,445,266	1,262,584,076	32,101,405	602,473	2,532,741,738
\$ 1,194,453,949	\$ 1,405,246,440	\$ 35,786,463	\$ 1,942,184	\$ 2,787,841,041

The Accompanying Notes Are An Integral Part Of The Financial Statements

STATE OF NORTH DAKOTA

Combined Statement Of Current Funds Revenues, Expenditures And Other Changes University System For The Fiscal Year Ended June 30, 2000

	Total Unrestricted	Total Restricted	Total Current Funds
Revenues And State Transfers:			
Tuition And Fees	\$ 105,245,403	\$ 250,724	\$ 105,496,127
Federal Appropriations	5,747,837	-	5,747,837
Local Appropriations And Taxes	2,153,950	-	2,153,950
Federal Grants And Contracts	6,932,349	63,387,646	70,319,995
State Grants And Contracts	929,503	741,135	1,670,638
Private Gifts, Grants And Contracts	9,649,847	16,085,536	25,735,383
Investment And Endowment Income	3,710,967	463,323	4,174,290
Sales And Services Of Educational Departments	45,144,948	47,000	45,191,948
Sales And Services Of Auxilliary Enterprises	62,748,255	-	62,748,255
Total Revenues	242,263,059	80,975,364	323,238,423
Operating Transfers In	166,990,699	11,707,918	178,698,617
Total Revenues And State Transfers	409,253,758	92,683,282	501,937,040
Expenditures And Mandatory Transfers:			
Educational And General			
Instruction	159,416,337	9,981,060	169,397,397
Research	25,404,649	35,245,164	60,649,813
Public Service	15,568,789	14,825,179	30,393,968
Academic Support	37,774,429	942,519	38,716,948
Student Services	18,467,977	1,586,774	20,054,751
Institutional Support	30,428,265	711,045	31,139,310
Operation And Maintenance Of Plant	32,445,617	1,321,316	33,766,933
Scholarships And Fellowships	8,003,409	27,229,637	35,233,046
Total Educational And General Expenditures	327,509,472	91,842,694	419,352,166
Mandatory Transfer For Principal And Interest	1,262,618	-	1,262,618
Mandatory Transfer For Loan Fund Matching	132,328	169	132,497
Total Educational And General Expenditures And Mandatory Transfers	328,904,418	91,842,863	420,747,281
Auxiliary Enterprises:			
Expenditures	67,881,680	840,588	68,722,268
Mandatory Transfers For Principal And Interest	4,688,320	-	4,688,320
Total Auxiliary Enterprises	72,570,000	840,588	73,410,588
Total Expenditures And Mandatory Transfers	401,474,418	92,683,451	494,157,869
Other Transfers And Deductions:			
Excess Of Restricted Receipts Over Transfers To Revenues	-	527,654	527,654
Indirect Costs Recovered	(1,368,063)	-	(1,368,063)
Refunded To Grantors	(8,259)	(39,798)	(48,057)
Nonmandatory Interfund Transfers	(3,218,228)	341,986	(2,876,242)
Other Additions(Deductions)	274,257	(479,704)	(205,447)
Total Other Transfers And Deductions	(4,320,293)	350,138	(3,970,155)
Net Increase In Fund Balances	\$ 3,459,047	\$ 349,969	\$ 3,809,016

The Accompanying Notes Are An Integral Part Of The Financial Statements

STATE OF NORTH DAKOTA

Combined Statement Of Changes In Fund Balance University System For The Fiscal Year Ended June 30, 2000

	Current Funds				Plant Funds			Total (Memorandum Only)
	Unrestricted	Restricted	Loan	Endowment And Similar	Unexpended	Retirement Of Indebtedness	Investment In Plant	June 30 2000
Revenues And Other Additions:								
Unrestricted Current Fund Revenue	\$ 242,263,059	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 242,263,059
Student Fees - Restricted	-	333,133	-	-	-	335,598	-	668,731
Federal Grants And Contracts - Restricted	-	70,392,152	440,701	-	1,606,102	295,781	-	72,734,736
State Grants And Contracts - Restricted	-	1,040,022	-	-	336,833	-	-	1,376,855
Private Gifts, Grants And Contracts - Restricted	-	16,921,317	297,435	5,207	1,283,524	-	-	18,507,483
Endowment And Investment Income - Restricted	-	584,184	51,609	242,058	900,687	861,898	-	2,640,436
Interest And Late Fees On Loans Receivable	-	-	983,288	18	38,742	-	-	1,022,048
Sales & Services Of Educational Depts.-Restricted	-	47,000	1,468	-	38,227	-	-	86,695
Retirement Of Indebtedness	-	-	-	-	-	-	10,495,142	10,495,142
Expended For Plant Facilities-Plant Funds	-	-	-	-	-	-	57,825,892	57,825,892
Debt Issuance	-	-	-	-	5,454,077	-	-	5,454,077
Other Additions	1,505,641	1,100	434,735	525	113,935	2,749,426	69,250	4,874,612
Total Revenues And Other Additions	243,768,700	89,318,908	2,209,236	247,808	9,772,127	4,242,703	68,390,284	417,949,766
Expenditures And Other Deductions:								
Education And General Expenditures	327,509,472	91,842,694	-	-	-	659	-	419,352,825
Auxiliary Enterprises Expenditures	67,881,680	840,588	-	-	-	-	-	68,722,268
Indirect Costs Recovered	1,368,063	7,814,790	35,997	-	-	-	-	9,218,850
Refunds To Grantors	8,259	39,798	4,875	-	-	-	-	52,932
Loan Cancellations And Write-Offs	-	-	736,866	-	-	-	-	736,866
Administrative And Collection Costs	-	-	129,954	-	-	1,472	-	131,426
Expended For Plant Facilities	-	-	-	-	33,086,355	-	-	33,086,355
Retirement Of Indebtedness	-	-	-	-	45,833	4,485,999	176,667	4,708,499
Interest On Indebtedness	-	-	-	-	-	3,725,039	1,139	3,726,178
Trustee Fees	-	-	-	-	-	33,364	-	33,364
Disposal Of Plant Facilities	-	-	-	-	-	-	21,258,018	21,258,018
Debt Issuance	-	-	-	-	14,832	-	11,804,344	11,819,176
Other Deductions	1,231,384	480,804	24,885	1,221,380	-	-	2,345,110	5,303,563
Total Expenditures And Other Deductions	397,998,858	101,018,674	932,577	1,221,380	33,147,020	8,246,533	35,585,278	578,150,320
Transfers Among Funds And Other Additions (Deductions):								
Mandatory:								
Loan Matching Fund	(132,328)	(169)	132,497	-	-	-	-	-
Principal And Interest - Unrestricted	(1,262,618)	-	-	-	(28,642)	1,291,260	-	-
Principal And Interest - Auxiliary	(4,688,320)	-	-	-	-	4,688,320	-	-
Nonmandatory Interfund Transfers	(3,218,228)	341,986	(36,867)	(1,757,842)	4,466,115	204,836	-	-
Operating Transfers In	166,990,699	11,707,918	-	-	18,210,426	-	-	196,909,043
Total Transfers And Other Additions (Deductions)	157,689,205	12,049,735	95,630	(1,757,842)	22,647,899	6,184,416	-	196,909,043
Net Increase (Decrease) In Fund Balance	3,459,047	349,969	1,372,289	(2,731,414)	(726,994)	2,180,586	32,805,006	36,708,489
Fund Balances - Beginning Of Year As Previously Reported	57,773,495	7,898,532	42,633,732	26,008,248	23,499,968	13,116,542	807,719,838	978,650,355
Fund Balance - End Of Year	\$ 61,232,542	\$ 8,248,501	\$ 44,006,021	\$ 23,276,834	\$ 22,772,974	\$ 15,297,128	\$ 840,524,844	\$ 1,015,358,844

The Accompanying Notes Are An Integral Part Of The Financial Statements

STATE OF NORTH DAKOTA

Interim 1999-2001 Biennium Combined Statement Of Revenues, Expenditures And Other Financing Sources (Uses) Budget And Actual (Budgetary Basis) - General Fund And Other Budgeted Income For The Fiscal Year Ended June 30, 2000

	Approved Budget 1999-2001 Biennium	Appropriation Adjustments 1999-2001 Biennium	Adjusted Budget 1999-2001 Biennium	Actual Biennium To Date Thru 6-30-00	Difference Uncollected/ Unspent Thru 6-30-00
Revenues					
General Fund					
Sales And Use Tax	\$ 742,391,900	\$ -	\$ 742,391,900	\$ 355,433,005	\$ (386,958,895)
Income Tax	490,435,520	-	490,435,520	244,629,340	(245,806,180)
Business Privilege Tax	5,162,000	-	5,162,000	2,382,197	(2,779,803)
Oil And Gas Production Tax	22,817,000	-	22,817,000	21,062,999	(1,754,001)
Oil Extraction Tax	13,885,000	-	13,885,000	12,713,571	(1,171,429)
Insurance Premium Tax	35,830,000	-	35,830,000	19,293,920	(16,536,080)
Cigarette, Cigar And Tobacco Tax	42,544,000	-	42,544,000	21,341,734	(21,202,266)
Wholesale Liquor Tax	10,388,473	-	10,388,473	5,430,523	(4,957,950)
Coal Severance Tax	22,346,000	-	22,346,000	11,206,459	(11,139,541)
Coal Conversion Tax	24,555,000	-	24,555,000	12,490,737	(12,064,263)
Gaming Tax	22,685,000	-	22,685,000	13,176,646	(9,508,354)
Department Fees And Collections	39,102,394	-	39,102,394	21,248,342	(17,854,052)
Mineral Leasing Fees	4,915,680	-	4,915,680	3,566,924	(1,348,756)
Gas Tax Administration	1,380,608	-	1,380,608	690,304	(690,304)
Interest On Public Funds	15,300,200	-	15,300,200	9,293,946	(6,006,254)
Total General Fund Revenues	1,493,738,775	-	1,493,738,775	753,960,647	(739,778,128)
Other Budgeted Income	3,265,832,301	140,116,513	3,405,948,814	1,567,314,026	(1,838,634,788)
Total All Revenues	4,759,571,076	140,116,513	4,899,687,589	2,321,274,673	(2,578,412,916)
Expenditures By Line Item					
Salaries And Wages	713,516,368	15,268,169	728,784,537	337,769,786	391,014,751
Operating Expenses	302,216,778	12,632,017	314,848,795	137,304,730	177,544,065
Equipment	21,922,801	2,914,336	24,837,137	10,089,150	14,747,987
Capital Improvements	72,690,158	24,557,914	97,248,072	27,637,497	69,610,575
Grants	1,892,465,431	79,989,160	1,972,454,591	998,817,400	973,637,191
Special Line Items	1,797,209,303	9,271,699	1,806,481,002	825,300,352	981,180,650
Total Expenditures By Line Item	4,800,020,839	144,633,295	4,944,654,134	2,336,918,915	2,607,735,219
Expenditures By Source					
General Fund	1,584,721,538	8,771,782	1,593,493,320	781,776,540	811,716,780
Other Budgeted Income	3,215,299,301	135,861,513	3,351,160,814	1,555,142,375	1,796,018,439
Total Expenditures By Source	4,800,020,839	144,633,295	4,944,654,134	2,336,918,915	2,607,735,219
Revenues Over (Under) Expenditures					
General Fund	(90,982,763)	(8,771,782)	(99,754,545)	(27,815,893)	71,938,652
Other Budgeted Income	50,533,000	4,255,000	54,788,000	12,171,651	(42,616,349)
Other Financing Sources (Uses)					
General Fund - Transfers In	59,850,000	-	59,850,000	16,858,651	(42,991,349)
General Fund - Transfers Out	(9,317,000)	4,255,000	(5,062,000)	(4,687,000)	375,000
Other Budgeted Income - Transfers In	9,317,000	(4,255,000)	5,062,000	4,687,000	(375,000)
Other Budgeted Income - Transfers Out	(59,850,000)	-	(59,850,000)	(16,858,651)	42,991,349
Revenues And Other Sources Over (Under) Expenditures And Other Uses					
General Fund	(40,449,763)	(4,516,782)	(44,966,545)	(15,644,242)	29,322,303
Other Budgeted Income	-	-	-	-	-
Beginning Budgetary General Fund Balance, as adjusted	51,768,619	8,968,846	60,737,465	69,917,415	9,179,950
Ending Budgetary General Fund Balance	\$ 11,318,856	\$ 4,452,064	\$ 15,770,920	\$ 54,273,173	\$ 38,502,253

The Accompanying Notes Are An Integral Part Of The Financial Statements

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NOTES TO THE FINANCIAL STATEMENTS For the Fiscal Year Ended June 30, 2000

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 that 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, 2000, and their report dated September 20, 2000, has been previously issued under a separate cover.

- North Dakota State University Research Foundation and University of North Dakota Aerospace Foundation - Each of these component units is a legally separate entity. 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 that 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, 1999, and their report dated February 4, 2000, 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, 2000, and their report dated September 8, 2000, 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, 1999, and their report dated March 3, 2000, 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 was 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. On July 1, 1999, Technology Transfer ceased operations, and its remaining assets were transferred to the North Dakota Development Fund, Inc.

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

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 that 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 that 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 58503. 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

STATE OF NORTH DAKOTA

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 and Student Loan Trust, 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 and Student Loan Trust follow 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 1999 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. 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 one-time expenditures as directed by the Board of Higher Education (1999 Session Laws, Chapter 3, Section 7). 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 Interim 1999-2001 Biennium Combined Statement of Revenues, Expenditures and Other Financing Sources (Uses) -- Budget and Actual (Budgetary Basis) -- General Fund and Other Budgeted Income. On all other combined operating statements, however, such transfers appear as Operating Transfers from the General Fund to the University System Funds.

The accompanying financial statements include the Interim 1999-2001 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 2.

During 2000, the first year of the 1999-2001 biennium, there were supplemental appropriations of \$144,633,295.

For the period ended, during the biennium, June 30, 2000, Williston State College (included in University Systems) had expenditures which exceeded appropriations at the local funds line item level (the legal level of budgetary control) by \$966,504. The Board of Higher Education approved a \$2,500,000 spending of excess local funds for the college, but that approval did not occur until after the end of fiscal year 2000. The Higher Ed Board approved it at their November board meeting.

The level of legal control for all agencies is reported in a publication titled "State of North Dakota Interim 1999-2001 Biennium Budget and Actual Detail - (Budgetary Basis) for the Fiscal Year Ended June 30, 2000." 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

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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, 2000.

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. (component unit of the State) are stated at estimated value in absence of a readily ascertainable market value. These values are estimated by the Fund's Board of Directors. Among the factors considered by the Fund's 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 Fund's 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. are valued at \$2,476,850 at June 30, 2000. 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 thirty-nine days; however, the average term of loans for the Land Department is seventeen days.

Cash open collateral is invested in a short term investment pool, the Core Collateral Section, which had an average weighted maturity of thirty-three 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 fails to pay income distributions on them.

For securities loaned at year end, the State has no credit risk exposure to borrowers because the amounts the State owes the borrowers exceed the amounts the borrowers owe the State.

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 have been met. Intergovernmental Receivables consist primarily of receivables due from other governments.

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 TRANSACTIONS

DUE TO/DUE FROM

During the course of operations, numerous transactions occur between individual funds and component units for goods provided or services rendered. These receivables and payables are classified as "Due From" or "Due To"

on the balance sheet in the period in which transactions are executed (see Note 3F).

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 3F).

RESIDUAL EQUITY TRANSFERS

Residual equity transfers represent nonrecurring or non-routine transfers of equity between funds (see Note 3F).

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, 2000, valued at approximately \$2,276,782 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, 2000, valued at approximately \$851. This inventory is not included in the accompanying financial statements.

The Department of Human Services has approximately \$4.4 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.

NOTE 2 - BUDGET TO GAAP RECONCILIATION**BUDGETARY BASIS VS. GAAP**

The accompanying Interim 1999-2001 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, 2000 (expressed in thousands):

	Actual (*) Biennium To Date Thru 6/30/00 (Budgetary Basis)	Non- Appropriated Expenditures	Non- Appropriated Accruals	Difference In Basis (**)	GAAP (***) Fiscal Year 2000 Expenditures
General	\$ 786,464	\$ 5,929	\$ (10,216)	\$ (12,963)	\$ 769,214
Special Revenue	1,133,194	32,041	(21,486)	-	1,143,749
Debt Service	-	10,299	-	-	10,299
Capital Projects	177	15,532	-	-	15,709
Enterprise	61,153	357,978	-	2,202	421,333
Internal Service	46,604	2,881	-	(6,538)	42,947
Expendable Trust	-	47,362	-	-	47,362
Nonexpendable Trust	-	28,536	-	-	28,536
Pension Trust	3,313	108,601	-	-	111,914
Agency	3,074	-	-	(3,074)	-
University System	324,278	95,074	-	-	419,352
<i>Total-Primary Government</i>	<i>2,358,257</i>	<i>704,233</i>	<i>(31,702)</i>	<i>(20,373)</i>	<i>3,010,415</i>
Component Units	208	18,333	-	143	18,684
Total-Reporting Entity	\$ 2,358,465	\$ 722,566	\$ (31,702)	\$ (20,230)	\$ 3,029,099

(*) Actual for 1999-2001 Biennium Expenditures Includes:

Appropriated Expenditures	\$ 2,336,919
General Fund - Transfers Out	4,687
Other Budgeted Income - Transfers Out	16,859
Total	\$ 2,358,465

(**) Difference in Basis Includes:	General Fund	Enterprise	Internal Service	Agency	Component Units
Appropriated Expenditures	\$ (12,963)	\$ -	\$ -	\$ (3,074)	\$ -
Capital Acquisitions	-	(910)	(14,400)	-	(5)
Depreciation	-	3,112	7,862	-	148
Total	\$ (12,963)	\$ 2,202	\$ (6,538)	\$ (3,074)	\$ 143

(*** GAAP Expenditures Reconciliation:

	Total Expenditures/ Operating Expenses	Operating Transfers Out	Operating Transfers To Component Unit	Nonoperating Interest Expense	Residual Equity Transfer Out	GAAP Fiscal Year 2000 Expenditures
General	\$ 574,778	\$ 194,061	\$ 375	\$ -	\$ -	\$ 769,214
Special Revenue	1,066,146	77,603	-	-	-	1,143,749
Debt Service	10,151	148	-	-	-	10,299
Capital Projects	13,264	2,264	-	-	181	15,709
Enterprise	378,025	30,775	-	12,533	-	421,333
Internal Service	42,819	-	-	128	-	42,947
Expendable Trust	46,297	1,065	-	-	-	47,362
Nonexpendable	2,135	26,401	-	-	-	28,536
Pension Trust	111,914	-	-	-	-	111,914
Agency	-	-	-	-	-	-
University System	419,352	-	-	-	-	419,352
<i>Total - Primary Government</i>	<i>2,664,881</i>	<i>332,317</i>	<i>375</i>	<i>12,661</i>	<i>181</i>	<i>3,010,415</i>
Component Units	17,399	-	-	-	1,285	18,684
Total - Reporting Entity	\$ 2,682,280	\$ 332,317	\$ 375	\$ 12,661	\$ 1,466	\$ 3,029,099

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

NOTE 3 - DETAILED NOTES ON ACCOUNT BALANCES**A. DEPOSITS**

State law generally requires that all State funds be deposited in the Bank of North Dakota. NDCC 21-04-01 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, 2000. Funds deposited at the Bank of North Dakota are not credit risked since the Bank is part of the State's reporting entity. The amounts are expressed in thousands:

Primary Government:

	Category			Total Bank Balance	Carrying Amount
	1	2	3		
Cash Deposits	\$ 20,292	\$ 15	\$ 420,558	\$ 440,865	\$ 536,152
Certificates Of Deposit					
Recorded As Investments	2,349	-	1,692	4,041	4,041
Total	\$ 22,641	\$ 15	\$ 422,250	\$ 444,906	\$ 540,193

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University System:

	Category			Total	Carrying
	1	2	3	Bank Balance	Amount
Cash Deposits	\$ 10,427	\$ -	\$ -	\$ 10,427	\$ 4,952
Certificates Of Deposit					
Recorded As Investments	1,826	-	-	1,826	1,826
Total	<u>\$ 12,253</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,253</u>	<u>\$ 6,778</u>

Component Units:

	Category			Total	Carrying
	1	2	3	Bank Balance	Amount
Cash Deposits	\$ 255	\$ -	\$ -	\$ 255	\$ 255
Certificates Of Deposit					
Recorded As Investments	-	-	10,824	10,824	10,824
Total	<u>\$ 255</u>	<u>\$ -</u>	<u>\$ 10,824</u>	<u>\$ 11,079</u>	<u>\$ 11,079</u>

B. INVESTMENTS

The investment policies of the State of North Dakota are governed by NDCC 6-09-07, 15-10-12, 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 funds under its supervision.

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.

personal property deemed advisable by the governing board.

5. University System – NDCC 15-55-05 and 15-55-06 govern the investment of proceeds of revenue bonds and revenues pledged to bondholders. Investments governed by a gift instrument are covered under NDCC 15-67-04. Subject to any limitations in the gift instrument, such funds may be invested in any real or

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	
Equity Securities				
Not On Securities Loan	\$ 775,568	\$ -	\$ -	\$ 775,568
On Securities Loan	2,189	-	-	2,189
Bonds And Notes				
Not On Securities Loan	870,924	-	-	870,924
On Securities Loan	2,520	-	-	2,520
U.S. Government & Agency Issues				
Not On Securities Loan	716,953	-	-	716,953
On Securities Loan	66,769	-	-	66,769
	<u>\$ 2,434,923</u>	<u>\$ -</u>	<u>\$ -</u>	<u>2,434,923</u>
Investments In Real Estate Pool				212,140
Investments In Unemployment				
Compensation Pool				22,155
Guaranteed Investment Contract				140,375
Annuities				262
Mutual Funds				1,215,698
Private Equity				70,026
Non-Security Investments				2,000
Investments Held By Broker-Dealer Under Securities Loans With Cash Collateral:				
Equity Securities				110,447
Bonds And Notes				89,393
U.S. Government & Agency Issues				276,114
Securities Lending Short-Term Collateral Investment Pool				<u>487,185</u>
Totals				<u>\$ 5,060,718</u>

STATE OF NORTH DAKOTA

University System:

	Category			Fair Value
	1	2	3	
Equity Securities	\$ 10,879	\$ -	\$ 6,327	\$ 17,206
Bonds And Notes	-	-	3,002	3,002
U.S. Government & Agency Issues	639	-	8,380	9,019
	<u>\$ 11,518</u>	<u>\$ -</u>	<u>\$ 17,709</u>	<u>29,227</u>
Held By Brokers/Dealers				9,875
Totals				<u>\$ 39,102</u>

Component Units:

	Category			Fair Value
	1	2	3	
U.S. Government & Agency Issues	\$ 742	\$ -	\$ -	\$ 742
Obligations Of State And Political Subdivisions	436	-	-	436
	<u>\$ 1,178</u>	<u>\$ -</u>	<u>\$ -</u>	<u>1,178</u>
Guaranteed Investment Contract				63,720
Non-Security Investments				129,639
Totals				<u>\$ 194,537</u>

There were no violations of statutory authority or contractual provisions for investments during the year ended June 30, 2000.

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 fair value of the securities underlying reverse repurchase agreements normally exceeds the cash received, providing the dealers a margin against a decline in fair 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, 2000, the State had reverse repurchase agreements of \$51,350,000 included in securities lending collateral on the balance sheet. The highest month end balance for the previous year was \$51,350,000 with an average daily balance of \$10,505,000. The weighted average interest rate as of year end was 4.85 percent. The weighted average interest rate paid during the year was 4.94 percent. The fair value of these securities at June 30, 2000, was \$51,350,000.

D. RECEIVABLES

Receivables at June 30, 2000, 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	\$ 653	\$ 13,621	\$ 34	\$ -	\$ 52,164	\$ 28	\$ 28,743	\$ 10,056	\$ 41	\$ 105,340
Less Allowance	-	(1,417)	-	-	(4,983)	-	-	(615)	-	(7,015)
Taxes	99,891	379	-	-	322	-	37,105	-	-	137,697
Less Allowance	(5,869)	-	-	-	-	-	(507)	-	-	(6,376)
Interest	965	1,766	178	1	36,598	48	17,550	848	2,870	60,824
Less Allowance	-	(161)	-	-	-	-	-	-	-	(161)
Loans and Notes	90	56,009	-	-	1,727,701	-	51,601	45,235	14,688	1,895,324
Less Allowance	(7)	(4,139)	-	-	(22,376)	-	-	(1,875)	(4,476)	(32,873)
Net Receivables	<u>\$ 95,723</u>	<u>\$ 66,058</u>	<u>\$ 212</u>	<u>\$ 1</u>	<u>\$ 1,789,426</u>	<u>\$ 76</u>	<u>\$ 134,492</u>	<u>\$ 53,649</u>	<u>\$ 13,123</u>	<u>\$ 2,152,760</u>

E. RESTRICTED ASSETS

Certain proceeds of enterprise fund bonds, as well as certain resources set aside for their repayment, are classified as restricted, primarily because their use is limited by applicable bond covenants or pledged for securities sold under agreements to repurchase and for other required purposes. Enterprise Funds with restricted assets at June 30, 2000, 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	\$ -	\$ 81,843	\$ -	\$ -
Guaranteed Student Loan Program	12,341	1,045	-	-
Housing Finance	251,545	17,815	551,331	14,073
State Fair Association	322	-	-	322
	<u>\$ 264,208</u>	<u>\$ 100,703</u>	<u>\$ 551,331</u>	<u>\$ 14,395</u>
Component Unit:				
Municipal Bond Bank	<u>\$ 1,185</u>	<u>\$ 81,272</u>	<u>\$ -</u>	<u>\$ 11,637</u>

F. INTERFUND TRANSACTIONS

The following balances at June 30, 2000, 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	\$ 25,147	\$ 9,170
Special Revenue:		
Administration	78	212
Aeronautics & Other Transportation	-	1
Agriculture	250	6
Commodity Promotion	29	33
Cultural And Historical	29	3
Education	1,522	18

<u>Fund Type/Fund</u>	<u>Due From</u>	<u>Due To</u>
Federal	11,493	14,431
Health And Human Services	2,611	5,815
Highway	12,675	6,554
Insurance	11	91
Intergovernmental Assistance	8	13
Job Service	304	216
Judicial and Legal	73	16
Land Dept.-Coal Severance	553	387
Land Dept.-Energy Dev. Impact	517	-
Land Dept.-Land and Mineral	271	-
Land Dept.-Land Maintenance	1	470
Motor Vehicle	60	-
National Guard	2	53
Natural Resources	486	33

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<u>Fund Type/Fund</u>	<u>Due From</u>	<u>Due To</u>
Oil Tax Resources	946	-
Other Special	69	1
PACE Fund	-	250
Public Safety And Penal Institutions	3	86
Recreation	169	117
Regulatory	96	177
Veterans	1	1
Capital Projects:		
Building Authority	-	419
Enterprise:		
Bank of North Dakota	1,023	177
Beginning Farmer Revolving Loan	-	14
Community Water Facility Loan	-	20
Dev. Disabled Facility Loan	-	9
Fire and Tornado	-	5
Guaranteed Student Loan	-	208
Housing Finance	28	4
PERS Uniform Group Insurance	25	4
Roughrider Industries	115	2
Student Loan	-	495
Workers Compensation	-	42
Internal Service:		
Central Services	128	28
Fleet Services	1,735	97
Information Technology	2,392	14
Retirement And Investment Office	41	19
Risk Management	-	16
Expendable Trust:		
Deferred Compensation	-	7
Job Service Expendable	-	167
Land Dept.-Abandoned Property	5	-
PERS Flexcomp	44	1
Nonexpendable Trust:		
Land Department Permanent	820	97
Pension Trust:		
Highway Patrolmen's Retirement	-	19
Job Service Retirement	-	1
Prefunded Retiree Health Program	-	80
Public Employees Retirement	64	24
Teacher's Retirement	-	36
Agency:		
Payroll	-	970
Child Support Student And Other	373	2,628
Tax Collection	1	28,042
University System	9,093	1,628
Total	\$ 73,291	\$ 73,427

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

	<u>Amount</u>
Due From's	\$ 73,291
Federal/Bank Of North Dakota	227
Land Dept.-Land And Mineral/Bank of ND	(60)
Bank of ND/Land Department Permanent	(104)
Bank of ND/Job Service Expendable Trust	167
Bank of ND/Student Loan Trust	(45)
Bank of ND/Public Employees Ret. System	(49)
Due To's	\$ 73,427

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	\$ 35,454	\$ -
Special Revenue:		
Federal	-	19,673
Job Service	-	781
Enterprise:		
Bank of North Dakota	-	14,457
University System	4,045	4,045
TOTAL	\$ 39,499	\$ 38,956

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

	<u>Amount</u>
Interfund Receivables	\$ 39,499
General Fund/Bank Of ND	(543)
Interfund Payables	\$ 38,956

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

OPERATING TRANSFERS (expressed in thousands)

<u>Fund Type/Fund</u>	<u>In</u>	<u>Out</u>
General Fund	\$ 33,461	\$ 194,061
Special Revenue:		
Administrative	-	227

Notes to the Financial Statements

<u>Fund Type/Fund</u>	<u>In</u>	<u>Out</u>
Agriculture	609	19
Commodity Promotion	-	416
Cultural And Historical	356	-
Education	24,147	198
Federal	3,156	61,823
Health And Human Services	42,360	1,752
Highway	67	1,302
Insurance	-	1,118
Intergovernmental Assistance	1,231	83
Job Service - Special Revenue	1,949	434
Judicial And Legal	32	9
Land Department - Coal Severance	-	4,304
Land Department - Land & Mineral	789	698
Motor Vehicle	-	58
National Guard	109	17
Natural Resources	5,443	1,248
Oil Tax Resources	-	2,879
Other Special	505	213
PACE Fund	3,245	250
Public Safety And Penal Institutions	6,098	-
Recreation	12	173
Regulatory	322	204
Veterans	170	177
Debt Service:		
Building Authority	7,639	148
Lignite Research	1,005	-
Capital Projects:		
Building Authority	-	2,264
Enterprise:		
Bank Of North Dakota	17	29,509
Beginning Farmer Revolving Loan	1,000	-
Developmentally Disabled		
Facility Loan	-	1,184
Fire And Tornado	-	32
Guaranteed Student Loan	2,000	-
Housing Finance	-	23
Mill And Elevator	-	27
Roughrider Industries	-	1
State Fair	380	-
Expendable Trust		
Deferred Compensation	301	-
Land Dept. - Abandoned Property	-	297
Land Dept. - Capitol Building	-	467
PERS Flexcomp	-	301
Nonexpendable Trust:		
Land Department-Permanent Fund	297	26,401
University System	196,909	-
TOTAL	\$ 333,609	\$ 332,317

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

Operating Transfers In	\$ 333,609
General Fund/Bank Of ND	(578)
Industrial Commission/Bank ND	52
Human Services/Developmentally Disabled Facility Loan	1,184
Guaranteed Student Loan/Student Loan Trust	(2,000)
Bank of North Dakota/General Fund	67
Bank of North Dakota/Industrial	(17)
Operating Transfers Out	<u>\$ 332,317</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	\$ -	\$ 375
Total	<u>\$ -</u>	<u>\$ 375</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	\$ 375	\$ -
Total	<u>\$ 375</u>	<u>\$ -</u>

ADVANCES TO AND FROM OTHER FUNDS

<u>Fund Type/Fund</u>	<u>Advance To</u>	<u>Advance From</u>
Special Revenue:		
Federal	\$ -	\$ 34,019
Aeronautics And Other		
Transportation	1,640	-
Highway	34,525	-
Recreation	2,340	-
Natural Resources	13	-
Insurance	1	-
Enterprise:		
Dev. Disabled Facility Loan	-	4,282
Internal Service:		
Fleet Services	-	4,500
Expendable Trust:		

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Land Dept. – Abandoned And Unclaimed Property	1,575	-
Nonexpendable Trust:		
Land Dept – Permanent Fund	6,700	1,575
University System	-	7,091
Total	<u>\$ 46,794</u>	<u>\$ 51,467</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	\$ 46,794
Land Dept. - Permanent Fund/Dev. Disabled	(2,418)
Bank Of North Dakota/University System	7,091
Advances From Other Funds	<u>\$ 51,467</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	<u>\$ 9,143</u>	<u>\$ 9,143</u>

ADVANCES TO/FROM PRIMARY GOVERNMENT

<u>Fund Type/Fund</u>	<u>Advances To</u>	<u>Advances From</u>
Component Unit: (Enterprise)		
Municipal Bond Bank	<u>\$ 9,143</u>	<u>\$ 9,143</u>

RESIDUAL EQUITY TRANSFER

The Building Authority Capital Projects Fund made a residual equity transfer of \$181,000 to the Building Authority Debt Service Fund.

Technology Transfer ceased operations on July 1, 1999, and a residual equity transfer of \$1,284,820 was made to transfer its remaining assets to the North Dakota Development Fund, Inc. The Development Fund recorded this as a contribution to capital.

G. FIXED ASSETS

The following is a summary of fixed assets at June 30, 2000 (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	\$ -	\$ -	\$ 18,945	\$ 15,198	\$ -
Buildings	26,996	-	1,186	304,322	524,187	-
Improvements Other Than Buildings	4,779	-	-	54,688	81,399	-
Equipment	38,122	86,241	126	122,200	290,126	111
Construction In Progress	23,154	-	-	6,683	8,275	-
Total Fixed Assets (Gross)	93,737	86,241	1,312	506,838	919,185	111
Less: Accumulated Depreciation	(44,305)	(41,841)	(189)	-	-	(79)
Total Fixed Assets (Net)	<u>\$ 49,432</u>	<u>\$ 44,400</u>	<u>\$ 1,123</u>	<u>\$ 506,838</u>	<u>\$ 919,185</u>	<u>\$ 32</u>

Notes to the Financial Statements

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

<u>Description</u>	<u>Balance July 1, 1999</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers Between Asset Class and Funds</u>	<u>Balance June 30, 2000</u>
Land	\$ 18,677	\$ 268	\$ -	\$ -	\$ 18,945
Buildings	294,623	6,068	(467)	4,098	304,322
Improvements Other Than Buildings	52,362	2,152	(43)	217	54,688
Equipment	122,043	8,961	(8,804)	-	122,200
Construction In Progress	4,685	6,313	-	(4,315)	6,683
Total General Fixed Assets	\$ 492,390	\$ 23,762	\$ (9,314)	\$ -	\$ 506,838

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

Project Description:

<u>Enterprise Funds</u>	<u>Amount Authorized</u>	<u>Amount Expended Through June 30, 2000</u>	<u>Balance Authorized</u>
Mill And Elevator:			
Sifter Drive Upgrade A-B Mill	\$ 10	\$ 10	\$ -
Water Softener Project	15	9	6
Switch Gear For Powerhouse	40	-	40
Time Clocks	12	11	1
Electrical Ctrl. System Whole Wheat Mill	50	25	25
Paving On Track #5	35	27	8
Mill Upgrade/Expansion	19,500	16,123	3,377
State Fair:			
All Seasons Arena Renovation	7,150	6,949	201
Total	\$ 26,812	\$ 23,154	\$ 3,658

Project Description:

<u>General Fixed Asset Account Group</u>	<u>Amount Authorized</u>	<u>Amount Expended Through June 30, 2000</u>	<u>Balance Authorized</u>
Boiler – Capitol	\$ 158	\$ 62	\$ 96
Life Safety Project	55	4	51
Security Command Center	100	11	89
Gazebo	200	187	13
Boiler Replacement	1,050	280	770
Sprinkler System	112	85	27
Pump House Construction	212	105	107
AASF Readiness Center	6,794	5,053	1,741
GF Lot Improvements	269	257	12
Adolescent Sprinkler	61	9	52
9W Building Demolition	61	-	61
Pine Cottage Renovation	1,975	292	1,683
JRCC 5th & 6th Floors	2,353	58	2,295
JRCC Lobby & Front Entrance	325	41	284
Riverdale Office Building	699	219	480
Valley City Heating System Upgrade	60	20	40
Total General Fixed Asset Account Group	\$ 14,484	\$ 6,683	\$ 7,801

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Project Description:

<u>University System</u>	<u>Amount Authorized</u>	<u>Amount Expended Through June 30, 2000</u>	<u>Balance Authorized</u>
Music Addition	\$ 768	\$ 58	\$ 710
House Project	125	125	-
Student Center Renovation	511	155	356
West Dining Center Renovation	150	110	40
Animal Care Facility	4,178	382	3,796
Minard Hall	62	38	24
Student Health & Wellness Center	3,688	669	3,019
Animal Research Facility	4,630	3,849	781
Barnes & Noble Bookstore	2,783	2,600	183
North Dome Lobby	380	27	353
11th Avenue	438	135	303
North Parking	110	6	104
Tunnel Projects	110	17	93
Ceramics Lab	60	32	28
Swain Hall	30	3	27
Chemical Storage	7	7	-
Life Safety Project	437	60	377
Foss Hall Air Quality	38	2	36
Total	<u>\$ 18,505</u>	<u>\$ 8,275</u>	<u>\$ 10,230</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, 2000, amounted to \$15,460,923.

Future minimum rental payments required under operating leases that have initial or remaining non-cancellable lease terms in excess of one year as of June 30, 2000, for all fund types are as follows (expressed in thousands):

<u>Year Ending June 30</u>	<u>Amounts</u>
2001	\$ 9,714
2002	4,139
2003	2,541
2004	1,869
2005	1,399
Thereafter	1,973
Total Minimum Lease Payments	<u>\$ 21,635</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, 2000 (expressed in thousands):

<u>Year Ending June 30</u>	<u>Amounts</u>
2001	\$ 449
2002	414
2003	414
2004	414
2005	48
Thereafter	117
Future Income on Noncancellable Operating Leases	<u>\$ 1,856</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 Asset Account Group and University System (discrete presentation) respectively.

Notes to the Financial Statements

The schedule below lists the future minimum lease payments under these capital leases and the present

value of the net minimum lease payments at June 30, 2000 (expressed in thousands):

Year Ending June 30	Governmental Fund Types	Proprietary Fund Types	Fiduciary Fund Types	University System
2001	\$ 3,038	\$ 91	\$ 6	\$ 5,956
2002	2,258	31	2	5,342
2003	811	23	-	5,162
2004	555	9	-	3,608
2005	-	-	-	2,676
Thereafter	-	-	-	6,529
Total Minimum Lease Payments	6,662	154	8	29,273
Less: Amount Representing Interest	(574)	(11)	-	(4,984)
Present Value of Future Minimum Lease Payments	<u>\$ 6,088</u>	<u>\$ 143</u>	<u>\$ 8</u>	<u>\$ 24,289</u>

Changes in Capital Lease Obligations for the year ended June 30, 2000, are as follows (expressed in thousands):

	Governmental Fund Types	Proprietary Fund Types	Fiduciary Fund Types	University System
Balance at July 1, 1999	\$ 9,744	\$ 342	\$ 14	\$ 26,663
Leases Added	-	-	-	6,044
Payments	(3,656)	(199)	(6)	(8,418)
Balance at June 30, 2000	<u>\$ 6,088</u>	<u>\$ 143</u>	<u>\$ 8</u>	<u>\$ 24,289</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 semiannually; 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, 2000, 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, the 1998 Series A, B, and C Bonds, and the 2000 Series A Bonds have interest payable semiannually on June 1 and December 1 of each year. The bonds of each series are subject to optional and/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

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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, 2000, there were \$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 1995 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 \$60,166,600 at June 30, 2000. Water development projects that will benefit from the financing are as follows:

Water Development Trust Fund	\$57,300,000
Southwest Pipeline Project	2,866,600

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.

Interest is payable semiannually on February 1 and August 1 of each year for the 2000 Series A Bonds. The bonds are subject to an optional 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 August 1, 2010, 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, 2000.

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 that 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.

The Agency has \$3,500,000 outstanding letters of credit related to the Single Family Bonds at June 30, 2000. 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, 2000, the Agency has not drawn on letters of credit.

STATE OF NORTH DAKOTA

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 6/30/00
Primary Government			
General Long-Term Debt Account Group:			
<u>Building Authority</u>			
Series A:			
1991	2001-2005	6.30-6.60	\$ 730
1992	2001-2008	5.80-6.40	190
1993	2001-2010	5.25-6.00	21,322
1995	2001-2017	5.00-6.10	15,372
1998	2001-2019	4.40-5.125	7,850
2000	2002-2020	5.125-5.60	4,430
Series B:			
1993	2001-2015	4.50-5.50	12,658
1998	2002-2011	4.50-5.00	11,340
Series C:			
1998	2001-2010	3.45-4.35	3,140
Subtotal			77,032
<u>Lignite Research</u>			
Series A:			
1995	2001-2006	4.60-5.75	6,160
<u>Water Commission</u>			
Series 1997 A:			
Serial Bonds	2001-2012	4.35-5.50	1,725
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
Series 1998 A:			
Serial Bonds	2001-2018	4.25-5.75	765
Term Bonds	2024	5.875	455
Term Bonds	2002-2039	4.75	100
Series 1999 A:			
Term Bonds	2003-2040	4.375	17
Series 2000 A:			
Serial Bonds	2002-2021	5.00-6.00	32,095

Description	Maturity Date	Interest Rate (%)	Balance 6/30/00
Series 2000 B:			
Term Bonds	2004-2041	5.125	16
Subtotal			43,533
Enterprise Funds:			
<u>State Fair</u>			
Series A:			
1994	2001-2012	3.50-6.00	2,474
<u>Student Loan Trust</u>			
Series A:			
1989	2002-2006	6.90-7.00	3,628
1996	2003	4.50	6,850
1997	2002-2003	4.40	52,748
1998	2002	4.50	16,124
Series B:			
1988	2001-2003	7.70-7.90	5,504
1996	2006	4.45	10,550
1997	2006-2028	4.449	15,269
1998	2006	4.55	29,782
Series C:			
1989	2003-2006	7.20-7.25	5,482
1996	2003	5.45	4,160
Series D:			
1996	2007-2015	5.80-6.40	3,000
Subtotal			153,097
<u>Housing Finance</u>			
<u>Multi-Family Bonds</u>			
Series 1990 D:			
Term Bonds	2001-2016	7.75	295
Series 1990 E:			
Term Bonds	2001-2016	7.75	280
Series 1993 A:			
Term Bonds	2001-2005	5.125	70
Term Bonds	2004-2024	5.75	1,794
Series 1995 A:			
Serial Bonds	2001-2008	4.45-5.50	1,670
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	2001-2005	6.30-6.85	260
<u>Single Family Bonds</u>			
Series 1986 A:			
Serial Bonds	2001-2002	6.90-7.05	260
Term Bonds	2008	7.25	1,287
Term Bonds	2018	7.375	3,890
Series 1989 A:			
Serial Bonds	2001-2005	7.70-8.00	1,230

Notes to the Financial Statements

Description	Maturity Date	Interest Rate (%)	Balance 6/30/00	Description	Maturity Date	Interest Rate (%)	Balance 6/30/00
Cap. Apprec. Bonds	2005-2009	8.00-8.10	7,228	Term Bonds	2015	6.30	5,110
Term Bonds	2012	8.30	1,247	Series 1995 A:			
Term Bonds	2022	8.375	6,001	Serial Bonds	2001-2010	6.00-7.15	1,515
Series 1989 B:				Term Bonds	2016	7.40	1,615
Term Bonds	2014	8.00	755	Term Bonds	2021	7.10	1,540
Series 1990 A:				Term Bonds	2027	7.50	1,460
Serial Bonds	2001-2006	7.00-7.50	550	Series 1995 B:			
Term Bonds	2011	7.90	765	Serial Bonds	2001-2011	4.90-6.00	4,460
Term Bonds	2024	8.05	4,245	Term Bonds	2016	6.25	3,305
Series 1990 B:				Term Bonds	2019	5.875	830
Serial Bonds	2001-2006	6.60-7.20	785	Term Bonds	2027	6.32	8,895
Term Bonds	2011	7.625	1,065	Series 1995 D:			
Term Bonds	2025	7.75	6,025	Serial Bonds	2001-2012	4.70-6.15	1,440
Series 1990 C:				Term Bonds	2017	6.30	1,015
Serial Bonds	2001-2006	6.35-7.00	1,015	Term Bonds	2021	5.80	775
Term Bonds	2011	7.25	1,325	Term Bonds	2028	6.325	2,380
Term Bonds	2025	7.30	7,820	Series 1995 F:			
Series 1991 A:				Serial Bonds	2001-2011	4.55-5.85	3,580
Serial Bonds	2001-2007	6.05-6.75	1,050	Term Bonds	2016	6.00	2,625
Term Bonds	2013	6.95	1,300	Term Bonds	2020	5.50	1,035
Term Bonds	2024	7.00	4,500	Term Bonds	2026	6.15	920
Series 1992 A:				Term Bonds	2027	6.15	5,910
Serial Bonds	2001-2007	5.90-6.50	1,760	Series 1996 A:			
Term Bonds	2013	6.75	2,295	Serial Bonds	2001-2012	4.70-6.15	4,440
Term Bonds	2024	6.80	7,195	Term Bonds	2017	6.30	3,090
Series 1992 B:				Term Bonds	2021	5.80	1,940
Serial Bonds	2001-2007	5.40-6.25	3,210	Term Bonds	2028	6.325	7,900
Term Bonds	2014	6.70	3,450	Series 1996 B:			
Term Bonds	2019	6.00	4,440	Serial Bonds	2001-2012	4.70-6.05	4,570
Term Bonds	2026	6.80	5,200	Term Bonds	2017	6.25	3,075
Series 1993 A:				Term Bonds	2021	5.70	1,605
Serial Bonds	2001-2009	4.15-5.10	1,555	Term Bonds	2028	6.40	4,020
Term Bonds	2025	5.55	5,580	Term Bonds	2028	6.45	4,365
Series 1994 A:				Series 1996 C:			
Serial Bonds	2003-2010	5.10-5.50	2,215	Serial Bonds	2001-2013	4.25-5.75	7,965
Term Bonds	2026	5.95	4,405	Term Bonds	2018	5.95	4,630
Series 1994 B:				Term Bonds	2021	5.15	3,210
Serial Bonds	2001-2003	4.40-4.80	630	Term Bonds	2029	6.10	13,240
Term Bonds	2026	5.80	4,995	Series 1996 D:			
Series 1994 C:				Serial Bonds	2001-2013	4.20-5.60	5,605
Serial Bonds	2001-2010	5.20-6.40	2,160	Term Bonds	2018	5.80	3,435
Term Bonds	2017	6.25	10	Term Bonds	2022	5.10	2,610
Term Bonds	2026	6.95	8,475	Term Bonds	2029	5.90	8,805
Series 1994 D:				Series 1997 A:			
Serial Bonds	2001-2010	5.15-6.25	6,285	Serial Bonds	2001-2012	4.40-5.90	3,460
Term Bonds	2020	6.25	2,420	Term Bonds	2018	6.00	2,235
Term Bonds	2025	6.75	8,710	Term Bonds	2021	5.30	1,255
Series 1994 E:				Term Bonds	2028	6.15	2,110

STATE OF NORTH DAKOTA

Description	Maturity Date	Interest Rate (%)	Balance 6/30/00	Description	Maturity Date	Interest Rate (%)	Balance 6/30/00
Term Bonds	2028	6.15	3,360	Series 1999 A:			
Series 1997 B:				Serial Bonds	2001-2015	3.20-5.15	14,375
Serial Bonds	2001-2013	4.30-5.50	2,450	Term Bonds	2020	5.20	5,085
Term Bonds	2018	5.75	1,560	Term Bonds	2030	4.85	18,910
Term Bonds	2021	5.00	965	Term Bonds	2030	5.25	16,630
Term Bonds	2029	5.85	3,645	Series 1999 B:			
Series 1997 C:				Term Bonds	2019	6.10	3,268
Serial Bonds	2001-2014	3.90-5.35	8,690	Series 1999 D:			
Term Bonds	2019	5.50	5,080	Serial Bonds	2002-2015	4.45-5.80	9,020
Term Bonds	2022	4.70	3,980	Term Bonds	2020	5.95	4,225
Term Bonds	2030	5.55	5,290	Term Bonds	2030	5.40	9,375
Term Bonds	2030	5.55	6,785	Term Bonds	2030	6.00	17,380
Series 1997 D:				Series 1999 E:			
Serial Bonds	2001-2014	3.80-5.00	11,135	Term Bonds	2001	3.80	50,000
Term Bonds	2019	5.15	6,155	Series 2000 A:			
Term Bonds	2023	4.50	5,055	Serial Bonds	2003-2016	4.85-6.25	13,640
Term Bonds	2030	5.25	1,000	Term Bonds	2021	6.40	7,360
Term Bonds	2030	5.25	13,955	Term Bonds	2031	5.70	13,170
Series 1997 F:				Term Bonds	2031	6.50	8,280
Serial Bonds	2001-2014	4.20-5.60	4,000	Term Bonds	2031	6.50	17,550
Term Bonds	2019	5.80	2,385	Series 2000 B:			
Term Bonds	2023	5.20	2,430	Term Bonds	2001	4.25	60,000
Term Bonds	2029	5.90	5,035	Subtotal			<u>786,353</u>
Series 1997 G:				University System:			
Serial Bonds	2001-2014	4.20-5.45	7,855	<u>VCSU - Valley City</u>			
Term Bonds	2018	4.80	2,945	Dormitory Bonds Of			
Term Bonds	2021	5.05	3,165	1961	2002	4.25	20
Term Bonds	2029	5.75	4,715	Dormitory Bonds Of			
Term Bonds	2030	5.75	8,660	1971	2011	7.20-7.25	455
Series 1998 A:				Technology Fee-1996	2006	4.20-4.75	200
Serial Bonds	2001-2014	4.00-5.15	9,425	<u>Williston State College</u>			
Term Bonds	2019	5.25	5,420	Williston Center	2019	3.00	306
Term Bonds	2023	4.60	5,220	Technology Fee-1996	2006	4.20-4.75	50
Term Bonds	2028	5.35	2,920	<u>Lake Region State</u>			
Term Bonds	2029	5.35	7,215	<u>College</u>			
Series 1998 B:				Dorm Revenue			
Serial Bonds	2001-2014	4.10-5.30	16,790	Bonds of 1965	2004	4.20	75
Term Bonds	2019	5.45	9,760	Building Revenue			
Term Bonds	2023	4.75	10,840	Bonds of 1972	2013	5.90	735
Term Bonds	2029	5.50	3,975	<u>UND-Grand Forks</u>			
Term Bonds	2030	5.50	16,475	EERC Revenue			
Series 1998 E:				Bonds 92	2003	6.15-6.40	1,025
Serial Bonds	2001-2014	3.50-5.00	4,305	Housing & Auxiliary			
Term Bonds	2019	5.15	1,975	Facilities 93A	2013	4.40-5.25	4,060
Term Bonds	2030	4.60	6,300	Building Authority	2010	-	141
Term Bonds	2030	5.25	6,915	Technology Fee-1996	2006	4.20-4.75	964
Series 1998 F:				Building Authority	2002	-	436
Term Bonds	2019	5.28	9,363	1998 A Housing and			
				Refunding	2014	4.05-4.80	22,520

Notes to the Financial Statements

Description	Maturity Date	Interest Rate (%)	Balance 6/30/00
<u>NDSU-Fargo</u>			
1988 Memorial Union			
Addition	2007	7.10-7.70	435
1992 Refunding	2011	5.90-6.50	7,310
IACC Building Match	2009	-	277
Technology Fee-1996	2006	4.20-4.75	669
1996 B Refunding	2008	4.45-5.25	1,110
1999 Student Health & Wellness Center	2029	5.00-5.60	3,455
<u>NDSCS-Wahpeton</u>			
Babcock Hall	2003	4.25	25
McMahon & Forkner Halls	2006	4.00	170
Robertson Hall	2008	4.50	375
Married Student Housing	2012	7.00-7.50	277
Schulz & Forkner Addition	2012	7.00-7.25	525
Nordgaard Hall	2014	6.25-6.30	935
Building Authority	2010	-	156
Technology Fee-1996	2006	4.20-4.75	171
Building Authority	2010	-	250
<u>MISU-Minot</u>			
1992 Refunding	2006	6.40-6.75	1,395
Student Center 1994	2014	4.20-5.50	1,625
Building Authority	2013	-	42
Building Authority	2010	-	989
Technology	2006	4.20-4.75	206
<u>MISU-Bottineau</u>			
1971 Milligan Hall	2011	6.90	241
Technology Fee-1996	2006	4.20-4.75	20
<u>MSU-Mayville</u>			
Agassiz Hall	2007	3.00	225
1998 Refunding	2006	4.20-4.80	590
Technology Fee-1996	2006	4.20-4.75	112
<u>DSU-Dickinson</u>			
1999 Student Union Improvement	2019	4.40-5.90	985
Technology Fee-1996	2006	4.20-4.75	235
Building Authority	2002	-	137
<u>BSC-Bismarck</u>			
Werner Hall 1964	2005	4.00	126
Swenson Hall 1971	2005	7.20-7.40	105
Student Union	2008	6.00-6.10	370
Revenue	2003	4.20-4.40	225
Technology Fee-1996	2006	4.20-4.75	113
Building Authority	2002	-	530
Facilities Improv.-2000	2009	5.25-5.75	230
Subtotal			<u>55,628</u>

Description	Maturity Date	Interest Rate (%)	Balance 6/30/00
Total Revenue Bonds Payable- Primary Government			
			<u>\$ 1,124,277</u>
Description	Maturity Date	Interest Rate (%)	Balance 6/30/00
<u>Component Units</u>			
<u>Municipal Bond Bank</u>			
Series A:			
1979	2000	6.25	\$ 605
Series A Thru O:			
1990	2001-2010	6.65-7.55	365
Series A Thru I:			
1991	2001-2012	5.75-8.75	915
Series A Thru K:			
1992	2001-2012	4.90-6.50	1,570
Series A Thru F:			
1993	2001-2013	3.90-5.75	4,985
Series A:			
1993	2001-2015	4.90-6.25	17,275
Series A:			
1994	2001-2014	4.00-6.50	3,165
Series A Thru C:			
1995	2001-2015	4.40-6.00	1,740
Series A:			
1995	2001-2016	5.50-6.40	5,943
Series A Thru D:			
1996	2001-2016	4.40-6.60	1,175
Series A:			
1996	2001-2018	4.10-6.00	28,265
Series A:			
1997	2001-2016	4.10-7.15	9,750
Series A Thru E:			
1998	2001-2023	3.75-5.25	8,281
Series A:			
1998	2001-2018	3.25-5.00	35,381
Series A and B:			
1999	2001-2014	10.00	9,790
Series A Thru F:			
1999	2001-2023	3.80-8.25	<u>4,530</u>
Total Revenue Bonds Payable-Component Units			<u>\$ 133,735</u>

STATE OF NORTH DAKOTA

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
2001	\$ 130,877	\$ 60,314
2002	45,174	53,257
2003	88,308	50,297
2004	25,856	47,659
2005	27,664	46,825
Thereafter	809,703	574,738
Less Bond Discount	(73)	73
Deferred Amount On Refund	(1,228)	1,228
Accrued Interest At Maturity On Zero Coupon Bonds	(2,004)	2,004
Total	<u>\$ 1,124,277</u>	<u>\$ 836,395</u>

Component Units

Fiscal Year	Principal	Interest
2001	\$ 8,925	\$ 7,297
2002	6,435	6,845
2003	6,610	6,506
2004	6,620	6,168
2005	6,735	5,810
Thereafter	98,410	37,806
Total	<u>\$ 133,735</u>	<u>\$ 70,432</u>

2. NOTES PAYABLE

The following is a schedule of notes payable outstanding at June 30, 2000 (expressed in thousands):

Description	Maturity Date	Interest Rate (%)	Balance 6/30/00
General Fund	2001	8.75	\$ 5,727
Special Revenue:			
Administrative	2001	8.75	110
General Long-Term Debt Account Group:			
Job Service	2001-2006	7.90-9.00	477
Enterprise Funds:			
Bank of North Dakota	2001-2019	3.00-7.35	363,076
State Fair Association	2000	5.85	572
Internal Service Funds:			
Information Technology	2002	4.75	350
University System	2001-2011	4.79-5.52	3,008
Total Primary Government			<u>\$ 373,320</u>

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
2001	\$ 122,998	\$ 15,437
2002	5,938	14,574
2003	25,930	14,048
2004	14,219	12,750
2005	14,901	12,236
Thereafter	189,334	95,080
Total	<u>\$ 373,320</u>	<u>\$ 164,125</u>

Changes in General Long-Term Debt Account Group

Changes in General Long-Term Debt Account Group for the year ended June 30, 2000, were (expressed in thousands):

	Balance July 1, 1999	Additions	Deletions	Balance June 30, 2000
Notes Payable	\$ 623	\$ -	\$ (146)	\$ 477
Intergovernmental Payable	78	13	-	91
Bonds Payable	94,898	36,558	(4,731)	126,725
Claims/Judgments Payable	1,554	311	(824)	1,041
Capital Leases	9,744	-	(3,656)	6,088
Total	<u>\$ 106,897</u>	<u>\$ 36,882</u>	<u>\$ (9,357)</u>	<u>\$ 134,422</u>

Compensated Absences at June 30, 2000, were approximately \$23,350,000, a net increase of \$1,220,000 from the June 30, 1999, balance of approximately \$22,130,000.

3. DEFEASED DEBT

Primary Government

Building Authority Bonds

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, 2000, \$11,250,000 of bonds outstanding are considered defeased.

Student Loan Trust

On June 12, 1997, the Trust deposited \$9,103,789 with an escrow agent to provide for all future debt service payments on the 1992 Series A Bonds. 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, 2000, \$1,910,000 of bonds outstanding are considered defeased.

Housing Finance

Previous to July 1, 1999, Housing Finance defeased certain general obligation bonds by placing bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the State's financial statements. At June 30, 2000, \$13,090,000 of bonds outstanding are considered defeased.

University System

Mayville 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, 2000, of the original bonds refunded by the advance refunding of 1998 totaled \$555,000.

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, 2000, of the original bonds refunded (considered defeased) by the advance refunding total \$290,000.

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 principal amount outstanding as of June 30, 2000, of the original bonds refunded by the advanced refunding of 1998 totaled \$18,625,000.

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, 2000, of the original bonds refunded by the advance refunding of 1985 totaled \$14,320,000.

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, 2000, of the original bonds refunded by the advance refunding of 1984 totaled \$2,660,000.

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, 2000, of the original bonds refunded by the advance refunding of 1975 totaled \$1,505,000.

All of the refunded bonds are considered "defeased" and have debt service needs covered by U.S. Government

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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, 2000, of the defeased certificates totals \$3,560,000.

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, 2000, of the original bonds refunded by the advance refunding total \$1,955,000.

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, 2000.

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, 2000, the principal amount outstanding of the advance refunded portion of the Series 1988 Bonds is \$980,000. As of June 30, 2000, 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 \$435,000.

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 \$160,000 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.

At December 31, 1999, \$6,924,000 of bonds outstanding are considered defeased.

In April 1999, the Bond Bank issued \$10,285,000 (Series A and B Bonds) with an average interest rate of 8.54%. The bonds were used to advance refund all or portions of \$8,710,000 of callable outstanding 1989 Series A and B Bonds with an average interest rate of 10.48%. The refunding resulted in a difference between the acquisition price and the net carrying amount of the old debt of approximately \$48,000. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations over the next fifteen years using the bonds outstanding method. The Bond Bank refunded the bonds to decrease its total scheduled debt payments by approximately \$1,360,000 and to achieve an economic gain (difference between the present values of the scheduled debt service payments on the old and new debt) of approximately \$830,000 over the next fifteen years.

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 \$9,636,977 at June 30, 2000. These amounts are reported in the General Long-Term Debt Account Group and Enterprise Funds as an intergovernmental payable.

NOTE 4 - CONTRIBUTED CAPITAL RECONCILIATION

Changes in contributed capital for the year ended June 30, 2000, were (expressed in thousands):

	Enterprise	Internal Service	Component Units	Total
Contributed Capital, June 30, 1999	\$ 23,775	\$ 21,343	\$ -	\$ 45,118
Additions	-	19	1,285	1,304
Deletions	(1,815)	-	-	(1,815)
Contributed Capital, June 30, 2000	<u>\$ 21,960</u>	<u>\$ 21,362</u>	<u>\$ 1,285</u>	<u>\$ 44,607</u>

Contributed Capital decreased in the Guaranteed Student Loan Program by \$1,815,050 as a result of new legislation (Higher Education Act) passed by the U.S. Congress. Nearly all assets of the Program were transferred to a Federal Student Loan Reserve Fund, which is the sole property of the federal government.

Contributed Capital increased in the Information Technology Department by \$2,040 as a result of an equipment transfer.

Contributed Capital increased in Fleet Services by \$16,500 as a result of an equipment transfer.

Contributed Capital increased in the Development Fund (component unit of the State) by \$1,284,820 as a result of assuming all the assets and liabilities of the Technology Transfer Fund (component unit of the State).

NOTE 5 - RETAINED EARNINGS/FUND EQUITY - SPECIFIC RESERVES

Certain fund equity reserves presented in the accompanying financial statements as of June 30, 2000, 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)	892
Debt Service On Mortgage Loans (Housing Finance)	32,193
Health Insurance Premiums Buydown (PERS Uniform Group Insurance)	3,331
Political Subdivision Water Facilities (Community Water Facilities)	6,385
Loans to Beginning Farmers (Beginning Farmer)	9,859
Loans for Developmentally Disabled Facilities (Developmentally Disabled Facility)	1,231
Other (Student Loan) (1)	73,714
Total	<u>\$ 169,605</u>

- (1) For: -Acquisition of new and existing student loans
 -Repayment of bond interest and principal
 -Meet estimated operating expenses of the trust for the next three years
 -Surplus account

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Component Units:

	<u>Enterprise</u>
Equity Investments, Loans, Grants And Guaranty Of Collections (North Dakota Development Fund, Inc.)	\$ 4,364
Contingencies (Comprehensive Health Association)	(1,062)
Debt Service or Purchase Of Municipal Securities (Municipal Bond Bank)	78,988
Total	<u>\$ 82,290</u>

	<u>General Fund</u>	<u>Special Revenue</u>	<u>Trust And Agency</u>	<u>Univer- sity System</u>
Term Endowment Restricted	-	-	-	5
Institutional Unexpended Plant	-	-	-	8,519
Retirement of Debt/Repair & Replacement	-	-	-	8,369
Total	<u>\$ 694</u>	<u>\$ 106,278</u>	<u>\$ 3,385,183</u>	<u>\$ 80,536</u>

2. RETAINED EARNINGS: DESIGNATED FOR

Primary Government:

	<u>Internal Service</u>
Future Catastrophic Losses (Risk Management Fund)	<u>\$ 1,352</u>

3. FUND BALANCES: RESERVED FOR OTHER

	<u>General Fund</u>	<u>Special Revenue</u>	<u>Trust And Agency</u>	<u>Univer- sity System</u>
Inventory	\$ 611	\$ 5,304	\$ -	\$ -
Long-Term Receivables	83	90,389	-	-
Legal Requirements	-	9,851	597,342	-
Pension Benefits	-	-	2,723,903	-
Post- Employment Healthcare Benefits	-	-	26,209	-
External Pool Participants	-	-	37,729	-
Prepaid Expenditures	-	643	-	-
Arbitrage Rebate	-	91	-	-
Federal Loan Funds	-	-	-	34,375
Institutional Restricted	-	-	-	5,962
Agri. Experiment Station	-	-	-	1,401
Coop. Extension Service	-	-	-	235
Restricted Gift Pool	-	-	-	650
Institutional Loan	-	-	-	9,562
Endowment Restricted	-	-	-	11,395
Quasi Endowment Restricted	-	-	-	63

4. FUND BALANCE: UNRESERVED - DESIGNATED FOR OTHER

	<u>Special Revenue</u>	<u>Trust And Agency</u>
Trust Purposes	\$ -	\$ 7,469
Fund Activities	8	-
Patients Welfare	542	-
PACE Fund Activity	3,487	-
Total	<u>\$ 4,037</u>	<u>\$ 7,469</u>

NOTE 6 - DEFICIT FUND EQUITY

COMPONENT UNITS

COMPREHENSIVE HEALTH ASSOCIATION OF NORTH DAKOTA (CHAND)

At December 31, 1999, CHAND had a deficit of \$1,062,113. Additional member assessments are expected to cover the deficit.

NOTE 7 - RETIREMENT SYSTEMS

A. DESCRIPTION OF PLANS

The State of North Dakota administers four major retirement systems: North Dakota Public Employees' Retirement System, North Dakota Highway Patrolmen's Retirement System, Retirement Plan for the Employees of Job Service North Dakota and the Teachers' Fund for Retirement. The State also administers the North Dakota Defined Contribution Retirement Plan, which was established January 1, 2000. 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, 2000, the number of participating local political subdivisions in PERS was:

Cities and Park Districts	58
Counties	41
School Districts	76
Other	48
Total Participating Local Political Subdivisions	<u>223</u>

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

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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.

Effective January 1, 2000, except for Supreme and district court judges, the employees' account balance includes the vested employer contributions equal to the employee's contributions to an eligible deferred compensation plan.

The minimum member contribution is \$25, and the maximum may not exceed certain parameters based upon years of service.

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 an employee 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 an employee has vested, they have the option of applying for a refund or can remain as a terminated vested participant. If an employee of the PERS terminated and withdrew their accumulated employee contribution and is subsequently re-employed, they have the option of repurchasing their prior service.

RETIREMENT PLAN FOR THE EMPLOYEES OF JOB SERVICE NORTH DAKOTA (JSND)

The retirement plan for employees of Job Service North Dakota is a single-employer defined benefit public employee retirement plan. Previous to September 30, 1993, this plan was funded with the Travelers Insurance Company under Group Annuity Contract GR-600. Effective October 1, 1993, the deposit administration fund was terminated and Group Guaranteed Benefit Contract GR-16312 was in effect. Job Service North Dakota

issues a publicly available financial report that may be obtained by writing to Job Service North Dakota, 1000 East Divide Avenue, Bismarck, North Dakota 58501.

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

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

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

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

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

The System is funded by employee contributions of 7% of retirement wages (of which 4% is paid by the employer in lieu of salary increases). 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 58503.

At June 30, 2000, the number of participating employer units in TFFR was:

<u>Type</u>	<u>Number</u>
Special Education Units	19
Vocational Education Units	4
Public School Districts	230
County Superintendents	17
Other	17
Total	<u>287</u>

A member is entitled to receive full benefits when three 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. 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 1.88% 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.

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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:	4,709	80	199	4,827
Special Prior Service Retirees:	170	-	-	-
Terminated Employees:				
Vested	180	1	6	1,130
Nonvested	2,699	-	-	209
Total Terminated Employees	2,879	1	6	1,339
Active Employees:				
Vested	11,914	66	93	8,587
Nonvested	4,461	56	-	1,438
Total Active Employees	16,375	122	93	10,025
Date of Annual Valuation	July 1, 2000	July 1, 2000	July 1, 2000	July 1, 2000

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

issues a publicly available financial report that may be obtained by writing to Job Service North Dakota, 1000 East Divide Avenue, Bismarck, North Dakota 58501.

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

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

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

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

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

The System is funded by employee contributions of 7% of retirement wages (of which 4% is paid by the employer in lieu of salary increases). 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 58503.

At June 30, 2000, the number of participating employer units in TFFR was:

<u>Type</u>	<u>Number</u>
Special Education Units	19
Vocational Education Units	4
Public School Districts	230
County Superintendents	17
Other	17
Total	<u>287</u>

A member is entitled to receive full benefits when three 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. 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 1.88% 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.

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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:

	<u>PERS</u>	<u>NDHPRS</u>	<u>JSND</u>	<u>TFFR</u>
Retirees and Beneficiaries Currently Receiving Benefits:	4,709	80	199	4,827
Special Prior Service Retirees:	170	-	-	-
Terminated Employees:				
Vested	180	1	6	1,130
Nonvested	2,699	-	-	209
Total Terminated Employees	2,879	1	6	1,339
Active Employees:				
Vested	11,914	66	93	8,587
Nonvested	4,461	56	-	1,438
Total Active Employees	16,375	122	93	10,025
Date of Annual Valuation	July 1, 2000	July 1, 2000	July 1, 2000	July 1, 2000

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 \$12,862,012 at June 30, 2000.

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, 2000, were \$60,823,684, which represents 17.43% of net plan assets.

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, 2000	July 1, 2000	July 1, 2000
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%	4.00%-13.00%
Includes inflation at	4.5%	5%	3.00%
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 zero-years funding period.

*** As of July 1, 2000, the actuarial value of assets exceeds the present value of projected benefits; therefore, the unfunded actuarial accrued liability is currently zero.

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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, 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%)
July 1, 2000	1,027.0	891.9	(135.1)	115.1%	409.0	(33.0%)
NDHPRS						
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%
July 1, 2000	35.9	34.0	(1.9)	105.6%	4.7	(40.4%)
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%
July 1, 2000	71.0	N/A	-	N/A	3.7	0.0%
TFFR						
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	1,053.1	1,188.4	135.3	88.6%	314.6	43.0%
July 1, 2000	1,308.5	1,287.9	(20.6)	101.6%	323.0	(6.4%)

*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.

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

Schedule of Employer Contributions

		Annual Required Contribution	Percentage Contributed
PERS			
1998	\$	10,810,265	100%
1999		9,698,810	100%
2000		13,457,783	100%
TFFR			
1998	\$	23,326,328	100%
1999		24,257,091	100%
2000		25,528,245	100%

For NDHPRS and JSND, sole employer plans, the following schedule represents the annual pension costs and net pension obligations for the year ended June 30, 2000:

	NDHPRS	JSND
Annual required contributions	\$ 532,786	\$ -
Interest on net pension obligations	-	(134,996)
Adjustment to annual required contributions	-	138,789
Annual pension costs	532,786	3,793
Contributions made	741,089	-
Increase in net pension obligations	(208,303)	3,793
Net pension obligations, beginning of year	-	(1,687,455)
(Assets in excess of) net pension obligations, end of year	<u>\$ (208,303)</u>	<u>\$ (1,683,662)</u>

The following schedule presents the annual pension costs, the percentages contributed, and the net pension obligations:

	Annual Pension Costs (APC)	Percentage of APC Contributed	Net Pension Obligations
NDHPRS			
1998	\$ 609,384	100%	\$ -
1999	521,216	100%	-
2000	532,786	139%	(208,303)
JSND			
1998	\$ -	N/A%	\$ (577,936)
1999	1,299	85,513%	(1,687,455)
2000	3,793	0%	(1,683,662)

E. DEFINED CONTRIBUTION PLAN

The North Dakota Defined Contribution Retirement Plan was established on January 1, 2000, and is administered in accordance with chapter 54-52.6 of the North Dakota Century Code. The Defined Contribution Plan covers state employees who are in positions not classified by the central personnel division of the State. Employees of the judicial branch or the Board of Higher Education and state institutions under the jurisdiction of the Board of Higher Education are not eligible to participate in the Defined Contribution Plan. The Defined Contribution Plan had 237 participants as of June 30, 2000.

Upon the death of a participating employee or former participating employee, the vested account balance of that deceased participant is available to the participant's designated beneficiary(ies). An employee who becomes totally and permanently disabled while employed by the State is eligible to receive a distribution of the vested account balance. To qualify under this section, the employee must meet the criteria established by the System for being totally disabled.

Employees are entitled to their vested account balance. A participating employee is immediately 100% vested in the employee's contributions. A participating employee vests in the employer contributions made on the employee's behalf as follows:

Upon completion of two years of service	50%
Upon completion of three years of service	75%
Upon completion of four years of service	100%

Employees may elect to receive their account balance in a lump sum, lump sum direct rollover, or periodic distribution.

Contributions are set by state statute and are a percentage of salaries and wages. Employee contributions are established at 4%, and employer contributions are established at 4.12% of regular compensation. Employee contributions totaled \$192,307 for the fiscal year ended June 30, 2000.

The Board, or vendors contracted by the Board, have exclusive authority to invest and manage the assets of the Defined Contribution Plan. State statute allows each participating employee to direct the investment of the individual's employer and employee contributions and earnings to one or more investment options within the available categories of investment as established by the Board. The following investments represent 5% or more of net plan assets at June 30, 2000:

Fidelity Growth Company Mutual Fund	22.95%
Fidelity Managed Income Portfolio Mutual Fund	15.45%

Fidelity Diversified International Mutual Fund	10.55%
Alger Small Cap Retirement Mutual Fund	9.49%
Fidelity Freedom 2020 Mutual Fund	9.30%
Fidelity Spartan 500 Index Mutual Fund	8.49%
Fidelity Freedom 2010 Mutual Fund	7.61%
Fidelity Equity Income Mutual Fund	5.48%

F. 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 \$13,487,879, which is the required contribution, for the fiscal year ended June 30, 2000.

NOTE 8 - POST-RETIREMENT BENEFITS

The Retiree Health Benefits Fund is administered by the North Dakota Retirement Board (the Board) to provide members receiving retirement benefits from the Public Employees Retirement System (which includes judges retired under NDCC 27-17), the Highway Patrolmen's Retirement System, the Defined Contribution Retirement Plan, 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, the Highway Patrolmen's Retirement System, and the Defined Contribution Retirement Plan 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, the Defined Contribution Retirement Plan, 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 \$187,854 for the period ending June 30, 2000. The number of employees from Job Service using the credit was 150 at June 30, 2000. 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, 2000. 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 fair 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
Net effect of change in retirement age assumption	.03%	\$ 124,195

Employer contributions totaling \$3,992,189 were made for the year ended June 30, 2000. The actuarially required employer contribution of \$4,211,825 for the year ended June 30, 2000, is 1.02 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, 2000, the cost of benefits incurred for the fund was \$3,409,471.

Employee membership is as follows:

Retirees receiving benefit	3,169
Active participants	16,720
Total Membership	19,889

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	\$ 61,901,039
Net assets available for benefits, at actuarial value	22,575,796
"Unfunded" accrued liability	\$ 39,325,243

The fair value of the net assets available for benefits at June 30, 2000, is \$26,089,630.

NOTE 9 - DEFERRED COMPENSATION PLAN

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

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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 fair value as follows (expressed in thousands):

Plan Participation By:	
State of North Dakota	\$ 5,653
Other Jurisdictions	1,163
Total Value	<u>\$ 6,816</u>

NOTE 10 - PERS UNIFORM GROUP INSURANCE 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, 1999, the State's portion of the surplus was determined to be \$4.9 million. This amount was reduced by claims paid during the current fiscal year that were incurred in the 1997-99 biennium. The State used \$2.1 million and \$5.5 million of the accumulated surplus and earnings during the fiscal years 2000 and 1999, respectively, to reduce the premium rates. The accumulated surplus and other invested funds in the amount of \$2.8 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 1999-01 biennium provides for a similar accounting of surplus balances. As of June 30, 2000, the surplus for the 2000 fiscal year is \$10.4 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 \$552,810 is shown as cash on the State's balance sheet.

NOTE 11 - SEGMENT INFORMATION

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

Primary Government

Bank of North Dakota was established for the purpose of promoting agriculture, commerce and industry in North Dakota. 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.

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, 2000, is as follows (expressed in thousands):

STATE OF NORTH DAKOTA

Schedule of Segment Information - Enterprise Funds

For The Fiscal Year Ended June 30, 2000

(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	\$ 105,770	\$ 766	\$ 57	\$ 500	\$ 502	\$ 4,710	\$ 2,527
Operating Expenses	76,729	468	80	81	308	2,909	2,687
Depreciation	486	-	-	-	-	6	-
Operating Income (Loss)	29,041	298	(23)	419	194	1,801	(160)
Operating Transfers:							
In	17	1,000	-	-	-	-	2,000
Out	(29,509)	-	-	-	(1,184)	(32)	-
Tax Revenues	-	-	-	-	-	-	-
Net Income (Loss)	(451)	1,298	504	419	(989)	3,655	(2,028)
Current Capital Contributions and Transfers	-	-	-	-	-	-	-
Property, Plant, and Equipment :							
Balance June 30, 2000	2,837	-	-	-	-	9	-
Additions	270	-	-	-	-	7	-
Deletions	(583)	-	-	-	-	(25)	-
Total Assets	1,686,761	17,598	6,075	16,405	7,452	19,489	17,266
Net Working Capital	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Liabilities Payable From Operating Revenues	372,219	-	85	-	4,282	1,825	175
Total Equity	138,869	17,585	4,922	16,385	3,160	14,065	2,122

N/A: Not Available

Notes To The Financial Statements

							Total Enterprise Funds
Housing Finance	Mill And Elevator	PERS Uniform Group Insurance	Roughrider Industries	State Fair	Student Loan	Workers Compensation	June 30 2000
\$ 60,068	\$ 60,988	\$ 734	\$ 3,063	\$ 3,130	\$ 15,835	\$ 102,301	\$ 360,951
53,625	59,499	564	3,160	3,403	11,308	163,202	378,023
26	1,435	-	61	500	-	599	3,113
6,443	1,489	170	(98)	(273)	4,527	(60,901)	(17,073)
-	-	-	-	380	-	-	3,397
(23)	(27)	-	(1)	-	-	-	(30,776)
-	-	-	-	4,284	-	-	4,284
6,420	1,823	431	(96)	4,333	4,527	35,068	54,914
-	-	-	-	-	-	-	-
103	29,895	-	477	14,813	-	1,299	49,433
50	16,202	-	7	6,989	-	199	23,724
(26)	-	-	(46)	(9)	-	(58)	(747)
866,237	50,176	4,242	1,976	17,103	232,179	1,155,091	4,098,050
N/A	17,549	N/A	1,260	730	N/A	N/A	19,539
786,464	532	36	78	2,518	153,097	750,110	2,071,421
44,704	47,502	3,331	1,573	13,275	73,714	126,242	507,449

N/A: Not Available

NOTE 12 - 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, 2000, are as follows (expressed in thousands):

Notes To The Financial Statements

Condensed Financial Information - Component Units For The Fiscal Year Ended June 30, 2000

Condensed Balance Sheet

	Comprehensive Health Association	Municipal Bond Bank	North Dakota Development Fund	Technology Transfer Inc.	Total June 30 2000
Assets					
Cash	\$ 255	\$ 1,201	\$ 7,497	\$ -	\$ 8,953
Investments	-	210,361	2,877	-	213,238
Accounts Receivable - Net	41	-	-	-	41
Interest Receivable - Net	-	2,526	344	-	2,870
Loans And Notes Receivable - Net	-	-	10,212	-	10,212
Advances To Primary Government	-	9,143	-	-	9,143
Unamortized Bond Issuance Costs	-	1,360	-	-	1,360
Fixed Assets (Net Of Depreciation)	-	7	24	-	31
Total Assets	\$ 296	\$ 224,598	\$ 20,954	\$ -	\$ 245,848
Liabilities					
Accounts Payable	\$ 107	\$ 8	\$ -	\$ -	\$ 115
Interest Payable	-	1,621	-	-	1,621
Intergovernmental Payable	-	1,103	-	-	1,103
Claims/Judgements Payable	1,025	-	-	-	1,025
Advances From Primary Government	-	9,143	-	-	9,143
Bonds Payable	-	133,735	-	-	133,735
Deferred Revenue	226	-	34	-	260
Total Liabilities	1,358	145,610	34	-	147,002
Equity					
Contributed Capital	-	-	1,285	-	1,285
Retained Earnings	(1,062)	78,988	19,635	-	97,561
Total Equity	(1,062)	78,988	20,920	-	98,846
Total Liabilities And Equity	\$ 296	\$ 224,598	\$ 20,954	\$ -	\$ 245,848

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 2000
Operating Revenues	\$ 6,121	\$ 10,991	\$ 1,214	\$ -	\$ 18,326
Operating Expenses					
Depreciation	-	(5)	-	-	(5)
Other	(5,637)	(9,656)	(2,101)	-	(17,394)
Operating Income (Loss)	484	1,330	(887)	-	927
Nonoperating Revenues	30	-	-	-	30
Operating Grant	-	16,765	-	-	16,765
Operating Transfers From Primary Government	-	-	375	-	375
Net Income (Loss)	514	18,095	(512)	-	18,097
Fund Equity - Beginning Of Year	(1,576)	60,893	20,147	1,285	80,749
Residual Equity Transfers Out	-	-	-	(1,285)	(1,285)
Contributed Capital	-	-	1,285	-	1,285
Fund Equity - End Of Year	\$ (1,062)	\$ 78,988	\$ 20,920	\$ -	\$ 98,846

NOTE 13 - 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	\$ 242,339
Financial standby letters of credit	72,317
	<u>\$ 314,656</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.

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 \$10,983,000 at June 30, 2000. 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 \$17,469,000 at June 30, 2000.

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 \$16,370,000 at December 31, 1999.

NOTE 14 - 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 15 - 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 2000, a total of \$150,631,678 in claims was recognized. Incurred but not reported claims of \$749,700,000 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 tort 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. The need for and amount of funding is determined using a projected cost allocation

approach. The premise of this plan is that the agencies with greater expected loss costs should contribute more to the funding of the RMF than those agencies with lesser costs. The underlying logic is that contributions should roughly equal loss costs plus the expenses of administering the program over the long term.

The RMF liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. 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, 1999, and June 30, 2000:

Fiscal Year	Beginning Balance	Current Year Claims and Changes In Estimates	Claims Payments	Ending Balance
1999	\$ 2,821,206	\$ 1,303,000	\$ 827,466	\$ 3,296,740
2000	3,296,740	1,352,000	711,154	3,937,586

NOTE 16 - 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 1,097 policies to participating entities for a total building and content coverage of \$4.77 billion. The Bonding Fund is used to provide fidelity bonding of public employees and officials. The Fund has issued 2,900 policies to participating entities. The total coverage for the Bonding Fund is \$546,525,821. 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

STATE OF NORTH DAKOTA

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, 2000, 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, 2000, coverage extended to the following employer units:

Local Governments	1,870
State Agencies	90
Private Employers	20,699
Total	<u>22,659</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, 2000, 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)	\$ 800,000	\$ 885,655	\$ 1,020,000
Discounted at 6% rate	*	499,700	575,000
Discounted at 1.5% rate	-	749,700	-

*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 \$749.7 million at June 30, 2000. The addition of the contingency reserve represents an estimated liability reserve at a discount of 1.5 percent. This adjustment resulted in an increase to expenses of \$90 million in 2000.

The June 30, 1999, liability of \$668.8 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 3.00 percent. The 1999 liability resulted in an increase to expenses of \$45 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, 2000.

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	
	2000	1999	2000	1999	2000	1999
Unpaid claims and claims adjustment expenses at the beginning of the year	\$ 6,133	\$ 5,176	\$ 258	\$ 109	\$ 668,800	\$ 591,700
Incurred claims and claims adjustment expenses:						
Provision for current fiscal year	2,104	3,578	60	229	80,505	92,130
Change in provision for prior fiscal year	-	-	-	-	(19,872)	19,368
Payments and claims and adjustment expenses attributable to:						
Current fiscal year insured events	(303)	2,555	22	29	(16,157)	(14,317)
Prior fiscal years' insured events	(6,133)	(5,176)	(258)	(109)	(55,290)	(52,901)
Total Payments	(6,436)	(2,621)	(236)	(80)	(71,447)	(67,218)
Change in provision for discount		-		-	(696)	(13,000)
Contingency reserve for adverse deviation	-	-	-	-	90,000	45,000
Other	-	-	-	-	2,410	820
Total unpaid claims and claims adjustment expenses at the end of the year	<u>\$ 1,801</u>	<u>\$ 6,133</u>	<u>\$ 82</u>	<u>\$ 258</u>	<u>\$ 749,700</u>	<u>\$ 668,800</u>

NOTE 17 - 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. This amount has been accrued as a liability in the State's financial statements. 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 18 - COMMITMENTS AND CONTINGENCIES**A. LONG-TERM COMMITMENTS****BANK OF NORTH DAKOTA**

The 1999 North Dakota Legislature passed Senate Bill 2015, which included a contingent Bank transfer to the state general fund. If, during the biennium ending June 30, 2001, the director of the Office of Management and Budget determines via revised projections that general fund revenue collections will not meet the revenues as forecast in the March 1999 legislative forecast, the Industrial Commission shall transfer to the state general fund an additional amount, as determined by the director of the Office of Management and Budget and as approved by the budget section, from the earnings and accumulated and undivided profits of Bank of North Dakota. Transfers made under these provisions may not be made before July 1, 2000, and may only be

STATE OF NORTH DAKOTA

made to the extent necessary to achieve a projected June 30, 2001, general fund balance of \$10,000,000. The moneys must be transferred in amounts and at such times as requested by the director of the Office of Management and Budget. The additional amount transferred may not exceed the lesser of \$40,000,000 or the revenue shortfall of actual collections compared to the March 1999 legislative forecast.

No transfers may be made which would reduce the Bank's capital structure below \$100,000,000.

The 1999 North Dakota Legislature passed Senate Bill 2188, which authorizes the State Water Commission to issue \$84,800,000 in bonds and appropriate the proceeds for various statewide water development projects.

Principal and interest on the bonds are payable first from moneys received by the State pursuant to the 1998 settlement agreement with tobacco product manufacturers, and any earnings on these moneys; second from revenues in the Resources Trust Fund; and then from any other revenues the State Water Commission makes available. If sufficient funds from these sources are not available, principal and interest on the bonds will be payable from the first available current biennial earnings of the Bank of North Dakota, not to exceed \$6,500,000 per biennium. No appropriation was made from the Bank of North Dakota for the 1999-2001 biennium by the Legislature.

The Bank of North Dakota shall extend a line of credit not to exceed \$84,800,000 for the biennium ending June 30, 2001, to the State Water Commission for the purpose of interim financing until bonds are issued. Advances on the line of credit may be made only when a source of repayment has been identified and determined to be available. As of December 31, 1999, Bank of North Dakota has funded \$965,000 and has a commitment outstanding of \$39,035,000 included in commitments to extend credit.

MILL AND ELEVATOR

As of June 30, 2000, the Mill had commitments to purchase 598,191 bushels of spring wheat and 120,565 bushels of durum.

STATE COURTS

As of June 30, 2000, the state courts had significant commitments of \$1,293,114. The amount consists of indigent defense contracts with law firms around the state to provide legal services for eligible indigent persons at all stages of proceedings as specified in the contracts.

BUILDING AUTHORITY

The Authority has committed funds to complete various construction and modernization programs at June 30, 2000, as follows (expressed in thousands):

Department of Corrections	\$ 1,297
State Board of Higher Education	2,218
	<u>\$ 3,515</u>

The Authority has also committed to fund construction projects for Williston State College. The cost of this construction project is not known as of June 30, 2000.

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, 1999, there were \$129,648 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 \$7,150,000 for construction costs and architect fees for the expansion or Phase 1 of the project. The Association has received \$5,943,684 in sales tax collections from the City of Minot and paid out \$6,949,235 in construction costs, which are included in Construction In Progress at September 30, 1999. Unexpended sales tax collections are classified as restricted cash and sales tax collections received in October 1999 are recorded as restricted receivables in the financial statements.

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, 2000, totaled \$621,270.

DEPARTMENT OF HUMAN SERVICES

As of June 30, 2000, the Department of Human Services had significant commitments for the purchase of services as follows (expressed in thousands):

ADA Services	\$ 202
Administrative Services	987
Alcohol/Drug Abuse Prevention	392
Assisted Technology Services	114
Case Aide Services	1,540
Case Management	113
Child Care/Dependent Services	337
Computer Systems Services	2,927
Consultant	484
Consultation-Psychiatric	427
Detoxification	113
Education Programs	391
Employment and Training	423
Family Preservation	1,702
Guardianship Services	418
Independent Living	613
Inpatient Hospitalization	725
Intensive In-home	1,701
Jobs Program	123
Legal Services	146
Master Contract	200
Mental Health Services	571
Psych/Social Club	212
Psychiatric Services	914
Refugee Assistance	105
Residential Services	3,029
Training Services	743
Utilization Review	267
Total	<u>\$ 19,919</u>

INDUSTRIAL COMMISSION

As of June 30, 2000, 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, 2000, the Public Service Commission had significant commitments of \$629,693. This amount consists primarily of contractor charges associated with the Abandoned Mine Lands.

AERONAUTICS COMMISSION

As of June 30, 2000, the Aeronautics Commission had significant commitments of \$350,000. This amount consists of grants to political subdivisions for maintenance and improvements of their airports.

ECONOMIC DEVELOPMENT AND FINANCE

As of June 30, 2000, Economic Development and Finance had significant commitments of \$488,449. This amount consists of grants for the research and development of North Dakota agriculture products.

DAIRY PRODUCTS PROMOTION COMMISSION

As of June 30, 2000, the Dairy Products Commission had significant commitments of \$328,850. This amount consists of a contract with Midwest Dairy Association to implement and administer programs intended to contribute to the betterment of North Dakota dairy farmers and the State's dairy industry. The contract also provides the Commission with administrative, financial, and reporting services.

NORTH DAKOTA SOYBEAN COUNCIL

As of June 30, 2000, the North Dakota Soybean Council had significant commitments of \$212,022. This amount mainly consists of grants for the research and development of soybeans.

STATE WATER COMMISSION

As of June 30, 2000, the State Water Commission had long-term commitments of the following (expressed in thousands):

Atmospheric Resources Board	\$ 125
Hydrologic Investigations	461
Devils Lake	390
Maple River Flood Control	71
Nesson Valley Irrigation	1,291
Northwest Area Water Supply	74
Southwest Pipeline Project	910
Flood Mitigation Assistance	25
General Contracts	2,095
Elk/Charbon Irrigation District	1,000
Total	<u>\$ 6,442</u>

STATE OF NORTH DAKOTA

NORTH DAKOTA DEPARTMENT OF TRANSPORTATION

At June 30, 2000, the North Dakota Department of Transportation (Special Revenue Fund) had non-construction contract commitments of approximately \$5.1 million of which \$2.5 million represents federal programs which are cost reimbursable.

Construction commitments at June 30, 2000, totaled approximately \$137.3 million, of which \$108.7 million represents federal programs which are cost reimbursable. These commitments will be funded with future appropriations as work is performed.

UNIVERSITY SYSTEMS

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

	Original Issue	Paid To Date	Amount To Be Paid
UND:			
Barnes and Noble Bookstore	\$ 2,084	\$ 1,901	\$ 183
High Voltage Elec. Dist. Upgrade	168	43	125
Telecommunications Infrastructure	239	54	185
Smith Hall Bathroom Renovation	564	-	564
Biomedical Research Facility	3,451	2,670	781
Steam Line Project	21,776	10,538	11,238
NDSU:			
West Dining Center	150	110	40
Animal Care Facility	4,178	382	3,796
Student Wellness Cntr	3,688	669	3,019
Minard Hall	62	38	24
Minot State University:			
North Dome Lobby	380	27	353
Ceramics Lab	60	32	28
Swain Hall	30	3	27
11th Avenue	425	122	303
North Parking	110	6	104
Tunnel Projects	109	17	92
BSC:			
Student Union Renovation	493	138	355
Music Hall Addition	759	49	710
DSU:			
Student Union Improv.	2,809	2,628	181

	Original Issue	Paid To Date	Amount To Be Paid
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NDSCS:

Steam Line	1,126	375	751
Tuckpointing Projects-OM/HOR	199	170	29
Roof Replacements	366	154	212
Exhaust System-TT2 & Bisek	178	29	149

VCSU:

Life Safety Project	377	-	377
Foss Hall Air Quality	35	-	35

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 \$1,480,000 in lease receivable at June 30, 2000. 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 six of its quarterly lease payments, due May 2, 1999, August 2, 1999, November 2, 1999, February 2, 2000, May 2, 2000, and August 2, 2000. 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 suit is ongoing and has not yet gone to trial. The Bank of North Dakota agreed to interest-only payments on the NATCO loan beginning with the 7/01/00 quarterly payment and continuing through the 4/01/01 quarterly payment.

NORTH DAKOTA STATE UNIVERSITY

An 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 was filed by NDSU for a refund with the United States District Court in Fargo. On November 23, 1999, the U.S. District Court came to a decision on this court case. The J-1 VISA issue and NDSU's claim for FICA refund on early retirement payments for administrators (non-tenured employees) were dismissed. NDSU's claim prevailed regarding FICA on tenure buyouts. The IRS has filed an appeal of the FICA on the tenure buyout issue.

OTHER CONSTRUCTION COMMITMENTS

The State has various long-term construction commitments in the following agencies at June 30, 2000 (expressed in thousands):

Office of Management & Budget	\$ 174
Department of Human Services	914
Department of Transportation	268
Adjutant General	1,741
Veterans' Home	106
Game and Fish	481

B. LITIGATION

There is no litigation at June 30, 2000, in which a loss to the State is probable. Litigation that is reasonably possible to result in an unfavorable outcome is estimated at \$220,000 to \$10,240,000.

The estimated gain in all the litigation brought by the State in which a gain is probable was \$9,328,124. This amount was not accrued in these financial statements.

In November 1998, the North Dakota Attorney General joined forty-five other states and five territories in a settlement agreement against the nation's largest tobacco manufacturer. The Master Settlement Agreement includes base payments to states totaling \$220.6 billion for the next 25 years, and continues in perpetuity. North Dakota's share of the settlement is expected to be \$866 million over the next 25 years. The amount of the annual payment is subject to a number of modifications, including adjustments for inflation and usage volumes. Some of the adjustments may result in increases in the payments (inflation, for example), or other adjustments will likely cause decreases in the payments (e.g., volume adjustments). The net effect of these adjustments on future payments is unclear.

The State had not settled any cases before June 30, 2000, in which the settlement had not been paid as of June 30, 2000.

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.

The 1999-2000 single audit will be issued sometime in March of 2001. It is anticipated there will be potential questioned costs against the State as a result of this audit. The State does not believe the results of this audit will have a material impact.

NOTE 19 - SUBSEQUENT EVENTS**HOUSING FINANCE**

Subsequent to June 30, 2000, Housing Finance entered into a series of transactions to issue \$50,000,000 2000 Series C Housing Finance Program Bonds and issue \$60,000,000 2000 Series D Housing Finance Program Bonds.

STUDENT LOAN TRUST

Subsequent to June 30, 2000, the Industrial Commission approved the transfer of \$300,000 from the Student Loan Trust to the Guarantee Agency Reserve of the Guarantee Student Loan Program for the supplemental loan program. In addition, it also approved the transfer of \$2,400,000 from the Student Loan Trust to the Guarantee Agency Operating Fund of the Guarantee Student Loan Program.

At their November 14, 2000, meeting, the Industrial Commission approved a General Authorization Resolution for the issuance of \$63 million in Student Loan Revenue Bonds Series 200A-1, 2000A-2, and 2000B. The terms of the bonds indicate that interest rates cannot exceed 7.50% with a final maturity of not later than December 1, 2035. Proceeds from the bonds are to be used for acquiring U.S. and North Dakota guaranteed student loans and for liquidity needs.

PARKS AND RECREATION

Subsequent to June 30, 2000, Parks and Recreation received approval from the Emergency Commission to borrow \$1,400,000 from the Bank of North Dakota to fund the restoration of a state park that was hit with a natural disaster. This approval is treated as a continuing appropriation, and the moneys borrowed are limited to the amount of any estimated federal reimbursement for restoration. If the state contingencies appropriation is inadequate to pay the estimated state share costs, then moneys may be borrowed by Parks and Recreation to cover the remaining costs.

STATE OF NORTH DAKOTA

STATE WATER COMMISSION

Subsequent to June 30, 2000, the Commission entered into a series of transactions to issue \$983,300 of 1999 A Series Bonds, \$1,000,000 of 2000 A Series Bonds, and \$383,300 of 2000 B Series Bonds. The proceeds from these transactions were used to fund the Southwest Water Pipeline.

MUNICIPAL BOND BANK

On February 22, 2000, the Bond Bank issued \$16,725,000 of State Revolving Fund Program Series A Bonds. These bonds were for the express purpose of providing funds to make loans to certain political subdivisions. Interest rates vary from 4.40% to 6.00%, with maturities ranging from October 1, 2001, to October 1, 2021.

On September 26, 2000, the Industrial Commission approved the issuance of a total \$3,100,000 of Capital Financing Program Bonds, Series 2000 B. These bonds are for the express purpose of providing funds to make loans to certain school districts. The interest rate on these bonds is 4.70%, with a maturity date of October 25, 2001.

UNIVERSITY OF NORTH DAKOTA

On July 1, 2000, UND issued \$13,770,000 of revenue bonds to refinance the 1990 COPS, existing leases, and acquire new aircraft.

UND received a \$700,000 loan from the UND Alumni Foundation on July 1, 2000. Proceeds from the loan are to be used to complete the construction of the bookstore, which is to be operated by Barnes and Noble.

On November 6, 2000, UND was awarded \$3.5 million by a jury in Northeast Central District Court. The award came pursuant to a counter-claim filed by UND against Western National Mutual Insurance in August 1999 to cover UND's loss of replacing certain damaged boiler and machinery systems on campus after the 1997 flood.

NORTH DAKOTA STATE UNIVERSITY

On October 21, 2000, an NDSU resident hall was completely destroyed by fire. The building is insured by State Fire and Tornado and has an insured (replacement) value of \$789,164, with building contents insured at \$116,178.

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Combining, Individual Fund, and Account Group Statements and Schedules



"Ensuring an adequate water supply is certainly important, but we must also do everything we can to ensure that the water supply is safe for people, livestock, and wildlife," says Roger Johnson, North Dakota Commissioner of Agriculture. An important component of achieving this is Project Safe Send.

Project Safe Send was developed over eight years ago, and has since helped thousands of people dispose of more than 800,000 pounds of farm chemicals safely and free of charge. Proper disposal of these chemicals keeps them from being intentionally or accidentally dumped improperly and thereby potentially entering the water system.

Source: "Managing North Dakota's Water Resources (Part 4)", *North Dakota Water*, June 2000.
Photo provided by Pat Hertz, Department of Tourism

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.

2000

STATE OF NORTH DAKOTA

Balance Sheet General Fund June 30, 2000

	<u>June 30</u> <u>2000</u>
Assets:	
Cash Deposits At The Bank Of North Dakota	\$ 75,331,355
Cash And Cash Equivalents	876,757
Accounts Receivable - Net	653,485
Taxes Receivable - Net	94,021,990
Interest Receivable - Net	965,323
Loans And Notes Receivable - Net	83,145
Interfund Receivable	35,453,838
Due From Other Funds	25,146,532
Inventory	610,690
Total Assets	<u>\$ 233,143,115</u>
Liabilities:	
Accounts Payable	\$ 18,430,140
Notes Payable	5,727,357
Interest Payable	462,566
Contracts Payable	10,691
Tax Refunds Payable	30,165,297
Intergovernmental Payable	103,796
Accrued Payroll	10,157,184
Due To Other Funds	9,169,998
Deferred Revenue	43,613,025
Total Liabilities	<u>117,840,054</u>
Equity:	
Fund Balance:	
Reserved For:	
Inventory	610,690
Long - Term Receivables	83,145
Undesignated	114,609,226
Total Equity	<u>115,303,061</u>
Total Liabilities And Equity	<u>\$ 233,143,115</u>

STATE OF NORTH DAKOTA

Statement Of Revenues, Expenditures And Changes In Fund Balances General Fund For The Fiscal Year Ended June 30, 2000

	<u>June 30</u> <u>2000</u>
Revenues:	
Taxes	\$ 734,974,065
Licenses And Permits	11,317,453
Intergovernmental	164,095
Sales And Services	1,408,547
Royalties And Rents	4,451,445
Fines And Forfeits	1,664,005
Interest And Investment Income	7,511,546
Miscellaneous	1,664,074
Total Revenues	<u>763,155,230</u>
Expenditures:	
Current:	
General Government	51,857,281
Education	288,446,110
Health And Human Services	166,163,619
Regulatory	5,909,924
Public Safety	44,230,789
Agriculture And Economic Development	5,399,415
Natural Resources	12,507,337
Highways	263,872
Total Expenditures	<u>574,778,347</u>
Revenues Over Expenditures	<u>188,376,883</u>
Other Financing Sources (Uses):	
Operating Transfers In	33,460,525
Operating Transfers Out	(194,061,401)
Operating Transfers To Component Units	(375,000)
Proceeds From Sale Of Fixed Assets	5,606
Total Other Financing Sources (Uses)	<u>(160,970,270)</u>
Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	27,406,613
Fund Balances - Beginning of Year As Previously Reported	87,896,448
Fund Balances - End of Year	<u>\$ 115,303,061</u>



The Prairie Pothole Region stretches in an arc from Canada and Montana, through the Dakotas, and into Minnesota and Iowa. The area is well recognized for its critical importance to waterfowl populations and as a resting and feeding habitat to tens of thousands of shorebirds who cross the area during their annual migration. The future for waterfowl production and wetland conservation in North Dakota has brightened tremendously since the initiation of the Prairie Pothole Joint Venture in 1987. This venture, established under The North American Waterfowl Management Plan, is the largest single effort ever undertaken to protect wetlands, waterfowl, and other wildlife.

Wetlands also perform several valuable functions affecting humans. They provide natural flood control by storing extra water and releasing it in times of drought, and they help minimize topsoil erosion. Wetlands recharge groundwater supplies and improve water quality by trapping sediments and pollutants, like a water filter. They also serve as an important economic resource, attracting birdwatchers, wildlife photographers, and other sportsmen who provide income to local communities.

Sources: *The U.S. Prairie Pothole Joint Venture*
Photo provided by Harold Umber, Game and Fish Department

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.

2000

STATE OF NORTH DAKOTA

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)

263 - Secretary of State General Services Fund

Accounts for revenues and expenditures relating to certain services provided by the department. (NDCC 54-09)

266 - Administrative Hearings Fund

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

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. (1997 S.L. ch. 1, Sec. 2.)

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 52-02.1)

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)

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)

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)

271 - Vision Aids and Appliances Fund

Used by the School for the Blind to purchase and resell vision specific adaptive aids, devices and appliances to

be used by blind and visually impaired persons resident in state. (NDCC 25-06)

340 - Board of Higher Education Special Revenue Fund
Funds to be used for the North Dakota Student Financial Assistance Program. (NDCC 15-62.2)

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 15.1-02)

496 - Foundation Aid Stabilization Fund

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

948 - School for the Blind - Federal Quota

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

949 - Department of Public Instruction Close-up Account

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

STATE OF NORTH DAKOTA

257 - Organ/Tissue Transplant Fund

To provide financial assistance to transplant patients. (NDCC 23-01)

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)

315 - ND Health Care Trust Fund

Funds to be used for long-term care reform. (NDCC 50-30)

316 - Community Health Trust Fund

To be used for community-based public health systems and other public health programs, including programs with emphasis on preventing or reducing tobacco usage in the state. (NDCC 54-44)

318 - Indian Affairs Commission 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 50-06)

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. (NDCC 15-67)

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)

230 - Special Road Fund

Used for the construction and maintenance of access roads to and roads within recreational, tourist, and historical areas. (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 54-44.5)

JOB SERVICE

968 - Job Service - Special Revenue
Accounts for revenues and expenditures associated with the general operation of the department. (NDCC 52-02)

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)

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)

249 - Surface Mine and Reclamation Fund
Funds used for the purpose of reclaiming land affected by surface coal mining operations. (NDCC 38-14.3)

267 - Water Development Trust Fund
To be used to address the long-term water development and management needs of the state. (NDCC 54-44)

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)

374 - Water Contract Fund
To be used for paying all contractual obligations of the Water Commission. (NDCC 61-02)

STATE OF NORTH DAKOTA

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 - Capitol 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)

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)

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 15.1-03)

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 54-23.3)

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)

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)

379 - Department of Corrections Operating

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

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)

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 49-02 and 49-21)

262 - Securities Protection Fund

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

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, 2000

	Administration	Aeronautics And Other Transportation	Agriculture	Commodity Promotion	Cultural And Historical	Education
Assets:						
Cash Deposits At The Bank Of North Dakota	\$ 662,485	\$ 1,887,909	\$ 1,711,499	\$ 3,093,580	\$ 266,099	\$ 10,220,002
Cash And Cash Equivalents	10	-	125,840	1,331,826	-	35,036
Investments At The Bank Of North Dakota	-	-	1,600,000	-	135,249	-
Investments	-	-	-	1,220,000	211,000	-
Accounts Receivable - Net	3,767	44	213,893	1,186,352	14,341	165,226
Taxes Receivable - Net	232,110	101,220	-	-	-	9,007
Interest Receivable - Net	582	-	3,497	15,922	3,392	-
Loans And Notes Receivable - Net	-	-	-	-	-	-
Due From Other Funds	78,014	-	250,173	29,371	28,681	1,521,556
Intergovernmental Receivable - Net	100,149	-	-	-	-	-
Advances To Other Funds	-	1,640,000	-	-	-	-
Prepaid Items	-	-	-	-	-	-
Inventory	-	-	-	-	-	114,109
Total Assets	\$ 1,077,117	\$ 3,629,173	\$ 3,904,902	\$ 6,877,051	\$ 658,762	\$ 12,064,936
Liabilities:						
Accounts Payable	\$ 58,355	\$ 163,132	\$ 87,222	\$ 529,065	\$ 61,553	\$ 91,135
Notes Payable	110,000	-	-	-	-	-
Interest Payable	273	-	-	-	-	-
Contracts Payable	-	-	-	92,487	-	-
Securities Lending Collateral	-	-	-	-	-	-
Intergovernmental Payable	-	5,618	-	-	-	-
Claims/Judgements Payable	-	-	-	-	-	-
Accrued Payroll	61,835	21,209	107,098	76,407	-	123,443
Interfund Payable	-	-	-	-	-	-
Due To Other Funds	211,814	1,354	5,615	32,697	3,084	18,074
Advances From Other Funds	-	-	-	-	-	-
Deferred Revenue	295,267	47,274	159,957	230,139	1,988	130,068
Total Liabilities	737,544	238,587	359,892	960,795	66,625	362,720
Equity:						
Fund Balance:						
Reserved For:						
Inventory	-	-	-	-	-	114,109
Long - Term Receivables	-	1,640,000	-	-	-	-
Prepaid Expenditures	-	-	-	-	-	-
Legal Requirements	-	-	-	-	-	-
Arbitrage Rebate	-	-	-	-	-	-
Unreserved:						
Designated For:						
Fund Activities	-	-	-	-	-	-
Patients Welfare	-	-	-	-	-	-
Undesignated	339,573	1,750,586	3,545,010	5,916,256	592,137	11,588,107
Total Equity	339,573	3,390,586	3,545,010	5,916,256	592,137	11,702,216
Total Liabilities And Equity	\$ 1,077,117	\$ 3,629,173	\$ 3,904,902	\$ 6,877,051	\$ 658,762	\$ 12,064,936

Federal	Health And Human Services	Highway	Home Quarter Purchase	Insurance	Inter- Governmental Assistance	Job Service	Judicial And Legal
\$ 28,457,373	\$ 52,182,258	\$ 40,667,421	\$ 102,617	\$ 2,852,165	\$ 5,254,926	\$ 1,815,084	\$ 865,361
88,047	352,974	83,119	-	-	-	-	8,219
-	4,502,410	-	133,210	-	2,900,000	1,815,000	-
-	-	-	-	11,325,458	-	-	-
3,823,524	5,455,460	140,363	-	69,296	1,955	9,049	48,206
-	20,036	-	-	-	-	-	16,780
7,903	88,777	296,946	-	75,304	400,554	150,770	126
-	-	4,986,617	8,860	-	9,991,342	-	-
11,493,270	2,610,698	12,675,547	-	10,579	7,842	303,538	73,405
110,315,501	891,560	1,753,121	-	-	-	4,220,155	-
-	-	34,525,000	-	1,000	-	-	-
-	-	-	-	-	-	-	-
4,656,996	-	4,398,989	-	-	-	-	-
<u>\$ 158,842,614</u>	<u>\$ 66,104,173</u>	<u>\$ 99,527,123</u>	<u>\$ 244,687</u>	<u>\$ 14,333,802</u>	<u>\$ 18,556,619</u>	<u>\$ 8,313,596</u>	<u>\$ 1,012,097</u>
\$ 60,076,615	\$ 1,719,925	\$ 8,572,008	\$ -	\$ 24,281	\$ 92,791	\$ 2,543,205	\$ 72,082
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
4,179,139	-	1,020,091	-	-	-	-	-
-	-	-	-	2,172,992	-	-	-
3,459,177	278,586	11,360	-	-	105,266	-	-
-	-	-	-	6,735	-	-	-
6,143,091	443,617	3,565,061	-	126,819	4,121	1,262,233	64,731
19,672,938	-	-	-	-	-	780,900	-
14,431,153	5,814,696	6,554,394	-	90,723	12,893	215,939	16,442
34,018,772	-	-	-	-	-	-	-
10,703,500	3,310,960	660,641	-	128,598	379,357	101,373	35,993
<u>152,684,385</u>	<u>11,567,784</u>	<u>20,383,555</u>	<u>-</u>	<u>2,550,148</u>	<u>594,428</u>	<u>4,903,650</u>	<u>189,248</u>
213,612	-	4,398,989	-	-	-	-	-
-	-	39,511,617	8,860	1,000	9,991,342	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	8,400
-	541,455	-	-	-	-	-	-
5,944,617	53,994,934	35,232,962	235,827	11,782,654	7,970,849	3,409,946	814,449
<u>6,158,229</u>	<u>54,536,389</u>	<u>79,143,568</u>	<u>244,687</u>	<u>11,783,654</u>	<u>17,962,191</u>	<u>3,409,946</u>	<u>822,849</u>
<u>\$ 158,842,614</u>	<u>\$ 66,104,173</u>	<u>\$ 99,527,123</u>	<u>\$ 244,687</u>	<u>\$ 14,333,802</u>	<u>\$ 18,556,619</u>	<u>\$ 8,313,596</u>	<u>\$ 1,012,097</u>

STATE OF NORTH DAKOTA

Combining Balance Sheet Special Revenue Funds (Continued) June 30, 2000

	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	\$ 7,179	\$ 2,923,289	\$ 607,439	\$ 558,403	\$ 875,621	\$ 314,366
Cash And Cash Equivalents	-	-	-	-	-	-
Investments At The Bank Of North Dakota	-	-	-	-	-	-
Investments	21,186,921	-	2,479,199	-	-	-
Accounts Receivable - Net	-	-	-	-	-	73
Taxes Receivable - Net	-	-	-	-	-	-
Interest Receivable - Net	275,020	-	12,765	-	-	-
Loans And Notes Receivable - Net	30,240,334	-	-	-	-	-
Due From Other Funds	552,889	517,113	271,377	1,115	60,178	1,972
Intergovernmental Receivable - Net	-	-	-	-	-	-
Advances To Other Funds	-	-	-	-	-	-
Prepaid Items	-	-	-	-	-	-
Inventory	-	-	-	-	-	-
Total Assets	\$ 52,262,343	\$ 3,440,402	\$ 3,370,780	\$ 559,518	\$ 935,799	\$ 316,411
Liabilities:						
Accounts Payable	\$ 7,892	\$ 19	\$ -	\$ 3,985	\$ 45,953	\$ 132
Notes Payable	-	-	-	-	-	-
Interest Payable	-	-	-	-	-	-
Contracts Payable	-	-	-	-	-	-
Securities Lending Collateral	-	-	-	-	-	-
Intergovernmental Payable	-	-	-	-	-	-
Claims/Judgements Payable	-	-	-	-	-	-
Accrued Payroll	-	2,974	-	63,003	4,552	11,776
Interfund Payable	-	-	-	-	-	-
Due To Other Funds	387,022	379	-	470,226	277	52,672
Advances From Other Funds	-	-	-	-	-	-
Deferred Revenue	-	-	-	-	1,933	-
Total Liabilities	394,914	3,372	-	537,214	52,715	64,580
Equity:						
Fund Balance:						
Reserved For:						
Inventory	-	-	-	-	-	-
Long - Term Receivables	30,240,334	-	-	-	-	-
Prepaid Expenditures	-	-	-	-	-	-
Legal Requirements	-	-	-	-	-	-
Arbitrage Rebate	-	-	-	-	-	-
Unreserved:						
Designated For:						
Fund Activities	-	-	-	-	-	-
Patients Welfare	-	-	-	-	-	-
Undesignated	21,627,095	3,437,030	3,370,780	22,304	883,084	251,831
Total Equity	51,867,429	3,437,030	3,370,780	22,304	883,084	251,831
Total Liabilities And Equity	\$ 52,262,343	\$ 3,440,402	\$ 3,370,780	\$ 559,518	\$ 935,799	\$ 316,411

									Total
Natural Resources	Oil Tax Resources	Other Special	PACE Fund	Public Safety And Penal Institutions	Recreation	Regulatory	Veterans	June 30 2000	
\$ 26,078,911	\$ 1,177,970	\$ 1,427,240	\$ 13,588,240	\$ 1,668,208	\$ 4,643,462	\$ 3,738,596	\$ 779,407	\$ 208,427,110	
508	3,536	39,809	-	11,299	590,573	120,084	109,049	2,899,929	
3,405,817	8,099,999	18,359	-	-	11,869,000	-	-	34,479,044	
-	-	-	-	-	-	-	4,185,311	40,607,889	
11,206	952	73,828	-	424,239	215,041	319,045	28,089	12,203,949	
290	-	-	-	-	-	-	-	379,443	
95,049	102,995	8	-	-	177	10,401	64,344	1,604,532	
-	6,476,019	-	-	-	-	-	167,194	51,870,366	
486,288	945,807	68,908	-	2,813	169,141	96,360	860	32,257,495	
68,511	-	-	-	77,143	-	-	183,772	117,609,912	
12,772	-	-	-	-	2,340,000	-	-	38,518,772	
-	-	-	642,584	-	-	-	-	642,584	
-	-	411,808	-	-	39,583	125,871	-	9,747,356	
\$ 30,159,352	\$ 16,807,278	\$ 2,039,960	\$ 14,230,824	\$ 2,183,702	\$ 19,866,977	\$ 4,410,357	\$ 5,518,026	\$ 551,248,381	
\$ 294,916	\$ -	\$ 215,426	\$ -	\$ 42,530	\$ 375,559	\$ 35,433	\$ 78,809	\$ 75,192,023	
-	-	-	-	-	-	-	-	110,000	
-	-	-	-	-	-	-	-	273	
-	-	11,846	-	-	-	-	-	5,303,563	
-	-	-	-	-	-	-	30,398	2,203,390	
-	-	-	-	-	-	-	-	3,860,007	
-	-	-	-	-	-	-	-	6,735	
30,983	-	23,732	-	33,402	551,814	121,541	49,264	12,892,706	
-	-	-	-	-	-	-	-	20,453,838	
32,618	-	1,088	250,000	86,112	116,621	176,719	924	28,983,536	
-	-	-	-	-	-	-	-	34,018,772	
30,680	143,240	-	-	441,174	-	291,648	187,130	17,280,920	
389,197	143,240	252,092	250,000	603,218	1,043,994	625,341	346,525	200,305,763	
-	-	411,808	-	-	39,583	125,871	-	5,303,972	
12,772	6,476,019	-	-	-	2,340,000	-	167,194	90,389,138	
-	-	-	642,584	-	-	-	-	642,584	
-	-	-	9,851,475	-	-	-	-	9,851,475	
91,455	-	-	-	-	-	-	-	91,455	
-	-	-	3,486,765	-	-	-	-	3,495,165	
-	-	-	-	-	-	-	-	541,455	
29,665,928	10,188,019	1,376,060	-	1,580,484	16,443,400	3,659,145	5,004,307	240,627,374	
29,770,155	16,664,038	1,787,868	13,980,824	1,580,484	18,822,983	3,785,016	5,171,501	350,942,618	
\$ 30,159,352	\$ 16,807,278	\$ 2,039,960	\$ 14,230,824	\$ 2,183,702	\$ 19,866,977	\$ 4,410,357	\$ 5,518,026	\$ 551,248,381	

STATE OF NORTH DAKOTA

Combining Statement Of Revenues, Expenditures And Changes In Fund Balance Special Revenue Funds For The Fiscal Year Ended June 30, 2000

	Administration	Aeronautics And Other Transportation	Agriculture	Commodity Promotion	Cultural And Historical	Education
Revenues:						
Taxes	\$ 1,180,976	\$ 926,094	\$ -	\$ -	\$ -	\$ 2,236,683
Licenses And Permits	7,291	1,487,554	1,048,295	8,718,458	7,085	96,239
Intergovernmental	-	-	-	-	6,002	128,647
Sales And Services	1,357,223	7,567	1,743,825	3,685	1,339	3,056,818
Royalties And Rents	-	-	-	-	-	185,870
Fines And Forfeits	20,000	-	3,500	798	-	4,825,451
Interest And Investment Income	5,574	-	75,193	192,650	8,011	79
Tobacco Settlement	-	-	-	-	-	-
Miscellaneous	460,681	-	69,746	78,817	65,609	62,941
Total Revenues	3,031,745	2,421,215	2,940,559	8,994,408	88,046	10,592,728
Expenditures:						
Current:						
General Government	2,671,988	-	3,421	-	-	-
Education	-	-	-	-	-	31,832,737
Health And Human Services	-	-	-	-	-	-
Regulatory	-	698,001	-	-	32,554	-
Public Safety	-	-	-	-	-	-
Agriculture And Economic Development	-	-	3,125,992	7,951,611	-	-
Natural Resources	-	-	-	-	207,468	-
Highways	-	1,094,639	-	92,487	-	81,002
Total Expenditures	2,671,988	1,792,640	3,129,413	8,044,098	240,022	31,913,739
Revenues Over (Under) Expenditures	359,757	628,575	(188,854)	950,310	(151,976)	(21,321,011)
Other Financing Sources (Uses):						
Operating Transfers In	-	-	609,000	-	355,538	24,147,482
Operating Transfers Out	(227,527)	-	(19,100)	(415,698)	-	(197,808)
Proceeds From Sale Of Fixed Assets	-	-	35,000	-	-	94
Total Other Financing Sources (Uses)	(227,527)	-	624,900	(415,698)	355,538	23,949,768
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	132,230	628,575	436,046	534,612	203,562	2,628,757
Fund Balances - Beginning of Year As Previously Reported	207,343	2,762,011	3,108,964	5,381,644	388,575	9,073,459
Fund Balances - End of Year	\$ 339,573	\$ 3,390,586	\$ 3,545,010	\$ 5,916,256	\$ 592,137	\$ 11,702,216

Federal	Health And Human Services	Highway	Home Quarter Purchase	Insurance	Inter- Governmental Assistance	Job Service	Judicial And Legal
\$ -	\$ 16,214	\$ 87,781,253	\$ -	\$ 6,795	\$ -	\$ -	\$ -
-	3,702,911	13,608,539	-	192,340	-	-	61,735
852,206,619	4,079,171	22,002,317	3,230	-	268	34,098,391	420
2,704,927	12,424,881	816,141	5,204	3,375,269	-	-	1,216,121
2,725	202,870	235,860	-	-	-	-	-
-	-	-	-	-	72,529	-	301,628
55,896	252,622	1,398,275	9,009	1,135,141	693,300	355,493	587
-	2,995,461	-	-	-	-	-	-
-	1,062,842	461,445	-	-	50,327	253,102	179,568
854,970,167	24,736,972	126,303,830	17,443	4,709,545	816,424	34,706,986	1,760,059
21,315,174	-	-	-	-	1,193,107	-	1,649,060
75,310,229	-	-	-	-	-	-	-
396,636,330	34,964,379	-	-	-	-	35,876,996	-
2,451,979	-	-	-	2,592,641	-	-	-
88,855,899	-	1,409,669	-	-	-	-	-
1,020,174	979,963	-	16,149	-	-	-	-
8,237,849	-	-	-	-	-	-	-
197,024,506	-	114,512,680	-	-	-	-	-
790,852,140	35,944,342	115,922,349	16,149	2,592,641	1,193,107	35,876,996	1,649,060
64,118,027	(11,207,370)	10,381,481	1,294	2,116,904	(376,683)	(1,170,010)	110,999
3,156,224	42,360,113	67,358	-	-	1,230,980	1,948,738	31,789
(61,823,330)	(1,752,042)	(1,302,204)	-	(1,118,578)	(83,185)	(433,664)	(8,611)
35	-	337,540	-	205	-	-	-
(58,667,071)	40,608,071	(897,306)	-	(1,118,373)	1,147,795	1,515,074	23,178
5,450,956	29,400,701	9,484,175	1,294	998,531	771,112	345,064	134,177
707,273	25,135,688	69,659,393	243,393	10,785,123	17,191,079	3,064,882	688,672
\$ 6,158,229	\$ 54,536,389	\$ 79,143,568	\$ 244,687	\$ 11,783,654	\$ 17,962,191	\$ 3,409,946	\$ 822,849

STATE OF NORTH DAKOTA

Combining Statement Of Revenues, Expenditures And Changes In Fund Balance Special Revenue Funds (Continued) For The Fiscal Year Ended June 30, 2000

	Land Department					
	Coal Severance	Energy Development Impact	Land And Mineral	Land Maintenance	Motor Vehicle	National Guard
Revenues:						
Taxes	\$ 3,505,336	\$ 2,673,269	\$ -	\$ -	\$ 1,085,678	\$ -
Licenses And Permits	-	-	-	-	10,772	-
Intergovernmental	-	-	-	-	-	-
Sales And Services	-	-	-	1,107,700	-	102,651
Royalties And Rents	-	-	1,292,754	-	-	91,050
Fines And Forfeits	-	-	-	-	-	-
Interest And Investment Income	1,917,424	-	129,288	-	-	-
Tobacco Settlement	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Total Revenues	5,422,760	2,673,269	1,422,042	1,107,700	1,096,450	193,701
Expenditures:						
Current:						
General Government	-	-	-	-	-	-
Education	55,402	1,606,665	81,826	1,075,994	-	-
Health And Human Services	-	-	-	-	119,796	-
Regulatory	-	-	-	-	-	-
Public Safety	-	-	-	-	-	252,919
Agriculture And Economic Development	-	-	-	-	1,322,070	-
Natural Resources	-	-	-	-	-	-
Highways	-	-	-	-	-	-
Total Expenditures	55,402	1,606,665	81,826	1,075,994	1,441,866	252,919
Revenues Over (Under) Expenditures	5,367,358	1,066,604	1,340,216	31,706	(345,416)	(59,218)
Other Financing Sources (Uses):						
Operating Transfers In	-	-	788,837	-	-	108,671
Operating Transfers Out	(4,303,735)	-	(697,754)	-	(58,127)	(16,951)
Proceeds From Sale Of Fixed Assets	-	-	-	-	-	-
Total Other Financing Sources (Uses)	(4,303,735)	-	91,083	-	(58,127)	91,720
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	1,063,623	1,066,604	1,431,299	31,706	(403,543)	32,502
Fund Balances - Beginning of Year As Previously Reported	50,803,806	2,370,426	1,939,481	(9,402)	1,286,627	219,329
Fund Balances - End of Year	\$ 51,867,429	\$ 3,437,030	\$ 3,370,780	\$ 22,304	\$ 883,084	\$ 251,831

									Total
Natural Resources	Oil Tax Resources	Other Special	PACE Fund	Public Safety And Penal Institutions	Recreation	Regulatory	Veterans		June 30 2000
\$ 623,171	\$ 3,114,082	\$ 1,944	\$ -	\$ -	\$ 179,946	\$ -	\$ -	\$	103,331,441
504,958	-	24,586	-	644,853	8,376,344	2,546,120	17,445		41,055,525
534,429	463,039	12,569	-	293,139	15	35,414	-		913,863,670
38,814	-	1,325,278	-	76,135	1,375,148	1,317,613	1,098,687		33,155,026
-	10,069	8,909	-	101,215	40,555	-	321		2,172,198
19,978	-	-	-	-	1,321	-	-		5,245,205
1,389,159	530,465	624	433,721	-	5,707	110,154	373,260		9,071,632
13,479,574	-	-	-	-	-	-	-		16,475,035
232,628	1,887	660,571	-	93,253	142,915	2,450	21,809		3,900,591
16,822,711	4,119,542	2,034,481	433,721	1,208,595	10,121,951	4,011,751	1,511,522		1,128,270,323
-	-	1,224,154	-	-	-	321,434	-		28,378,338
-	-	109,009	-	-	-	-	-		110,071,862
-	-	25,453	-	-	-	-	1,501,077		469,124,031
1,244,027	-	31,694	-	-	-	1,634,480	-		8,685,376
-	-	79,471	-	7,252,198	-	-	21,436		97,871,592
152,680	-	104,621	3,133,528	-	-	226,830	-		18,033,618
3,935,828	-	513,474	-	-	8,235,922	-	-		21,130,541
-	-	45,909	-	-	-	-	-		312,851,223
5,332,535	-	2,133,785	3,133,528	7,252,198	8,235,922	2,182,744	1,522,513		1,066,146,581
11,490,176	4,119,542	(99,304)	(2,699,807)	(6,043,603)	1,886,029	1,829,007	(10,991)		62,123,742
5,443,091	-	504,858	3,245,000	6,097,722	12,348	322,455	170,151		90,600,355
(1,248,187)	(2,879,132)	(212,649)	(250,000)	-	(173,396)	(204,243)	(176,751)		(77,602,672)
-	-	-	-	-	630	-	-		373,504
4,194,904	(2,879,132)	292,209	2,995,000	6,097,722	(160,418)	118,212	(6,600)		13,371,187
15,685,080	1,240,410	192,905	295,193	54,119	1,725,611	1,947,219	(17,591)		75,494,929
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
\$ 29,770,155	\$ 16,664,038	\$ 1,787,868	\$ 13,980,824	\$ 1,580,484	\$ 18,822,983	\$ 3,785,016	\$ 5,171,501	\$	350,942,618



The information technology revolution provides a golden opportunity in North Dakota's rural areas. Two rural cities, Watford City and Maddock, for example, have brought high-speed Internet access to their communities. Computer network maintenance, web design, and software specialties are all being taught from these high-tech centers. Across the state, teachers and students alike receive training in technology to give North Dakota citizens the computer skills and support that will be needed to sustain a well-trained workforce.

Source: *North Dakota's Economic Road Map 2000*, Job Service North Dakota
Photo provided by Renae Walker, Bismarck Public Schools

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. (NDCC 54-17.5)

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)

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STATE OF NORTH DAKOTA

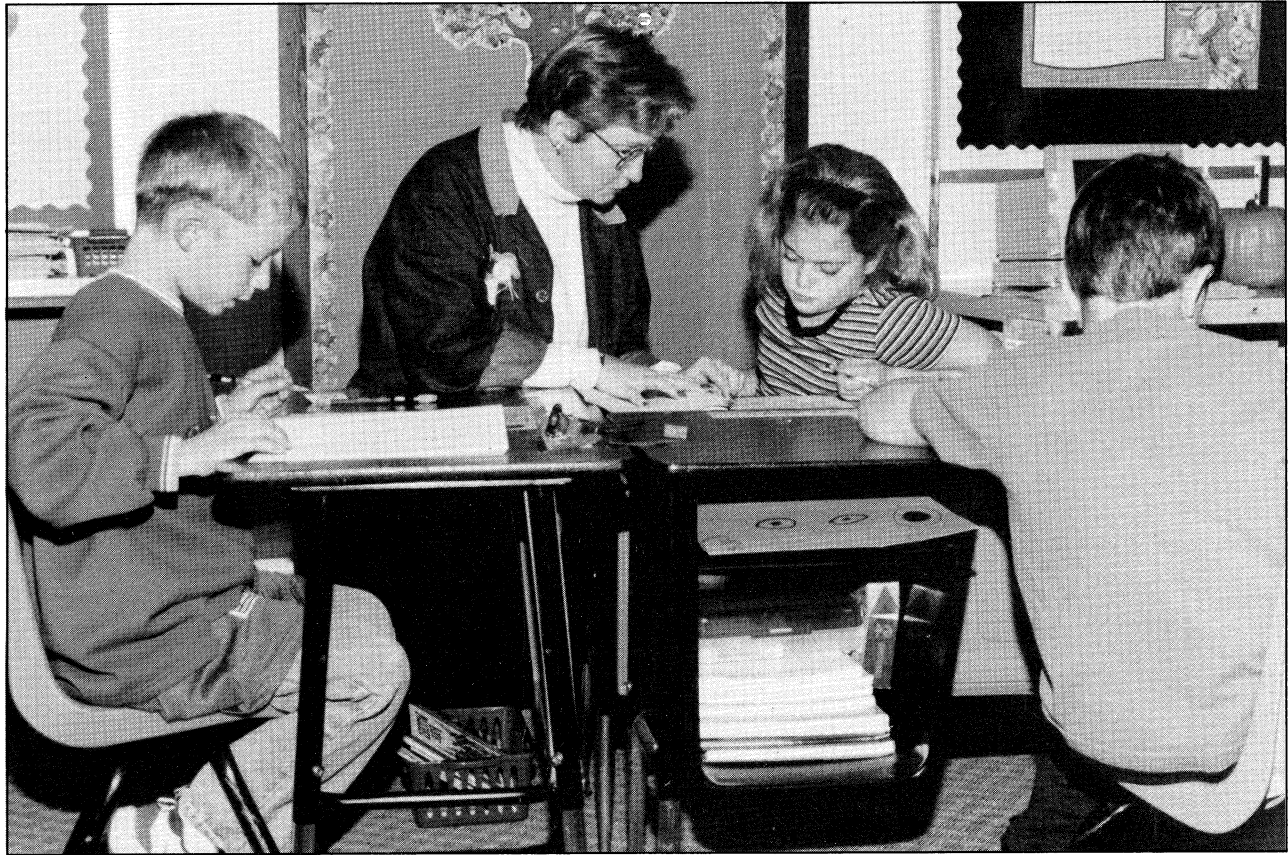
Combining Balance Sheet Debt Service Funds June 30, 2000

				Total
	Building Authority	Lignite Research	Water Commission	June 30 2000
Assets:				
Cash Deposits At The Bank Of North Dakota	\$ 765,000	\$ 116	\$ 2,771,448	\$ 3,536,564
Cash And Cash Equivalents	-	-	2,871,455	2,871,455
Investments At The Bank Of North Dakota	7,305,000	882,500	-	8,187,500
Investments	1,692,000	-	-	1,692,000
Accounts Receivable - Net	-	-	34,485	34,485
Interest Receivable - Net	149,000	6,784	22,529	178,313
Total Assets	<u>\$ 9,911,000</u>	<u>\$ 889,400</u>	<u>\$ 5,699,917</u>	<u>\$ 16,500,317</u>
Liabilities:				
Accounts Payable	\$ 17,000	\$ -	\$ -	\$ 17,000
Interest Payable	-	-	110,448	110,448
Total Liabilities	<u>17,000</u>	<u>-</u>	<u>110,448</u>	<u>127,448</u>
Equity:				
Fund Balance:				
Reserved For:				
Debt Service	9,894,000	889,400	5,589,469	16,372,869
Total Equity	<u>9,894,000</u>	<u>889,400</u>	<u>5,589,469</u>	<u>16,372,869</u>
Total Liabilities And Equity	<u>\$ 9,911,000</u>	<u>\$ 889,400</u>	<u>\$ 5,699,917</u>	<u>\$ 16,500,317</u>

STATE OF NORTH DAKOTA

Combining Statement Of Revenues, Expenditures And Changes In Fund Balance Debt Service Funds For The Fiscal Year Ended June 30, 2000

				Total
	Building Authority	Lignite Research	Water Commission	June 30 2000
Revenues:				
Intergovernmental	\$ -	\$ -	\$ 811,412	\$ 811,412
Interest And Investment Income	565,000	55,137	128,532	748,669
Total Revenues	565,000	55,137	939,944	1,560,081
Expenditures:				
Debt Service:				
Principal	3,906,000	720,000	105,000	4,731,000
Interest And Other Charges	4,501,000	340,430	578,971	5,420,401
Total Expenditures	8,407,000	1,060,430	683,971	10,151,401
Revenues Over (Under) Expenditures	(7,842,000)	(1,005,293)	255,973	(8,591,320)
Other Financing Sources (Uses):				
Operating Transfers In	7,639,000	1,005,195	-	8,644,195
Operating Transfers Out	(148,000)	-	-	(148,000)
Proceeds From Bonds And Notes	705,000	-	4,231,149	4,936,149
Total Other Financing Sources (Uses)	8,196,000	1,005,195	4,231,149	13,432,344
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	354,000	(98)	4,487,122	4,841,024
Fund Balances - Beginning of Year As Previously Reported	9,359,000	889,498	1,102,347	11,350,845
Residual Equity Transfers In	181,000	-	-	181,000
Fund Balances - End of Year	\$ 9,894,000	\$ 889,400	\$ 5,589,469	\$ 16,372,869



The Class-Size Reduction Act is a federal initiative to help local schools improve student achievement by adding additional, highly qualified teachers to the nation's classrooms. The Class-Size Reduction Act (CSRA) is designed to ensure that class size in the earliest grades is reduced to 18 students or less per class. The CSRA is based on research that correlates increased student achievement with lower teacher-student ratios in grades one through three. During the 1998-1999 school year, North Dakota public schools averaged fewer than 15 students per teacher, compared to the national average of 17 students.

Source: ND Department of Public Instruction

Photo provided by Renae Walker, Bismarck Public Schools

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, 2000

			Total
	Building Authority	Water Commission	June 30 2000
Assets:			
Cash Deposits At The Bank Of North Dakota	\$ 5,340,000	\$ 4,340	\$ 5,344,340
Cash And Cash Equivalents	-	17,584,333	17,584,333
Interest Receivable - Net	-	582	582
Total Assets	\$ 5,340,000	\$ 17,589,255	\$ 22,929,255
Liabilities:			
Accounts Payable	\$ 177,000	\$ 2,225,785	\$ 2,402,785
Due To Other Funds	419,000	-	419,000
Total Liabilities	596,000	2,225,785	2,821,785
Equity:			
Fund Balance:			
Reserved For:			
Capital Projects	4,744,000	15,363,470	20,107,470
Total Equity	4,744,000	15,363,470	20,107,470
Total Liabilities And Equity	\$ 5,340,000	\$ 17,589,255	\$ 22,929,255

STATE OF NORTH DAKOTA

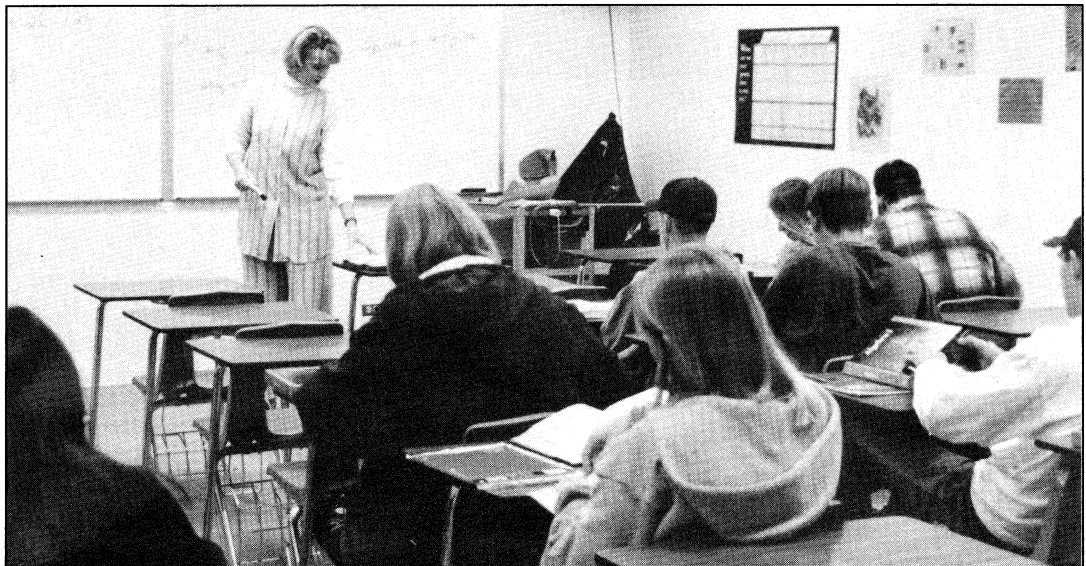
Combining Statement Of Revenues, Expenditures And Changes In Fund Balance Capital Projects Funds For The Fiscal Year Ended June 30, 2000

	<u>Total</u>		
	Building Authority	Water Commission	June 30 2000
Revenues:			
Interest And Investment Income	\$ 194,000	\$ 381,395	\$ 575,395
Total Revenues	194,000	381,395	575,395
Expenditures:			
Capital Outlay	177,000	13,086,726	13,263,726
Total Expenditures	177,000	13,086,726	13,263,726
Revenues Over (Under) Expenditures	17,000	(12,705,331)	(12,688,331)
Other Financing Sources (Uses):			
Operating Transfers Out	(2,264,000)	-	(2,264,000)
Proceeds From Bonds And Notes	3,683,000	27,900,561	31,583,561
Total Other Financing Sources (Uses)	1,419,000	27,900,561	29,319,561
Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	1,436,000	15,195,230	16,631,230
Fund Balances - Beginning of Year As Previously Reported	3,489,000	168,240	3,657,240
Residual Equity Transfers Out	(181,000)	-	(181,000)
Fund Balances - End of Year	\$ 4,744,000	\$ 15,363,470	\$ 20,107,470



North Dakota students do well on standardized tests, a fact we hope to continue in the future:

- ♦ Although the number of North Dakota high school students taking the ACT test has been steadily rising since 1994, they have consistently scored higher than the national average of 21.0.
- ♦ From 1975 to 2000, North Dakota students who took the Scholastic Aptitude Test (SAT) have scored well above the national average on the verbal mean score, math mean, and total score.
- ♦ Using 50% as the average mean national percentile (MNP) for students across the country who took the Comprehensive Tests of Basic Skills (CTBS) in 2000, North Dakota students in grades 4, 6, 8, and 10 all scored well above average, with MNP's ranging from 64 to 71. This is the eleventh consecutive year of testing students statewide at selected grades in North Dakota for the CTBS/5, also known as the TerraNova tests.



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.



Despite an increase in high school dropouts, North Dakota has a statewide graduation rate of 93.9 percent. The state retained the third lowest high school dropout rate in the nation in 1999—roughly 6 percent compared to 10 percent nationally. The state also has one of the highest school attendance rates in the nation.

Thirty-four percent of North Dakota's college-aged population is enrolled in a college or university, well above the national average. This makes North Dakota one of the top states for percentage of high school graduates who go on to college.

Sources: Gaylynn Becker, ND Department of Public Instruction
Kids Count 2000
ND Economic Development & Finance
Photos provided by Renae Walker, Bismarck Public Schools

STATE OF NORTH DAKOTA

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 6-09.6)

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 15-62.1)

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)

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 12-48)

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, 2000

	Bank Of North Dakota	Beginning Farmer Revolving Loan	Bonding	Community Water Facility Loan	Developmentally Disabled Facility Loan	Fire And Tornado
Assets:						
Cash Deposits At The Bank Of North Dakota	\$ -	\$ 5,776,307	\$ 533,598	\$ 1,326,958	\$ 619,838	\$ 1,635,572
Cash And Cash Equivalents	385,308,000	-	-	-	-	-
Investments At The Bank Of North Dakota	-	-	-	-	-	-
Investments	225,458,000	-	5,455,636	-	-	17,689,777
Accounts Receivable - Net	-	-	53,889	-	-	2,018
Taxes Receivable - Net	-	-	-	-	-	-
Interest Receivable - Net	20,650,000	382,362	32,162	154,904	21,299	141,070
Loans And Notes Receivable - Net	1,036,126,000	10,165,772	-	14,923,191	6,810,585	-
Due From Other Funds	1,023,000	-	8	-	-	23
Intergovernmental Receivable - Net	-	-	-	-	-	-
Advances To Component Units	9,143,000	-	-	-	-	-
Prepaid Items	-	1,273,979	-	-	-	11,596
Inventory	-	-	-	-	-	-
Unamortized Bond Issuance Costs	-	-	-	-	-	-
Fixed Assets (Net Of Depreciation)	2,837,000	-	-	-	-	8,576
Other Assets	6,216,000	-	-	-	-	-
Total Assets	\$ 1,686,761,000	\$ 17,598,420	\$ 6,075,293	\$ 16,405,053	\$ 7,451,722	\$ 19,488,632
Liabilities:						
Accounts Payable	\$ -	\$ -	\$ 4,086	\$ -	\$ -	\$ 111,651
Notes Payable	363,076,000	-	-	-	-	-
Interest Payable	4,463,000	-	-	-	-	-
Contracts Payable	-	-	-	-	-	-
Federal Funds Purchased	199,635,000	-	-	-	-	-
Securities Lending Collateral	51,350,000	-	1,062,690	-	-	3,452,969
Intergovernmental Payable	-	-	-	-	-	-
Claims/Judgements Payable	-	-	82,171	-	-	1,800,917
Accrued Payroll	-	-	858	-	-	28,356
Compensated Absences Payable	-	-	2,954	-	-	24,230
Amounts Held In Custody For Others	-	-	-	-	-	-
Deposits Held For Other Funds	634,103,000	-	-	-	-	-
Other Deposits	267,406,000	-	-	-	-	-
Interfund Payable	14,457,000	-	-	-	-	-
Due To Other Funds	177,000	13,787	133	19,967	9,619	5,614
Advances From Other Funds	-	-	-	-	4,281,947	-
Advances From Component Units	9,143,000	-	-	-	-	-
Bonds Payable	-	-	-	-	-	-
Capital Leases Payable	-	-	-	-	-	-
Deferred Revenue	-	-	-	-	-	-
Other Liabilities	4,082,000	-	-	-	-	-
Total Liabilities	1,547,892,000	13,787	1,152,892	19,967	4,291,566	5,423,737
Equity:						
Contributed Capital	2,000,000	7,725,478	-	10,000,000	1,928,791	-
Retained Earnings:						
Reserved For:						
Debt Requirements	-	-	-	-	-	-
Loan Purposes	-	9,859,155	-	6,385,086	1,231,365	-
Capital Construction	-	-	-	-	-	-
Capital Growth	42,000,000	-	-	-	-	-
Contingencies	-	-	-	-	-	-
Unreserved	94,869,000	-	4,922,401	-	-	14,064,895
Total Equity	138,869,000	17,584,633	4,922,401	16,385,086	3,160,156	14,064,895
Total Liabilities And Equity	\$ 1,686,761,000	\$ 17,598,420	\$ 6,075,293	\$ 16,405,053	\$ 7,451,722	\$ 19,488,632

								Total
Guaranteed Student Loan	Housing Finance	Mill And Elevator	PERS Uniform Group Insurance	Roughrider Industries	State Fair	Student Loan	Workers Compensation	June 30 2000
\$ 294,867	\$ 8,110,000	\$ 1,410,573	\$ 758,072	\$ 383,691	\$ 1,101,721	\$ 68,731,012	\$ 190,019	\$ 90,872,228
-	253,227,000	-	3,303,869	500	443,838	-	-	642,283,207
12,340,556	-	-	119,373	-	-	73,841,325	41,241,898	127,543,152
3,054,650	37,442,000	-	-	-	247,922	-	1,067,036,041	1,356,384,026
5,516	188,000	9,666,231	35,483	156,637	144,738	-	36,928,031	47,180,543
-	-	-	-	-	321,684	-	-	321,684
191,853	5,003,000	-	-	-	-	2,094,787	7,926,632	36,598,069
-	551,652,000	-	-	-	-	85,647,256	-	1,705,324,804
-	28,000	-	25,274	115,127	-	-	-	1,191,432
1,378,399	167,000	-	-	-	-	636,170	-	2,181,569
-	-	-	-	-	-	-	-	9,143,000
-	1,946,000	220,357	-	9,856	19,721	-	469,861	3,951,370
-	-	8,984,068	-	833,630	-	-	-	9,817,698
-	8,371,000	-	-	-	-	1,124,110	-	9,495,110
-	103,000	29,894,855	-	477,013	14,812,533	-	1,298,835	49,431,812
-	-	-	-	-	11,250	104,785	-	6,332,035
\$ 17,265,841	\$ 866,237,000	\$ 50,176,084	\$ 4,242,071	\$ 1,976,454	\$ 17,103,407	\$ 232,179,445	\$ 1,155,091,317	\$ 4,098,051,739
\$ 638,440	\$ 1,242,000	\$ 2,103,296	\$ 19,467	\$ 141,421	\$ 48,658	\$ 71,062	\$ 13,404,153	\$ 17,784,234
-	-	-	-	-	572,232	-	-	363,648,232
-	21,950,000	-	-	265	11,818	2,312,353	-	28,737,436
-	-	-	-	-	677,372	-	-	677,372
-	-	-	-	-	-	-	-	199,635,000
-	-	-	-	-	-	-	215,994,329	271,859,988
13,972,705	6,808,000	-	-	-	-	2,490,522	-	23,271,227
175,000	-	-	-	-	-	-	749,700,000	751,758,088
-	-	38,606	32,950	93,644	-	-	-	194,414
-	111,000	531,744	36,467	78,174	44,795	-	409,754	1,239,118
-	4,975,000	-	759,309	-	-	-	-	5,734,309
-	-	-	-	-	-	-	-	634,103,000
-	-	-	-	-	-	-	-	267,406,000
-	-	-	-	-	-	-	-	14,457,000
207,745	4,000	-	3,819	1,661	-	495,041	41,972	980,358
-	-	-	-	-	-	-	-	4,281,947
-	-	-	-	-	-	-	-	9,143,000
-	786,353,000	-	-	-	2,473,531	153,096,634	-	941,923,165
-	-	-	-	86,166	-	-	-	86,166
36,563	90,000	-	58,601	85	-	-	49,299,075	49,484,324
113,159	-	-	-	1,833	-	-	-	4,196,992
15,143,612	821,533,000	2,673,646	910,613	403,249	3,828,406	158,465,612	1,028,849,283	3,590,601,370
300,000	-	5,985	-	-	-	-	-	21,960,254
-	32,193,000	-	-	-	248,568	-	-	32,441,568
-	-	-	-	-	-	73,713,833	-	91,189,439
-	-	-	-	-	643,307	-	-	643,307
-	-	-	-	-	-	-	-	42,000,000
-	-	-	3,331,458	-	-	-	-	3,331,458
1,822,229	12,511,000	47,496,453	-	1,573,205	12,383,126	-	126,242,034	315,884,343
2,122,229	44,704,000	47,502,438	3,331,458	1,573,205	13,275,001	73,713,833	126,242,034	507,450,369
\$ 17,265,841	\$ 866,237,000	\$ 50,176,084	\$ 4,242,071	\$ 1,976,454	\$ 17,103,407	\$ 232,179,445	\$ 1,155,091,317	\$ 4,098,051,739

STATE OF NORTH DAKOTA

Combining Statement Of Revenues, Expenses And Changes In Fund Equity

Enterprise Funds

For The Fiscal Year Ended June 30, 2000

	Bank Of North Dakota	Beginning Farmer Revolving Loan	Bonding	Community Water Facility Loan	Developmentally Disabled Facility Loan	Fire And Tornado
Operating Revenues:						
Sales And Services	\$ 8,224,000	\$ -	\$ 57,221	\$ -	\$ -	\$ 4,710,142
Royalties And Rents	-	-	-	-	-	-
Fines And Forfeits	-	-	-	-	-	-
Interest And Investment Income	97,546,000	765,736	-	500,491	501,932	-
Miscellaneous	-	-	-	-	-	-
Total Operating Revenues	105,770,000	765,736	57,221	500,491	501,932	4,710,142
Operating Expenses:						
Cost Of Sales And Services	-	-	-	-	-	-
Salaries And Benefits	6,723,000	-	11,779	-	-	284,457
Operating	7,033,000	56,618	8,984	81,286	42,315	515,118
Claims And Benefits	-	-	59,725	-	-	2,103,988
Interest	62,487,000	406,684	-	-	265,198	-
Depreciation	486,000	-	-	-	-	5,604
Miscellaneous	-	4,587	-	-	-	-
Total Operating Expenses	76,729,000	467,889	80,488	81,286	307,513	2,909,167
Operating Income (Loss)	29,041,000	297,847	(23,267)	419,205	194,419	1,800,975
Nonoperating Revenues (Expenses):						
Interest And Investment Revenue	-	-	589,943	-	-	2,106,071
Interest Expense	-	-	(63,119)	-	-	(220,500)
Loss On Sale Of Fixed Assets	-	-	-	-	-	-
Tax Revenue	-	-	-	-	-	-
Establishment Of FFEL Balance/Other	-	-	-	-	-	-
Total Nonoperating Revenues (Expenses)	-	-	526,824	-	-	1,885,571
Income (Loss) Before Operating Transfers	29,041,000	297,847	503,557	419,205	194,419	3,686,546
Operating Transfers In	17,000	1,000,000	-	-	-	-
Operating Transfers Out	(29,509,000)	-	-	-	(1,183,748)	(31,789)
Net Income (Loss)	(451,000)	1,297,847	503,557	419,205	(989,329)	3,654,757
Fund Equity - Beginning of Year As Previously Reported	139,320,000	16,286,786	4,418,844	15,965,881	4,149,485	10,410,138
Fund Equity - End of Year	\$ 138,869,000	\$ 17,584,633	\$ 4,922,401	\$ 16,385,086	\$ 3,160,156	\$ 14,064,895

								Total
Guaranteed Student Loan	Housing Finance	Mill And Elevator	PERS Uniform Group Insurance	Roughrider Industries	State Fair	Student Loan	Workers Compensation	June 30 2000
\$ 2,524,893	\$ 481,000	\$ 60,988,089	\$ 734,203	\$ 3,024,598	\$ 2,931,505	\$ -	\$ 99,774,303	\$ 183,449,954
-	-	-	-	7,770	-	-	-	7,770
-	-	-	-	-	-	-	2,526,859	2,526,859
-	59,587,000	-	-	-	-	15,825,171	-	174,726,330
2,009	-	-	-	30,473	198,766	10,000	-	241,248
2,526,902	60,068,000	60,988,089	734,203	3,062,841	3,130,271	15,835,171	102,301,162	360,952,161
-	-	56,178,144	-	1,919,279	-	-	-	58,097,423
-	-	987,529	358,565	1,029,643	737,560	-	-	10,132,533
2,685,193	4,719,000	898,516	205,896	150,870	2,162,181	4,034,828	11,971,530	34,565,335
-	-	-	-	-	-	-	150,631,768	152,795,481
-	48,880,000	-	-	-	-	7,273,412	-	119,312,294
-	26,000	1,435,116	-	60,673	499,959	-	598,994	3,112,346
1,824	-	-	-	-	3,750	-	-	10,161
2,687,017	53,625,000	59,499,305	564,461	3,160,465	3,403,450	11,308,240	163,202,292	378,025,573
(160,115)	6,443,000	1,488,784	169,742	(97,624)	(273,179)	4,526,931	(60,901,130)	(17,073,412)
75,073	-	450,601	261,236	14,345	98,890	-	108,062,058	111,658,217
-	-	(547)	-	(6,873)	(156,184)	-	(12,085,275)	(12,532,498)
-	-	-	-	(5,395)	-	-	(7,950)	(13,345)
-	-	-	-	-	4,283,700	-	-	4,283,700
(3,943,367)	-	(88,596)	-	-	-	-	-	(4,031,963)
(3,868,294)	-	361,458	261,236	2,077	4,226,406	-	95,968,833	99,364,111
(4,028,409)	6,443,000	1,850,242	430,978	(95,547)	3,953,227	4,526,931	35,067,703	82,290,699
2,000,000	-	-	-	-	380,000	-	-	3,397,000
-	(23,000)	(26,762)	-	(580)	-	-	-	(30,774,879)
(2,028,409)	6,420,000	1,823,480	430,978	(96,127)	4,333,227	4,526,931	35,067,703	54,912,820
4,150,638	38,284,000	45,678,958	2,900,480	1,669,332	8,941,774	69,186,902	91,174,331	452,537,549
\$ 2,122,229	\$ 44,704,000	\$ 47,502,438	\$ 3,331,458	\$ 1,573,205	\$ 13,275,001	\$ 73,713,833	\$ 126,242,034	\$ 507,450,369

STATE OF NORTH DAKOTA

Combining Statement Of Cash Flows Enterprise Funds For The Fiscal Year Ended June 30, 2000

	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)	\$ 29,041,000	\$ 297,847	\$ (23,267)	\$ 419,205	\$ 194,419	\$ 1,800,975
Adjustments To Reconcile Operating Income To Net Cash Provided By Operating Activities:						
Depreciation	486,000	-	-	-	-	5,604
Amortization\Accretion	-	-	-	-	-	-
Reclassification Of Interest Revenue\Expense	(37,163,000)	(765,736)	-	(500,491)	(236,734)	-
Net Depreciation In Fair Value Of Investments	2,104,000	-	-	-	-	-
Interest Received On Program Loans	-	-	-	-	-	-
Disbursements For Loans And Loan Purchases	-	-	-	-	-	-
Receipt Of Loan Principal Repayments	-	-	-	-	-	-
Provision For Losses	1,600,000	-	-	-	-	-
Premiums Collected	-	-	-	-	-	-
Premiums Paid	-	-	-	-	-	-
Other	2,000	-	-	-	-	6,347
Change In Assets And Liabilities:						
(Increase) Decrease In Accounts Receivable	-	-	19,883	-	-	(368)
(Increase) Decrease In Due From	185,000	-	128	-	-	9
Decrease In Intergovernmental Receivable	-	-	-	-	-	-
(Increase) Decrease In Prepaid Items	-	311,825	-	-	-	(11,596)
Decrease In Inventories	-	-	-	-	-	-
Increase In Other Assets	(1,864,000)	-	-	-	-	-
Increase (Decrease) In Accounts Payable	-	-	603	-	-	50,258
Increase (Decrease) In Claims\Judgements Payable	-	-	(175,360)	-	-	(4,331,606)
Increase (Decrease) In Intergovernmental Payable	-	-	-	-	-	-
Increase (Decrease) In Accrued Payroll	-	-	(2,290)	-	-	12,821
Increase (Decrease) In Compensated Absences Payable	-	-	1,484	-	-	1,635
Increase (Decrease) In Amounts Held For Others	-	-	-	-	-	-
Increase (Decrease) In Due To	(103,000)	(1,509)	54	213	(745)	(24,871)
Increase (Decrease) In Deferred Revenue	-	-	-	-	-	-
Increase (Decrease) In Other Liabilities	(3,013,000)	-	-	-	-	-
Net Cash Provided By (Used For) Operating Activities	(8,725,000)	(157,573)	(178,765)	(81,073)	(43,060)	(2,490,792)
Cash Flows From Noncapital Financing Activities:						
Proceeds From Bonds	-	-	-	-	-	-
Proceeds From Sale Of Notes And Other Borrowings	189,079,000	-	-	-	-	-
Principal Payments - Bonds	-	-	-	-	-	-
Principal Payments - Notes And Other Borrowings	(29,782,000)	-	-	-	-	-
Interest Payments - Bonds	-	-	-	-	-	-
Interest Payments - Notes And Other Borrowings	(15,181,000)	-	-	-	(265,198)	-
Payment Of Bond Issue Costs	-	-	-	-	-	-
Tax Collections	-	-	-	-	-	-
Operating Transfers In	17,000	1,000,000	-	-	-	-
Operating Transfers Out	(15,052,000)	-	-	-	(1,183,748)	(31,789)
Net Increase In Non-Interest Bearing Deposits	(49,509,000)	-	-	-	-	-
Net Decrease In Interest Bearing Deposits	19,007,000	-	-	-	-	-
Payments Of Interest On Deposits	(36,373,000)	-	-	-	-	-
Proceeds From Advances	-	-	-	-	33,108	-
Principal Payments On Advances	(2,383,000)	-	-	-	(334,276)	-
Interest Paid On Federal Funds And Reverse Repurchase Agreements	(11,391,000)	-	-	-	-	-
Net Increase In Federal Funds And Reverse Repurchase Agreements	(58,511,000)	-	-	-	-	-
Collection Of Advances Made	11,273,000	-	-	-	-	-
Net Cash Provided By (Used For) Noncapital Financing Activities	1,194,000	1,000,000	-	-	(1,750,114)	(31,789)

									Total
Guaranteed Student Loan	Housing Finance	Mill And Elevator	PERS Uniform Group Insurance	Roughrider Industries	State Fair	Student Loan	Workers Compensation	June 30 2000	
\$ (160,115) \$	6,443,000 \$	1,488,784 \$	169,742 \$	(97,624) \$	(273,179) \$	4,526,931 \$	(60,901,130) \$	(17,073,412)	
-	26,000	1,435,116	-	60,673	499,959	-	598,994	3,112,346	
-	1,640,000	-	-	-	3,750	1,639,415	-	3,283,165	
-	(9,781,000)	-	-	-	-	(10,479,449)	-	(58,926,410)	
-	792,000	-	-	-	-	-	-	2,896,000	
-	35,385,000	-	-	-	-	9,436,516	-	44,821,516	
-	(103,533,000)	-	-	-	-	(1,208,673)	-	(104,741,673)	
-	48,430,000	-	-	-	-	20,526,283	-	68,956,283	
80,639	-	-	-	-	(3,700)	5,834	1,078,782	2,761,555	
-	-	-	85,815,135	-	-	-	-	85,815,135	
-	-	-	(85,815,135)	-	-	-	-	(85,815,135)	
-	3,000	-	-	-	-	-	-	11,347	
(2,648)	118,000	2,766,460	39,051	333,959	(13,550)	-	(12,330,098)	(9,069,311)	
-	18,000	-	(6,201)	(111,128)	-	-	-	85,808	
456,239	176,000	-	-	-	-	-	-	632,239	
-	(182,000)	(14,188)	-	(7,013)	(1,207)	16,729	(469,861)	(357,311)	
-	-	(17,622)	-	(202,343)	-	-	-	(219,965)	
-	-	-	-	-	-	-	-	(1,864,000)	
235,687	(43,000)	1,008,666	(2,367)	(42,773)	(23,361)	(125,716)	12,238,674	13,296,671	
-	-	-	-	-	-	-	80,900,000	76,393,034	
(11,416)	1,281,000	-	-	-	-	976,051	-	2,245,635	
-	-	(416,157)	4,941	(9,184)	-	-	-	(409,869)	
-	5,000	84,475	5,493	3,840	2,124	-	(2,657)	101,394	
-	946,000	-	(3,405,799)	-	-	-	-	(2,459,799)	
30,172	1,000	-	(27,032)	(21)	-	(118,418)	(24,569)	(268,726)	
19,162	(124,000)	-	9,357	(165)	-	-	7,197,599	7,101,953	
18,660	-	-	-	140	-	-	-	(2,994,200)	
666,380	(18,399,000)	6,335,534	(3,212,815)	(71,639)	190,836	25,195,503	28,285,734	27,314,270	
-	210,000,000	-	-	-	-	-	-	210,000,000	
-	-	-	-	-	-	-	-	189,079,000	
-	-	-	-	-	-	(1,496,326)	-	(1,496,326)	
-	(176,339,000)	-	-	-	-	-	-	(206,121,000)	
-	(38,963,000)	-	-	-	-	(4,933,589)	-	(43,896,589)	
-	-	-	-	-	-	-	-	(15,446,198)	
-	(1,368,000)	-	-	-	-	-	-	(1,368,000)	
-	-	-	-	-	3,962,016	-	-	3,962,016	
2,000,000	-	-	-	-	380,000	-	-	3,397,000	
-	(23,000)	(26,762)	-	(580)	-	-	-	(16,317,879)	
-	-	-	-	-	-	-	-	(49,509,000)	
-	-	-	-	-	-	-	-	19,007,000	
-	-	-	-	-	-	-	-	(36,373,000)	
-	-	-	-	-	-	-	-	33,108	
-	-	-	-	-	-	-	-	(2,717,276)	
-	-	-	-	-	-	-	-	(11,391,000)	
-	-	-	-	-	-	-	-	(58,511,000)	
-	-	-	-	-	-	-	-	11,273,000	
2,000,000	(6,693,000)	(26,762)	-	(580)	4,342,016	(6,429,915)	-	(6,396,144)	

STATE OF NORTH DAKOTA

Combining Statement Of Cash Flows Enterprise Funds (Continued) For The Fiscal Year Ended June 30, 2000

	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	(270,000)	-	-	-	-	(7,085)
Proceeds From Sale Of Fixed Assets	-	-	-	-	-	-
Proceeds From Sale Of Notes And Other Borrowings	-	-	-	-	-	-
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	(270,000)	-	-	-	-	(7,085)
Cash Flows From Investing Activities:						
Proceeds From Sale And Maturities Of Investment Securities	752,482,000	-	(245,832)	-	-	937,072
Purchase Of Investment Securities	(564,338,000)	-	-	-	-	-
Interest And Dividends On Investments	29,178,000	144,802	450,893	38,435	31,851	1,585,362
Net Increase In Loans	(229,883,000)	-	-	-	-	-
Disbursements For Loans And Loan Purchases	-	-	-	(650,000)	-	-
Receipt Of Loan Principal Repayments	-	1,235,326	-	627,203	616,571	-
Loan Income Received	70,088,000	690,120	-	470,044	474,663	-
Net Cash Provided By (Used For) Investing Activities	57,527,000	2,070,248	205,061	485,682	1,123,085	2,522,434
Net Change In Cash:						
Net Increase (Decrease) In Cash And Cash Equivalents And Cash Deposits At The Bank Of North Dakota	49,726,000	2,912,675	26,296	404,609	(670,089)	(7,232)
Cash And Cash Equivalents And Cash Deposits At The Bank Of North Dakota At June 30, 1999	335,582,000	2,863,632	507,302	922,349	1,289,927	1,642,804
Cash And Cash Equivalents And Cash Deposits At The Bank Of North Dakota At June 30, 2000	<u>\$ 385,308,000</u>	<u>\$ 5,776,307</u>	<u>\$ 533,598</u>	<u>\$ 1,326,958</u>	<u>\$ 619,838</u>	<u>\$ 1,635,572</u>
Reconciliation:						
Cash Deposits At The Bank Of North Dakota	\$ -	\$ 5,776,307	\$ 533,598	\$ 1,326,958	\$ 619,838	\$ 1,635,572
Cash And Cash Equivalents	385,308,000	-	-	-	-	-
Cash And Cash Equivalents And Cash Deposits At The Bank Of North Dakota	<u>\$ 385,308,000</u>	<u>\$ 5,776,307</u>	<u>\$ 533,598</u>	<u>\$ 1,326,958</u>	<u>\$ 619,838</u>	<u>\$ 1,635,572</u>
Noncash Transactions:						
Net Appreciation In Fair Value Of Investments	\$ -	\$ -	\$ 64,728	\$ -	\$ -	\$ 258,026
Reduction In Appropriation	(17,000)	-	-	-	-	-
Appropriations Transfer From Undivided Profits To Various State Agencies	29,509,000	-	-	-	-	-
Construction pay requests payable recorded as construction work in progress	-	-	-	-	-	-
Securities Lending Collateral	-	-	163,440	-	-	164,943
Restricted sales tax receivable	-	-	-	-	-	-
Interest On Investments	-	-	-	-	-	-
Total Noncash Transactions	<u>\$ 29,492,000</u>	<u>\$ -</u>	<u>\$ 228,168</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 422,969</u>

								Total
Guaranteed Student Loan	Housing Finance	Mill And Elevator	PERS Uniform Group Insurance	Roughrider Industries	State Fair	Student Loan	Workers Compensation	June 30 2000
-	(50,000)	(16,202,097)	-	(7,286)	(6,311,434)	-	(199,275)	(23,047,177)
-	-	-	-	-	3,662	-	175	3,837
-	-	-	-	-	572,232	-	-	572,232
-	-	-	-	-	(195,000)	-	-	(195,000)
-	-	-	-	-	(151,372)	-	-	(151,372)
-	-	(118,490)	-	(6,873)	-	-	-	(125,363)
-	-	-	-	(25,414)	-	-	-	(25,414)
-	(50,000)	(16,320,587)	-	(39,573)	(6,081,912)	-	(199,100)	(22,968,257)
32,340,948	3,771,000	-	-	-	250,000	266,405,025	51,280,557	1,107,220,770
(36,295,590)	(1,581,000)	-	(119,373)	-	(247,922)	(227,419,160)	(79,505,392)	(909,506,437)
171,476	16,570,000	479,948	261,236	14,345	98,890	5,985,750	-	55,010,988
-	-	-	-	-	-	-	-	(229,883,000)
-	-	-	-	-	-	-	-	(650,000)
-	-	-	-	-	-	-	-	2,479,100
-	-	-	-	-	-	-	-	71,722,827
(3,783,166)	18,760,000	479,948	141,863	14,345	100,968	44,971,615	(28,224,835)	96,394,248
(1,116,786)	(6,382,000)	(9,531,867)	(3,070,952)	(97,447)	(1,448,092)	63,737,203	(138,201)	94,344,117
1,411,653	267,719,000	10,942,440	7,132,893	481,638	2,993,651	4,993,809	328,220	638,811,318
\$ 294,867	\$ 261,337,000	\$ 1,410,573	\$ 4,061,941	\$ 384,191	\$ 1,545,559	\$ 68,731,012	\$ 190,019	\$ 733,155,435
\$ 294,867	\$ 8,110,000	\$ 1,410,573	\$ 758,072	\$ 383,691	\$ 1,101,721	\$ 68,731,012	\$ 190,019	\$ 90,872,228
-	253,227,000	-	3,303,869	500	443,838	-	-	642,283,207
\$ 294,867	\$ 261,337,000	\$ 1,410,573	\$ 4,061,941	\$ 384,191	\$ 1,545,559	\$ 68,731,012	\$ 190,019	\$ 733,155,435
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,819,776	\$ 8,142,530
-	-	-	-	-	-	-	-	(17,000)
-	-	-	-	-	-	-	-	29,509,000
-	-	-	-	-	677,372	-	-	677,372
-	-	-	-	-	-	-	46,768,505	47,096,888
-	-	-	-	-	321,684	-	-	321,684
-	-	-	-	-	-	-	49,548,542	49,548,542
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 999,056	\$ -	\$ 104,136,823	\$ 135,279,016



The February 2000 issue of *Ladies' Home Journal* listed Fargo, North Dakota as #8 on their list of America's Ten Best Cities for Women. Fargo was #1 for the shortest commute time in the cities surveyed at 14.3 minutes average (the ND average is 13 minutes). Some of the other factors were: low crime rate, job market, availability of child care, health care, good public schools, and quality of life issues.

Source: "The Best Cities for Women," *Ladies' Home Journal*, February 2000.
Photo provided by Pat Hertz, Department of Tourism

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 24-02)

780 (929) - Information Technology Department

Accounts used for the procurement and maintenance of data processing equipment and supplies and telecommunications equipment and supplies to provide data processing and telecommunications services to state departments and agencies. (NDCC 54-59)

288 (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) - Retirement and Investment Office

Accounts for the administrative operations provided to the State Investment Board and Teachers Fund For Retirement for the boards investing activities. (NDCC 15-39)

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STATE OF NORTH DAKOTA

Combining Balance Sheet Internal Service Funds June 30, 2000

						Total
	Central Services	Fleet Service	Information Technology	Retirement And Investment Office	Risk Management	June 30 2000
Assets:						
Cash Deposits At The Bank Of North Dakota	\$ 562,924	\$ 398,239	\$ 1,379,136	\$ 119,508	\$ 583,053	\$ 3,042,860
Cash And Cash Equivalents	100	-	-	-	-	100
Investments	-	-	-	-	5,919,454	5,919,454
Accounts Receivable - Net	18,432	869	7,471	1,715	-	28,487
Interest Receivable - Net	-	-	-	-	48,050	48,050
Due From Other Funds	128,620	1,734,767	2,391,832	41,274	4	4,296,497
Intergovernmental Receivable - Net	50,711	649	27,799	-	1,500	80,659
Prepaid Items	3,075	-	74,507	-	-	77,582
Inventory	124,551	-	-	-	-	124,551
Fixed Assets (Net Of Depreciation)	112,915	40,093,014	4,117,878	55,021	20,869	44,399,697
Total Assets	\$ 1,001,328	\$ 42,227,538	\$ 7,998,623	\$ 217,518	\$ 6,572,930	\$ 58,017,937
Liabilities:						
Accounts Payable	\$ 30,889	\$ 580,887	\$ 248,863	\$ 105,829	\$ 70,230	\$ 1,036,698
Notes Payable	-	-	350,218	-	-	350,218
Securities Lending Collateral	-	-	-	-	1,155,666	1,155,666
Intergovernmental Payable	732	-	-	-	-	732
Claims/Judgements Payable	-	-	-	-	3,937,586	3,937,586
Accrued Payroll	61,926	69,475	744,716	-	15,036	891,153
Compensated Absences Payable	59,313	51,169	775,610	43,330	14,889	944,311
Due To Other Funds	28,256	96,511	13,494	19,191	16,389	173,841
Advances From Other Funds	-	4,500,000	-	-	-	4,500,000
Capital Leases Payable	56,803	-	-	-	-	56,803
Deferred Revenue	-	-	-	-	11,603	11,603
Total Liabilities	237,919	5,298,042	2,132,901	168,350	5,221,399	13,058,611
Equity:						
Contributed Capital	774,154	19,672,547	915,281	-	-	21,361,982
Retained Earnings: Unreserved	(10,745)	17,256,949	4,950,441	49,168	1,351,531	23,597,344
Total Equity	763,409	36,929,496	5,865,722	49,168	1,351,531	44,959,326
Total Liabilities And Equity	\$ 1,001,328	\$ 42,227,538	\$ 7,998,623	\$ 217,518	\$ 6,572,930	\$ 58,017,937

STATE OF NORTH DAKOTA

Combining Statement Of Revenues, Expenses And Changes In Fund Equity

Internal Service Funds

For The Fiscal Year Ended June 30, 2000

						Total
	Central Services	Fleet Services	Information Technology	Retirement And Investment Office	Risk Management	June 30 2000
Operating Revenues:						
Sales And Services	\$ 2,122,555	\$ 14,076,446	\$ 26,727,843	\$ 1,161,388	\$ -	\$ 44,088,232
Miscellaneous	-	45,243	-	13,026	4,200	62,469
Total Operating Revenues	2,122,555	14,121,689	26,727,843	1,174,414	4,200	44,150,701
Operating Expenses:						
Cost Of Sales And Services	772,308	-	-	-	-	772,308
Salaries And Benefits	731,459	862,946	8,861,993	672,269	179,159	11,307,826
Operating	628,856	5,738,540	13,874,414	486,541	796,645	21,524,996
Claims And Benefits	-	-	-	-	1,352,000	1,352,000
Depreciation	143,700	4,721,808	2,953,707	24,037	18,284	7,861,536
Total Operating Expenses	2,276,323	11,323,294	25,690,114	1,182,847	2,346,088	42,818,666
Operating Income (Loss)	(153,768)	2,798,395	1,037,729	(8,433)	(2,341,888)	1,332,035
Nonoperating Revenues (Expenses):						
Interest And Investment Revenue	-	-	-	4,751	255,400	260,151
Interest Expense	(13,073)	(2,078)	(43,875)	-	(69,301)	(128,327)
Loss On Sale Of Fixed Assets	(3,693)	(102,376)	(20,837)	-	-	(126,906)
Total Nonoperating Revenues (Expenses)	(16,766)	(104,454)	(64,712)	4,751	186,099	4,918
Net Income (Loss)	(170,534)	2,693,941	973,017	(3,682)	(2,155,789)	1,336,953
Fund Equity - Beginning of Year As Previously Reported	933,943	34,219,055	4,890,665	52,850	3,507,320	43,603,833
Contributed Capital	-	16,500	2,040	-	-	18,540
Fund Equity - End of Year	\$ 763,409	\$ 36,929,496	\$ 5,865,722	\$ 49,168	\$ 1,351,531	\$ 44,959,326

STATE OF NORTH DAKOTA

Combining Statement Of Cash Flows Internal Service Funds For The Fiscal Year Ended June 30, 2000

						Total
	Central Services	Fleet Services	Information Technology	Retirement And Investment Office	Risk Management	June 30 2000
Cash Flows From Operating Activities:						
Operating Income (Loss)	\$ (153,768)	\$ 2,798,395	\$ 1,037,729	\$ (8,433)	\$ (2,341,888)	\$ 1,332,035
Adjustments To Reconcile Operating Income To Net Cash Provided By Operating Activities:						
Depreciation	143,700	4,721,808	2,953,707	24,037	18,284	7,861,536
Amortization\Accretion	-	-	306,936	-	-	306,936
Change In Assets And Liabilities:						
(Increase) Decrease In Accounts Receivable	1,035	6,293	20,927	(48)	-	28,207
(Increase) Decrease In Due From	83,200	(522,087)	(114,544)	50,994	175,090	(327,347)
(Increase) Decrease In Intergovernmental Receivable	(2,111)	2,027	(10,866)	-	-	(10,950)
Decrease In Prepaid Items	4,752	-	-	-	-	4,752
Increase In Inventories	(3,729)	-	-	-	-	(3,729)
Increase (Decrease) In Accounts Payable	(1,864)	53,232	26,440	(34,172)	42,312	85,948
Increase In Claims\Judgements Payable	-	-	-	-	640,846	640,846
Increase In Intergovernmental Payable	732	-	-	-	-	732
Increase (Decrease) In Accrued Payroll	790	3,587	40,326	-	(7,286)	37,417
Increase (Decrease) In Compensated Absences Payable	(7,901)	3,005	97,474	11,272	(4,054)	99,796
Increase (Decrease) In Due To	12,821	32,182	3,937	(6,246)	2,780	45,474
Increase (Decrease) In Deferred Revenue	(2,280)	-	-	-	11,603	9,323
Net Cash Provided By (Used For) Operating Activities	75,377	7,098,442	4,362,066	37,404	(1,462,313)	10,110,976
Cash Flows From Noncapital Financing Activities:						
Proceeds From Advances From Other Funds	-	2,000,000	-	-	-	2,000,000
Net Cash Provided By Noncapital Financing Activities	-	2,000,000	-	-	-	2,000,000
Cash Flows From Capital And Related Financing Activities:						
Acquisition And Construction Of Capital Assets	(5,817)	(10,689,622)	(2,226,593)	(33,954)	(12,887)	(12,968,873)
Proceeds From Sale Of Fixed Assets	-	1,553,099	10,401	2,345	-	1,565,845
Principal Payments - Notes And Other Borrowings	(130,020)	(43,495)	(1,431,469)	-	-	(1,604,984)
Interest Payments - Bonds	-	-	(43,875)	-	-	(43,875)
Interest Payments - Notes And Other Borrowings	(13,073)	(2,078)	-	-	-	(15,151)
Net Cash Used For Capital And Related Financing Activities	(148,910)	(9,182,096)	(3,691,536)	(31,609)	(12,887)	(13,067,038)
Cash Flows From Investing Activities:						
Proceeds From Sale And Maturities Of Investment Securities	-	-	-	-	98,028	98,028
Interest And Dividends On Investments	-	-	-	4,751	267,403	272,154
Net Cash Provided By Investing Activities	-	-	-	4,751	365,431	370,182
Net Change In Cash:						
Net Increase (Decrease) In Cash And Cash Equivalents And Cash Deposits At The Bank Of North Dakota	(73,533)	(83,654)	670,530	10,546	(1,109,769)	(585,880)
Cash And Cash Equivalents And Cash Deposits At The Bank Of North Dakota At June 30, 1999	636,557	481,893	708,606	108,962	1,692,822	3,628,840
Cash And Cash Equivalents And Cash Deposits At The Bank Of North Dakota At June 30, 2000	\$ 563,024	\$ 398,239	\$ 1,379,136	\$ 119,508	\$ 583,053	\$ 3,042,960
Reconciliation:						
Cash Deposits At The Bank Of North Dakota	562,924	398,239	1,379,136	119,508	583,053	3,042,860
Cash And Cash Equivalents	100	-	-	-	-	100
Cash And Cash Equivalents And Cash Deposits At The Bank Of North Dakota	\$ 563,024	\$ 398,239	\$ 1,379,136	\$ 119,508	\$ 583,053	\$ 3,042,960
Noncash Transactions:						
Net Depreciation In Fair Value Of Investments	\$ -	\$ -	\$ -	\$ -	\$ (99,332)	\$ (99,332)
Contribution Of Property And Equipment	-	16,500	-	-	-	16,500
Securities Lending Collateral	-	-	-	-	(78,987)	(78,987)
Transfer In Of Equipment From Other State Agency	-	-	2,040	-	-	2,040
Total Noncash Transactions	\$ -	\$ 16,500	\$ 2,040	\$ -	\$ (178,319)	\$ (159,779)

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.



The arts are alive and well in North Dakota. From the Plains Art Museum in Fargo to Entertainment Inc! in Williston, North Dakota, residents can participate in and attend arts events throughout the year. Every major community in the state now offers dance, art exhibitions, community theater, and orchestra opportunities and has outreach programs for the surrounding rural communities. From woodcarvers to ballet dancers, children through adults, the arts will thrive in North Dakota's future.

Source: Janine Webb, North Dakota Council on the Arts
Photo provided by Pat Hertz, Department of Tourism

STATE OF NORTH DAKOTA

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 25-01.1)

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 15-19)

988 - School for the Deaf Nonexpendable Trust Fund

Account for funds donated to provide scholarships to deaf students. (NDCC 25-01.1)

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 39-03.1)

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 52-11)

STATE OF NORTH DAKOTA

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 54-52.1)

PUBLIC EMPLOYEES' RETIREMENT

470 (983) - Public Employees Retirement System

Accounts for the financial resources associated with the Public Employees Retirement System. (NDCC 54-52)

930 - Defined Contribution Retirement Plan

Accounts for the financial resources of the Defined Contribution Retirement Plan. Participation in this plan is limited to state employees who are in positions not classified by the Central Personnel Division and who are not employees of the judicial branch or board of higher education. (NDCC 54-52)

TEACHERS' RETIREMENT

964 - North Dakota Teachers' Fund For Retirement

Accounts for the financial resources of the Teachers' Retirement Fund. (NDCC 15-39.1)

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)

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)

CHILD SUPPORT, 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 39-16)

407 - Tobacco Settlement Trust Fund

Accounts for collections from settlements with tobacco product manufacturers to be allocated to other state funds. (NDCC 54-44)

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)

463 - Child Support Disbursement Unit Fund

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

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 - Youth Correctional Center Student Accounts

Account for the student's personal funds. (NDCC 12-46)

994 - School for the Deaf Students

Account for the students personal funds. (NDCC 25-01.1)

TAX COLLECTION

240 - Insurance Tax Distribution Fund

Accounts for financial resources for fire departments within the State. (NDCC 18-04)

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 57-39.2)

405 - Financial Institution Tax Distribution

Accounts for a tax imposed on each financial institution. (NDCC 57-35.3)

412 - Coal Severance Tax Distribution Fund

Accounts for a tax imposed upon all coal severed for sale or for industrial purposes by coal mines. (NDCC 57-61)

416 - Federal Tax Replacement Fund

Accounts for collecting federal funds and distributes those funds back to counties for Flood Control, Taylor Grazing and National Forests. (NDCC 15-01)

420 - Cigarette Tax Distribution Fund

Accounts for a tax on cigarettes distributed on a per capita basis to the incorporated cities. (NDCC 57-36)

421 - Gas Tax Collections and Refunds Fund

Accounts for Motor Vehicle fuel tax collections that are set aside to cover refund requests. (NDCC 57-43.1)

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)

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 Nongame Wildlife and Centennial Tree contributions that are set aside to cover refund requests. (NDCC 57-38)

STATE OF NORTH DAKOTA

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. Twenty percent is to be credited to the

sinking fund, sixty percent to the general fund, ten percent to be deposited in the common schools trust fund, and ten percent deposited in the foundation aid stabilization fund, the interest income of which must be transferred to the general fund on July first of each year. (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)

Combining Balance Sheet
Fiduciary Funds
June 30, 2000

	Expendable Trust						
	Deferred Compensation	Donation Expendable	Job Service Expendable	Land Department Abandoned Property	Land Department Capitol Building	PERS Flexcomp	Veterans Home
Assets:							
Cash Deposits At The Bank Of North Dakota	\$ -	\$ 77,870	\$ 9,634	\$ 10,025	\$ 1,959	\$ 321,325	\$ -
Cash And Cash Equivalents	-	-	22,155,402	-	-	-	24,938
Investments At The Bank Of North Dakota	-	16,767	230,000	-	-	-	-
Investments	6,816,222	-	-	1,250,564	99,812	-	-
Accounts Receivable - Net	-	-	13,257,664	-	-	302,102	-
Taxes Receivable - Net	-	-	-	-	-	-	-
Interest Receivable - Net	-	-	11,537	-	-	-	-
Loans And Notes Receivable - Net	-	-	-	-	-	-	1,260
Due From Other Funds	-	-	-	4,807	-	43,675	-
Intergovernmental Receivable - Net	-	-	162,339	-	-	-	-
Advances To Other Funds	-	-	-	1,575,168	-	-	-
Fixed Assets (Net Of Depreciation)	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-	-
Total Assets	\$ 6,816,222	\$ 94,637	\$ 35,826,576	\$ 2,840,564	\$ 101,771	\$ 667,102	\$ 26,198
Liabilities:							
Accounts Payable	\$ 14,947	\$ -	\$ 614,985	\$ 564	\$ -	\$ 1,560	\$ 4,300
Securities Lending Collateral	-	-	-	-	-	-	-
Tax Refunds Payable	-	-	-	-	-	-	-
Intergovernmental Payable	-	-	1,576,222	-	-	-	-
Claims/Judgements Payable	-	-	-	2,840,000	-	-	-
Accrued Payroll	9,048	-	-	-	-	6,373	-
Compensated Absences Payable	-	-	-	-	-	-	-
Amounts Held In Custody For Others	-	-	-	-	-	-	-
Due To Other Funds	7,090	-	166,867	-	-	888	-
Advances From Other Funds	-	-	-	-	-	-	-
Capital Leases Payable	-	-	-	-	-	-	-
Deferred Revenue	-	-	628,194	-	-	-	-
Total Liabilities	31,085	-	2,986,268	2,840,564	-	8,821	4,300
Equity:							
Fund Balance:							
Reserved For:							
Legal Requirements	-	94,637	32,840,308	-	-	-	-
Pension And Other Benefits	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Unreserved:							
Designated For:							
Trust Purposes	6,785,137	-	-	-	-	658,281	21,898
Undesignated	-	-	-	-	101,771	-	-
Total Equity	6,785,137	94,637	32,840,308	-	101,771	658,281	21,898
Total Liabilities And Equity	\$ 6,816,222	\$ 94,637	\$ 35,826,576	\$ 2,840,564	\$ 101,771	\$ 667,102	\$ 26,198

STATE OF NORTH DAKOTA

Combining Balance Sheet Fiduciary Funds (Continued) June 30, 2000

	Non-Expendable Trust		Pension			
	Donation Non- Expendable	Land Department Permanent	Defined Contribution Retirement	Highway Patrolmen's Retirement	Job Service Retirement	Prefunded Retiree Health Program
Assets:						
Cash Deposits At The Bank Of North Dakota	\$ 393	\$ 2,262,982	\$ -	\$ -	\$ 101,647	\$ 155,677
Cash And Cash Equivalents	8,799	-	-	-	-	-
Investments At The Bank Of North Dakota	6,135	-	-	568,835	419,978	-
Investments	27,667	535,760,051	8,621,778	44,975,527	79,340,170	25,852,240
Accounts Receivable - Net	-	-	63,298	-	22,113	294,134
Taxes Receivable - Net	-	-	-	-	-	-
Interest Receivable - Net	60	5,814,562	-	169,837	35,042	43
Loans And Notes Receivable - Net	-	51,599,979	-	-	-	-
Due From Other Funds	-	820,632	-	-	-	-
Intergovernmental Receivable - Net	-	-	-	-	-	-
Advances To Other Funds	-	6,700,002	-	-	-	-
Fixed Assets (Net Of Depreciation)	-	1,064,130	-	-	-	-
Other Assets	-	-	-	-	-	-
Total Assets	\$ 43,054	\$ 604,022,338	\$ 8,685,076	\$ 45,714,199	\$ 79,918,950	\$ 26,302,094
Liabilities:						
Accounts Payable	\$ -	\$ 191,300	\$ 6,875	\$ -	\$ 41,394	\$ 12,436
Securities Lending Collateral	-	31,976,161	-	3,969,262	6,074,452	-
Tax Refunds Payable	-	-	-	-	-	-
Intergovernmental Payable	-	-	-	-	-	-
Claims/Judgements Payable	-	-	-	-	-	-
Accrued Payroll	-	-	3,261	-	-	-
Compensated Absences Payable	-	-	-	-	-	-
Amounts Held In Custody For Others	-	-	-	-	-	-
Due To Other Funds	-	96,647	54	18,832	1,503	80,245
Advances From Other Funds	-	1,575,168	-	-	-	-
Capital Leases Payable	-	-	-	-	-	-
Deferred Revenue	-	-	-	-	-	-
Total Liabilities	-	33,839,276	10,190	3,988,094	6,117,349	92,681
Equity:						
Fund Balance:						
Reserved For:						
Legal Requirements	38,968	564,368,500	-	-	-	-
Pension And Other Benefits	-	-	8,674,886	41,726,105	73,801,601	26,209,413
Other	-	-	-	-	-	-
Unreserved:						
Designated For:						
Trust Purposes	4,086	-	-	-	-	-
Undesignated	-	5,814,562	-	-	-	-
Total Equity	43,054	570,183,062	8,674,886	41,726,105	73,801,601	26,209,413
Total Liabilities And Equity	\$ 43,054	\$ 604,022,338	\$ 8,685,076	\$ 45,714,199	\$ 79,918,950	\$ 26,302,094

Pension		Investment		Agency				Total
Public Employees Retirement	Teacher's Retirement	City Of Bismarck	ND Association Of Counties	Bonding	Payroll	Child Support Student And Other	Tax Collection	June 30 2000
\$ 930,495	\$ 6,297,658	\$ -	\$ -	\$ 1,547,148	\$ 3,996,212	\$ 5,568,485	\$ 50,639,074	\$ 71,920,584
-	-	-	-	-	-	403,585	70,361	22,663,085
16,244,199	12,237,403	496,135	1,121,607	6,604,785	-	50,000	-	37,995,844
1,284,363,504	1,479,812,454	38,666,812	997,411	2,411,108	-	40,000	-	3,509,035,320
2,488,501	6,168,802	-	-	-	5,645,612	215	500,801	28,743,242
-	-	-	-	-	-	-	36,598,292	36,598,292
4,850,250	6,601,965	64,732	1,692	-	-	-	-	17,549,720
-	-	-	-	-	-	-	-	51,601,239
63,992	-	-	-	-	100	372,740	842	1,306,788
-	-	-	-	-	-	-	-	162,339
-	-	-	-	-	-	-	-	8,275,170
58,648	-	-	-	-	-	-	-	1,122,778
-	-	-	-	-	-	98,051	-	98,051
\$ 1,308,999,589	\$ 1,511,118,282	\$ 39,227,679	\$ 2,120,710	\$ 10,563,041	\$ 9,641,924	\$ 6,533,076	\$ 87,809,370	\$ 3,787,072,452
\$ 1,094,658	\$ 1,478,981	\$ 29,347	\$ 1,348	\$ -	\$ -	\$ 161,494	\$ -	\$ 3,654,189
113,349,996	104,357,294	3,411,869	177,178	-	-	-	-	263,316,212
-	-	-	-	-	-	-	848,470	848,470
-	-	-	-	-	5,378,224	-	58,918,791	65,873,237
-	-	-	-	-	-	-	-	2,840,000
33,285	-	-	-	-	-	-	-	51,967
35,371	-	-	-	-	-	-	-	35,371
-	-	-	-	10,563,041	3,293,876	3,743,060	-	17,599,977
24,311	35,567	-	-	-	969,824	2,628,522	28,042,109	32,072,459
-	-	-	-	-	-	-	-	1,575,168
8,019	-	-	-	-	-	-	-	8,019
-	-	-	-	-	-	-	-	628,194
114,545,640	105,871,842	3,441,216	178,526	10,563,041	9,641,924	6,533,076	87,809,370	388,503,263
-	-	-	-	-	-	-	-	597,342,413
1,194,453,949	1,405,246,440	-	-	-	-	-	-	2,750,112,394
-	-	35,786,463	1,942,184	-	-	-	-	37,728,647
-	-	-	-	-	-	-	-	7,469,402
-	-	-	-	-	-	-	-	5,916,333
1,194,453,949	1,405,246,440	35,786,463	1,942,184	-	-	-	-	3,398,569,189
\$ 1,308,999,589	\$ 1,511,118,282	\$ 39,227,679	\$ 2,120,710	\$ 10,563,041	\$ 9,641,924	\$ 6,533,076	\$ 87,809,370	\$ 3,787,072,452

STATE OF NORTH DAKOTA

Combining Statement of Plan Net Assets Pension And Investment Trust Funds June 30, 2000

	Pension			
	Defined Contribution Retirement	Highway Patrolmen's Retirement	Job Service Retirement	Prefunded Retiree Health Program
Assets:				
Cash Deposits At The Bank Of North Dakota	\$ -	\$ -	\$ 101,647	\$ 155,677
Receivables:				
Contributions Receivable	63,298	-	22,113	294,134
Interest Receivable - Net	-	169,837	35,042	43
Accounts Receivable	-	-	-	-
Due From Other Funds	-	-	-	-
Total Receivables	63,298	169,837	57,155	294,177
Investments, At Fair Value:				
Equity Pool	6,850,947	21,898,374	38,895,645	15,580,492
Fixed Income	1,770,831	752,681	419,978	10,271,748
Fixed Income Pool	-	15,369,734	21,509,300	-
Cash And Cash Pool	-	606,103	(1,239)	-
Guaranteed Investment Contract	-	-	12,862,012	-
Real Estate Pool	-	2,056,859	-	-
Private Equity	-	891,349	-	-
Total Investments	8,621,778	41,575,100	73,685,696	25,852,240
Invested Securities Lending Collateral	-	3,969,262	6,074,452	-
Fixed Assets (Net Of Depreciation)	-	-	-	-
Total Assets	8,685,076	45,714,199	79,918,950	26,302,094
Liabilities:				
Accrued Payroll	3,261	-	-	-
Accounts Payable	6,875	-	41,394	12,436
Due To Other Funds	54	18,832	1,503	80,245
Securities Lending Collateral	-	3,969,262	6,074,452	-
Compensated Absences Payable	-	-	-	-
Capital Lease Payable	-	-	-	-
Total Liabilities	10,190	3,988,094	6,117,349	92,681
Net Assets Held In Trust For:				
Pension Benefits	8,674,886	41,726,105	73,801,601	26,209,413
External Investment Pool Participants	-	-	-	-
Total Net Assets Held In Trust:	\$ 8,674,886	\$ 41,726,105	\$ 73,801,601	\$ 26,209,413

Pension		Investment		Total
Public Employees' Retirement	Teachers' Retirement	City Of Bismarck	ND Association of Counties	June 30 2000
\$ 930,495	\$ 6,297,658	\$ -	\$ -	\$ 7,485,477
2,487,588	6,168,802	-	-	9,035,935
4,850,250	6,601,965	64,732	1,692	11,723,561
913	-	-	-	913
63,992	-	-	-	63,992
7,402,743	12,770,767	64,732	1,692	20,824,401
625,350,602	786,964,157	18,127,452	437,519	1,514,105,188
21,494,274	-	-	-	34,709,512
438,912,600	388,362,325	15,369,874	382,714	879,906,547
17,308,429	27,586,864	291,201	1,121,607	46,912,965
-	-	-	-	12,862,012
58,737,593	141,679,262	1,351,430	-	203,825,144
25,454,209	43,099,955	611,121	-	70,056,634
1,187,257,707	1,387,692,563	35,751,078	1,941,840	2,762,378,002
113,349,996	104,357,294	3,411,869	177,178	231,340,051
58,648	-	-	-	58,648
1,308,999,589	1,511,118,282	39,227,679	2,120,710	3,022,086,579
33,285	-	-	-	36,546
1,094,658	1,478,981	29,347	1,348	2,665,039
24,311	35,567	-	-	160,512
113,349,996	104,357,294	3,411,869	177,178	231,340,051
35,371	-	-	-	35,371
8,019	-	-	-	8,019
114,545,640	105,871,842	3,441,216	178,526	234,245,538
1,194,453,949	1,405,246,440	-	-	2,750,112,394
-	-	35,786,463	1,942,184	37,728,647
\$ 1,194,453,949	\$ 1,405,246,440	\$ 35,786,463	\$ 1,942,184	\$ 2,787,841,041

STATE OF NORTH DAKOTA

Combining Statement of Revenues, Expenditures And Changes In Fund Balance Expendable Trust Funds For The Fiscal Year Ended June 30, 2000

								Total
	Deferred Compensation	Donation Expendable	Job Service Expendable	Land Abandoned Property	Land Capitol Building	PERS Flexcomp	Veterans Home	June 30 2000
Revenues:								
Taxes	\$ -	\$ -	\$ 39,845,128	\$ -	\$ -	\$ -	\$ -	\$ 39,845,128
Intergovernmental	-	-	1,046,554	-	-	-	-	1,046,554
Sales And Services	875,796	-	-	-	-	4,071,845	-	4,947,641
Royalties And Rents	-	-	-	-	79,662	-	-	79,662
Fines And Forfeits	-	-	-	608,002	-	-	-	608,002
Interest And Investment Income	615,519	3,217	1,468,956	2,449	11,897	31,209	7,597	2,140,844
Miscellaneous	-	2,751	325,650	-	-	-	124,191	452,592
Total Revenues	1,491,315	5,968	42,686,288	610,451	91,559	4,103,054	131,788	49,120,423
Expenditures:								
Current:								
General Government	379,828	-	-	-	-	4,162,956	-	4,542,784
Education	-	1,696	-	313,083	12,969	-	-	327,748
Health And Human Services	-	-	41,243,550	-	-	-	182,610	41,426,160
Total Expenditures	379,828	1,696	41,243,550	313,083	12,969	4,162,956	182,610	46,296,692
Revenues Over (Under) Expenditures	1,111,487	4,272	1,442,738	297,368	78,590	(59,902)	(50,822)	2,823,731
Other Financing Sources (Uses):								
Operating Transfers In	300,635	-	-	-	-	-	-	300,635
Operating Transfers Out	-	-	-	(297,368)	(467,000)	(300,635)	-	(1,065,003)
Total Other Financing Sources (Uses)	300,635	-	-	(297,368)	(467,000)	(300,635)	-	(764,368)
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	1,412,122	4,272	1,442,738	-	(388,410)	(360,537)	(50,822)	2,059,363
Fund Balances - Beginning of Year As Previously Reported	5,373,015	90,365	31,397,570	-	490,181	1,018,818	72,720	38,442,669
Fund Balances - End of Year	\$ 6,785,137	\$ 94,637	\$ 32,840,308	\$ -	\$ 101,771	\$ 658,281	\$ 21,898	\$ 40,502,032

STATE OF NORTH DAKOTA

Combining Statement Of Revenues, Expenses And Changes In Fund Equity Nonexpendable Trust Funds For The Fiscal Year Ended June 30, 2000

	Donation Non- Expendable	Land Department Permanent	Total June 30 2000
Operating Revenues:			
Royalties And Rents	\$ -	\$ 13,558,698	\$ 13,558,698
Interest And Investment Income	2,045	55,892,734	55,894,779
Total Operating Revenues	2,045	69,451,432	69,453,477
Operating Expenses:			
Operating	841	2,062,402	2,063,243
Interest	-	31,600	31,600
Depreciation	-	39,528	39,528
Miscellaneous	402	-	402
Total Operating Expenses	1,243	2,133,530	2,134,773
Operating Income	802	67,317,902	67,318,704
Nonoperating Revenues:			
Tax Revenue	-	2,236,683	2,236,683
Tobacco Settlement	-	13,479,131	13,479,131
Other	-	40,000	40,000
Total Nonoperating Revenues	-	15,755,814	15,755,814
Income Before Operating Transfers	802	83,073,716	83,074,518
Operating Transfers In	-	297,368	297,368
Operating Transfers Out	-	(26,401,000)	(26,401,000)
Net Income	802	56,970,084	56,970,886
Fund Equity - Beginning of Year As Previously Reported	42,252	513,212,978	513,255,230
Fund Equity - End of Year	\$ 43,054	\$ 570,183,062	\$ 570,226,116

STATE OF NORTH DAKOTA

Combining Statement Of Cash Flows Nonexpendable Trust Funds For The Fiscal Year Ended June 30, 2000

	Donation Non- Expendable	Land Department Permanent	Total June 30 2000
Cash Flows From Operating Activities:			
Operating Income	\$ 802	\$ 67,317,902	\$ 67,318,704
Adjustments To Reconcile Operating Income To Net Cash Provided By Operating Activities:			
Depreciation	-	39,528	39,528
Reclassification Of Interest Revenue\Expense	(2,045)	(55,843,725)	(55,845,770)
Gain On Sale Of Real Estate	-	(49,009)	(49,009)
Tobacco Settlement	-	13,479,131	13,479,131
Change In Assets And Liabilities:			
Increase In Due From	-	(466,426)	(466,426)
Increase In Accounts Payable	-	56,291	56,291
Increase In Due To	-	2,953	2,953
Net Cash Provided By (Used For) Operating Activities	(1,243)	24,536,645	24,535,402
Cash Flows From Noncapital Financing Activities:			
Tax Collections	-	2,236,683	2,236,683
Operating Transfers In	-	297,368	297,368
Operating Transfers Out	-	(26,401,000)	(26,401,000)
Proceeds From Advances From Other Funds	-	302,632	302,632
Advances Made To Other Funds	-	(1,340,853)	(1,340,853)
Collection Of Advances Made	-	164,588	164,588
Interest Received On Advances Made	-	571,544	571,544
Net Cash Used For Noncapital Financing Activities	-	(24,169,038)	(24,169,038)
Cash Flows From Investing Activities:			
Proceeds From Sale And Maturities Of Investment Securities	-	82,211,988	82,211,988
Purchase Of Investment Securities	(83)	(108,110,323)	(108,110,406)
Interest And Dividends On Investments	2,035	20,669,765	20,671,800
Proceeds From Sale Of Other Real Estate	-	162,379	162,379
Disbursements For Loans And Loan Purchases	-	(4,609,803)	(4,609,803)
Receipt Of Loan Principal Repayments	-	4,740,754	4,740,754
Loan Income Received	-	4,573,535	4,573,535
Net Cash Provided By (Used For) Investing Activities	1,952	(361,705)	(359,753)
Net Change In Cash:			
Net Increase In Cash And Cash Equivalents And Cash Deposits At The Bank Of North Dakota	709	5,902	6,611
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
Cash And Cash Equivalents And Cash Deposits At The Bank Of North Dakota At June 30,2000	\$ 9,192	\$ 2,262,982	\$ 2,272,174
Reconciliation:			
Cash Deposits At The Bank Of North Dakota	\$ 393	\$ 2,262,982	\$ 2,263,375
Cash And Cash Equivalents	8,799	-	8,799
Cash And Cash Equivalents And Cash Deposits At The Bank Of North Dakota	\$ 9,192	\$ 2,262,982	\$ 2,272,174
Noncash Transactions:			
Net Appreciation In Fair Value Of Investments	\$ -	\$ 29,717,914	\$ 29,717,914
Total Noncash Transactions	\$ -	\$ 29,717,914	\$ 29,717,914

Combining Statement Of Changes In Assets And Liabilities

Agency Funds

For The Fiscal Year Ended June 30, 2000

	June 30 1999	Additions	Deductions	June 30 2000
Bonding				
Assets				
Cash Deposits At The Bank Of North Dakota	\$ 1,505,894	\$ 1,896,849	\$ 1,855,595	\$ 1,547,148
Investments At The Bank Of North Dakota	7,135,497	126,158	656,870	6,604,785
Investments	2,449,434	-	38,326	2,411,108
Accounts Receivable - Net	-	4,500	4,500	-
Total Assets	\$ 11,090,825	\$ 2,027,507	\$ 2,555,291	\$ 10,563,041
Liabilities				
Accounts Payable	\$ -	\$ 2,000	\$ 2,000	\$ -
Amounts Held In Custody For Others	11,090,825	2,023,007	2,550,791	10,563,041
Total Liabilities	\$ 11,090,825	\$ 2,025,007	\$ 2,552,791	\$ 10,563,041
Payroll				
Assets				
Cash Deposits At The Bank Of North Dakota	\$ 4,448,691	\$ 71,036,207	\$ 71,488,686	\$ 3,996,212
Accounts Receivable - Net	5,600,675	66,233,554	66,188,617	5,645,612
Due From Other Funds	-	67,684	67,584	100
Total Assets	\$ 10,049,366	\$ 137,337,445	\$ 137,744,887	\$ 9,641,924
Liabilities				
Intergovernmental Payable	\$ 6,258,755	\$ 64,048,733	\$ 64,929,264	\$ 5,378,224
Amounts Held In Custody For Others	3,790,611	66,486,865	66,983,600	3,293,876
Due To Other Funds	-	1,527,352	557,528	969,824
Total Liabilities	\$ 10,049,366	\$ 132,062,950	\$ 132,470,392	\$ 9,641,924
Child Support, Student And Other				
Assets				
Cash Deposits At The Bank Of North Dakota	\$ 2,579,405	\$ 118,588,452	\$ 115,599,372	\$ 5,568,485
Cash And Cash Equivalents	656,083	1,469,770	1,722,268	403,585
Investments At The Bank Of North Dakota	50,000	-	-	50,000
Investments	50,000	40,000	50,000	40,000
Accounts Receivable - Net	20	105,700,371	105,700,176	215
Due From Other Funds	300,268	8,210,883	8,138,411	372,740
Other Assets	78,340	622,193	602,482	98,051
Total Assets	\$ 3,714,116	\$ 234,631,669	\$ 231,812,709	\$ 6,533,076
Liabilities				
Accounts Payable	\$ 122,289	\$ 71,006,601	\$ 70,967,396	\$ 161,494
Amounts Held In Custody For Others	3,589,986	107,384,488	107,231,414	3,743,060
Due To Other Funds	1,841	43,208,005	40,581,324	2,628,522
Total Liabilities	\$ 3,714,116	\$ 221,599,094	\$ 218,780,134	\$ 6,533,076

STATE OF NORTH DAKOTA

Combining Statement Of Changes In Assets And Liabilities

Agency Funds (Continued)

For The Fiscal Year Ended June 30, 2000

	June 30 1999	Additions	Deductions	June 30 2000
Tax Collection				
Assets				
Cash Deposits At The Bank Of North Dakota	\$ 51,646,769	\$ 370,962,345	\$ 371,970,040	\$ 50,639,074
Cash And Cash Equivalents	177,852	-	107,491	70,361
Accounts Receivable - Net	341,684	370,108,398	369,949,281	500,801
Taxes Receivable - Net	29,880,453	6,717,839	-	36,598,292
Due From Other Funds	13,408	832,418	844,984	842
Total Assets	\$ 82,060,166	\$ 748,621,000	\$ 742,871,796	\$ 87,809,370
Liabilities				
Tax Refunds Payable	\$ 1,766,349	\$ -	\$ 917,879	\$ 848,470
Intergovernmental Payable	53,135,347	684,665,578	678,882,134	58,918,791
Due To Other Funds	27,158,470	80,410,063	79,526,424	28,042,109
Total Liabilities	\$ 82,060,166	\$ 765,075,641	\$ 759,326,437	\$ 87,809,370
Total Assets And Liabilities-Agency Funds				
Assets				
Cash Deposits At The Bank Of North Dakota	\$ 60,180,759	\$ 562,483,853	\$ 560,913,693	\$ 61,750,919
Cash And Cash Equivalents	833,935	1,469,770	1,829,759	473,946
Investments At The Bank Of North Dakota	7,185,497	126,158	656,870	6,654,785
Investments	2,499,434	40,000	88,326	2,451,108
Accounts Receivable - Net	5,942,379	542,046,823	541,842,574	6,146,628
Taxes Receivable - Net	29,880,453	6,717,839	-	36,598,292
Due From Other Funds	313,676	9,110,985	9,050,979	373,682
Other Assets	78,340	622,193	602,482	98,051
Total Assets	\$ 106,914,473	\$ 1,122,617,621	\$ 1,114,984,683	\$ 114,547,411
Liabilities				
Accounts Payable	\$ 122,289	\$ 71,008,601	\$ 70,969,396	\$ 161,494
Tax Refunds Payable	1,766,349	-	917,879	848,470
Intergovernmental Payable	59,394,102	748,714,311	743,811,398	64,297,015
Amounts Held In Custody For Others	18,471,422	175,894,360	176,765,805	17,599,977
Due To Other Funds	27,160,311	125,145,420	120,665,276	31,640,455
Total Liabilities	\$ 106,914,473	\$ 1,120,762,692	\$ 1,113,129,754	\$ 114,547,411

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.

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STATE OF NORTH DAKOTA

Schedule Of General Fixed Assets By Source

June 30, 2000

(Expressed In Thousands)

	<u>June 30</u> <u>2000</u>
General Fixed Assets	
Land	\$ 18,945
Buildings	304,322
Improvements Other Than Buildings	54,688
Equipment	122,200
Construction In Progress	<u>6,683</u>
Total General Fixed Assets	<u>\$ 506,838</u>

Investment In General Fixed Assets By Source

Pre-June 30, 1991	\$ 296,445
General Fund	60,688
Federal Grants	92,491
Special Revenue Funds	54,943
Donations	<u>2,271</u>
Total Investment In General Fixed Assets	<u>\$ 506,838</u>

STATE OF NORTH DAKOTA

Schedule Of General Fixed Assets By Function

June 30, 2000

(Expressed In Thousands)

Function	Land	Buildings	Improvements Other Than Buildings	Equipment	Construction In Progress	Total
General Government	\$ 2,210	\$ 50,391	\$ 311	\$ 10,571	\$ 77	\$ 63,560
Education	110	6,857	872	3,948	-	11,787
Health And Human Services	1,303	83,949	4,286	38,930	667	129,135
Regulatory	503	746	-	2,422	-	3,671
Public Safety	2,344	123,617	24,235	10,675	5,443	166,314
Agriculture And Economic Development	-	2,367	-	1,247	-	3,614
Natural Resources	9,227	17,843	22,045	10,504	219	59,838
Highways	3,248	18,552	2,939	43,903	277	68,919
Total General Fixed Assets	<u>\$ 18,945</u>	<u>\$ 304,322</u>	<u>\$ 54,688</u>	<u>\$ 122,200</u>	<u>\$ 6,683</u>	<u>\$ 506,838</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, 2000

(Expressed In Thousands)

Function	General Fixed Assets June 30, 1999	Additions	Retirements	Transfers Between Asset Class And Funds	General Fixed Assets June 30, 2000
General Government	\$ 63,394	\$ 1,590	\$ (1,424)	\$ -	\$ 63,560
Education	11,942	355	(510)	-	11,787
Health And Human Services	128,806	4,337	(4,008)	-	129,135
Regulatory	3,949	235	(513)	-	3,671
Public Safety	157,647	9,502	(835)	-	166,314
Agriculture And Economic Development	3,664	145	(195)	-	3,614
Natural Resources	57,178	3,215	(555)	-	59,838
Highways	65,810	4,444	(1,335)	-	68,919
Total General Fixed Assets	\$ 492,390	\$ 23,823	\$ (9,375)	\$ -	\$ 506,838

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.

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Today's economy is dependent upon knowledgeable and skilled people. For North Dakota and its citizens to prosper, the University System must support the economic development of individuals, businesses, industries, and the state as a whole. Already some universities offer undergraduate and graduate degree programs using the Internet, Interactive Video Network, and delayed videotape. The School of Medicine and Health Sciences at the University of North Dakota uses satellite technology (MedStar) to deliver educational programs to health care institutions throughout the state. Further goals of the University System include:

- ◆ Respond to the mismatch between desired skills—academic, technical, interpersonal—and existing skills of the state's workforce;
- ◆ Commit to making North Dakota a national model of technology infrastructure and IT workforce development;
- ◆ Use entrepreneurship programs that work with K-12 schools, businesses, etc. to help students gain the general knowledge and skills that an entrepreneurial climate requires.

Sources: "Roundtable Cornerstones," North Dakota University System
Photo provided by Pat Hertz, Department of Tourism

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

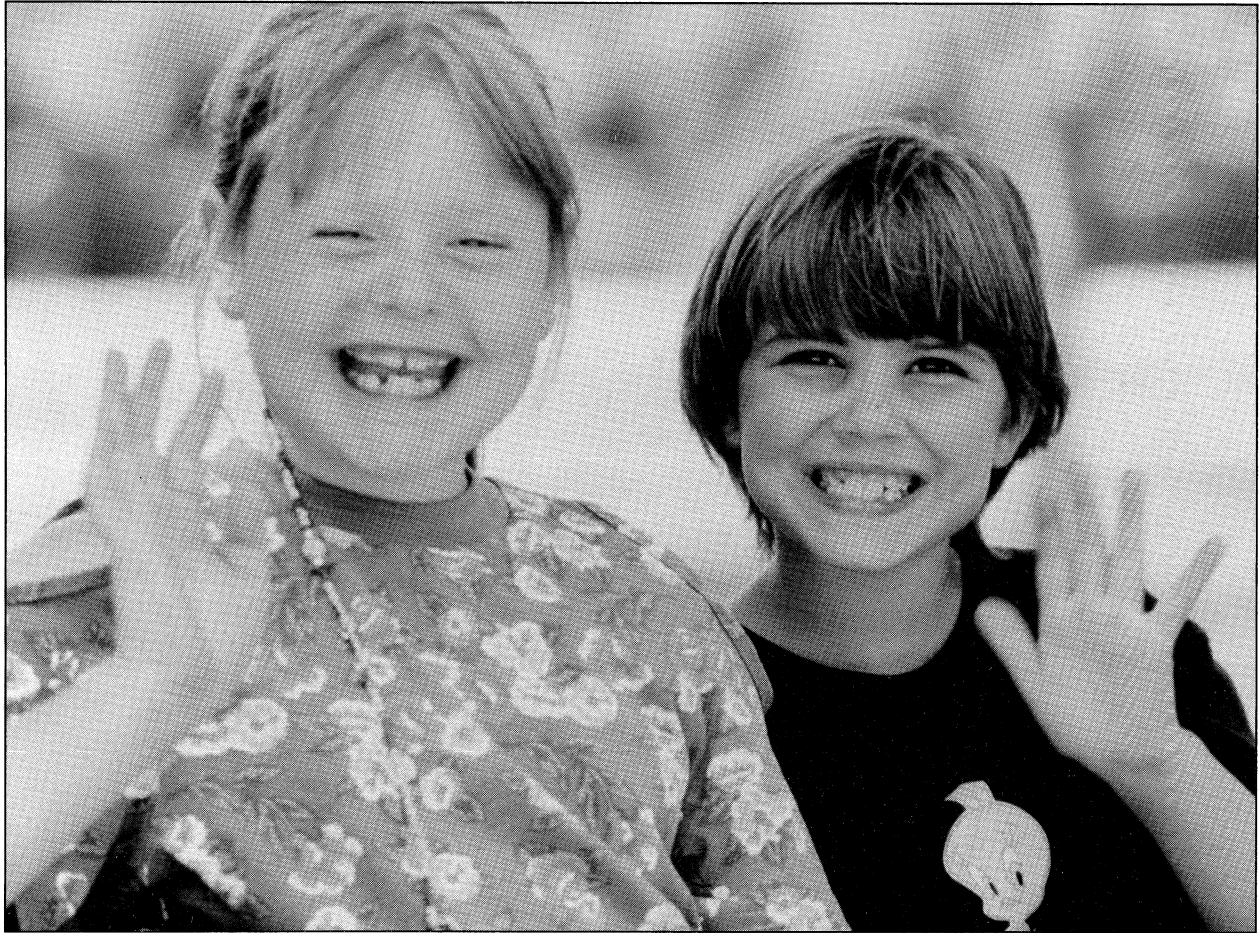
851 - Valley City Dormitory Fund

STATE OF NORTH DAKOTA

Combining Balance Sheet University System June 30, 2000

	Current Funds					
	Unrestricted				Endowment And Similar	
	General Operating	Auxiliary	Restricted	Loan		
Assets:						
Cash Deposits At The Bank Of North Dakota	\$ 16,958,966	\$ 3,363,084	\$ 504,603	\$ 2,208,998	\$ 1,423,263	
Cash And Cash Equivalents	2,472,528	144,856	5,871	-	149,636	
Investments At The Bank Of North Dakota	27,113,760	6,604,029	672,421	-	2,952,529	
Investments	2,973,862	1,672,230	3,890,168	84,012	18,737,634	
Accounts Receivable - Net	6,145,128	1,171,777	89,116	11,201	-	
Interest Receivable - Net	300,713	91,341	11,942	1,596	13,772	
Loans And Notes Receivable - Net	-	-	-	41,725,273	-	
Interfund Receivable	3,821,867	127,024	-	-	-	
Due From General Fund	5,931,919	-	-	-	-	
Due From Other State Funds	12,187	-	1,747,198	-	-	
Intergovernmental Receivable	1,520,093	-	19,268,040	-	-	
Prepaid Items	521,174	20,000	3,346	-	-	
Inventory	2,593,986	3,539,567	-	-	-	
Fixed Assets	124,505	-	-	-	-	
Other Assets	1,356,787	914,451	13,531	1,394	-	
Total Assets	\$ 71,847,475	\$ 17,648,359	\$ 26,206,236	\$ 44,032,474	\$ 23,276,834	
Liabilities:						
Accounts Payable	\$ 5,919,816	\$ 600,084	\$ 1,672,050	\$ 1	\$ -	
Notes Payable	-	-	-	-	-	
Interest Payable	510,562	-	-	-	-	
Contracts Payable	1,043,920	-	-	-	-	
Accrued Payroll	1,902,305	323,087	578,277	-	-	
Compensated Absences Payable	13,052,675	928,643	9,354	-	-	
Amounts Held In Custody For Others	-	-	-	-	-	
Deposits	1,579,168	835,735	-	-	-	
Interfund Payable	284,978	44,243	3,007,010	26,452	-	
Due To Other Funds	555,647	24,458	1,578	-	-	
Advances From State Funds	258,895	-	6,141,413	-	-	
Bonds Payable	-	-	-	-	-	
Capital Leases Payable	-	-	-	-	-	
Deferred Revenue	239,524	159,177	6,520,168	-	-	
Other Liabilities	-	375	27,885	-	-	
Total Liabilities	25,347,490	2,915,802	17,957,735	26,453	-	
Equity:						
Investment In Fixed Assets	-	-	-	-	-	
Fund Balance:						
Restricted:						
Reserved For:						
Federal Loan Funds	-	-	-	34,375,147	-	
Specified Purposes	-	-	8,248,500	9,561,581	11,462,978	
Unrestricted:						
Designated for Asbestos Related Projects	101,649	-	-	-	-	
Undesignated	46,398,336	14,732,557	1	69,293	11,813,856	
Total Equity	46,499,985	14,732,557	8,248,501	44,006,021	23,276,834	
Total Liabilities And Equity	\$ 71,847,475	\$ 17,648,359	\$ 26,206,236	\$ 44,032,474	\$ 23,276,834	

Plant Funds				Total
Unexpended	Retirement Of Indebtedness	Investment In Plant	Agency	June 30 2000
\$ 5,214,640	\$ 5,279,544	\$ -	\$ 5,676,966	\$ 40,630,064
408,117	2,063,044	-	32,923	5,276,975
16,204,411	5,777,100	-	375,535	59,699,785
-	4,770,932	-	8,799,586	40,928,424
688,775	97,838	667,501	570,077	9,441,413
298,693	95,785	-	34,066	847,908
-	1,478,341	156,250	50	43,359,914
95,627	-	-	-	4,044,518
962,382	-	-	-	6,894,301
419,000	-	-	20,038	2,198,423
3,397,161	33,530	-	68,791	24,287,615
-	10,325	10,248	10,924	576,017
-	-	-	-	6,133,553
-	-	919,060,656	-	919,185,161
34,325	40,056	875,968	14,244	3,250,756
<u>\$ 27,723,131</u>	<u>\$ 19,646,495</u>	<u>\$ 920,770,623</u>	<u>\$ 15,603,200</u>	<u>\$ 1,166,754,827</u>
\$ 3,035,406	\$ 20	\$ -	\$ 345,416	\$ 11,572,793
-	1,091,617	1,915,887	-	3,007,504
-	1,029,573	-	-	1,540,135
643,990	-	-	-	1,687,910
-	-	-	2,714,067	5,517,736
-	-	-	-	13,990,672
-	-	-	11,377,798	11,377,798
-	23	-	12,986	2,427,912
570,088	5,084	-	106,663	4,044,518
-	-	-	1,046,270	1,627,953
690,241	-	-	-	7,090,549
10,432	280,000	55,337,953	-	55,628,385
-	1,943,050	22,345,744	-	24,288,794
-	-	-	-	6,918,869
-	-	646,195	-	674,455
<u>4,950,157</u>	<u>4,349,367</u>	<u>80,245,779</u>	<u>15,603,200</u>	<u>151,395,983</u>
-	-	840,524,844	-	840,524,844
-	-	-	-	34,375,147
8,518,784	8,369,452	-	-	46,161,295
4,546,584	-	-	-	4,648,233
9,707,606	6,927,676	-	-	89,649,325
<u>22,772,974</u>	<u>15,297,128</u>	<u>840,524,844</u>	<u>-</u>	<u>1,015,358,844</u>
<u>\$ 27,723,131</u>	<u>\$ 19,646,495</u>	<u>\$ 920,770,623</u>	<u>\$ 15,603,200</u>	<u>\$ 1,166,754,827</u>



In 1998, the percentage of North Dakota children with government or private health insurance was 91.7%. North Dakota's Healthy Steps Children's Health Insurance Plan became available October 1, 1999, to offer comprehensive health coverage for qualifying uninsured children 18 years of age or younger. Healthy Steps insurance is intended to meet the needs of working families who cannot afford health insurance premiums, yet who earn too much to qualify for Medicaid. The North Dakota Medicaid Program and the Caring Program for Children are additional sources of health care coverage. The ultimate goal is to have 100% of our children covered by some type of health insurance.

The immunization of children is another high priority in our state. In 1999, 83.0% of children aged 19-35 months were fully immunized for diphtheria, tetanus, pertussis, polio, measles, mumps and rubella, compared to the national average of 79.9%.

Sources: ND Department of Human Services
ND Department of Health
Photo provided by Pat Hertz, Department of Tourism

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)

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)

2000

STATE OF NORTH DAKOTA

Combining Balance Sheet Component Units - Proprietary Funds For The Fiscal Year Ended June 30, 2000

	Comprehensive Health Association	Municipal Bond Bank	North Dakota Development Fund	Technology Transfer Inc.	Total June 30 2000
Assets					
Cash Deposits At The Bank Of North Dakota	\$ -	\$ 1,201,000	\$ 7,496,641	\$ -	\$ 8,697,641
Cash And Cash Equivalents	255,291	-	-	-	255,291
Investments At The Bank Of North Dakota	-	7,477,000	400,000	-	7,877,000
Investments	-	202,884,000	2,476,850	-	205,360,850
Accounts Receivable - Net	40,510	-	-	-	40,510
Interest Receivable - Net	-	2,526,000	343,629	-	2,869,629
Loans And Notes Receivable - Net	-	-	10,212,194	-	10,212,194
Advances To Primary Government	-	9,143,000	-	-	9,143,000
Unamortized Bond Issuance Costs	-	1,360,000	-	-	1,360,000
Fixed Assets (Net Of Depreciation)	-	7,000	24,513	-	31,513
Total Assets	\$ 295,801	\$ 224,598,000	\$ 20,953,827	\$ -	\$ 245,847,628
Liabilities					
Accounts Payable	\$ 106,634	\$ 8,000	\$ -	\$ -	\$ 114,634
Interest Payable	-	1,621,000	-	-	1,621,000
Intergovernmental Payable	-	1,103,000	-	-	1,103,000
Claims/Judgements Payable	1,025,000	-	-	-	1,025,000
Advances From Primary Government	-	9,143,000	-	-	9,143,000
Bonds Payable	-	133,735,000	-	-	133,735,000
Deferred Revenue	226,280	-	34,353	-	260,633
Total Liabilities	1,357,914	145,610,000	34,353	-	147,002,267
Equity:					
Contributed Capital	-	-	1,284,820	-	1,284,820
Retained Earnings:					
Reserved For:					
Contingencies	(1,062,113)	-	-	-	(1,062,113)
Equity Investments-Loans-Grants And Collections	-	-	4,363,603	-	4,363,603
Debt Service Or Purchase Of Municipal Securities	-	78,988,000	-	-	78,988,000
Unreserved	-	-	15,271,051	-	15,271,051
Total Equity	(1,062,113)	78,988,000	20,919,474	-	98,845,361
Total Liabilities And Equity	\$ 295,801	\$ 224,598,000	\$ 20,953,827	\$ -	\$ 245,847,628

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, 2000

	Comprehensive Health Association	Municipal Bond Bank	North Dakota Development Fund	Technology Transfer Inc.	Total June 30 2000
Operating Revenues:					
Sales And Services	\$ 6,121,429	\$ 400,000	\$ 7,056	\$ -	\$ 6,528,485
Interest And Investment Income	-	10,591,000	1,207,443	-	11,798,443
Total Operating Revenues	6,121,429	10,991,000	1,214,499	-	18,326,928
Operating Expenses:					
Salaries And Benefits	-	144,000	-	-	144,000
Operating	175,264	1,397,000	2,101,800	-	3,674,064
Claims And Benefits	5,461,605	-	-	-	5,461,605
Interest	-	8,115,000	-	-	8,115,000
Depreciation	-	5,000	-	-	5,000
Total Operating Expenses	5,636,869	9,661,000	2,101,800	-	17,399,669
Operating Income (Loss)	484,560	1,330,000	(887,301)	-	927,259
Nonoperating Revenues:					
Operating Grants	-	16,765,000	-	-	16,765,000
Interest And Investment Income	29,585	-	-	-	29,585
Total Nonoperating Revenues	29,585	16,765,000	-	-	16,794,585
Income (Loss) Before Operating Transfers	514,145	18,095,000	(887,301)	-	17,721,844
Operating Transfers From Primary Government	-	-	375,000	-	375,000
Net Income (Loss)	514,145	18,095,000	(512,301)	-	18,096,844
Fund Equity - Beginning Of Year As Previously Reported	(1,576,258)	60,893,000	20,146,955	1,284,820	80,748,517
Residual Equity Transfers Out	-	-	-	(1,284,820)	(1,284,820)
Contributed Capital	-	-	1,284,820	-	1,284,820
Fund Equity - End Of Year	\$ (1,062,113)	\$ 78,988,000	\$ 20,919,474	\$ -	\$ 98,845,361

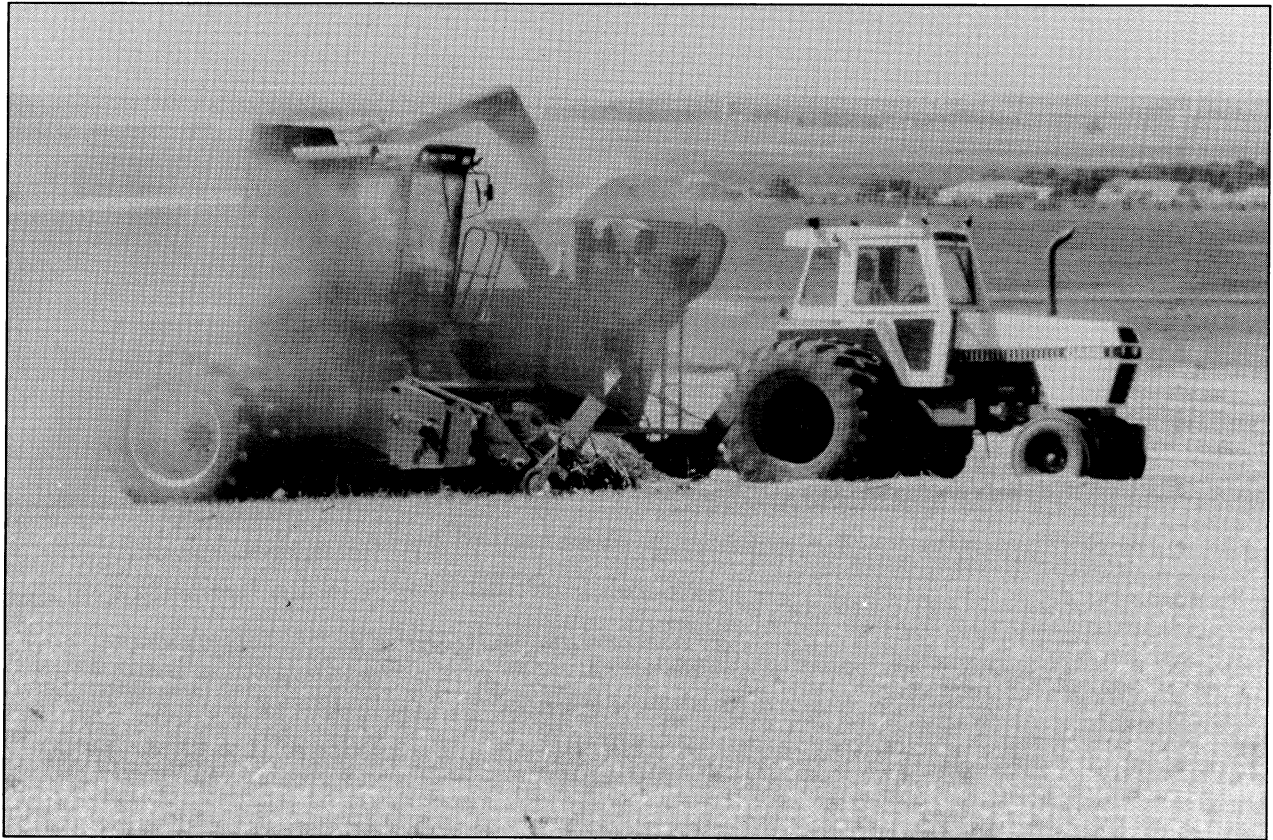
STATE OF NORTH DAKOTA

Combining Statement Of Cash Flows Component Units - Proprietary Funds For The Fiscal Year Ended June 30, 2000

	Comprehensive Health Association	Municipal Bond Bank	North Dakota Development Fund	Technology Transfer Inc.	Total June 30 2000
Cash Flows From Operating Activities:					
Operating Income (Loss)	\$ 484,560	\$ 1,330,000	\$ (887,301)	\$ -	\$ 927,259
Adjustments To Reconcile Operating Income To Net Cash Provided By Operating Activities:					
Depreciation	-	5,000	-	-	5,000
Amortization\Accretion	-	119,000	-	-	119,000
Reclassification Of Interest Revenue\Expense	-	(2,517,000)	(1,207,443)	-	(3,724,443)
Provision For Losses	-	-	1,824,445	-	1,824,445
Other	-	-	142,757	-	142,757
Change In Assets And Liabilities:					
Increase In Accounts Receivable	(33,557)	-	-	-	(33,557)
Decrease In Intergovernmental Receivable	26,054	-	-	-	26,054
Increase In Accounts Payable	3,474	8,000	-	-	11,474
Decrease In Claims\Judgements Payable	(635,701)	-	-	-	(635,701)
Increase In Intergovernmental Payable	-	477,000	-	-	477,000
Increase (Decrease) In Deferred Revenue	(3,499)	-	29,390	-	25,891
Net Cash Used For Operating Activities	(158,669)	(578,000)	(98,152)	-	(834,821)
Cash Flows From Noncapital Financing Activities:					
Proceeds From Bonds	-	14,815,000	-	-	14,815,000
Principal Payments - Bonds	-	(18,446,000)	-	-	(18,446,000)
Interest Payments - Bonds	-	(8,146,000)	-	-	(8,146,000)
Payment Of Bond Issue Costs	-	(171,000)	-	-	(171,000)
Operating Grant Received	-	16,765,000	-	-	16,765,000
Operating Transfers In	-	-	375,000	-	375,000
Residual Equity Transfer (Out)	-	-	-	(145,174)	(145,174)
Proceeds From Advances	-	2,383,000	-	-	2,383,000
Advances Made	-	(2,383,000)	-	-	(2,383,000)
Net Cash Provided By (Used For) Noncapital Financing Activities	-	4,817,000	375,000	(145,174)	5,046,826
Cash Flows From Capital And Related Financing Activities:					
Acquisition And Construction Of Capital Assets	-	(5,000)	-	-	(5,000)
Capital Contributions	-	-	145,174	-	145,174
Net Cash Provided By (Used For) Capital And Related Financing Activities	-	(5,000)	145,174	-	140,174
Cash Flows From Investing Activities:					
Proceeds From Sale And Maturities Of Investment Securities	-	51,908,000	2,712,400	-	54,620,400
Purchase Of Investment Securities	-	(65,852,000)	(925,000)	-	(66,777,000)
Interest And Dividends On Investments	29,585	10,348,000	1,114,011	-	11,491,596
Disbursements For Loans And Loan Purchases	-	-	(5,210,461)	-	(5,210,461)
Receipt Of Loan Principal Repayments	-	-	3,199,617	-	3,199,617
Net Cash Provided By (Used For) Investing Activities	29,585	(3,596,000)	890,567	-	(2,675,848)
Net Change In Cash:					
Net Increase (Decrease) In Cash And Cash Equivalents And Cash Deposits At The Bank Of North Dakota	(129,084)	638,000	1,312,589	(145,174)	1,676,331
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
Cash And Cash Equivalents And Cash Deposits At The Bank Of North Dakota At June 30, 2000	\$ 255,291	\$ 1,201,000	\$ 7,496,641	\$ -	\$ 8,952,932
Reconciliation:					
Cash Deposits At The Bank Of North Dakota	\$ -	\$ 1,201,000	\$ 7,496,641	\$ -	\$ 8,697,641
Cash And Cash Equivalents	255,291	-	-	-	255,291
Cash And Cash Equivalents And Cash Deposits At The Bank Of North Dakota	\$ 255,291	\$ 1,201,000	\$ 7,496,641	\$ -	\$ 8,952,932
Noncash Transactions:					
Loans Written Off	\$ -	\$ -	\$ 543,175	\$ -	\$ 543,175
Investments Written Off	-	-	554,750	-	554,750
Capital Contribution	-	-	1,139,646	-	1,139,646
Residual Equity Transfer Out	-	-	-	(1,139,646)	(1,139,646)
Total Noncash Transactions	\$ -	\$ -	\$ 2,237,571	\$ (1,139,646)	\$ 1,097,925

STATISTICAL SECTION

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New value-added agricultural processing facilities directly add \$84.5 million to North Dakota's economy, along with \$160 million in secondary jobs and general commerce. Value-added agricultural products are an obvious source of diversification, as they create synergy with the state's massive agricultural production. From this movement cooperatives are springing up across the state, such as Dakota Growers Pasta Company in Carrington, North Dakota, and the North American Bison Cooperative in New Rockford.

Sources: ND Department of Agriculture

North Dakota's Economic Road Map 2000, published by Job Service North Dakota

Photo provided by Pat Hertz, Department of Tourism

**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.

STATE OF NORTH DAKOTA

General Governmental Expenditures (GAAP Basis) By Function Last Ten Fiscal Years (Expressed In Thousands)

<i>Expenditures By Function</i>	1991	1992	1993	1994
General Government	\$ 55,455	\$ 55,164	\$ 60,825	\$ 57,292
Education	295,804	310,847	319,304	319,807
Health And Human Services	389,344	458,735	487,209	487,095
Regulatory	33,903	13,213	14,599	13,198
Public Safety	31,956	36,702	36,606	45,062
Agriculture And Economic Development	15,996	15,749	19,006	17,313
Natural Resources	29,369	34,943	38,210	35,053
Highways	161,888	192,209	176,732	198,392
Capital Outlay	3,968	2,512	2,747	624
Debt Service:				
Principal	4,450	2,760	3,160	5,185
Interest And Other Charges	4,235	4,400	4,621	3,660
Advance Refunding Escrow	-	688	1,052	-
Total Expenditures By Function	\$ 1,026,368	\$ 1,127,922	\$ 1,164,071	\$ 1,182,681

General Governmental Revenues (GAAP Basis) By Source Last Ten Fiscal Years (Expressed In Thousands)

<i>Revenues By Source</i>	1991	1992	1993	1994
Taxes	\$ 608,336	\$ 563,833	\$ 614,461	\$ 654,865
Licenses And Permits	26,902	29,520	33,144	31,786
Intergovernmental	445,679	514,798	542,879	566,392
Sales And Service	23,216	31,568	32,680	26,248
Royalties And Rents	9,578	9,243	10,001	6,385
Fines And Forfeits	1,482	1,711	1,775	1,845
Interest	24,152	15,493	10,321	9,455
Tobacco Settlement	-	-	-	-
Miscellaneous	6,643	11,569	5,698	4,635
Total Revenues By Source	\$ 1,145,988	\$ 1,177,735	\$ 1,250,959	\$ 1,301,611

NOTES:

(1) General Government Includes General, Special Revenue, Capital Projects, And Debt Service Fund.

Source: General Purpose Financial Statements

1995	1996	1997	1998	1999	2000
\$ 74,254	\$ 76,034	\$ 77,968	\$ 78,414	\$ 92,534	\$ 80,236
329,249	340,073	347,109	364,389	373,740	398,518
528,052	558,607	586,421	598,833	618,241	635,288
14,800	17,713	20,544	14,493	14,326	14,595
47,240	54,443	97,498	149,811	146,050	142,102
19,657	19,319	20,544	21,070	22,830	23,433
38,249	42,402	34,905	31,561	35,030	33,638
226,626	212,335	236,743	280,647	264,980	313,115
3,357	5,427	5,855	13,128	5,351	13,264
2,988	3,878	4,446	5,180	5,119	4,731
4,254	4,936	5,294	5,345	5,479	5,420
-	-	-	-	-	-
\$ 1,288,726	\$ 1,335,167	\$ 1,437,327	\$ 1,562,871	\$ 1,583,680	\$ 1,664,340

1995	1996	1997	1998	1999	2000
\$ 680,620	\$ 722,954	\$ 745,896	\$ 802,456	\$ 781,235	\$ 838,306
34,820	39,120	38,244	44,008	44,995	52,373
623,520	669,853	705,174	827,772	808,529	914,839
34,888	30,403	36,090	36,420	32,684	34,564
7,111	7,361	7,874	7,787	4,742	6,624
1,901	4,583	4,951	6,610	10,034	6,909
13,576	14,459	16,379	15,879	15,528	17,907
-	-	-	-	-	16,475
4,747	4,520	4,973	5,877	2,703	5,565
\$ 1,401,183	\$ 1,493,253	\$ 1,559,581	\$ 1,746,809	\$ 1,700,450	\$ 1,893,562

**General Governmental Revenues (Budgetary Basis) By Source
Last Nine Fiscal Years (In Bienniums)**

Revenues By Source	1991-1993	1993-1995	1995-1997	1997-1999	2000
Sales And Use Tax	\$ 472,354,351	\$ 551,585,835	\$ 605,471,019	\$ 664,364,916	\$ 355,433,005
Income Tax	244,094,270	279,780,472	315,516,252	358,287,825	197,101,325
Corporate Income Tax	79,304,171	94,755,138	99,347,937	123,420,219	47,528,015
Business Privilege Tax	4,501,873	5,488,535	3,854,132	6,494,162	2,382,197
Oil And Gas Production Tax	34,068,927	23,560,500	33,042,320	26,973,613	21,062,999
Oil Extraction Tax	48,153,450	29,328,185	21,987,655	16,703,114	12,713,571
Insurance Premium Tax	32,522,677	32,120,236	36,968,670	35,733,266	19,293,920
Cigarette, Cigar And Tobacco Tax	27,524,919	44,864,988	45,030,090	44,091,170	21,341,734
Liquor And Beer Tax	10,151,036	10,370,481	10,339,078	11,140,328	5,430,523
Department Fees And Collections	23,362,701	22,083,103	28,737,207	41,193,364	21,248,342
Gaming Tax	11,477,000	22,371,750	22,848,486	22,801,868	13,176,646
Coal Severance Tax	23,244,128	23,828,544	22,245,267	22,596,137	11,206,459
Interest On Public Funds	16,134,417	13,603,488	15,554,914	19,013,889	9,293,946
Coal Conversion Tax	19,557,661	22,960,212	24,064,781	23,786,790	12,490,737
Mineral Leasing Tax	8,815,204	5,445,476	5,629,526	7,257,989	3,566,924
Bank Of North Dakota Profits - Transfer	27,217,457	14,100,000	50,214,540	29,600,000	15,000,000
Mill And Elevator Profits - Transfer	3,000,000	-	1,000,000	3,000,000	-
Gas Tax Administration - Transfer	988,904	1,025,000	1,071,878	1,128,872	690,304
Budget Stabilization Fund - Transfer	23,328,283	-	-	-	-
Other Transfers	-	50,067,240	38,445,224	36,713,873	1,858,651
Total Revenues By Source	\$1,109,801,429	\$1,247,339,183	\$1,381,368,976	\$1,494,301,395	\$ 770,819,298

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 Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Population (2)</u>	<u>Gross Bonded Debt (3)</u>	<u>Less Payable From Enterprise Revenues</u>	<u>Net Bonded Debt</u>	<u>Net Bonded Debt Per Capita</u>
1991	634,199	\$ 54,821,260	\$ 29,309,246	\$ 25,512,014	\$ 40.23
1992	635,427	52,283,032	28,157,168	24,125,864	37.97
1993	637,229	43,636,833	20,329,658	23,307,175	36.58
1994	639,762	39,229,787	15,427,389	23,802,398	37.21
1995	641,548	39,045,747	15,888,554	23,157,193	36.10
1996	642,858	38,834,919	38,834,919	-	-
1997	640,945	33,083,824	33,083,824	-	-
1998	637,808	31,441,073	31,441,073	-	-
1999	633,666	-	-	-	-
2000	633,666	-	-	-	-

- 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) Estimated Population for 2000.
 - 3) The State Has Had No General Obligation Bonded Debt Since Fiscal Year 1998.

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	
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
1999	10,991,000	8,763,000	1,510,000	18,244,000	18,446,000	8,146,000	26,592,000	0.69

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	
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
2000	15,835,171	20,532,117	6,374,651	29,992,637	1,496,326	4,933,589	6,429,915	4.66

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	
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
2000	60,068,000	48,430,000	14,636,000	93,862,000	176,339,000	38,963,000	215,302,000	0.44

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	
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
1999	3,609,161	-	2,908,303	700,858	195,000	151,372	346,372	2.02

(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**

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Population (1)	638,800	634,199	635,427	637,229	639,762	641,548	642,858	640,945	637,808	633,666
Employed	305,270	299,760	298,440	306,230	323,510	324,610	333,620	338,690	335,212	325,366
Unemployed	12,780	13,330	15,900	13,990	13,060	10,980	10,560	8,850	11,053	11,456
Total Labor Force	318,050	313,090	314,340	320,220	336,570	335,590	344,180	347,540	346,265	336,822
N.D. Unemployment Rate	4.0%	4.3%	5.1%	4.4%	3.9%	3.3%	3.1%	2.5%	3.2%	3.4%
U.S. Unemployment Rate	5.6%	6.8%	7.5%	6.9%	6.1%	5.6%	5.4%	4.9%	4.5%	4.2%

Source: Job Service North Dakota
North Dakota State Data Center

**Demographic Statistics
Last Ten Fiscal Years**

Fiscal Year	(1) Population	(2) Per Capita Income	Public Median Age	(3) School Enrollment	Unemployment Rate
1991	634,199	\$ 15,572	33.0	117,719	4.3%
1992	635,427	16,374	33.5	118,094	5.1%
1993	637,229	17,137	33.8	118,500	4.4%
1994	639,762	18,156	34.2	118,649	3.9%
1995	641,548	19,084	34.6	118,606	3.3%
1996	642,858	21,166	35.1	117,816	3.1%
1997	640,945	20,876	35.4	116,103	2.5%
1998	637,808	22,892	35.8	113,929	3.2%
1999	633,666	23,518	36.2	111,705	3.4%
2000	N/A	N/A	N/A	108,094	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) Preliminary figure for 1999 per capital income.
(3) 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>
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	1,936,103,525
1999	6,863,857,581	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>
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
1999-00	7,559	23,930	24,989	17,652	37,575	111,705	13,572
2000-01	7,144	22,999	24,289	17,099	36,563	108,094	N/A

<u>Academic Year</u>	<u>Average Daily Membership</u>	<u>Total Cost Of Education</u>	<u>Average cost Per Pupil</u>
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	115,987	550,557,935	4,747
1999-00	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**

	1991 FTE	1992 FTE	1993 FTE	1994 FTE	1995 FTE	1996 FTE	1997 FTE	1998 FTE	1999 FTE	2000 FTE
Bismarck State College	1,858	1,954	1,965	1,842	1,795	1,932	2,001	2,082	2,181	2,126
Dickinson State University	1,315	1,388	1,383	1,342	1,373	1,459	1,470	1,484	1,535	1,592
Mayville State University	739	693	676	708	739	723	635	643	651	644
Minot State University	3,349	3,278	3,417	3,216	3,134	2,964	2,727	2,597	2,588	2,491
MiSU - Bottineau	443	489	359	338	337	369	389	410	467	394
ND State College Of Science	2,047	2,091	2,014	2,170	2,259	2,340	2,271	2,219	2,139	2,276
North Dakota State University	7,254	7,504	7,917	8,092	8,196	8,190	8,079	8,142	8,253	8,469
University of North Dakota	9,786	10,059	9,671	9,463	9,390	9,221	8,725	8,684	8,911	9,302
Lake Region State College	478	433	442	455	479	437	439	492	474	491
Williston State College	622	717	738	702	714	702	663	592	615	550
Valley City State University	946	845	902	853	929	932	879	903	896	910
Total	28,837	29,451	29,484	29,181	29,345	29,269	28,278	28,248	28,710	29,245

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

Source: North Dakota University System

Taxable Sales And Purchases By Industry Last Ten Fiscal Years

Fiscal Years	Mining And Oil Extraction	Construction	Manufacturing	Transportation, Communications And Public Utilities	Wholesale	Retail	Services	Misc.	Fiscal Year Total
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
2000	37,128,911	324,055,893	331,107,834	520,249,975	1,371,047,248	3,587,999,334	683,652,769	46,123,347	6,901,365,311

Fiscal Years - Percentage Change

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%
2000	16.9%	-5.6%	-3.8%	4.3%	6.6%	5.3%	3.7%	-13.9%	4.2%

Source: Office Of State Tax Commissioner

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

Industry	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Manufacturing	17,350	17,850	18,350	19,500	21,500	21,300	21,550	23,400	24,100	24,050
Construction	10,100	10,300	11,000	11,800	12,800	13,500	14,850	14,950	15,600	16,800
Mining	4,300	4,250	3,900	3,850	3,700	3,850	4,100	4,200	3,900	3,450
Wholesale Trade	19,300	19,100	19,200	19,300	20,000	20,800	21,200	21,550	21,700	21,750
Retail Trade	50,850	52,500	53,600	55,350	56,700	58,300	59,050	59,000	59,550	59,550
Services	68,650	70,650	73,750	76,550	80,650	80,950	84,450	87,450	89,850	91,700
Finance, Insurance & Real Estate	12,450	12,700	13,050	13,450	13,950	13,750	14,300	14,750	15,800	16,350
Transportation, Communi- cation & Utilities	17,100	17,200	17,550	17,950	18,550	18,450	18,350	18,050	17,950	18,450
Government	65,500	65,700	66,800	67,100	67,300	71,300	70,800	70,750	71,100	71,500
Total	265,600	270,250	277,200	284,850	295,150	302,200	308,650	314,100	319,550	323,600

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	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Manufacturing	\$ 20,889	\$ 21,799	\$ 22,975	\$ 23,541	\$ 24,447	\$ 25,504	\$ 26,601	\$ 27,396	\$ 28,992	\$ 29,604
Construction	21,564	21,649	22,079	22,874	23,274	24,833	26,579	27,282	28,808	31,864
Mining	31,696	32,272	34,541	36,104	35,914	37,016	37,126	38,924	40,760	44,718
Wholesale Trade	22,541	23,029	23,968	24,847	25,817	26,196	27,343	28,343	29,868	30,671
Retail Trade	9,646	9,976	10,501	10,791	11,219	11,453	11,857	12,427	12,849	15,089
Services	16,198	16,705	17,492	17,735	17,980	18,648	19,352	20,084	21,001	20,392
Finance, Insurance & Real Estate	20,554	21,290	22,828	23,521	24,066	25,008	25,769	26,889	28,132	28,708
Transp., Communi- cation & Utilities	25,573	26,396	27,089	27,564	28,427	29,182	29,954	31,228	33,117	32,867
Government	19,451	20,189	21,133	21,716	22,248	22,779	23,396	24,147	24,965	27,741
All Industries	\$ 17,625	\$ 18,132	\$ 18,944	\$ 19,382	\$ 19,893	\$ 20,493	\$ 21,236	\$ 22,045	\$ 23,049	\$ 23,757

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>
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
1999	32,882,182	15

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>
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
2000	28,752,000	56,342,510,000

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

Value Of Export Shares Of Agricultural Commodities - 1998-1999 (1)

	1998 <u>Dollars</u> (Mil.)	1998 <u>% of U.S.</u>	1999 <u>Dollars</u> (Mil.)	1999 <u>% of U.S.</u>
Wheat And Products	\$ 467.6	11.8	\$ 279.7	7.1
Feeds Grains And Products	99.8	1.6	98.3	1.4
Sunflower Seed And Oil	174.6	51.6	188.1	56.9
Vegetables And Preparations	108.5	2.6	130.0	3.1
Soybeans And Products	112.8	1.3	112.6	1.7
Feeds And Fodder	48.3	2.8	51.2	3.1
Seeds	41.2	5.0	32.4	4.1
Live Animals And Meats Excluding Poultry	19.3	.4	15.9	.3
Hides And Skins	5.4	.4	4.2	.4
Dairy Products	3.1	.3	2.9	.3
Fats, Oils And Greases	3.0	.5	2.3	.4
Other	0.6	--	0.1	--
Total	\$1,084.2	2.0	\$ 917.9	1.9

Sources: Foreign Agricultural Trade Of U.S. - E.R.S.

(1) State Agricultural Exports Estimates Were Based On North Dakota's Production Or Sales Of Individual Commodities Reported By The National Agricultural Statistics Service (NASS). It Is Assumed That Each State Received Export Revenues In The Same Proportion As Its Production.

1999 Crop Rank Among States

North Dakota <u>Ranks</u>	<u>Crop Description</u>	North Dakota <u>Produces</u>
1st	Flaxseed	87%
	Durum Wheat	72%
	Non-oil Sunflowers	55%
	Pinto Beans	45%
	All Sunflowers	43%
	Oil Sunflowers	40%
	Spring Wheat	33%
	All Dry Edible Beans	25%
	Barley	21%
	Rye	14%
2nd	Navy Beans	35%
	Sugarbeets	15%
	Honey	13%
	All Wheat	11%
3rd	Oats	12%

Source: North Dakota Agricultural Statistics 2000

**Cash Receipts From
Farm Marketings And Government Payments - 1996-1999**

Item	1996	1997	1998	1999	Percent Total 1999 Pct. (1)
Thousand Dollars					
Crops	\$ 2,859,746	\$ 2,671,066	\$ 2,366,868	\$ 2,111,684	56.9%
Food Grains	1,470,705	1,253,229	947,117	732,477	19.7
Wheat	1,469,700	1,252,185	942,515	728,253	19.6
Rye	1,005	1,044	4,602	4,223	0.1
Feed Crops	498,250	441,970	351,132	313,286	8.4
Corn	133,005	122,811	125,211	125,792	3.4
Barley	293,159	218,818	148,175	118,784	3.2
Hay	58,681	90,669	68,449	61,845	1.7
Oats	13,405	9,673	9,297	6,865	0.2
Oil Crops	380,657	559,822	566,574	576,208	15.5
Sunflower	182,658	275,809	213,366	238,477	6.4
Soybeans	155,274	208,344	225,384	208,585	5.6
Canola	32,407	58,460	94,927	92,110	2.4
Flaxseed	7,786	12,218	23,165	27,260	0.7
Miscellaneous	2,532	4,991	9,732	9,776	0.3
Veg., Fruits, Nuts	293,518	235,288	289,805	291,153	7.8
Dry Beans	165,753	113,357	148,409	145,293	3.9
Potatoes	125,561	111,017	126,656	135,107	3.6
Miscellaneous	2,204	10,914	14,740	10,753	0.3
Other Crops	216,616	180,757	212,240	198,560	5.4
Sugarbeets	194,219	159,370	190,664	181,885	4.9
Miscellaneous	22,397	21,387	21,576	16,675	0.4
Livestock	543,559	598,242	554,603	647,202	17.4%
Meat Animals	365,767	444,625	394,735	503,933	13.6
Cattle And Calves	311,446	399,583	352,887	461,134	12.4
Hogs	47,343	36,186	35,558	35,968	1.0
Sheep And Lambs	6,978	8,856	6,290	6,831	0.2
Dairy Products	107,545	86,304	98,670	89,232	2.4
Poultry And Eggs	25,052	25,303	17,294	17,870	0.5
Turkeys	21,252	22,612	14,553	15,435	0.4
Eggs	2,681	2,164	2,265	1,955	.1
Other Poultry	1,119	527	476	480	-
Miscellaneous Livestock	45,195	42,010	43,904	36,167	1.0
Honey	17,802	18,130	18,547	15,797	0.4
Other Livestock	27,393	23,880	25,357	20,370	0.5
TOTAL CROPS & LIVESTOCK	3,403,305	3,269,308	2,921,471	2,758,886	74.4
GOVERNMENT PAYMENTS	353,417	361,477	601,494	951,581	25.6
GRAND TOTAL	\$ 3,756,722	\$ 3,630,785	\$ 3,522,965	\$ 3,710,467	100.0

Source: North Dakota Agricultural Statistics 2000

(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 re-estimation 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 re-estimated 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 re-estimated 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									
	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
1 Net Earned Required Contribution And Investment Revenues	\$ 647	\$ 485	\$ 428	\$ 128	\$ 161	\$ 305	\$ 370	\$ 633	\$ 479	\$ 637
2 Unallocated Expenses	43	27	13	34	59	68	63	205	79	84
3 Estimated Incurred Claims And Expense, End Of Policy Year	4	50	31	208	249	325	91	128	229	60
4 Paid (Cumulative) As Of:										
End Of Policy Year	4	50	31	208	249	11	91	18	(29)	(22)
One Year Later	4	50	31	208	249	11	91	18	(29)	
Two Years Later	4	50	31	208	249	11	91	18		
Three Years Later	4	50	31	208	249	11	91			
Four Years Later	4	50	31	208	249	11				
Five Years Later	4	50	31	208	249					
Six Years Later	4	50	31	208						
Seven Years Later	4	50	31							
Eight Years Later	4	50								
Nine Years Later	4									
5 Reestimated Incurred Claims And Expenses:										
End Of Policy Year	4	50	31	208	309	11	91	128	229	60
One Year Later	4	50	31	208	309	11	91	128	229	
Two Years Later	4	50	31	208	309	11	91	128		
Three Years Later	4	50	31	208	309	11	91			
Four Years Later	4	50	31	208	309	11				
Five Years Later	4	50	31	208	309					
Six Years Later	4	50	31	208						
Seven Years Later	4	50	31							
Eight Years Later	4	50								
Nine Years Later	4									
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									
	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
1 Net Earned Required Contribution And Investment Revenues	\$ 3,290	\$ 3,257	\$ 3,494	\$ 3,552	\$ 3,349	\$ 3,545	\$ 3,946	\$ 5,870	\$ 4,787	\$ 4,311
2 Unallocated Expenses	428	407	553	539	596	422	345	1,282	1,031	1026
3 Estimated Incurred Claims And Expense, End Of Policy Year	656	384	255	1,125	2,116	1,598	7,612	5,521	3,578	2104
4 Paid (Cumulative) As Of:										
End Of Policy Year	310	174	213	733	448	(5)	3,143	345	(2,554)	303
One Year Later	655	174	213	733	448	(5)	3,143	345	(2,554)	
Two Years Later	655	174	213	733	448	(5)	3,143	345		
Three Years Later	655	174	213	733	448	(5)	3,143			
Four Years Later	655	174	213	733	448	(5)				
Five Years Later	655	174	213	733	448					
Six Years Later	655	174	213	733						
Seven Years Later	655	174	213							
Eight Years Later	655	174								
Nine Years Later	665									
5 Reestimated Incurred Claims And Expenses:										
End Of Policy Year	559	384	255	1,125	2,116	1,589	7,612	5,521	3,578	2104
One Year Later	559	384	255	1,125	2,116	1,589	7,612	5,521	3,578	
Two Years Later	559	384	255	1,125	2,116	1,589	7,612	5,521		
Three Years Later	559	384	255	1,125	2,116	1,589	7,612			
Four Years Later	559	384	255	1,125	2,116	1,589				
Five Years Later	559	384	255	1,125	2,116					
Six Years Later	559	384	255	1,125						
Seven Years Later	559	384	225							
Eight Years Later	559	384								
Nine Years Later	559									
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									
	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
1 Net Earned Required Contribution And Investment Revenues	\$ 70,752	\$ 90,373	\$ 113,640	\$ 127,730	\$ 142,220	\$ 173,614	\$ 186,648	\$ 211,339	\$ 178,623	\$ 208,491
2 Unallocated Expenses	4,627	7,004	8,324	9,024	11,321	10,983	12,357	14,127	12,038	13,231
3 Estimated Incurred Claims And Expense, End Of Policy Year	110,000	116,650	124,200	114,300	106,081	94,160	84,551	89,020	92,130	80,505
4 Paid (Cumulative) As Of:										
End Of Policy Year	16,921	13,949	11,777	14,092	14,406	13,275	12,953	15,332	14,317	16,157
One Year Later	32,987	30,891	27,987	28,390	26,810	25,832	25,463	28,133	27,335	
Two Years Later	42,685	39,703	36,222	36,420	33,256	30,473	30,213	32,676		
Three Years Later	49,156	45,675	41,511	41,497	37,487	33,575	33,688			
Four Years Later	51,387	47,286	43,561	45,495	40,787	36,584				
Five Years Later	54,782	50,032	46,493	48,628	43,207					
Six Years Later	57,490	52,436	48,913	50,814						
Seven Years Later	59,631	54,488	52,410							
Eight Years Later	61,815	57,856								
Nine Years Later	64,588									
5 Reestimated Incurred Claims And Expenses:										
End Of Policy Year	110,000	116,650	124,200	114,300	106,081	94,160	84,551	89,020	92,130	80,505
One Year Later	110,500	119,650	120,850	98,417	96,838	89,357	86,080	89,100	83,830	
Two Years Later	110,100	117,450	94,420	90,663	91,740	85,720	85,940	81,641		
Three Years Later	109,000	94,371	87,884	85,948	88,905	85,350	78,143			
Four Years Later	98,750	91,640	82,730	88,270	87,775	76,888				
Five Years Later	95,876	93,329	85,630	90,280	83,384					
Six Years Later	105,776	91,685	86,880	91,846						
Seven Years Later	104,790	94,350	87,860							
Eight Years Later	106,590	95,172								
Nine Years Later	104,768									
6 Increase In Estimated Incurred Claims And Expense From End Of Policy Year	(5,232)	(21,478)	(36,340)	(22,454)	(22,697)	(17,272)	(6,408)	(7,379)	(8,300)	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>2000</u>	<u>1999</u>	<u>2000</u>	<u>1999</u>	<u>2000</u>	<u>1999</u>
Unpaid Claims And Claims Adjustment Expenses At The Beginning Of The Year	\$ 6,132	\$ 5,176	\$ 258	\$ 109	\$ 668,800	\$ 591,700
Incurred Claims And Claims Adjustment Expenses:						
Provision For Current Fiscal Year	2,104	3,578	60	229	80,505	92,130
Change In Provision For Prior Fiscal Year	-	-	-	-	(19,872)	19,368
Payments And Claims And Adjustment Expenses Attributable To:						
Current Fiscal Year Insured Events	(303)	2,554	22	29	(16,157)	(14,317)
Prior Fiscal Years Insured Events	(6,132)	(5,176)	(258)	(109)	(55,290)	(52,901)
Total Payments	(6,435)	(2,622)	(236)	(80)	(71,447)	(67,218)
Premium Deficiency	-	-	-	-	-	-
Change In Provision For Discount	-	-	-	-	(696)	(13,000)
Other	-	-	-	-	2,410	820
Contingency Reserve For Adverse Deviation	-	-	-	-	90,000	45,000
Total Unpaid Claims And Claims Adjustment Expenses At The End Of The Year	<u>\$ 1,801</u>	<u>\$ 6,132</u>	<u>\$ 82</u>	<u>\$ 258</u>	<u>\$ 749,700</u>	<u>\$ 668,800</u>

Source: Individual Financial Statements

