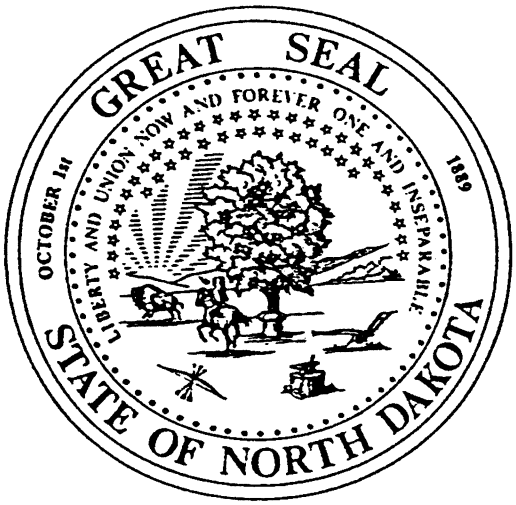
STATE OF NORTH DAKOTA

Comprehensive Annual Financial Report

FOR THE FISCAL YEAR ENDED

June 30, 2001



Prepared by the Office of Management and Budget

STATE OF NORTH DAKOTA
Fiscal Management

Soon our country will be celebrating the bicentennial of the Lewis and Clark Expedition, which lasted from 1803–1806. The State of North Dakota plays a big part in this commemoration because Lewis and Clark spent more time in the area that became North Dakota than anywhere else on the trail. Also, it was here that they met Sakakawea, the Shoshone guide who proved herself to be an invaluable asset to the Expedition.

We would like to thank the North Dakota Department of Tourism, whose photographs and narratives concerning the Lewis and Clark Expedition were used in this report and on the cover.

LEWIS & CLARK™
A North Dakota Adventure

Cover: Design by Graphic Artist Colleen Bredahl
North Dakota Central Services

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COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
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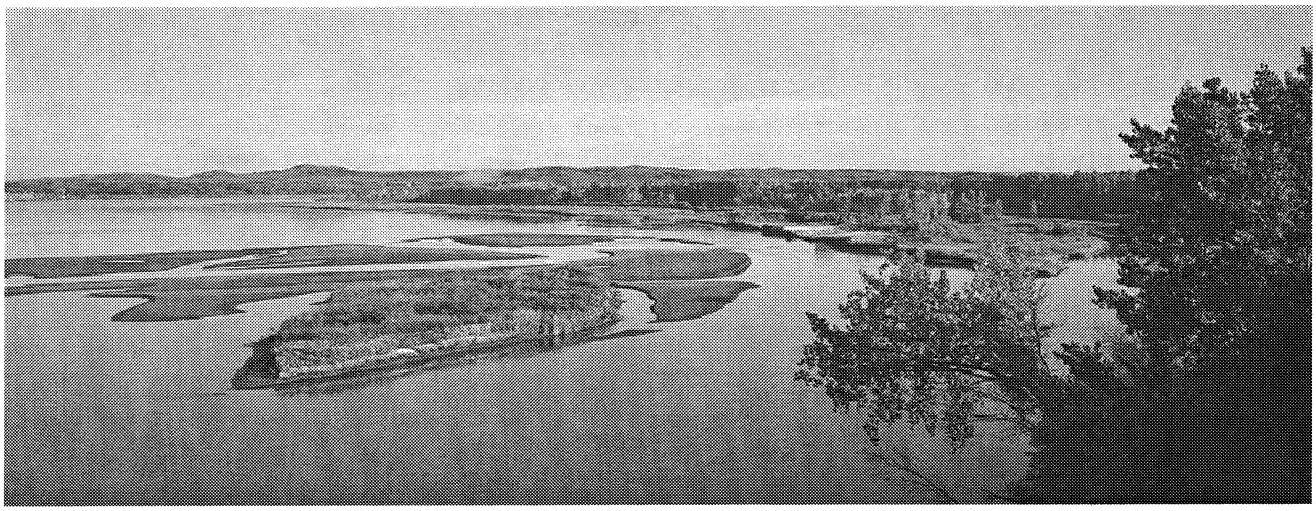
Introductory Section

LEWIS & CLARK™
A North Dakota Adventure



The Lewis and Clark Expedition entered present day North Dakota on October 14, 1804, and departed on April 27, 1805. The Corps spent a shorter period of time in the state during August of 1806, when the expedition returned to St. Louis.

The expedition's visit to North Dakota was important for a number of reasons, including:

- *The two captains spent more time here than any other place on their journey. One fourth of the 862-day expedition was spent in present day North Dakota.*
- *Without help from the Mandan and Hidatsa people, who dominated the Missouri River Valley between the Heart River and the mouth of the Yellowstone River, the Corps of Discovery might not have survived its first winter.*
- *The information gathered by Lewis and Clark among the people living in the Knife River villages during the winter of 1804-05 made the trip across land farther west possible.*

OFFICE OF MANAGEMENT AND BUDGET

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

December 7, 2001

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, 2001. 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

North Dakota's economy is growing at a slow pace and weakened somewhat over the summer months as a result of slowing job growth. However, labor markets remain in good shape. The jobless rate remains near its historical low. The state's unemployment rate for September 2001 was 1.4 percent, compared to 2.3 percent in September 2000. The national unemployment rate in September was 4.9 percent.

Five of the major industries showed growth over the past twelve months. Those industries were government; retail trade; transportation, communications, and utilities; construction; and the services industry. Three industries showed decreases over the year -- manufacturing; finance, insurance and real estate; and wholesale trade. The mining industry remained unchanged over the year.

North Dakota has so far been relatively insulated from the national manufacturing slump. Manufacturing payrolls are down only 500 jobs from their peak last year to the current level of about 25,000 jobs. Manufacturing activity is relatively preserved due to the industry being driven more by global agricultural cycles and local weather conditions than the national business cycle. Labor costs are also favorable for the manufacturing industry in North Dakota. The average hourly wage is $12.50 in North Dakota compared to $15.00 for the United States. Food processing is the largest component of manufacturing and is expected to remain stable.

North Dakota is not directly exposed to many of the drivers of the current national recession that has resulted from the September 11 attacks. Air travel represents just 0.4 percent of gross state products (GSP) compared to national gross domestic product (GDP) of 1 percent. Transportation equipment manufacturing represents 1 percent of state GSP compared to 1.9 percent of U.S. GDP.

North Dakota is exposed to tourism and travel-related industries such as restaurants, hotels and travel agencies. These industries' contributions to GSP are on par with the national average. However, as the travel season was mostly over by September, the impact is lesser in comparison to more southern destinations.

A second point of exposure is oil and gas production. This industry represents 2.6 percent of GSP compared to the national average of 0.9 percent. Gas prices have softened as consumers have scaled back travel since September 11. The combination of weaker demand from the attacks, the end of travel season, and OPEC's intentions to maintain current supply will sustain low gas prices over the short term. This will impact the state's energy industry and result in lower revenue collections from oil taxes.

The diversity of North Dakota's economy is a stabilizing factor during the current national economic downturn. Government is the largest component of the state economy and represents further economic security. Health services have also maintained stable payrolls, which are expected to continue. While North Dakota's economy did not experience rapid growth conditions during the last expansion, its diverse economy and structure will maintain moderate growth over the coming year.

North Dakota's economy continues to grow at a slow pace and continues to underperform the regional and national averages. North Dakota's economy can expect slow growth in the near term as a tight labor market constrains job growth and weak global demand for agricultural products improves only slowly.

MAJOR INITIATIVES

Teacher salaries, long recognized as one of the lowest in the nation, have been a major discussion in North Dakota for years. Soon after the election, Governor Hoeven initiated a model to provide additional compensation for teachers. After much debate and fine-tuning, the Legislature passed a model that provides an additional $1,000 during the 2001-2002 school year and another $2,000 in the 2002-2003 school year. The enabling legislation required the funding to be used for teacher compensation, which includes salaries, benefits, or other taxable income. In addition, an interim committee on education is studying future funding models for pupil equity.

The 57th Legislative Assembly approved the creation of a Department of Commerce to strengthen, streamline, and improve economic development by combining Economic Development and Finance, Tourism, Division of Community Services, and Workforce Development. The new structure includes an Economic Development Council to advise the department and promote economic development activity. Program expansion includes investing additional funding in small- and medium-sized manufacturers in North Dakota, expanding the Beginning Entrepreneur Loan program and loan interest buy-down programs, and expanding additional tax credits to build the economy.

Recognizing the significance of the bicentennial commemoration of the Lewis and Clark expedition, the state continues focusing efforts and resources in this area. The Department of Commerce Tourism Division has been charged with coordinating the promotion of events. Historic sites related to the expedition and state parks located on the Lewis and Clark Trail are being improved. The North Dakota Council on the Arts is integrating music, drama, art, and American Indian performances to enhance activity planning. Exhibit development and educational programming are underway to enhance public awareness.

The 56th Legislative Assembly of the State of North Dakota approved a statewide area network capable of handling voice, video and data. The network was first connected to state agencies and higher education by July 1, 2000. Beginning August 1, 2001, counties, cities, and school districts were being phased in. Additional funding provided by the 57th Legislative Assembly includes startup funding for an enterprise resource planning system for colleges and universities, K-12 schools, and state government. This system will allow the streamlining of resources and effective and efficient management of data. Vendor review for the project is currently underway. Other projects included a centralized geographic information system established to host the infrastructure for the state, expansion of e-government and web based applications, and agency specific projects to enhance services in education, tax, transportation, and human services.

Flexibility with accountability was a theme of the Higher Education Legislative Roundtable in the 99-01 biennium. This carried forward to the legislative session with higher education being provided additional flexibility concerning income and spending, in exchange for accountability standards. During the interim, committee meetings are being held on each campus to review the progress achieved from the flexibility and to ensure a common understanding on accountability by legislators and higher education.

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 accounting principles generally accepted in the United States of America. 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.

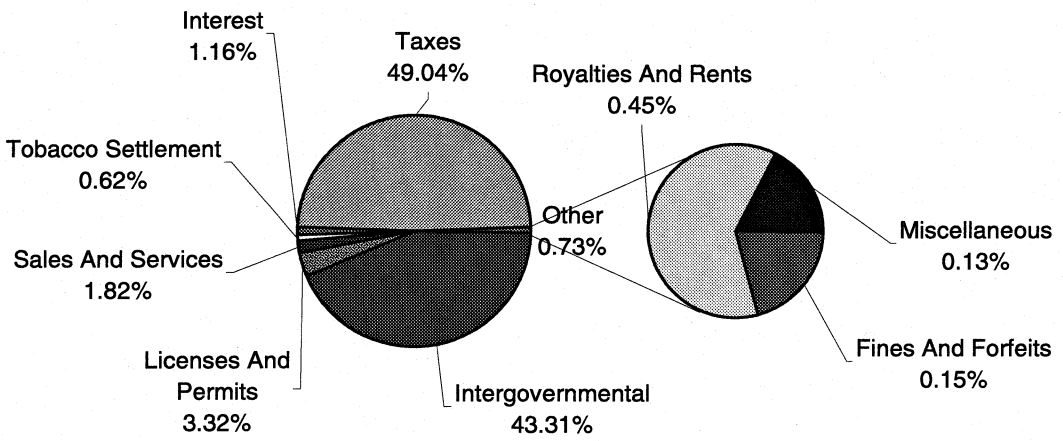
GENERAL GOVERNMENTAL FUNCTIONS. General governmental activities are accounted for in four governmental fund types: the general (GAAP basis), special revenue, capital projects, and debt service funds. Revenues for general governmental functions totaled approximately $2 billion for the fiscal year ended June 30, 2001. The amount of revenues from various sources are presented on the following page.

General Government Revenues
(Expressed in Thousands)

Revenue Source	Amount	Percent of Total	Increase/(Decrease) From 2000 Amount	Increase/(Decrease) From 2000 Percent
Taxes	$ 995,216	49.04%	$ 156,911	18.72%
Licenses And Permits	67,454	3.32%	15,081	28.80%
Intergovernmental	879,058	43.31%	(35,781)	(3.91%)
Sales And Services	36,933	1.82%	2,369	6.85%
Royalties And Rents	9,083	0.45%	2,459	37.12%
Fines And Forfeits	3,017	0.15%	(3,892)	(56.33%)
Interest	23,630	1.16%	5,723	31.96%
Tobacco Settlement	12,620	0.62%	(3,855)	(23.40%)
Miscellaneous	2,597	0.13%	(2,968)	(53.33%)
Total Revenues	$ 2,029,608	100.00%	$ 136,047	7.18%

The largest increase in taxes is due to the implementation of GASB Statement #33. State taxes collected and later distributed to local governments were previously reported in agency funds, but with the implementation of this Statement, that activity is now reported in special revenue funds. This accounted for $130 million of the increase. Other tax increases resulted from a good economy in calendar year 2000. Individual income tax increased $11 million due to a strong stock market and the resulting capital gains tax collections, corporate income tax increased $4 million due to strong corporate profits, and oil and gas production taxes increased $4 million due to higher gasoline prices and increased production.

Revenues By Source



The Licenses and Permits revenue increase of $15 million was also because of the implementation of GASB Statement #33, with those collections now being reported in special revenue funds rather than agency funds.

Expenditures for GAAP general government functions totaled approximately $1.8 billion for the fiscal year ended June 30, 2001. The amount of expenditures and other uses by function are presented below:

General Government Expenditures
(Expressed in Thousands)

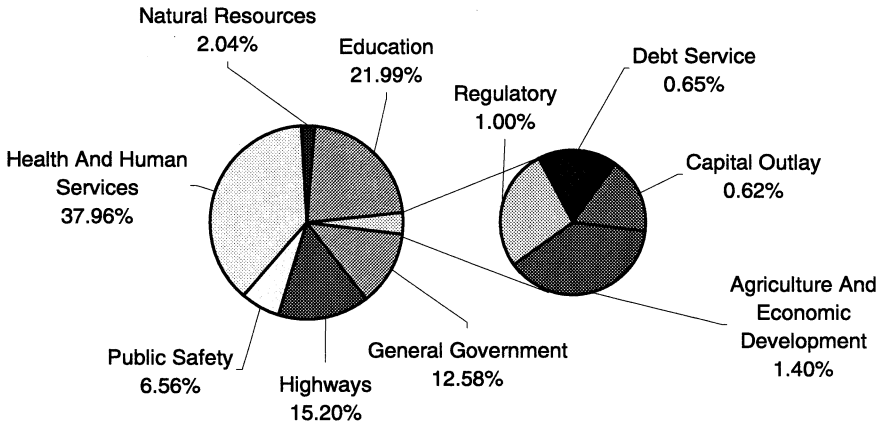
Function	Amount	Percent of Total	Increase/(Decrease) From 2000 Amount	Increase/(Decrease) From 2000 Percent
General Government	$ 230,999	12.58%	$ 150,763	187.90%
Education	403,644	21.99%	5,126	1.29%
Health And Human Services	696,715	37.96%	61,427	9.67%
Regulatory	18,340	1.00%	3,745	25.66%
Public Safety	120,378	6.56%	(21,724)	(15.29)%
Agriculture And Economic Development	25,733	1.40%	2,300	9.82%
Natural Resources	37,452	2.04%	3,814	11.34%
Highways	279,076	15.20%	(34,039)	(10.87%)
Capital Outlay	11,462	0.62%	(1,802)	(13.59%)
Debt Service:				
Principal	4,700	0.26%	(31)	(0.66%)
Interest And Other Charges	7,048	0.39%	1,628	30.04%
Total Expenditures	$ 1,835,547	100.00%	$ 171,207	10.29%

General government expenditures increased $150 million primarily due to the implementation of GASB Statement #33. State tax distributions to local governments were previously reported in agency funds, but with the implementation of this Statement, that activity is now reported in special revenue funds.

Health and Human Service expenditures increased $61 million due to increased medical assistance payments, heating assistance payments, and temporary assistance to needy families payments.

Public Safety expenditures decreased $22 million because of decreased disaster assistance grants. These payments were higher in prior years for 1997 snow and flood disasters.

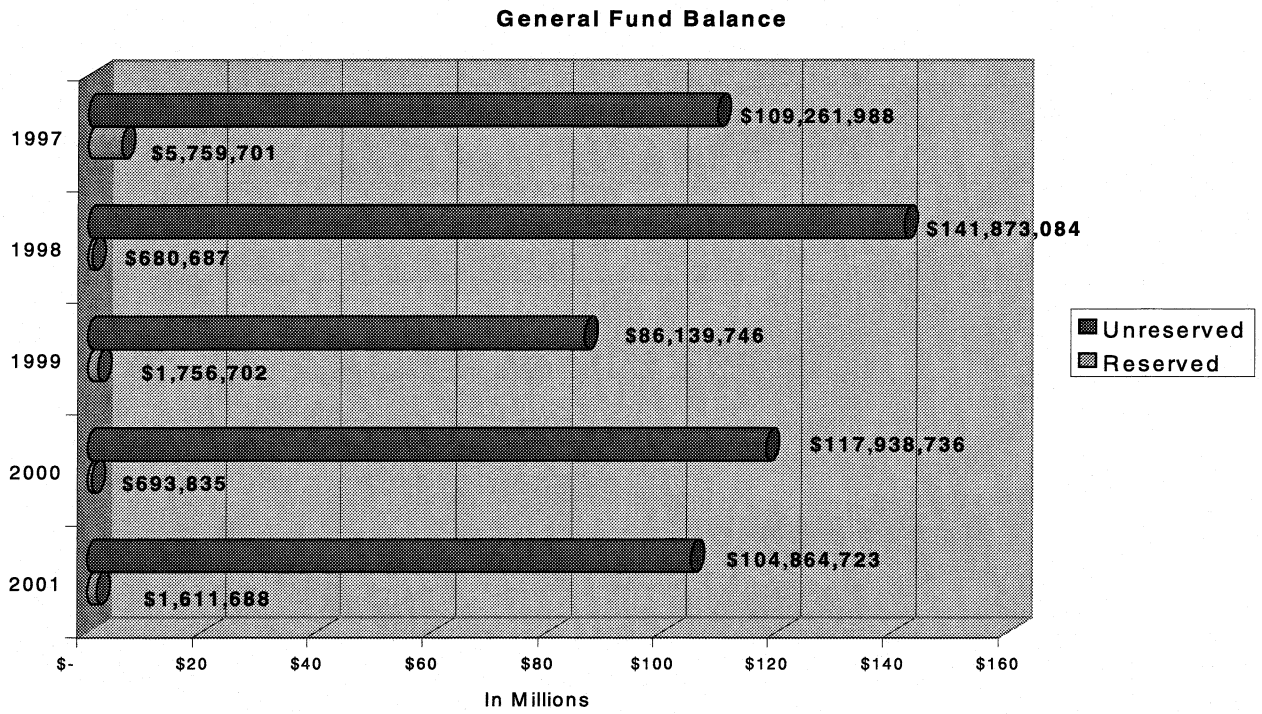
Expenditures By Function



Highway expenditures decreased $34 million due to decreased disaster assistance grants. These payments were higher in the prior year because of highway repairs needed in the flooded Devils Lake Basin area.

GENERAL FUND BALANCE. The GAAP General Fund undesignated balance decreased from $117.9 million on June 30, 2000, to $104.9 million as of June 30, 2001. The primary reason for the decrease was an increase in transfers out to colleges and universities.

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 $35 million to the General Fund, and the Mill transferred $3 million to the General Fund during fiscal year 2001.

There are fifteen other separate and distinct enterprise operations, including three 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, 2001:

	Operating Revenue	Operating Income (Loss)	Operating Transfers In	Operating Transfers Out	Net Income (Loss)	Total Assets	Liabilities Payable From Operating Revenue	Total Equity
Bank Of North Dakota	$ 126,235	$ 34,430	$ 57	$ (20,578)	$ 13,909	$ 1,806,250	$ 263,407	$ 152,778
Beginning Farmer Revolving Loan	890	329	-	-	329	17,927	-	17,914
Bonding	40	(58)	-	-	(48)	5,748	106	4,875
Community Water Facility Loan	525	445	-	-	445	16,849	-	16,830
Developmentally Disabled Facility Loan	536	187	-	-	187	8,492	5,134	3,347
Fire and Tornado	5,077	(1,511)	-	(124)	(1,636)	19,470	4,358	12,421
Guaranteed Student Loan	2,452	(566)	300	-	(136)	18,120	-	1,986
Housing Finance	69,592	8,910	-	(23)	8,906	937,597	843,635	53,610
Mill And Elevator	64,240	640	-	(3,027)	(2,697)	54,371	517	44,806
PERS Uniform Group Insurance	755	(1,867)	-	-	(1,561)	2,867	39	1,771
Roughrider Industries	3,497	103	-	-	96	1,970	84	1,560
State Fair	3,221	(497)	170	-	1,366	17,038	2,331	14,641
Student Loan	17,733	4,201	-	(3,500)	701	295,617	215,528	74,415
Workers Compensation	90,182	(11,024)	-	-	2,390	1,114,219	515,456	378,632
Total Primary Government	$ 384,975	$ 33,722	$ 527	$ (27,252)	$ 22,251	$ 4,316,535	$ 1,850,595	$ 779,586
Comprehensive Health Assoc.	8,502	2,633	-	-	2,670	2,934	1,125	1,608
Municipal Bond Bank	12,286	1,871	-	-	13,658	249,791	153,951	92,646
ND Development Fund, Inc.	892	(1,390)	375	-	(667)	20,310	-	20,252
Total Reporting Entity	$ 406,655	$ 36,836	$ 902	$ (27,252)	$ 37,912	$ 4,589,570	$ 2,005,671	$ 894,092

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, 2001, 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, 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%
July 1, 2001	1,115.8	1,008.6	(106.7)	110.6%
NDHPRS				
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%
July 1, 2001	38.8	38.1	(0.7)	101.8%
JSND				
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
July 1, 2001	70.8	N/A	-	N/A

Actuarial Valuation Date	Actuarial Value of Plan Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL) (Funded Excess)	Funded Ratio
TFFR				
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%
July 1, 2001	1,414.7	1,467.7	53.0	96.4%

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, 2001. The state, however, does have a number of revenue bonds outstanding at June 30, 2001. 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):

Bond Issue – Primary Government	Balance June 30, 2001	Balance June 30, 2000	Balance June 30, 1999	Balance June 30, 1998	Balance June 30, 1997
State Fair	$ 2,284	$ 2,474	$ 2,663	$ 2,851	$ 3,041
Student Loan Trust	215,528	153,097	153,237	210,752	232,119
Building Authority	83,264	77,032	76,508	77,506	73,837
Housing Finance	843,516	786,353	752,130	712,872	466,868
Lignite Research Fund	5,400	6,160	6,880	7,560	8,205
Water Commission	46,503	43,533	11,510	8,050	6,830
University System	56,500	55,628	54,648	56,780	57,228
Total Revenue Bonds Primary Government	$ 1,252,995	$ 1,124,277	$ 1,057,576	$ 1,076,371	$ 848,128
Bond Issue - Component Unit					
Municipal Bond Bank	144,983	133,735	136,475	103,510	97,144
Total Revenue Bonds Outstanding	$ 1,397,978	$ 1,258,012	$ 1, 194,051	$ 1,179,881	$ 945,272

Long-Term Notes

The Bank of North Dakota has advances from the Federal Home Loan Bank in the amounts of $253.6 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 4J Long-Term Debt in the Notes to the Financial Statements.

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

CASH MANAGEMENT. NDCC 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, 2001, pooled deposits in the Bank of North Dakota yielded an average of 4.41 percent on a cash pool that ranged from $123 to $312 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, 2000. This was the tenth 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.

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.

Sincerely,

Rod Backman, Director
Office of Management and Budget

Certificate of Achievement for Excellence in Financial Reporting

Presented to

State of North Dakota

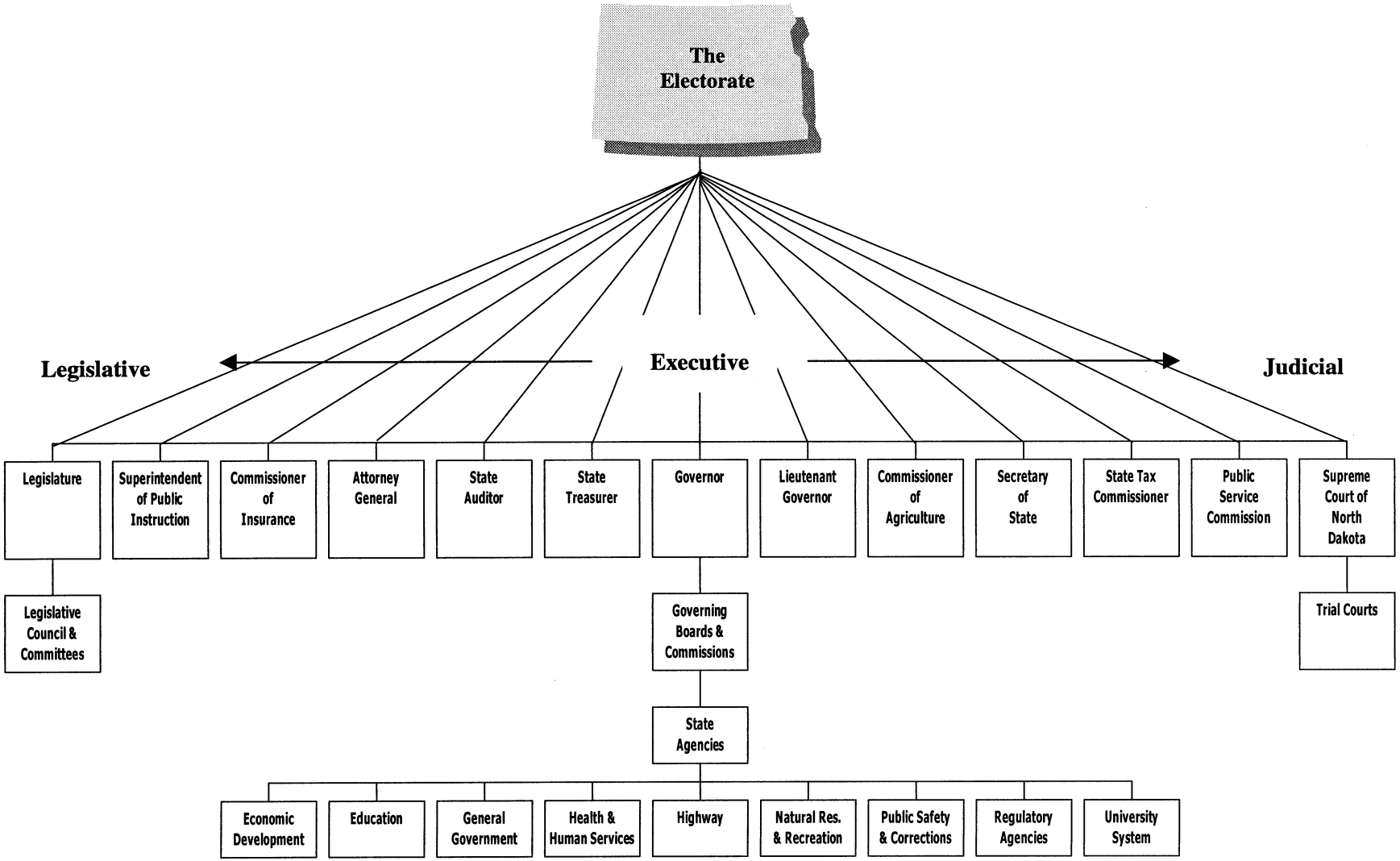
For its Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2000

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

President

Executive Director

STATE OF NORTH DAKOTA ORGANIZATIONAL CHART



NORTH DAKOTA
PRINCIPAL STATE OFFICIALS
June 30, 2001

ELECTED OFFICIALS

John Hoeven, Governor
Jack Dalrymple, Lieutenant Governor
Alvin A. Jaeger, Secretary of State
Wayne Stenehjem, Attorney General
Tony Clark, Public Service Commissioner
Leo Reinbold, Public Service Commissioner
Susan Wefald, Public Service Commissioner
Roger Johnson, Commissioner of Agriculture
Robert R. Peterson, State Auditor
Jim Poolman, Commissioner of Insurance
Dr. Wayne Sanstead, Superintendent of Public Instruction
Rick Clayburgh, Tax Commissioner
Kathi Gilmore, State Treasurer

LEGISLATIVE

LeRoy Bernstein, Speaker of the House
Wesley Belter, House Majority Leader
Merle Boucher, House Minority Leader
Lt. Gov. Jack Dalrymple, President of the Senate
Bob Stenehjem, 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

Financial Section

LEWIS & CLARK™
A North Dakota Adventure

STATE AUDITOR
ROBERT R. PETERSON

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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 John Hoeven, 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, 2001, 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 the following state entities and discretely presented component units:

Bank of North Dakota
Beginning Farmers Revolving Loan Fund
Board of University and School Lands
Building Authority
Community Water Facility Loan Fund
Developmentally Disabled Fac. Loan Prog
Guaranteed Student Loan
Housing and Finance Agency
Job Service North Dakota
PACE and AG PACE Funds
Public Employees Retirement System
Retirement and Investment Office
State Fair Association
Student Loan Trust
Workers Compensation Bureau

Discretely Presented Component Units:
Comprehensive Health Association
Municipal Bond Bank
North Dakota Development Fund

These financial statements reflect the following percentages of total assets or liabilities and revenues of the indicated fund types, account groups, and discretely presented component units:

	Percent of Total Assets (Liabilities)	Percent of Total Revenues
Special Revenue Fund Type	12%	3%
Debt Service Fund Type	67%	33%
Capital Projects Fund Type	54%	15%
Enterprise Fund Type	98%	82%
Trust and Agency Fund Type	100%	100%
General Long-Term Debt Account Group	(52%)	n/a
Discretely Presented Component Units	100%	100%

These 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 auditing standards generally accepted in the United States of America 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, 2001 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 accounting principles generally accepted in the United States of America.

As described in Note 1X to the general-purpose financial statements, the State of North Dakota changed an accounting principle and changed the application of an accounting principle. The change in accounting principle relates to the implementation of GASB statements 33 and 36 which establish financial reporting standards for nonexchange transactions. The change in the application of an accounting principle relates to an increase in the capitalization threshold for fixed assets.

As described in Note 21 to the general-purpose financial statements, new accounting pronouncements will have a significant effect on the June 30, 2002 financial statements for the State of North Dakota.

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.

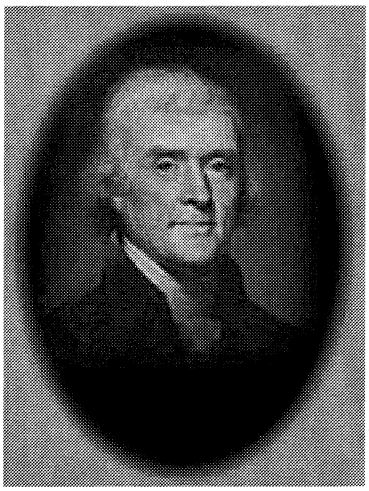
We did not audit the data included in the introductory and statistical sections of this report, and accordingly, we do not express an opinion thereon.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2001 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, 2001



Thomas Jefferson

By 1804, the United States was only twenty-eight years old, and Thomas Jefferson was the country's third president. The United States had purchased the territory of Louisiana from France on April 30, 1803, for $15 million. Exploration of the western rivers had been Jefferson's desire for more than twenty years.

The visionary U.S. President thought, "there might be a water connection, linked by a low portage across the mountains that would lead to the Pacific."

Congress approved $2,500 to finance exploration of the Upper Missouri with the hope of finding that water route to the mouth of the Columbia River, giving the United States the upper hand in trading with the British and securing American commerce through New Orleans.

The expedition would begin at St. Louis on the Mississippi River, not far from the mouth of the Missouri River. It would move up the Missouri to the edge of white knowledge of the Louisiana Purchase, the Mandan Indian villages on the Knife River near present day Stanton, North Dakota. The party would then follow the Missouri into the unexplored interior.

Jefferson chose his personal secretary and fellow Virginian, Meriwether Lewis, to lead the expedition.

General Purpose Financial Statements

Combined Balance Sheet
All Fund Types, Account Groups And Discretely Presented Component Units
June 30, 2001

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Assets And Other Debits				
Assets:				
Cash Deposits At The Bank Of North Dakota	$ 111,024,471	$ 287,746,880	$ 3,281,042	$ 12,795,000
Cash And Cash Equivalents	657,852	4,276,036	1,575,865	10,744,204
Investments At The Bank Of North Dakota	-	36,318,565	11,092,500	-
Investments	-	40,145,261	-	-
Accounts Receivable - Net	927,765	14,711,236	-	-
Taxes Receivable - Net	110,862,194	44,289,748	-	-
Interest Receivable - Net	740,399	1,652,345	231,646	2,440
Loans And Notes Receivable - Net	64,372	49,986,828	-	-
Interfund Receivable	22,476,801	-	-	-
Due From Other Funds	11,917,839	33,852,280	-	-
Intergovernmental Receivable - Net	33	127,679,434	33,896	-
Advances To Component Units	-	-	-	-
Advances To Primary Government	-	-	-	-
Advances To Other Funds	653,514	41,351,000	-	-
Prepaid Items	-	931,090	-	-
Inventory	893,802	8,753,662	-	-
Unamortized Bond Issuance Costs	-	-	-	-
Fixed Assets (Net Of Depreciation)	-	-	-	-
Other Assets	-	14,154	-	-
Other Debits:				
Amount Available In Debt Service Fund	-	-	-	-
Amount To Be Provided For Long Term Debt	-	-	-	-
Total Assets And Other Debits	$ 260,219,042	$ 691,708,519	$ 16,214,949	$ 23,541,644
Liabilities, Equity And Other Credits				
Liabilities:				
Accounts Payable	$ 25,845,547	$ 89,578,995	$ 59,000	$ 1,389,350
Notes Payable	-	-	-	-
Interest Payable	169,954	-	-	-
Contracts Payable	3,949	5,590,443	-	-
Federal Funds Purchased	-	-	-	-
Securities Lending Collateral	-	1,515,986	-	-
Tax Refunds Payable	32,834,144	568,305	-	-
Intergovernmental Payable	3,134	27,289,310	-	-
Claims/Judgements Payable	-	2,394	-	-
Accrued Payroll	10,269,811	14,787,549	-	-
Compensated Absences Payable	-	-	-	-
Amounts Held In Custody For Others	-	-	-	-
Deposits Held For Other Funds	-	-	-	-
Other Deposits	-	-	-	-
Interfund Payable	-	22,476,801	-	-
Due To Other Funds	31,272,589	30,393,520	-	3,943,000
Advances From Other Funds	-	40,004,515	-	-
Advances From Component Units	-	-	-	-
Advances From Primary Government	-	-	-	-
Bonds Payable	-	-	-	-
Capital Leases Payable	-	-	-	-
Deferred Revenue	53,343,503	46,942,706	-	-
Other Liabilities	-	-	-	-
Total Liabilities	153,742,631	279,150,524	59,000	5,332,350
Equity And Other Credits				
Investment In Fixed Assets	-	-	-	-
Contributed Capital	-	-	-	-
Retained Earnings:				
Reserved	-	-	-	-
Unreserved	-	-	-	-
Fund Balance:				
Reserved For:				
Debt Service	-	-	16,155,949	-
Capital Projects	-	-	-	18,209,294
Other	1,611,688	108,588,838	-	-
Unreserved:				
Designated For:				
Other	-	4,177,479	-	-
Undesignated	104,864,723	299,791,678	-	-
Total Equity And Other Credits	106,476,411	412,557,995	16,155,949	18,209,294
Total Liabilities, Equity And Other Credits	$ 260,219,042	$ 691,708,519	$ 16,214,949	$ 23,541,644

The Accompanying Notes Are An Integral Part Of The Financial Statements

Proprietary Fund Types		Fiduciary Fund Type	Account Groups			Totals (Memorandum Only) Primary Government		Totals (Memorandum Only) Reporting Entity
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-term Debt	University System	June 30 2001	Component Units	June 30 2001
$ 109,418,240	$ 3,744,149	$ 24,127,517	$ -	$ -	$ 28,655,946	$ 580,793,245	$ 7,877,309	$ 588,670,554
722,761,752	138	24,334,937	-	-	8,894,048	773,244,832	2,337,548	775,582,380
180,124,064	-	34,226,464	-	-	81,327,683	343,089,276	7,965,000	351,054,276
1,286,845,006	3,687,302	3,241,598,941	-	-	38,848,095	4,611,124,605	229,372,500	4,840,497,105
36,866,349	242,337	29,998,242	-	-	9,354,580	92,100,509	596,891	92,697,400
-	-	6,883,831	-	-	-	162,035,773	-	162,035,773
40,488,538	47,461	18,627,947	-	-	709,823	62,500,599	3,304,560	65,805,159
1,840,642,685	-	53,888,557	-	-	42,552,358	1,987,134,800	11,164,799	1,998,299,599
-	-	-	-	-	4,371,685	26,848,486	-	26,848,486
1,438,544	5,178,746	597,287	-	-	18,527,024	71,511,720	-	71,511,720
3,585,755	98,429	202,142	-	-	29,316,310	160,915,999	-	160,915,999
8,968,000	-	-	-	-	-	8,968,000	-	8,968,000
-	-	-	-	-	-	-	8,968,000	8,968,000
-	-	8,563,670	-	-	-	50,568,184	-	50,568,184
4,457,261	621,415	-	-	-	401,818	6,411,584	-	6,411,584
10,562,141	110,960	-	-	-	6,522,312	26,842,877	-	26,842,877
10,125,394	-	-	-	-	-	10,125,394	1,432,000	11,557,394
53,867,125	46,222,711	1,034,725	480,519,699	-	880,078,058	1,461,722,318	16,119	1,461,738,437
6,382,500	-	116,638	-	-	2,030,521	8,543,813	-	8,543,813
-	-	-	-	16,155,949	-	16,155,949	-	16,155,949
-	-	-	-	149,367,731	-	149,367,731	-	149,367,731
$4,316,533,354	$ 59,953,648	$3,444,200,898	$480,519,699	$165,523,680	$ 1,151,590,261	$ 10,610,005,694	$ 273,034,726	$ 10,883,040,420
$ 17,653,852	$ 1,407,754	$ 3,352,928	$ -	$ -	$ 15,908,885	$ 155,196,311	$ 102,013	$ 155,298,324
261,239,183	2,669,956	-	-	319,070	3,504,962	267,733,171	-	267,733,171
33,739,708	-	-	-	-	880,638	34,790,300	1,812,000	36,602,300
-	-	-	-	-	2,129,742	7,724,134	-	7,724,134
139,972,000	-	-	-	-	-	139,972,000	-	139,972,000
239,676,037	556,285	167,060,909	-	-	-	408,809,217	-	408,809,217
-	-	-	-	-	-	33,402,449	-	33,402,449
26,332,980	-	21,907,178	-	241,734	-	75,774,336	1,379,000	77,153,336
519,433,913	4,373,872	3,515,000	-	1,624,366	-	528,949,545	1,125,000	530,074,545
251,347	974,031	53,370	-		4,655,956	30,992,064	-	30,992,064
1,291,174	1,021,424	40,011	-	24,939,324	14,798,035	42,089,968	-	42,089,968
6,650,342	-	17,548,969	-	-	11,815,937	36,015,248	-	36,015,248
821,162,000	-	-	-	-	-	821,162,000	-	821,162,000
305,601,000	-	-	-	-	2,848,635	308,449,635	-	308,449,635
35,000,000	-	-	-	-	4,371,685	61,848,486	-	61,848,486
1,333,855	91,318	2,251,321	-	-	1,478,420	70,764,023	-	70,764,023
5,134,205	2,000,000	2,221,181	-	-	8,881,654	58,241,555	-	58,241,555
8,968,000	-	-	-	-	-	8,968,000	-	8,968,000
-	-	-	-	-	-	-	8,968,000	8,968,000
1,061,328,048	-	-	-	135,166,745	56,499,842	1,252,994,635	144,983,000	1,397,977,635
144,043	42,658	2,066	-	3,232,441	24,146,525	27,567,733	-	27,567,733
45,731,938	18,223	601,654	-	-	7,788,224	154,426,248	159,505	154,585,753
6,304,833	-	-	-	-	610,395	6,915,228	-	6,915,228
3,536,948,458	13,155,521	218,554,587	-	165,523,680	160,319,535	4,532,786,286	158,528,518	4,691,314,804
-	-	-	480,519,699	-	798,537,309	1,279,057,008	-	1,279,057,008
21,960,254	21,361,982	-	-	-	-	43,322,236	1,284,820	44,607,056
422,407,165	-	-	-	-	-	422,407,165	96,773,853	519,181,018
335,217,477	25,436,145	-	-	-	-	360,653,622	16,447,535	377,101,157
-	-	-	-	-	-	16,155,949	-	16,155,949
-	-	-	-	-	-	18,209,294	-	18,209,294
-	-	3,210,986,208	-	-	83,019,017	3,404,205,751	-	3,404,205,751
-	-	8,452,294	-	-	4,170,564	16,800,337	-	16,800,337
-	-	6,207,809	-	-	105,543,836	516,408,046	-	516,408,046
779,584,896	46,798,127	3,225,646,311	480,519,699	-	991,270,726	6,077,219,408	114,506,208	6,191,725,616
$4,316,533,354	$ 59,953,648	$3,444,200,898	$480,519,699	$165,523,680	$ 1,151,590,261	$ 10,610,005,694	$ 273,034,726	$ 10,883,040,420

The Accompanying Notes Are An Integral Part Of The Financial Statements

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, 2001

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	June 30 2001
Revenues:						
Taxes	$ 755,449,647	$ 239,766,175	$ -	$ -	$ 41,579,620	$ 1,036,795,442
Licenses And Permits	11,260,815	56,193,148	-	-	-	67,453,963
Intergovernmental	381,322	877,814,737	861,685	-	1,266,073	880,323,817
Sales And Services	1,891,369	35,042,054	-	-	6,115,702	43,049,125
Royalties And Rents	6,705,433	2,377,883	-	-	106,067	9,189,383
Fines And Forfeits	2,294,372	722,467	-	-	545,553	3,562,392
Interest And Investment Income	9,264,494	12,170,167	997,858	1,197,004	1,144,451	24,773,974
Tobacco Settlement	-	12,620,398	-	-	-	12,620,398
Miscellaneous	61,952	2,535,361	-	-	383,999	2,981,312
Total Revenues	787,309,404	1,239,242,390	1,859,543	1,197,004	51,141,465	2,080,749,806
Expenditures:						
Current:						
General Government	62,140,718	168,858,356	-	-	4,303,270	235,302,344
Education	284,909,751	118,734,012	-	-	322,251	403,966,014
Health And Human Services	185,861,396	510,853,124	-	-	44,843,228	741,557,748
Regulatory	6,250,073	12,089,467	-	-	-	18,339,540
Public Safety	40,616,062	79,762,206	-	-	-	120,378,268
Agriculture And Economic Development	5,576,666	20,156,216	-	-	-	25,732,882
Natural Resources	13,851,581	23,600,385	-	-	-	37,451,966
Highways	-	279,076,128	-	-	-	279,076,128
Capital Outlay	-	-	-	11,462,312	-	11,462,312
Debt Service:						
Principal	-	-	4,700,010	-	-	4,700,010
Interest And Other Charges	-	-	7,047,576	-	-	7,047,576
Total Expenditures	599,206,247	1,213,129,894	11,747,586	11,462,312	49,468,749	1,885,014,788
Revenues Over (Under) Expenditures	188,103,157	26,112,496	(9,888,043)	(10,265,308)	1,672,716	195,735,018
Other Financing Sources (Uses):						
Operating Transfers In	31,402,315	98,998,487	7,531,123	-	218,374	138,150,299
Operating Transfers Out	(231,297,905)	(85,581,282)	-	(1,804,000)	(590,126)	(319,273,313)
Operating Transfers To Component Units	(375,000)	-	-	-	-	(375,000)
Proceeds From Bonds And Notes	-	-	2,118,000	10,193,132	-	12,311,132
Proceeds From Sale Of Fixed Assets	11,273	298,683	-	-	-	309,956
Total Other Financing Sources (Uses)	(200,259,317)	13,715,888	9,649,123	8,389,132	(371,752)	(168,876,926)
Revenues And Other Sources Over (Under) Expenditures And Other Uses	(12,156,160)	39,828,384	(238,920)	(1,876,176)	1,300,964	26,858,092
Fund Balances - Beginning Of Year As Adjusted	118,632,571	372,729,611	16,372,869	20,107,470	40,502,032	568,344,553
Residual Equity Transfers In	-	-	22,000	-	-	22,000
Residual Equity Transfers Out	-	-	-	(22,000)	-	(22,000)
Fund Balances - End Of Year	$ 106,476,411	$ 412,557,995	$ 16,155,949	$ 18,209,294	$ 41,802,996	$ 595,202,645

The Accompanying Notes Are An Integral Part Of The Financial Statements

Combined Statement Of Revenues, Expenses And Changes In Fund Equity
All Proprietary Fund Types, NonexpendableTrust Funds And Discretely Presented Component Units
For The Fiscal Year Ended June 30, 2001

	Proprietary Fund Types		Fiduciary Fund Types	Totals (Memorandum Only) Primary Government		Totals (Memorandum Only) Reporting Entity
	Enterprise	Internal Service	Non-expendable Trust	June 30 2001	Component Units	June 30 2001
Operating Revenues:						
Sales And Services	$ 174,912,188	$ 51,611,285	$ -	$ 226,523,473	$ 9,023,447	$ 235,546,920
Royalties And Rents	7,770	-	15,974,450	15,982,220	-	15,982,220
Fines And Forfeits	2,611,664	-	-	2,611,664	-	2,611,664
Interest And Investment Income	207,106,587	-	10,982,114	218,088,701	12,656,123	230,744,824
Miscellaneous	337,526	114,096	-	451,622	-	451,622
Total Operating Revenues	384,975,735	51,725,381	26,956,564	463,657,680	21,679,570	485,337,250
Operating Expenses:						
Cost Of Sales And Services	62,509,674	1,125,641	-	63,635,315	-	63,635,315
Salaries And Benefits	10,603,715	12,135,177	-	22,738,892	160,000	22,898,892
Operating	41,372,283	25,049,183	2,235,671	68,657,137	4,001,457	72,658,594
Claims And Benefits	92,730,578	1,098,000	-	93,828,578	5,714,090	99,542,668
Interest	140,177,052	-	27,890	140,204,942	8,686,000	148,890,942
Depreciation	3,849,235	8,258,364	39,726	12,147,325	4,000	12,151,325
Miscellaneous	10,796	-	504	11,300	-	11,300
Total Operating Expenses	351,253,333	47,666,365	2,303,791	401,223,489	18,565,547	419,789,036
Operating Income	33,722,402	4,059,016	24,652,773	62,434,191	3,114,023	65,548,214
Nonoperating Revenues (Expenses):						
Operating Grants	-	-	-	-	11,787,000	11,787,000
Interest And Investment Income	27,945,071	73,794	-	28,018,865	384,824	28,403,689
Interest Expense	(14,137,526)	(244,088)	-	(14,381,614)	-	(14,381,614)
Loss On Sale Of Fixed Assets	(118,974)	(443,315)	-	(562,289)	-	(562,289)
Tax Revenue	1,755,152	-	2,406,902	4,162,054	-	4,162,054
Tobacco Settlement	-	-	10,325,780	10,325,780	-	10,325,780
Other	(190,214)	-	-	(190,214)	-	(190,214)
Total Nonoperating Revenues (Expenses)	15,253,509	(613,609)	12,732,682	27,372,582	12,171,824	39,544,406
Income Before Operating Transfers	48,975,911	3,445,407	37,385,455	89,806,773	15,285,847	105,092,620
Operating Transfers In	527,000	-	257,987	784,987	-	784,987
Operating Transfers Out	(27,251,442)	-	(27,272,777)	(54,524,219)	-	(54,524,219)
Operating Transfers From Primary Government	-	-	-	-	375,000	375,000
Net Income	22,251,469	3,445,407	10,370,665	36,067,541	15,660,847	51,728,388
Fund Equity - Beginning Of Year As Adjusted	757,333,427	43,352,720	570,226,116	1,370,912,263	98,845,361	1,469,757,624
Fund Equity - End Of Year	$ 779,584,896	$ 46,798,127	$ 580,596,781	$ 1,406,979,804	$ 114,506,208	$ 1,521,486,012

The Accompanying Notes Are An Integral Part Of The Financial Statements

Combined Statement Of Cash Flows
All Proprietary Fund Types, Nonexpendable Trust Funds
And Discretely Presented Component Units
For The Fiscal Year Ended June 30, 2001

	Proprietary Fund Types		Fiduciary Fund Types
	Enterprise	Internal Service	Non-Expendable Trust
Cash Flows From Operating Activities:			
Operating Income	$ 33,722,402	$ 4,059,016	$ 24,652,773
Adjustments To Reconcile Operating Income To Net Cash Provided By Operating Activities:			
Depreciation	3,849,235	8,258,364	39,726
Amortization\Accretion	3,208,753	252,876	-
Reclassification Of Interest Revenue\Expense	(64,388,328)	-	(10,981,991)
Gain On Sale Of Real Estate	-	-	(124)
Net Depreciation In Fair Value Of Investments	(2,211,457)	-	-
Interest Received On Program Loans	46,901,213	-	-
Disbursements For Loans And Loan Purchases	(108,534,834)	-	-
Receipt Of Loan Principal Repayments	70,788,365	-	-
Provision For Losses	3,324,382	-	-
Premiums Collected	86,262,973	-	-
Premiums Paid	(86,262,973)	-	-
Tobacco settlement	-	-	10,325,780
Other	-	-	-
Change In Assets And Liabilities:			
(Increase) Decrease In Accounts Receivable	9,909,787	(213,851)	-
(Increase) Decrease In Due From	(139,106)	(882,249)	265,120
Increase In Intergovernmental Receivable	(1,626,252)	(17,770)	-
Increase In Prepaid Items	(401,106)	(6,790)	-
(Increase) Decrease In Inventories	(744,443)	13,591	-
Increase In Other Assets	(159,000)	-	-
Increase (Decrease) In Accounts Payable	(130,382)	371,056	19,077
Increase In Claims\Judgements Payable	17,850,825	436,286	-
Increase (Decrease) In Intergovernmental Payable	3,061,753	(44,467)	-
Increase In Accrued Payroll	56,933	82,878	-
Increase In Compensated Absences Payable	52,056	77,113	-
Increase In Amounts Held For Others	916,033	-	-
Increase (Decrease) In Due To	353,497	(38,788)	2,583
Increase (Decrease) In Deferred Revenue	(3,752,301)	6,620	-
Increase In Other Liabilities	1,716,000	-	-
Net Cash Provided By Operating Activities	13,624,025	12,353,885	24,322,944
Cash Flows From Noncapital Financing Activities:			
Proceeds From Bonds	293,000,000	-	-
Proceeds From Sale Of Notes And Other Borrowings	7,300,000	-	-
Principal Payments - Bonds	(1,749,449)	-	-
Principal Payments - Notes And Other Borrowings	(289,487,000)	-	-
Interest Payments - Bonds	(50,715,712)	-	-
Interest Payments - Notes And Other Borrowings	(17,265,242)	-	-
Payment Of Bond Issue Costs	(2,067,497)	-	-
Operating Grant Received	-	-	-
Tax Collections	2,076,836	-	2,406,902
Operating Transfers In	527,000	-	257,987
Operating Transfers Out	(6,708,442)	-	(27,272,778)
Net Increase In Non-Interest Bearing Deposits	46,672,000	-	-
Net Decrease In Interest Bearing Deposits	178,582,000	-	-
Payments Of Interest On Deposits	(46,517,000)	-	-
Proceeds From Advances	1,307,745	-	646,013
Principal Payments On Advances	(630,487)	(2,500,000)	-
Interest Paid On Federal Funds And Reverse Repurchase Agreements	(9,772,000)	-	-
Net Increase In Federal Funds And Reverse Repurchase Agreements	(35,913,000)	-	-
Advances Made	-	-	(75,000)
Collection Of Advances Made	175,000	-	432,514
Interest Received On Advances To Other Funds	-	-	584,312
Net Cash Provided By (Used For) Noncapital Financing Activities	68,814,752	(2,500,000)	(23,020,050)

The Accompanying Notes Are An Integral Part Of The Financial Statements

(Continued On The Next Page)

Total (Memorandum Only) Primary Government June 30 2001	Component Units	Total (Memorandum Only) Reporting Entity June 30 2001
$ 62,434,191	$ 3,114,023	$ 65,548,214
12,147,325	4,000	12,151,325
3,461,629	(37,000)	3,424,629
(75,370,319)	(4,170,123)	(79,540,442)
(124)	-	(124)
(2,211,457)	-	(2,211,457)
46,901,213	-	46,901,213
(108,534,834)	-	(108,534,834)
70,788,365	-	70,788,365
3,324,382	2,092,097	5,416,479
86,262,973	-	86,262,973
(86,262,973)	-	(86,262,973)
10,325,780	-	10,325,780
-	15,394	15,394
9,695,936	(556,381)	9,139,555
(756,235)	-	(756,235)
(1,644,022)	-	(1,644,022)
(407,896)	-	(407,896)
(730,852)	-	(730,852)
(159,000)	-	(159,000)
259,751	(12,621)	247,130
18,287,111	100,000	18,387,111
3,017,286	276,000	3,293,286
139,811	-	139,811
129,169	-	129,169
916,033	-	916,033
317,292	-	317,292
(3,745,681)	(101,128)	(3,846,809)
1,716,000	-	1,716,000
50,300,854	724,261	51,025,115
293,000,000	20,940,000	313,940,000
7,300,000	-	7,300,000
(1,749,449)	(9,495,000)	(11,244,449)
(289,487,000)	-	(289,487,000)
(50,715,712)	(8,297,000)	(59,012,712)
(17,265,242)	-	(17,265,242)
(2,067,497)	(232,000)	(2,299,497)
-	11,787,000	11,787,000
4,483,738	-	4,483,738
784,987	375,000	1,159,987
(33,981,220)	-	(33,981,220)
46,672,000	-	46,672,000
178,582,000	-	178,582,000
(46,517,000)	-	(46,517,000)
1,953,758	175,000	2,128,758
(3,130,487)	-	(3,130,487)
(9,772,000)	-	(9,772,000)
(35,913,000)	-	(35,913,000)
(75,000)	(175,000)	(250,000)
607,514	-	607,514
584,312	-	584,312
43,294,702	15,078,000	58,372,702

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, 2001

	Proprietary Fund Types		Fiduciary Fund Types
	Enterprise	Internal Service	Non-Expendable Trust
Cash Flows From Capital And Related Financing Activities:			
Acquisition And Construction Of Capital Assets	(9,396,753)	(13,671,624)	(7,809)
Proceeds From Sale Of Fixed Assets	77,771	2,197,124	-
Proceeds From Sale Of Notes And Other Borrowings	6,931,567	2,085,856	-
Principal Payments - Bonds	(195,000)	-	-
Principal Payments - Notes And Other Borrowings	(609,048)	(1,226,981)	-
Interest Payments - Bonds	(142,598)	(180,693)	-
Interest Payments - Notes And Other Borrowings	(318,152)	(5,535)	-
Payment On Capital Leases	(36,691)	-	-
Net Cash Used For Capital And Related Financing Activities	(3,688,904)	(10,801,853)	(7,809)
Cash Flows From Investing Activities:			
Proceeds From Sale And Maturities Of Investment Securities	604,642,160	1,369,253	120,279,440
Purchase Of Investment Securities	(629,762,137)	-	(146,989,138)
Interest And Dividends On Investments	57,652,493	280,041	22,574,715
Net Increase In Loans	(100,764,000)	-	-
Disbursements For Loans And Loan Purchases	(1,340,853)	-	(5,318,011)
Receipt Of Loan Principal Repayments	1,956,310	-	3,030,538
Loan Income Received	86,859,403	-	4,458,097
Net Cash Provided By (Used For) Investing Activities	19,243,376	1,649,294	(1,964,359)
Net Change In Cash:			
Net Increase (Decrease) In Cash And Cash Equivalents And Cash Deposits At The Bank Of North Dakota	97,993,249	701,326	(669,274)
Cash And Cash Equivalents And Cash Deposits At The Bank Of North Dakota At June 30,2000	734,186,743	3,042,961	2,272,174
Cash And Cash Equivalents And Cash Deposits At The Bank Of North Dakota At June 30,2001	$ 832,179,992	$ 3,744,287	$ 1,602,900
Reconciliation:			
Cash Deposits At The Bank Of North Dakota	$ 109,418,240	$ 3,744,149	$ 23,946,565
Cash And Cash Equivalents	722,761,752	138	24,314,937
Cash And Cash Equivalents And Cash Deposits At The Bank Of North Dakota, Expendable Trust, Pension And Agency Funds	-	-	(46,658,602)
Cash And Cash Equivalents And Cash Deposits At The Bank Of North Dakota	$ 832,179,992	$ 3,744,287	$ 1,602,900
Noncash Transactions:			
Reduction In Appropriation	$ (57,000)	$ -	$ -
Appropriations Transfer From Undivided Profits To Various State Agencies	20,578,000	-	-
Securities Lending Collateral	(55,933,951)	(599,381)	-
Net Increase (Decrease) In Fair Value Of Investments	(46,943,568)	(263,518)	(16,866,695)
Fixed Assets Through Assumption Of Note Payable	-	656,998	-
Loans Written Off	-	-	-
Investments Written Off	-	-	-
Prepaid Expenses Through Assumption Of Note Payable	-	789,919	-
Interest On Investments	59,094,371	-	-
Total Noncash Transactions	$ (23,262,148)	$ 584,018	$ (16,866,695)

The Accompanying Notes Are An Integral Part Of The Financial Statements

Total (Memorandum Only) Primary Government June 30 2001	Component Units	Total (Memorandum Only) Reporting Entity June 30 2001
(23,076,186)	(4,000)	(23,080,186)
2,274,895	-	2,274,895
9,017,423	-	9,017,423
(195,000)	-	(195,000)
(1,836,029)	-	(1,836,029)
(323,291)	-	(323,291)
(323,687)	-	(323,687)
(36,691)	-	(36,691)
(14,498,566)	(4,000)	(14,502,566)
726,290,853	49,071,000	775,361,853
(776,751,275)	(73,908,000)	(850,659,275)
80,507,249	12,608,016	93,115,265
(100,764,000)	-	(100,764,000)
(6,658,864)	(6,237,275)	(12,896,139)
4,986,848	3,929,923	8,916,771
91,317,500	-	91,317,500
18,928,311	(14,536,336)	4,391,975
98,025,301	1,261,925	99,287,226
739,501,878	8,952,932	748,454,810
$ 837,527,179	$ 10,214,857	$ 847,742,036
$ 137,108,954	$ 7,877,309	$ 144,986,263
747,076,827	2,337,548	749,414,375
(46,658,602)	-	(46,658,602)
$ 837,527,179	$ 10,214,857	$ 847,742,036
$ (57,000)	$ -	$ (57,000)
20,578,000	-	20,578,000
(56,533,332)	-	(56,533,332)
(64,073,781)	-	(64,073,781)
656,998	-	656,998
-	372,012	372,012
-	350,000	350,000
789,919	-	789,919
59,094,371	-	59,094,371
$ (39,544,825)	$ 722,012	$ (38,822,813)

The Accompanying Notes Are An Integral Part Of The Financial Statements

Statement Of Changes In Net Plan Assets
Pension And Investment Trust Funds
For The Fiscal Year Ended June 30, 2001

	Pension			
	Defined Contribution Retirement	Highway Patrolmen's Retirement	Job Service Retirement	Prefunded Retiree Health Program
Additions:				
Contributions:				
Employer	$ 394,746	$ 788,125	$ -	$ 4,191,541
Employee	383,248	486,332	260,900	9,219
Transfers From Other Funds	79,496	-	-	-
Transfers From Other Plans	88,699	-	-	-
Total Contributions	946,189	1,274,457	260,900	4,200,760
Investment Income:				
Net Decrease In The Fair Value Of Investments	(1,735,091)	(3,262,862)	(10,644,378)	(2,759,737)
Interest And Dividends	508,841	1,519,292	9,379,257	672,923
	(1,226,250)	(1,743,570)	(1,265,121)	(2,086,814)
Less Investment Expense	11,845	139,099	200,498	53,043
Net Investment Loss	(1,238,095)	(1,882,669)	(1,465,619)	(2,139,857)
Securities Lending Activity:				
Securities Lending Income	-	209,475	422,815	-
Less Securities Lending Expense	-	199,255	402,794	-
Net Securities Lending Income	-	10,220	20,021	-
Repurchase Service Credit	-	-	-	77,669
Miscellaneous Income	6,020	60	-	-
Total Additions	(285,886)	(597,932)	(1,184,698)	2,138,572
Deductions:				
Benefits Paid To Participants	230,848	1,660,303	1,817,086	-
Refunds	-	10,994	-	2,623
Prefunded Credit Applied	-	-	-	3,612,901
Transfers To Other Plans	-	-	-	-
Administrative Expenses	74,403	14,482	20,628	68,301
Total Deductions	305,251	1,685,779	1,837,714	3,683,825
Redemption of Units at Net Asset Value of $1.00 Per Unit	-	-	-	-
Net Decrease	(591,137)	(2,283,711)	(3,022,412)	(1,545,253)
Net Assets Held In Trust For Pension Benefits And External Investment Pool Participants				
Beginning Of Year	8,674,886	41,726,105	73,801,601	26,209,413
End Of Year	$ 8,083,749	$ 39,442,394	$ 70,779,189	$ 24,664,160

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 2001
$ 17,101,628	$ 26,289,206	$ -	$ -	$ 48,765,246
16,273,260	26,289,672	-	-	43,702,631
-	-	-	-	79,496
-	-	-	-	88,699
33,374,888	52,578,878	-	-	92,636,072
(92,804,057)	(142,367,325)	(2,192,197)	(31,718)	(255,797,365)
43,366,370	39,860,797	1,403,973	26,755	96,738,208
(49,437,687)	(102,506,528)	(788,224)	(4,963)	(159,059,157)
3,969,380	4,901,760	130,812	3,748	9,410,185
(53,407,067)	(107,408,288)	(919,036)	(8,711)	(168,469,342)
5,976,653	4,390,645	213,935	7,140	11,220,663
5,684,889	4,121,078	203,941	6,794	10,618,751
291,764	269,567	9,994	346	601,912
1,080,008	1,942,467	-	-	3,100,144
7,570	1,162	-	-	14,812
(18,652,837)	(52,616,214)	(909,042)	(8,365)	(72,116,402)
36,676,998	57,740,914	-	-	98,126,149
3,961,585	3,127,841	-	-	7,103,043
-	-	-	-	3,612,901
88,699	-	-	-	88,699
894,868	1,099,331	-	-	2,172,013
41,622,150	61,968,086	-	-	111,102,805
-	-	-	(1,375,300)	(1,375,300)
(60,274,987)	(114,584,300)	(909,042)	(1,383,665)	(184,594,507)
1,194,453,949	1,405,246,440	35,786,463	1,942,184	2,787,841,041
$ 1,134,178,962	$ 1,290,662,140	$ 34,877,421	$ 558,519	$ 2,603,246,534

The Accompanying Notes Are An Integral Part Of The Financial Statements

Combined Statement Of Current Funds Revenues, Expenditures And Other Changes
University System
For The Fiscal Year Ended June 30, 2001

	Total Unrestricted	Total Restricted	Total Current Funds
Revenues And State Transfers:			
Tuition And Fees	$ 113,486,215	$ 444,552	$ 113,930,767
Federal Appropriations	-	5,146,690	5,146,690
Local Appropriations And Taxes	1,951,641	-	1,951,641
Federal Grants And Contracts	8,460,030	73,592,093	82,052,123
State Grants And Contracts	651,680	880,677	1,532,357
Private Gifts, Grants And Contracts	11,837,101	18,195,352	30,032,453
Investment And Endowment Income	3,778,081	159,149	3,937,230
Sales And Services Of Educational Departments	46,693,328	30,176	46,723,504
Sales And Services Of Auxiliary Enterprises	67,049,640	-	67,049,640
Total Revenues	253,907,716	98,448,689	352,356,405
Operating Transfers In	189,509,090	18,789,178	208,298,268
Total Revenues And State Transfers	443,416,806	117,237,867	560,654,673
Expenditures And Mandatory Transfers:			
Educational And General:			
Instruction	165,720,855	10,707,555	176,428,410
Research	24,538,157	42,666,568	67,204,725
Public Service	17,728,485	19,771,239	37,499,724
Academic Support	41,405,773	820,499	42,226,272
Student Services	20,201,286	2,139,286	22,340,572
Institutional Support	34,697,442	919,358	35,616,800
Operation And Maintenance Of Plant	35,671,106	9,104,507	44,775,613
Scholarships And Fellowships	9,425,732	30,226,245	39,651,977
Total Educational And General Expenditures	349,388,836	116,355,257	465,744,093
Mandatory Transfer For Principal And Interest	1,267,763	-	1,267,763
Mandatory Transfer For Loan Fund Matching	126,063	465	126,528
Total Educational And General Expenditures And Mandatory Transfers	350,782,662	116,355,722	467,138,384
Auxiliary Enterprises:			
Expenditures	70,128,813	882,610	71,011,423
Mandatory Transfer For Principal And Interest	4,045,848	-	4,045,848
Total Auxiliary Enterprises	74,174,661	882,610	75,057,271
Total Expenditures And Mandatory Transfers	424,957,323	117,238,332	542,195,655
Other Transfers And Deductions:			
Excess Of Restricted Receipts Over Transfers To Revenues	-	354,417	354,417
Indirect Costs Recovered	(1,062,547)	-	(1,062,547)
Refunded To Grantors	(8,171)	(42,108)	(50,279)
Nonmandatory Interfund Transfers	(8,584,947)	28,980	(8,555,967)
Other Deductions	(229,231)	(51,877)	(281,108)
Total Other Transfers And Deductions	(9,884,896)	289,412	(9,595,484)
Net Increase In Fund Balances	$ 8,574,587	$ 288,947	$ 8,863,534

The Accompanying Notes Are An Integral Part Of The Financial Statements

Combined Statement Of Changes In Fund Balance
University System
For The Fiscal Year Ended June 30, 2001

	Current Funds				Plant Funds			Total (Memorandum Only)
	Unrestricted	Restricted	Loan	Endowment And Similar	Unexpended	Retirement Of Indebtedness	Investment In Plant	June 30 2001
Revenues And Other Additions:								
Unrestricted Current Fund Revenue	$ 253,907,716	$ -	$ -	$ -	$ -	$ -	$ -	$ 253,907,716
Student Fees - Restricted	-	447,486	-	-	-	1,209,350	-	1,656,836
Federal Appropriations	-	5,146,690	-	-	-	-	-	5,146,690
Federal Grants And Contracts - Restricted	-	82,085,447	401,198	-	4,692,478	272,066	-	87,451,189
State Grants And Contracts - Restricted	-	1,359,945	-	-	164,926	23,714	-	1,548,585
Private Gifts, Grants And Contracts - Restricted	-	18,669,650	128,076	15,407	3,322,926	-	-	22,136,059
Endowment And Investment Income - Restricted	-	634,877	54,394	1,090,173	988,265	1,181,861	-	3,949,570
Interest And Late Fees On Loans Receivable	-	-	1,030,331	-	-	1,447	-	1,031,778
Sales & Services Of Educational Depts-Restricted	-	46,654	-	-	25,608	6	-	72,268
Retirement Of Indebtedness	-	-	-	-	-	-	19,294,104	19,294,104
Expended For Plant Facilities	-	-	-	-	-	-	69,652,208	69,652,208
Debt Issuance	-	-	-	-	10,766,858	1,785,000	273,539	12,825,397
Other Additions	1,191,564	22,058	621,324	1,906	180,537	13,336,758	105,762	15,459,909
Proceeds From Escrow	-	-	-	-	-	834,605	-	834,605
Total Revenues And Other Additions	255,099,280	108,412,807	2,235,323	1,107,486	20,141,598	18,644,807	89,325,613	494,966,914
Expenditures And Other Deductions:								
Education And General Expenditures	349,388,836	116,355,257	-	-	-	-	-	465,744,093
Auxiliary Enterprises Expenditures	70,128,813	882,610	-	-	-	-	-	71,011,423
Indirect Costs Recovered	1,062,547	9,587,643	105,208	-	-	-	-	10,755,398
Refunds To Grantors	8,171	42,108	2,724	-	-	-	-	53,003
Loan Cancellations And Write-Offs	-	-	807,548	-	-	-	-	807,548
Administrative And Collection Costs	-	-	123,551	-	-	3,092	-	126,643
Expended For Plant Facilities	-	-	-	-	47,683,975	-	-	47,683,975
Retirement Of Indebtedness	-	-	-	-	45,833	13,706,001	176,667	13,928,501
Interest On Indebtedness	-	-	-	-	-	3,547,946	10,860	3,558,806
Trustee Fees	-	-	-	-	-	1,785,345	-	1,785,345
Disposal Of Plant Facilities	-	-	-	-	-	-	19,760,182	19,760,182
Minimum Valuation Adjustment	-	-	-	-	-	-	88,166,722	88,166,722
Debt Issuance	-	-	-	-	-	-	22,855,680	22,855,680
Other Deductions	1,420,795	73,935	21,556	274,928	439,395	2,226,766	353,037	4,810,412
Total Expenditures And Other Deductions	422,009,162	126,941,553	1,060,587	274,928	48,169,203	21,269,150	131,323,148	751,047,731
Transfers Among Funds And Other Additions (Deductions):								
Mandatory:								
Loan Fund Matching	(126,063)	(465)	126,528	-	-	-	-	-
Principal And Interest - Unrestricted	(1,267,763)	-	-	-	-	1,267,763	-	-
Principal And Interest - Auxiliary	(4,045,848)	-	-	-	-	4,045,848	-	-
Nonmandatory Interfund Transfers	(8,584,947)	28,980	(7,521)	(757,778)	11,738,796	(2,417,530)	-	-
Operating Transfers In	189,509,090	18,789,178	-	-	23,684,431	-	10,000	231,992,699
Total Transfers And Other Additions (Deductions)	175,484,469	18,817,693	119,007	(757,778)	35,423,227	2,896,081	10,000	231,992,699
Net Increase (Decrease) In Fund Balance	8,574,587	288,947	1,293,743	74,780	7,395,622	271,738	(41,987,535)	(24,088,118)
Fund Balance - Beginning Of Year As Previously Reported	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
Fund Balance - End Of Year	$ 69,807,129	$ 8,537,448	$ 45,299,764	$ 23,351,614	$ 30,168,596	$ 15,568,866	$ 798,537,309	$ 991,270,726

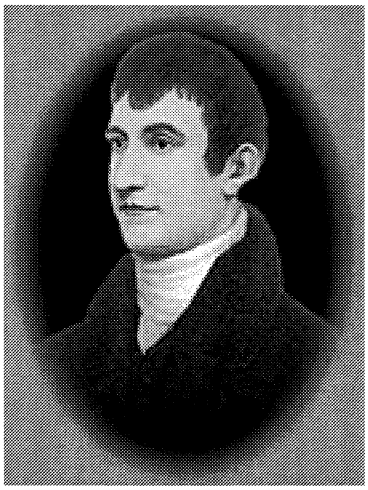
The Accompanying Notes Are An Integral Part Of The Financial Statements

STATE OF NORTH DAKOTA

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 Biennium Ended June 30, 2001

	Approved Budget 1999-2001 Biennium	Appropriation Adjustments 1999-2001 Biennium	Adjusted Budget 1999-2001 Biennium	Actual Biennium To Date Thru 6-30-01	Difference Uncollected/ Unspent Thru 6-30-01
Revenues					
General Fund					
Sales And Use Tax	$ 742,391,900	$ (15,552,895)	$ 726,839,005	$ 722,181,696	$ (4,657,309)
Income Tax	490,435,520	6,551,806	496,987,326	508,466,305	11,478,979
Business Privilege Tax	5,162,000	(379,789)	4,782,211	5,464,941	682,730
Oil And Gas Production Tax	22,817,000	15,616,430	38,433,430	47,783,630	9,350,200
Oil Extraction Tax	13,885,000	9,681,570	23,566,570	27,395,668	3,829,098
Insurance Premium Tax	35,830,000	3,430,916	39,260,916	39,113,433	(147,483)
Cigarette, Cigar And Tobacco Tax	42,544,000	(851,266)	41,692,734	41,706,350	13,616
Wholesale Liquor Tax	10,388,473	469,173	10,857,646	10,321,999	(535,647)
Coal Severance Tax	22,346,000	91,459	22,437,459	22,173,854	(263,605)
Coal Conversion Tax	24,555,000	963,737	25,518,737	25,672,170	153,433
Gaming Tax	22,685,000	4,361,000	27,046,000	27,437,507	391,507
Department Fees And Collections	39,102,394	3,399,504	42,501,898	40,816,171	(1,685,727)
Mineral Leasing Fees	4,915,680	2,980,843	7,896,523	9,531,698	1,635,175
Gas Tax Administration	1,380,608	-	1,380,608	1,380,608	-
Interest On Public Funds	15,300,200	5,081,800	20,382,000	20,832,123	450,123
Total General Fund Revenues	1,493,738,775	35,844,288	1,529,583,063	1,550,278,153	20,695,090
Other Budgeted Income	3,265,832,301	474,294,282	3,740,126,583	3,235,503,069	(504,623,514)
Total All Revenues	4,759,571,076	510,138,570	5,269,709,646	4,785,781,222	(483,928,424)
Expenditures By Line Item					
Salaries And Wages	713,516,368	20,025,429	733,541,797	692,054,128	41,487,669
Operating Expenses	302,216,778	35,879,150	338,095,928	305,049,763	33,046,165
Equipment	21,922,801	4,046,993	25,969,794	22,311,974	3,657,820
Capital Improvements	72,690,158	55,641,428	128,331,586	61,885,901	66,445,685
Grants	1,892,465,431	207,779,097	2,100,244,528	2,005,699,430	94,545,098
Special Line Items	1,797,209,303	184,337,731	1,981,547,034	1,681,765,590	299,781,444
Total Expenditures By Line Item	4,800,020,839	507,709,828	5,307,730,667	4,768,766,786	538,963,881
Expenditures By Source					
General Fund	1,584,721,538	31,713,405	1,616,434,943	1,583,473,832	32,961,111
Other Budgeted Income	3,215,299,301	475,996,423	3,691,295,724	3,185,292,954	506,002,770
Total Expenditures By Source	4,800,020,839	507,709,828	5,307,730,667	4,768,766,786	538,963,881
Revenues Over (Under) Expenditures					
General Fund	(90,982,763)	4,130,883	(86,851,880)	(33,195,679)	53,656,201
Other Budgeted Income	50,533,000	(1,702,141)	48,830,859	50,210,115	1,379,256
Other Financing Sources (Uses)					
General Fund - Transfers In	59,850,000	(1,707,141)	58,142,859	59,522,115	1,379,256
General Fund - Transfers Out	(9,317,000)	5,000	(9,312,000)	(9,312,000)	-
Other Budgeted Income - Transfers In	9,317,000	(5,000)	9,312,000	9,312,000	-
Other Budgeted Income - Transfers Out	(59,850,000)	1,707,141	(58,142,859)	(59,522,115)	(1,379,256)
Revenues And Other Sources Over (Under) Expenditures And Other Uses					
General Fund	(40,449,763)	2,428,742	(38,021,021)	17,014,436	55,035,457
Other Budgeted Income	-	-	-	-	-
Beginning Budgetary General Fund Balance, As Adjusted	51,768,619	8,968,846	60,737,465	56,634,338	(4,103,127)
Ending Budgetary General Fund Balance	$ 11,318,856	$ 11,397,588	$ 22,716,444	$ 73,648,774	$ 50,932,330

The Accompanying Notes Are An Integral Part Of The Financial Statements



Meriwether Lewis

Meriwether Lewis first approached Thomas Jefferson about exploring the Louisiana Purchase when he was 18 years old. Ten years later, Lewis was granted his wish. Jefferson chose him to command an expeditionary force into the wilderness for search of a water route from St. Louis to the Pacific Ocean, and it planted Meriwether Lewis firmly in American history.

Once the decision to explore Louisiana had been made, Lewis set about learning what he would need to successfully complete his mission as articulated by Jefferson—to look at the wilderness in terms of scientific knowledge and commercial potential. He learned to establish latitude and longitude.

He was taught the scientific classification systems used to categorize plants and animals. During the more than 8,000 mile trip from St. Louis to the Pacific Ocean and back, Lewis discovered 173 new plants and 122 species and sub-species of animals.

With his partner, William Clark, Lewis inspired the Corps of Discovery—a group of hardened woodsmen, watermen, hunters, scouts, one woman and a child—to overcome incredible obstacles, huge unknown mountain ranges, starvation, and near death by gnats and mosquitoes to stretch knowledge from St. Louis to the mouth of the Columbia River.

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NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2001

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 accounting principles generally accepted in the United States of America 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 accounting principles generally accepted in the United States of America, 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 separate instrumentality of the State. Its purpose is to promote the general welfare of the citizens of the State by providing financing for use by the State in altering, repairing, maintaining or constructing buildings and making any improvements connected to State buildings. The Industrial Commission, 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, 2001, and their report dated August 16, 2001, 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 and is regulated by the State Insurance Department. The Association was audited by other independent auditors for the calendar year ended December 31, 2000, and their report dated February 21, 2001, 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 deputy director of the Department of Commerce (a State agency) is the corporation's chief executive officer. The director of the Department of Commerce (governor-appointed cabinet position) is responsible for developing rules, subject to the approval of the board of directors, necessary to implement the administration of the corporation. The Fund was audited by other independent auditors for the fiscal year ended June 30, 2001, and their report dated August 23, 2001, 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, 2000, and their report dated February 15, 2001, has been previously issued under a separate cover.

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

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

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

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

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

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

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

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 accounting principles generally accepted in the United States of America that apply to colleges and universities as contained in Audits of Colleges and Universities, published by the American Institute of Certified Public Accountants, and those standards established by the National Association of College and University Business Officers (NACUBO).

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

The University System Funds account for transactions related to resources received and used for the operation of the State's University System Institutions and the related medical teaching hospital. The University System Funds are an aggregation of the following funds:

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

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

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

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

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

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

D. BASIS OF ACCOUNTING

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

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental funds and expendable trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, generally only current assets and current liabilities are included on the balance sheet. Operating statements for these funds present increases (e.g., revenues and other financing sources) and decreases (e.g., expenditures and other financing uses) in net current assets.

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

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

In fiscal year 2000-01 the State implemented the requirements of GASB Statements No. 33, "Accounting and Financial Reporting for Nonexchange Transactions," and No. 36, "Recipient Reporting for Certain Shared Nonexchange Revenues." See Note 1X and Note 2 for explanations of the new statements and their impact on beginning fund equity.

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. However, for federal reimbursement revenue, the State uses a one-year period of availability. Revenues earned under the terms of reimbursement agreements with other governments or private sources are recorded at the time the related expenditures are made if other eligibility requirements have been met. Sales and use taxes are accrued based upon filings received and an estimate of filings due by June 30. Net income taxes from individuals and corporations are accrued based on current income earned by the taxpayer before June 30. Quarterly filings, withholding statements, and other historical data are used to estimate income. The revenue is accrued net of an allowance for uncollectible taxes. 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 Legislative Assembly at the beginning of each legislative session. The Legislative 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, allotment, 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 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 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 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 accounting principles generally accepted in the United States of America (GAAP) amounts, a reconciliation between the budgetary and GAAP amounts is presented in Note 3.

During the 1999-2001 biennium, there were supplemental appropriations of $507,709,828.

For the biennium ended June 30, 2001, the following departments had expenditures which exceeded appropriations at the line item level (the legal level of budgetary control) by the following amounts:

Department	Line Item Level	Amount
Attorney General	General Fund Funding Authority	$ 790
Supreme Court	General Fund Funding Authority	1,515
Bismarck State College	Local Funds	403,213
	Special Fund Funding Authority	386,156

Lake Region State College	Local Funds	274,298
	Special Fund Funding Authority	206,836
North Dakota State College of Science	Local Funds	1,809,407
	Special Fund Funding Authority	596,504
Dickinson State University	Local Funds	847,976
	Special Fund Funding Authority	344,801
Mayville State University	Local Funds	14,168
Minot State University	Local Funds	22,281
Valley City State University	Local Funds	257,969
State Library	Operating Expenses	721
Children's Services Coord. Comm.	Grants	667,576
	Special Fund Funding Authority	666,834
Human Services: Economic Assistance	Grants – Assistance Payments	422,702
	Grants – Medical Assistance	1,110,694
	General Fund Funding Authority	121,482

The Attorney General's office overspent their general fund authority by $790 because of a statutorily required reimbursement for prosecution witness fees that they have to make when submitted. One reimbursement fee for the 1999-2001 biennium wasn't received until after the end of the biennium. The agency was unaware of the reimbursement until the request was received and had not reserved appropriation authority for this expense.

The Supreme Court overspent their general fund appropriation authority by $1,515 because of an end of biennium bill submitted in August by the Judicial Conduct Commission. This bill had not been anticipated.

Bismarck State College requested an increase to their appropriation of $3,850,000 in anticipation of additional expenditures. Due to greater than expected enrollment in their on-line programs, they experienced increased on-line fees and increased lab fees beyond their estimates, causing them to overspend their local funds line item by $403,213 and their special fund authority by $386,156.

Lake Region State College overspent their local funds line item by $274,298 and their special fund authority by $206,836 because of excess expenditures that resulted from an asbestos removal project, the renovation of the entrance road and adjacent parking lot, and revenue bond payments. Although the projects for which reserves were expended had been approved, they neglected to follow the process of obtaining approval to increase the spending authority.

North Dakota State College of Science overspent their local funds authority by $1,809,407 and their special fund authority by $595,504. The bonds that were approved for improvement projects were originally going to be paid off in FY2002. However, it was determined that the funds from the new bond issue would be defeased to make the payments on the bonds and that those funds needed to be recorded as fiscal year 2001 expenditures. The determination to record the expenditures in fiscal year 2001 was not made until after the state's accounting system was closed for the biennium and changes to appropriation authority could not be made.

Dickinson State University had two federal grants added that were not included in local funds when the budget was prepared. This caused expenditures to be much larger than anticipated. Although DSU did have the opportunity to adjust the original local fund budget through a request to the Board of Higher Education, the timeline for that opportunity was missed, causing them to overspend their local funds line item by $847,976 and their special fund authority by $344,801.

Mayville State University overspent their local fund authority by $14,168. This was a result of larger than anticipated grant collections.

Minot State University overspent their local funds line item by $22,281 because of project costs for an addition of a lobby/entrance to the Dome that exceeded original estimates. The costs exceeded projections mainly due to problems encountered by the contractor when drilling pier foundations for the addition.

Valley City State University overspent their local fund authority by $257,969 because of larger than anticipated grant collections.

The State Library overspent their operating line appropriation authority by $721 because they

underestimated the amount of their appropriation authority remaining when they ordered books and materials at the end of the biennium.

Children's Services Coordinating Committee Services overspent their grants line authority by $667,576 and their special fund authority by $666,834. The claims the agency receives for payment fluctuate significantly. End of biennium claim payments anticipated to be received and paid after the end of the biennium were underestimated.

The Department of Human Services overspent the grants - assistance payments line item authority by $422,702 due to the miscalculation relative to the Food Stamp EBT benefit payments. Federal funding was available, however, when the under projection of authority was discovered at fiscal year end, there was not sufficient time to request an increase in spending authority. The Department also overspent the grants - medical assistance line item authority by $1,110,694 and general fund authority by $121,482 due to the progressive increase in Medicaid expenditures the final months of the biennium. Medicaid is an entitlement program and eligible client expenditures cannot be denied by the Department. The Emergency Commission did grant additional authority to be transferred to the grants - medical assistance line item at their final meeting, however, the amount transferred was not sufficient based on the additional expenditures incurred.

The level of legal control for all agencies is reported in a publication titled "State of North Dakota 1999-2001 Biennium Budget and Actual Detail - (Budgetary Basis) for the Biennium Ended June 30, 2001." This budget information is available through the Office of Management and Budget, 600 East Boulevard Avenue Dept. 110, Bismarck, ND 58505.

F. CASH AND CASH EQUIVALENTS

Cash and cash equivalents for reporting purposes includes cash and short-term, highly liquid investments that are readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. This includes investments with original maturity of three months or less. Also cash, as reported, may be under the control of the State Treasurer or by other administrative bodies as determined by law. Cash and cash equivalents are presented as "Cash Deposits At The Bank Of North Dakota" and "Cash And Cash Equivalents" to present the unique nature of the relationship between the Bank of North Dakota, an enterprise fund, and other state agencies.

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

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

The State had no cash overdrafts from pooled cash and investments at June 30, 2001.

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 change in fair value of investments consists of the realized gains or losses and the unrealized increase or decrease 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 increases or decreases are 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 $2,028,500 at June 30, 2001. 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-six days; however, the average term of loans for the Land Department is eighteen days.

Cash open collateral is invested in a short term investment pool, the Core USA Collateral Section, which had an average weighted maturity of thirty-four 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 4F).

INTERFUND RECEIVABLE/PAYABLE

Interfund Receivables/Payables represent short-term loans made by one fund to another.

ADVANCES

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

RESIDUAL EQUITY TRANSFERS

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

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

L. INVENTORIES

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

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

Generally, inventories of University System Funds are valued at the lower of cost or fair market value. Cost is generally determined on the first in/first out, or moving weighted average method. Generally, the cost of University System Funds inventories is recorded as an expenditure when consumed rather than when purchased.

The Department of Public Instruction has food commodities inventories at June 30, 2001, valued at approximately $1,966,371 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, 2001, valued at approximately $1,359. This inventory is not included in the accompanying financial statements.

The Department of Human Services has approximately $3.1 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 ($5,000 effective March 21, 2001) 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 of fixed assets is computed using the straight-line method over their estimated useful lives. Estimated useful lives for buildings are 10 to 50 years; improvements other than buildings, 3 to 10 years; and equipment, 3 to 30 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 accounting principles generally accepted in the United States of America. The Primary Government includes all funds, organizations, account groups, agencies, boards, commissions, and authorities that are not legally separate from the State. The reporting entity includes the Primary Government and all of its component units.

X. CHANGE IN ACCOUNTING PRINCIPLES

GASB Statements No. 33, "Accounting and Financial Reporting for Nonexchange Programs," and No. 36, "Recipient Reporting for Certain Shared Nonexchange Revenues," effective for fiscal years beginning after June 15, 2000, establish accounting and financial reporting standards for nonexchange transactions involving financial or capital resources. In a nonexchange transaction, the State gives (or receives) value without directly receiving (or giving) equal value in return. The principal issue addressed in Statement No. 33 is the timing of recognition of nonexchange transactions. Statement No. 36 amends No. 33 to provide symmetrical accounting treatment for certain shared revenues by requiring recipient governments to account for the sharing of revenues in the same manner as provider governments by using a reasonable estimate of the amount to be accrued.

See Note 2 for the effect of GASB 33 and 36 on beginning fund equity.

In accordance with NDCC section 54-27-21, the State revised its capitalization policy to increase the amount required to capitalize fixed assets from $750 to $5,000. As a result, the General Fixed Assets Account Group reduced its fixed assets by $42.9 million. Changes to beginning fund equity for the enterprise and internal service funds are disclosed in Note 2. The effect of this change had no impact on current year activities.

The State revised its policy based upon current practices in other states. In addition GFOA recommends that states set their capitalization threshold at $5,000.

NOTE 2 – RESTATEMENTS

Certain restatements of fund equity balances as of June 30, 2000, as discussed below, have been reflected in the General Purpose Financial Statements.

Pursuant to GASB 33, the following beginning fund equities were increased to reflect the change in accounting for nonexchange transactions:

General Fund	$ 3,329,510
Aeronautics and Other Transportation	200,086
Agriculture	244,687
Commodity Promotion	92,487
Education	1,709,321
Highway	1,730,505
Local Governments	18,054,594

The following beginning fund equity balances were decreased as a result of the State's change in its policy for capitalization of fixed assets:

Fire and Tornado	$ (8,576)
Roughrider Industries	(108,366)
Central Services	(21,029)
Fleet Services	(7,041)
Information Technology	(1,506,868)
Retirement and Investment Office	(50,799)
Risk Management	(20,869)

North Dakota Workers Compensation recorded a prior period adjustment to increase beginning retained earnings and decrease their estimated liability for incurred, but not reported, and incomplete claims by $250,000,000. Previously, the Bureau was transitioning from a discounted to an undiscounted level for their estimated liability. GASB 10 does not provide for a transition period, which results in restating their estimated liability at a discounted level of 6 percent.

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

Primary Government Funds	June 30, 2000 Fund Balance/Equity As Previously Reported	Increased/(Decreased) For Restatement	July 1, 2000 Fund Balance/Equity As Restated
General Fund	$ 115,303	$ 3,330	$ 118,633
Special Revenue Funds:			
Aeronautics and Other Transportation	$ 3,391	$ 200	$ 3,591
Agriculture	3,545	245	3,790
Commodity Promotion	5,916	93	6,009
Education	11,702	1,710	13,412
Highway	79,144	1,730	80,874
Local Government	-	18,055	18,055
	$ 103,698	$ 22,033	$ 125,731
Enterprise Funds:			
Fire and Tornado	$ 14,065	$ (9)	$ 14,056
Roughrider Industries	1,573	(108)	1,465
Workers Compensation	126,242	250,000	376,242
	$ 141,880	$ 249,883	$ 391,763
Internal Service Funds:			
Central Services	$ 763	$ (21)	$ 742
Fleet Services	36,930	(7)	36,923
Information Technology	5,866	(1,507)	4,359
Retirement and Investment Office	49	(51)	(2)
Risk Management	1,352	(21)	1,331
	$ 44,960	$ (1,607)	$ 43,353

NOTE 3 – BUDGET TO GAAP RECONCILIATION

BUDGETARY BASIS VS. GAAP

The accompanying 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, 2001 (expressed in thousands):

	Actual (*) For 1999-2001 Biennium (Budgetary Basis)	Actual Fiscal Year 2000 (Budgetary Basis)	Non-Appropriated Expenditures	Non-Appropriated Accruals	Difference In Basis (**)	GAAP (***) Fiscal Year 2001 Expenditures
General	$ 1,592,786	$ (786,464)	$ 13,278	$ (1,684)	$ 12,963	$ 830,879
Special Revenue	2,270,646	(1,135,793)	335,712	(171,854)	-	1,298,711
Debt Service	-	-	11,748	-	-	11,748
Capital Projects	1,475	(177)	11,990	-	-	13,288
Enterprise	152,050	(61,153)	301,087	-	658	392,642
Internal Service	98,324	(46,604)	2,756	-	(6,566)	47,910
Expendable Trust	-	-	50,059	-	-	50,059
Nonexpendable Trust	-	-	29,577	-	-	29,577
Pension Trust	4,864	(3,313)	109,552	-	-	111,103
Agency	622	(474)	-	-	(148)	-
University System	715,033	(324,278)	74,989	-	-	465,744
Total-Primary Government	4,835,800	(2,358,256)	940,748	(173,538)	6,907	3,251,661
Component Units	438	(208)	18,335	-	-	18,565
Total-Reporting Entity	$ 4,836,238	$ (2,358,464)	$ 959,083	$ (173,538)	$ 6,907	$ 3,270,226

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

Appropriated Expenditures	$ 4,768,767
General Fund – Transfers Out	9,312
Other Budgeted Income – Transfers Out	58,159
Total	$ 4,836,238

(**) Difference in Basis Includes:	General Fund	Enterprise	Internal Service	Agency
Appropriated Expenditures	$ 12,963	$ -	$ -	$ (148)
Capital Acquisitions	-	(3,191)	(14,824)	-
Depreciation	-	3,849	8,258	-
Total	$ 12,963	$ 658	$ (6,566)	$ (148)

(***) 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 2001 Expenditures
General	$ 599,206	$ 231,298	$ 375	$ -	$ -	$ 830,879
Special Revenue	1,213,130	85,581	-	-	-	1,298,711
Debt Service	11,748	-	-	-	-	11,748
Capital Projects	11,462	1,804	-	-	22	13,288
Enterprise	351,253	27,251	-	14,138	-	392,642
Internal Service	47,666	-	-	244	-	47,910
Expendable Trust	49,469	590	-	-	-	50,059
Nonexpendable Trust	2,304	27,273	-	-	-	29,577
Pension Trust	111,103	-	-	-	-	111,103
Agency	-	-	-	-	-	-
University System	465,744	-	-	-	-	465,744
Total – Primary Government	2,863,085	373,797	375	14,382	22	3,251,661
Component Units	18,565	-	-	-	-	18,565
Total – Reporting Entity	$ 2,881,650	$ 373,797	$ 375	$ 14,382	$ 22	$ 3,270,226

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

NOTE 4 - DETAILED NOTES ON ACCOUNT BALANCES

A. DEPOSITS

State law generally requires that all State funds be deposited in the Bank of North Dakota. NDCC 21-04-01 provides that public funds belonging to or in the custody of the State shall be deposited in the Bank of North Dakota. Also, NDCC 6-09-07 states, "[a]ll state funds . . . must be deposited in the Bank of North Dakota" or must be deposited in accordance with constitutional and statutory provisions.

The following summary presents the amount of the State's deposits which are fully insured or collateralized with securities held by the State or by its agent in the State's name (Category 1), those deposits which are collateralized with securities held by the pledging financial institution's trust department or agent in the State's name (Category 2) and those deposits which are not collateralized or are collateralized by the pledging financial institution trust or agent, but not in the State's name (Category 3) at June 30, 2001. Funds deposited at the Bank of North Dakota are not credit risked since the Bank is part of the State's reporting entity. The amounts are expressed in thousands:

Primary Government:

	Category			Total	Carrying
	1	2	3	Bank Balance	Amount
Cash Deposits	$ 26,719	$ -	$ 463,312	$ 490,031	$ 639,166
Certificates Of Deposit Recorded As Investments	2,514	-	-	2,514	2,514
Total	$ 29,233	$ -	$ 463,312	$ 492,545	$ 641,680

University System:

	Category 1	Category 2	Category 3	Total Bank Balance	Carrying Amount
Cash Deposits	$ 13,695	$ -	$ -	$ 13,695	$ 8,585
Certificates Of Deposit Recorded As Investments	1,467	-	-	1,467	1,467
Total	$ 15,162	$ -	$ -	$ 15,162	$ 10,052

Component Units:

	Category 1	Category 2	Category 3	Total Bank Balance	Carrying Amount
Cash Deposits	$ 2,338	$ -	$ -	$ 2,338	$ 2,338
Certificates Of Deposit Recorded As Investments	-	-	12,101	12,101	12,101
Total	$ 2,338	$ -	$ 12,101	$ 14,439	$ 14,439

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.

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 personal property deemed advisable by the governing board.

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			
	1	2	3	Fair Value
Commercial Paper	$ 44,945	$ -	$ -	$ 44,945
Equity Securities				
Not On Securities Loan	1,034,543	-	-	1,034,543
On Securities Loan	4,210	-	-	4,210
Bonds And Notes				
Not On Securities Loan	963,153	-	-	963,153
U.S. Government & Agency Issues				
Not On Securities Loan	800,704	-	-	800,704
On Securities Loan	54,555	-	-	54,555
	$ 2,902,110	$ -	$ -	2,902,110
Investments In Real Estate Pool				217,498
Investments In Unemployment Compensation Pool				22,190
Guaranteed Investment Contract				108,092
Annuities				356
Mutual Funds				685,477
Private Equity				97,228
Non-Security Investments				2,000
Investments Held By Broker-Dealer Under Securities Loans With Cash Collateral:				
Equity Securities				70,135
Bonds And Notes				92,327
U.S. Government & Agency Issues				161,607
Securities Lending Short-Term Collateral Investment Pool				333,709
Totals				$ 4,692,729

University System:	Category			
	1	2	3	Fair Value
Equity Securities	$ 5,859	$	$ 7,872	$ 13,731
U.S. Government & Agency Issues	641	-	11,337	11,978
	$ 6,500	$ -	$ 19,209	25,709
Held By Brokers/Dealers				11,672
Totals				$ 37,381

Component Units:	Category 1	Category 2	Category 3	Fair Value
U.S. Government & Agency Issues	$ 157	$ -	$ -	$ 157
Obligations Of State And Political Subdivisions	515	-	-	515
	$ 672	$ -	$ -	672
Guaranteed Investment Contract				77,940
Non-Security Investments				138,660
Totals				$ 217,272

There were no violations of statutory authority or contractual provisions for investments during the year ended June 30, 2001.

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. All sales of investments under these agreements are for fixed terms. In investing the proceeds of these agreements, State policy is for the term to maturity of the investment to be the same as the term of the agreement. Such matching existed at year end. These agreements are secured by Fed book-entry securities held in the State's name. At June 30, 2001, the State had reverse repurchase agreements of $75,100,000 included in securities lending collateral on the balance sheet. The highest month end balance for the previous year was $75,100,000 with an average daily balance of $21,224,000. The weighted average interest rate as of year end was 6.35 percent. The weighted average interest rate paid during the year was 6.38 percent. The fair value of these securities at June 30, 2001, was $75,100,000.

D. RECEIVABLES

Receivables at June 30, 2001, 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	$ 1,040	$ 16,597	$ -	$ -	$ 40,845	$ 242	$ 29,998	$ 10,481	$ 597	$ 99,800
Less Allowance	(112)	(1,886)	-	-	(3,979)	-	-	(1,126)	-	(7,103)
Taxes	116,501	44,503	-	-	-	-	7,351	-	-	168,355
Less Allowance	(5,639)	(213)	-	-	-	-	(467)	-	-	(6,319)
Interest	740	1,817	232	2	40,489	47	18,628	710	3,305	65,970
Less Allowance	-	(165)	-	-	-	-	-	-	-	(165)
Loans and Notes	71	54,253	-	-	1,865,337	-	53,889	45,628	16,758	2,035,936
Less Allowance	(7)	(4,266)	-	-	(24,694)	-	-	(3,076)	(5,593)	(37,636)
Net Receivables	$ 112,594	$ 110,640	$ 232	$ 2	$ 1,917,998	$ 289	$ 109,399	$ 52,617	$ 15,067	$ 2,318,838

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, 2001, are as follows (expressed in thousands):

Primary Government:	Cash	Investments	Loans Receivables	Other Assets
Bank Of North Dakota	$ -	$ 80,646	$ -	$ -
Guaranteed Student Loan Program	9,823	2,432	-	-
Housing Finance	276,817	15,991	594,023	13,718
State Fair Association	38	-	-	-
	$ 286,678	$ 99,069	$ 594,023	$ 13,718
Component Unit:				
Municipal Bond Bank	$ 963	$ 98,678	$ -	$ 11,880

F. INTERFUND TRANSACTIONS

The following balances at June 30, 2001, represent interfund transactions among all funds and State agencies (expressed in thousands):

DUE FROM AND TO OTHER FUNDS

Fund Type/Fund	Due From	Due To
General Fund	$ 11,918	$ 31,273
Special Revenue:		
Administration	159	12
Aeronautics & Other Transportation	-	2
Agriculture	-	62
Commodity Promotion	1	43
Community Service	-	1
Cultural And Historical	-	2
Education	636	48
Federal	8,169	20,864
Health And Human Services	7,142	4,224
Highway	763	1,244
Insurance	-	1,420
Job Service	563	441
Judicial and Legal	513	55
Land Dept.-Coal Severance	185	361
Land Dept.-Land and Mineral	111	-
Land Dept.-Land Maintenance	-	559
Motor Vehicle	-	8
National Guard	3	-
Natural Resources	1,344	37
Oil Tax Resources	-	
Other Special	76	10
Permanent Oil Tax Trust	13,179	-
Public Safety And Penal Institutions	29	29
Recreation	976	936
Regulatory	-	28
Veterans	3	8
Capital Projects:		
Building Authority	-	3,943
Enterprise:		
Bank of North Dakota	935	270
Beginning Farmer Revolving Loan	-	13
Bonding Fund	-	2
Community Water Facility Loan	-	19
Dev. Disabled Facility Loan	-	10
Fire and Tornado	-	13
Guaranteed Student Loan	408	326
Housing Finance	43	14
PERS Uniform Group Insurance	29	187
Roughrider Industries	24	3
Student Loan	-	433
Workers Compensation	-	44
Internal Service:		
Central Services	175	7
Fleet Services	2,002	53
Information Technology	2,948	6
Retirement And Investment Office	54	16
Risk Management	-	9
Expendable Trust:		
Deferred Compensation	-	2
Job Service Expendable	-	162
Land Dept.-Abandoned Property	139	-
PERS Flexcomp	43	1
Nonexpendable Trust:		
Land Department Permanent	189	99
Pension Trust:		
Highway Patrolmen's Retirement	-	9
Job Service Retirement	-	2
Prefunded Retiree Health Program	-	75
Public Employees Retirement	225	11
Teacher's Retirement	-	39
Agency:		
Payroll	1	-

Fund Type/Fund	Due From	Due To
Child Support Student And Other	-	1,674
Tax Collection	-	177
University System	18,527	1,478
Total	$ 71,512	$ 70,764

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

	Amount
Due From's	$ 71,512
Bank Of North Dakota/Federal	435
Bank Of ND/Job Service Expendable Trust	163
Bank Of ND/Land Department Permanent	(103)
Guarant. Student Loan/Student Loan Trust	(300)
Information Tech. Dept./Bank Of ND	(120)
Natural Resources/Bank Of ND	(823)
Due To's	$ 70,764

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

INTERFUND RECEIVABLES/PAYABLES

Fund Type/Fund	Interfund Receivable	Interfund Payable
General Fund	$ 22,477	$ -
Special Revenue:		
Federal	-	22,290
Job Service	-	187
Enterprise:		
Bank of North Dakota	-	35,000
University System	4,372	4,372
TOTAL	$ 26,849	$ 61,849

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

	Amount
Interfund Receivables	$ 26,849
General Fund/Bank Of ND	35,000
Interfund Payables	$ 61,849

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

OPERATING TRANSFERS (expressed in thousands)

Fund Type/Fund	In	Out
General Fund	$ 31,402	$ 231,298
Special Revenue:		
Administrative	110	-
Agriculture	7	-
Commodity Promotion	-	488
Community Service	1,163	22
Cultural And Historical	30	-
Education	24,394	53
Federal	379	64,249
Health And Human Services	43,756	5,337
Highway	7	992
Insurance	-	3,172
Job Service - Special Revenue	2,122	243
Judicial And Legal	124	30
Land Department - Coal Severance	-	4,581
Land Department - Land & Mineral	-	3,173
Motor Vehicle	9	55
National Guard	163	-
Natural Resources	4,202	1,325
Oil Tax Resources	79	1,711
Other Special	75	12
PACE Fund	3,750	-
Permanent Oil Tax Trust	13,179	-
Public Safety And Penal Institutions	5,117	-
Recreation	32	128
Regulatory	85	-
Veterans	217	10
Debt Service:		
Building Authority	6,521	-
Lignite Research	1,010	-
Capital Projects:		
Building Authority	-	1,804
Enterprise:		
Bank Of North Dakota	57	20,578
Fire And Tornado	-	124
Guaranteed Student Loan	300	-
Housing Finance	-	23
Mill And Elevator	-	3,027
State Fair	170	-
Student Loan	-	3,500
Expendable Trust		
Deferred Compensation	218	-
Land Dept. - Abandoned Property	-	258
Land Dept. - Capitol Building	-	34
PERS Flexcomp	-	298

Fund Type/Fund	In	Out
Nonexpendable Trust:		
Land Department-Permanent Fund	258	27,273
Pension Trust:		
Defined Contribution Plan	79	-
University System	231,993	-
TOTAL	$ 371,008	$ 373,798

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

Operating Transfers In	$ 371,008
General Fund/Bank Of ND	507
Industrial Commission/Bank Of ND	(35)
Human Services/Developmentally Disabled Facility Loan	(1,140)
Guaranteed Student Loan/Student Loan Trust	3,200
Bank of North Dakota/General Fund	(57)
Beginning Farmer Revolving Loan/General Fund	500
University System/Bank Of ND	(185)
Operating Transfers Out	$ 373,798

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

OPERATING TRANSFERS IN/OUT OF COMPONENT UNITS

Fund Type/Fund	In	Out
General	$ -	$ 375
Total	$ -	$ 375

OPERATING TRANSFERS IN/OUT OF PRIMARY GOVERNMENT

Fund Type/Fund	In	Out
Component Units: (Enterprise)		
ND Development Fund	$ 375	$ -
Total	$ 375	$ -

ADVANCES TO AND FROM OTHER FUNDS

Fund Type/Fund	Advance To	Advance From
General Fund	$ 654	$ -
Special Revenue:		
Federal	-	39,351
Aeronautics And Other Transportation	2,005	-
Highway	37,025	-
Recreation	2,320	-
Insurance	1	-
Job Service	-	654
Enterprise:		
Dev. Disabled Facility Loan	-	5,134
Internal Service:		
Fleet Services	-	2,000
Expendable Trust:		
Land Dept. – Abandoned And Unclaimed Property	2,221	-
Nonexpendable Trust:		
Land Dept – Permanent Fund	6,342	2,221
University System	-	8,882
Total	$ 50,568	$ 58,242

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

	Amount
Advances To Other Funds	$ 50,568
Land Dept. - Permanent Fund/Dev. Disabled	(1,208)
Bank Of North Dakota/University System	8,882
Advances From Other Funds	$ 58,242

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

ADVANCES TO/FROM COMPONENT UNITS

Fund Type/Fund	Advances To	Advances From
Enterprise:		
Bank Of North Dakota	$ 8,968	$ 8,968

ADVANCES TO/FROM PRIMARY GOVERNMENT

Fund Type/Fund	Advances To	Advances From
Component Unit: (Enterprise)		
Municipal Bond Bank	$ 8,968	$ 8,968

RESIDUAL EQUITY TRANSFER

The Building Authority Capital Projects Fund made a residual equity transfer of $22,000 to the Building Authority Debt Service Fund.

G. FIXED ASSETS

The following is a summary of fixed assets at June 30, 2001 (expressed in thousands):

Description	Enterprise	Internal Service	Fiduciary Funds	General Fixed Assets	University System	Component Units
Land	$ 1,964	$ -	$ -	$ 19,075	$ 15,139	$ -
Buildings	35,094	-	1,194	311,497	536,921	-
Improvements Other Than Buildings	4,753	-	-	56,181	99,067	-
Equipment	34,402	87,059	17	82,833	213,635	81
Construction In Progress	19,800	-	-	10,934	15,316	-
Total Fixed Assets (Gross)	96,013	87,059	1,211	480,520	880,078	81
Less: Accumulated Depreciation	(42,146)	(40,836)	(176)	-	-	(65)
Total Fixed Assets (Net)	$ 53,867	$ 46,223	$ 1,035	$ 480,520	$ 880,078	$ 16

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

Description	Balance July 1, 2000	Minimum Valuation Adjustments	Additions	Retirements	Transfers Between Asset Class and Funds	Balance June 30, 2001
Land	$ 18,945	$ (50)	$ 340	$ (170)	$ 10	$ 19,075
Buildings	304,322	(962)	7,171	(1,414)	2,380	311,497
Improvements Other Than Buildings	54,688	(158)	1,561	(167)	257	56,181
Equipment	122,200	(41,722)	7,018	(4,663)		82,833
Construction In Progress	6,683	-	6,898	-	(2,647)	10,934
Total General Fixed Assets	$ 506,838	$ (42,892)	$ 22,988	$ (6,414)	$ -	$ 480,520

Adjustments to beginning balances represents a change in the State's capitalization policy for equipment. Equipment previously capitalized costing over $750 and less than $5,000 has been removed from the General Fixed Assets Account Group.

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

Project Description:

Enterprise Funds	Amount Authorized	Amount Expended Through June 30, 2001	Balance Authorized
Mill And Elevator:			
Mill Upgrade/Expansion	$ 19,989	$ 19,545	$ 444
Workers Compensation:			
New Building Design	945	255	690
Total	$ 20,934	$ 19,800	$ 1,134

Project Description:

General Fixed Asset Account Group	Amount Authorized	Amount Expended Through June 30, 2001	Balance Authorized
Various upgrades to State buildings	$ 22,094	$ 10,934	$ 11,160

Project Description:

University System	Amount Authorized	Amount Expended Through June 30, 2001	Balance Authorized
University Building Improvements	$ 21,590	$ 15,316	$ 6,274

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, 2001, amounted to $15,528,374.

Future minimum rental payments required under operating leases that have initial or remaining non-cancelable lease terms in excess of one year as of June 30, 2001, for all fund types are as follows (expressed in thousands):

Year Ending June 30	Amounts
2002	$ 8,480
2003	6,128
2004	2,669
2005	1,971
2006	1,035
Thereafter	1,452
Total Minimum Lease Payments	$ 21,735

RENTAL RECEIPTS ON OPERATING LEASES

The following is a schedule by years of future minimum rental receipts on noncancelable operating leases as of June 30, 2001 (expressed in thousands):

Year Ending June 30	Amounts
2002	$ 49
2003	49
2004	49
2005	49
2006	49
Thereafter	96
Future Income on Noncancelable Operating Leases	$ 341

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.

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, 2001 (expressed in thousands):

Year Ending June 30	Governmental Fund Types	Proprietary Fund Types	Fiduciary Fund Types	University System
2002	$ 2,183	$ 88	$ 2	$ 5,216
2003	811	50	-	5,384
2004	555	29	-	3,745
2005	-	20	-	3,494
2006	-	14	-	3,423
Thereafter	-	6	-	7,309
Total Minimum Lease Payments	3,549	207	2	28,571
Less: Amount Representing Interest	(317)	(20)	-	(4,424)
Present Value of Future Minimum Lease Payments	$ 3,232	$ 187	$ 2	$ 24,147

Changes in Capital Lease Obligations for the year ended June 30, 2001, are as follows (expressed in thousands):

	Governmental Fund Types	Proprietary Fund Types	Fiduciary Fund Types	University System
Balance at July 1, 2000	$ 6,088	$ 143	$ 8	$ 24,289
Leases Added	-	95	-	15,829
Payments	(2,856)	(51)	(6)	(15,971)
Balance at June 30, 2001	$ 3,232	$ 187	$ 2	$ 24,147

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, 2001, 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 1993 Series B Bonds have interest payable semiannually on February 15 and August 15 of each year. The 1993 Series A Bonds, the 1995 Series A Bonds, the 1998 Series A, B, and C Bonds, the 2000 Series A Bonds, and the 2001 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 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, 2001, 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 $57,530,245 at June 30, 2001. Water development projects that will benefit from the financing are as follows:

Water Development Trust Fund	$57,300,000
Southwest Pipeline Project	230,245

Interest is payable semiannually on January 1 and July 1 of each year for the Series 1997 A and Series 2000 A Term Bonds, March 1 and September 1 of each year for the Series 1998 A Bonds, and February 1 and August 1 for the Series 2000 A Serial Bonds. Interest is payable annually on July 1 of each year for all other series bonds. The bonds of each series are subject to optional and/or extraordinary optional redemption prior to maturity at the option of the Water Commission or the occurrence of certain events. All redemption prices are at 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 semi-annually 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 were redeemed on July 1, 2001, at the option of the Industrial Commission at 100% of the principal amount plus accrued interest to the redemption date.

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 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 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 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 1, 2001, plus accrued interest.

The 2000 Series A Bonds are variable rate bonds initially issued as auction rate certificates. Interest is payable semiannually on June 1 and December 1 of each year. The maximum rate of interest is 12% per annum. The proceeds of the Series 2000 Bonds were used to provide funds for the acquisition of student loans from the Bank of North Dakota. Details of the terms and provisions of the auction rate bonds are outlined in Schedule A of the Second Supplemental Resolution. The 2000 Series B Bonds are fixed rate bonds. Under certain conditions, the Industrial Commission may call for early redemption of the 2000 Series A and B Bonds at a redemption price equal to 100% of the principal amount plus accrued interest to date of redemption.

Housing Finance

Housing Finance Bonds were issued to provide financing to purchase mortgage loans to finance multifamily housing projects. The bonds are the direct obligation of the Housing Finance Agency and are secured by the mortgage loans purchased under the applicable resolutions; the revenues, prepayments, insurance and foreclosure proceeds received related to the mortgage loans; and certain funds and accounts established pursuant to the applicable bond resolution. The term bonds of all bond series have mandatory sinking fund requirements starting in 1998.

The Agency has $2,925,000 outstanding letters of credit related to the Single Family Bonds at June 30, 2001. 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, 2001, the Agency has not drawn on letters of credit.

Component Units

Municipal Bond Bank

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

Revenue Bonds outstanding (expressed in thousands):

Description	Maturity Date	Interest Rate (%)	Balance 6/30/01
Primary Government			
General Long-Term Debt Account Group:			
Building Authority			
Series A:			
1993	2002-2010	5.25-6.00	$ 19,870
1995	2002-2017	5.00-6.10	15,129
1998	2002-2019	4.40-5.125	7,630
2000	2002-2020	5.125-5.60	4,430
2001	2002-2023	4.00-5.125	10,006
Series B:			
1993	2002-2015	4.50-5.50	12,074
1998	2002-2011	4.50-5.00	11,255
Series C:			
1998	2002-2010	3.45-4.35	2,870
Subtotal			83,264
Lignite Research			
Series A:			
1995	2002-2006	4.70-5.75	5,400

Description	Maturity Date	Interest Rate (%)	Balance 6/30/01
Water Commission			
Series 1997 A:			
Serial Bonds	2002-2012	4.85-5.50	1,615
Term Bonds	2018	5.70	1,370
Term Bonds	2028	5.75	3,590
Series 1997 B:			
Serial Bonds	2002-2038	5.00	3,368
Series 1998 A:			
Serial Bonds	2002-2018	4.40-5.75	740
Term Bonds	2024	5.875	455
Term Bonds	2002-2039	4.75	100
Series 1999 A:			
Term Bonds	2003-2040	4.375	1,000
Series 2000 A:			
Serial Bonds	2002-2021	5.00-6.00	32,095
Term Bonds	2022	2.50	1,500
Series 2000 B:			
Term Bonds	2004-2040	5.125	400
Series 2001 A:			
Term Bonds	2041	4.75	270
Subtotal			46,503
Enterprise Funds:			
State Fair			
Series A:			
1994	2002-2012	3.50-6.00	2,284
Student Loan Trust			
Series A:			
1989	2002-2006	6.90-7.00	3,630
1996	2003	2.80	6,850
1997	2002-2003	3.05	52,974
1998	2002	2.85	16,188
2000	2036	2.97	55,000
Series B:			
1988	2002-2003	7.80-7.90	4,056
1996	2006	2.849	10,550
1997	2006-2028	2.80	15,334
1998	2006	2.90	29,901
2000	2026	5.85	8,000
Series C:			
1989	2003-2006	7.20-7.25	5,885
1996	2003	5.45	4,160
Series D:			
1996	2007-2015	5.80-6.40	3,000
Subtotal			215,528
Housing Finance			
Multi-Family Bonds			
Series 1990 D:			
Term Bonds	2002-2016	7.75	285
Series 1990 E:			
Term Bonds	2002-2016	7.75	270
Series 1993 A:			
Term Bonds	2002-2005	5.125	50
Term Bonds	2004-2024	5.75	1,795
Series 1995 A:			
Serial Bonds	2002-2008	4.60-5.50	1,510
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	2002-2005	6.40-6.85	215
Single Family Bonds			
Series 1989 A:			
Serial Bonds	2002-2005	7.80-8.00	760
Cap. Apprec. Bonds	2005-2009	8.00-8.10	7,822
Term Bonds	2012	8.30	953
Term Bonds	2022	8.375	4,538
Series 1989 B:			
Term Bonds	2014	8.00	580
Series 1990 A:			
Serial Bonds	2002-2006	7.20-7.50	420
Term Bonds	2011	7.90	685
Term Bonds	2024	8.05	3,740
Series 1990 B:			
Serial Bonds	2002-2006	6.70-7.20	615
Term Bonds	2011	7.625	955
Term Bonds	2025	7.75	5,325
Series 1990 C:			
Serial Bonds	2002-2006	6.45-7.00	775
Term Bonds	2011	7.25	1,200
Term Bonds	2025	7.30	6,990
Series 1991 A:			
Serial Bonds	2002-2007	6.15-6.75	810
Term Bonds	2013	6.95	1,135
Term Bonds	2024	7.00	3,920
Series 1992 A;			
Serial Bonds	2002-2007	5.95-6.50	1,380
Term Bonds	2013	6.75	2,035
Term Bonds	2024	6.80	6,330
Series 1992 B:			
Serial Bonds	2002-2007	5.60-6.25	2,570
Term Bonds	2014	6.70	3,145
Term Bonds	2019	6.00	3,660
Term Bonds	2026	6.80	5,090
Series 1993 A:			
Serial Bonds	2002-2009	4.35-5.10	1,290

Description	Maturity Date	Interest Rate (%)	Balance 6/30/01
Term Bonds	2025	5.55	5,170
Series 1994 A:			
Serial Bonds	2003-2010	5.10-5.50	2,045
Term Bonds	2026	5.95	4,005
Series 1994 B:			
Serial Bonds	2002-2003	4.60-4.80	370
Term Bonds	2026	5.80	4,560
Series 1994 C:			
Serial Bonds	2002-2010	5.40-6.40	1,795
Term Bonds	2026	6.95	7,650
Series 1994 D:			
Serial Bonds	2002-2010	5.35-6.25	5,145
Term Bonds	2020	6.25	1,695
Term Bonds	2025	6.75	8,320
Series 1994 E:			
Term Bonds	2015	6.30	4,555
Series 1995 A:			
Serial Bonds	2002-2010	6.20-7.15	755
Term Bonds	2016	7.40	200
Term Bonds	2021	7.10	780
Series 1995 B:			
Serial Bonds	2002-2011	5.00-6.00	3,950
Term Bonds	2016	6.25	3,170
Term Bonds	2027	6.32	8,510
Series 1995 D:			
Serial Bonds	2002-2012	4.95-6.15	1,290
Term Bonds	2017	6.30	975
Term Bonds	2021	5.80	560
Term Bonds	2028	6.325	2,255
Series 1995 F:			
Serial Bonds	2002-2011	4.70-5.85	3,165
Term Bonds	2016	6.00	2,515
Term Bonds	2020	5.50	285
Term Bonds	2026	6.15	880
Term Bonds	2027	6.15	5,625
Series 1996 A:			
Serial Bonds	2002-2012	4.95-6.15	3,890
Term Bonds	2017	6.30	2,910
Term Bonds	2021	5.80	965
Term Bonds	2028	6.325	7,400
Series 1996 B:			
Serial Bonds	2002-2012	4.90-6.05	4,105
Term Bonds	2017	6.25	2,960
Term Bonds	2021	5.70	680
Term Bonds	2028	6.40	3,850
Term Bonds	2028	6.45	4,170
Series 1996 C:			
Serial Bonds	2002-2013	4.50-5.75	7,075
Term Bonds	2018	5.95	4,380
Term Bonds	2021	5.15	1,665
Term Bonds	2029	6.10	12,475
Series 1996 D:			
Serial Bonds	2002-2013	4.45-5.60	5,155
Term Bonds	2018	5.80	3,350
Term Bonds	2022	5.10	1,895
Term Bonds	2029	5.90	8,550
Series 1997 A:			
Serial Bonds	2002-2013	4.60-5.90	2,960
Term Bonds	2018	6.00	2,040
Term Bonds	2021	5.30	645
Term Bonds	2028	6.15	1,920
Term Bonds	2028	6.15	3,045
Series 1997 B:			
Serial Bonds	2002-2013	4.40-5.50	2,210
Term Bonds	2018	5.75	1,495
Term Bonds	2021	5.00	560
Term Bonds	2029	5.85	3,475
Series 1997 C:			
Serial Bonds	2002-2014	4.15-5.35	8,005
Term Bonds	2019	5.50	4,955
Term Bonds	2022	4.70	3,040
Term Bonds	2030	5.55	5,720
Term Bonds	2030	5.55	6,030
Series 1997 D:			
Serial Bonds	2002-2014	3.80-5.00	10,290
Term Bonds	2019	5.15	6,020
Term Bonds	2023	4.50	3,975
Term Bonds	2030	5.25	990
Term Bonds	2030	5.25	13,600
Series 1997 F:			
Serial Bonds	2002-2014	4.45-5.60	3,565
Term Bonds	2019	5.80	2,255
Term Bonds	2023	5.20	1,715
Term Bonds	2029	5.90	4,725
Series 1997 G:			
Serial Bonds	2002-2014	4.40-5.45	7,090
Term Bonds	2018	4.80	1,965
Term Bonds	2021	5.05	2,445
Term Bonds	2029	5.75	4,510
Term Bonds	2030	5.75	8,260
Series 1998 A:			
Serial Bonds	2002-2014	4.10-5.15	8,355
Term Bonds	2019	5.25	5,090
Term Bonds	2023	4.60	4,270
Term Bonds	2028	5.35	2,750
Term Bonds	2029	5.35	6,750

Description	Maturity Date	Interest Rate (%)	Balance 6/30/01
Series 1998 B:			
Serial Bonds	2002-2014	4.10-5.30	15,400
Term Bonds	2019	5.45	9,470
Term Bonds	2023	4.75	9,195
Term Bonds	2029	5.50	3,860
Term Bonds	2030	5.50	15,965
Series 1998 E:			
Serial Bonds	2002-2014	3.80-5.00	3,980
Term Bonds	2019	5.15	1,970
Term Bonds	2030	4.60	5,900
Term Bonds	2030	5.25	6,880
Series 1998 F:			
Term Bonds	2019	5.28	7,726
Series 1999 A:			
Serial Bonds	2002-2015	3.20-5.15	13,510
Term Bonds	2020	5.20	5,085
Term Bonds	2030	4.85	17,595
Term Bonds	2030	5.25	16,620
Series 1999 B:			
Term Bonds	2019	6.10	2,837
Series 1999 D:			
Serial Bonds	2002-2015	4.45-5.80	8,955
Term Bonds	2020	5.95	4,200
Term Bonds	2030	5.40	8,965
Term Bonds	2030	6.00	17,245
Series 2000 A:			
Serial Bonds	2003-2016	4.85-6.25	13,615
Term Bonds	2021	6.40	7,350
Term Bonds	2031	5.70	12,945
Term Bonds	2031	6.50	8,260
Term Bonds	2031	6.50	17,505
Series 2000 C:			
Serial Bonds	2003-2016	4.70-5.80	11,330
Term Bonds	2021	6.00	5,865
Term Bonds	2031	5.55	11,380
Term Bonds	2032	6.15	21,425
Series 2000 D:			
Term Bonds	2002	4.45	60,000
Series 2001 A:			
Serial Bonds	2004-2015	3.90-5.15	12,120
Term Bonds	2022	5.45	9,465
Term Bonds	2032	4.70	13,220
Term Bonds	2032	5.55	8,195
Term Bonds	2032	5.55	17,000
Series 2001 B:			
Term Bonds	2002	3.35	60,000
Subtotal			843,516

Description	Maturity Date	Interest Rate (%)	Balance 6/30/01
University System:			
VCSU - Valley City			
Dormitory Bonds Of 1961	2002	4.25	10
Dormitory Bonds Of 1971	2011	7.20-7.25	430
Technology Fee-1996	2006	4.30-4.75	175
Williston State College			
Williston Center	2019	3.00	286
Technology Fee-1996	2006	4.30-4.75	43
2001 Building Authority	2011	-	1,500
Lake Region State College			
Dorm Revenue Bonds of 1965	2004	4.20	50
Building Revenue Bonds of 1972	2013	5.90	695
UND-Grand Forks			
EERC Revenue Bonds 92	2003	6.30-6.40	705
Housing & Auxiliary Facilities 93A	2013	4.60-5.25	3,840
Building Authority	2010	-	113
Technology Fee-1996	2006	4.30-4.75	841
Building Authority	2010	-	291
1998 A Housing and Refunding	2014	4.10-4.80	21,620
NDSU-Fargo			
1988 Memorial Union Addition	2007	7.25-7.70	300
1992 Refunding	2011	6.00-6.50	6,880
IACC Building Match	2009	-	222
Technology Fee-1996	2006	4.30-4.75	583
1996 B Refunding	2008	4.60-5.25	1,090
1999 Student Health & Wellness Center	2029	5.00-5.60	3,405
NDSCS-Wahpeton			
McMahon & Forkner Halls	2006	4.00	140
Robertson Hall	2008	4.50	330
Building Authority	2010	-	125
Technology Fee-1996	2006	4.30-4.75	149
Building Authority	2010	-	200
2001 Housing Facilities	2016	4.00-5.50	2,785
MISU-Minot			
1992 Refunding	2006	6.50-6.75	1,190
Student Center 1994	2014	4.40-5.40	1,545
Building Authority	2013	-	21
Building Authority	2010	-	791

Description	Maturity Date	Interest Rate (%)	Balance 6/30/01
Technology	2006	4.30-4.75	179
2001 Housing Facilities	2011	-	2,299
MISU-Bottineau			
1971 Milligan Hall	2011	6.90	228
Technology Fee-1996	2006	4.30-4.75	17
MSU-Mayville			
Agassiz Hall	2007	3.00	195
1998 Refunding	2006	4.30-4.80	535
Technology Fee-1996	2006	4.30-4.75	98
DSU-Dickinson			
1999 Student Union Improvement	2019	4.50-5.90	955
Technology Fee-1996	2006	4.30-4.75	205
Building Authority	2003	-	92
BSC-Bismarck			
Werner Hall 1964	2005	4.00	110
Swenson Hall 1971	2005	7.40	80
Student Union	2008	6.10	335
Revenue	2003	4.30-4.40	155
Technology Fee-1996	2006	4.30-4.75	99
Building Authority	2003	-	353
Facilities Improv.-2000	2009	5.25-5.75	210
Subtotal			56,500
Total Revenue Bonds Payable-Primary Government			$1,252,995

Description	Maturity Date	Interest Rate (%)	Balance 6/30/01
Component Units			
Municipal Bond Bank			
Series A Thru O:			
1990	2002-2010	6.75-7.55	$ 125
Series A Thru I:			
1991	2002-2012	5.90-8.75	300
Series A Thru K:			
1992	2002-2012	5.20-6.50	1,055
Series A Thru F:			
1993	2002-2013	4.05-5.75	4,580
Series A:			
1993	2002-2015	5.10-6.25	16,643
Series A:			
1994	2002-2014	4.00-6.50	2,810
Series A Thru C:			
1995	2002-2015	4.60-6.00	1,630
Series A:			
1995	2002-2016	5.60-6.40	5,713
Series A Thru D:			
1996	2002-2016	4.65-6.60	1,085
Series A:			
1996	2002-2018	4.20-6.00	27,278
Series A:			
1997	2002-2016	4.35-7.15	9,295
Series A Thru E:			
1998	2002-2023	3.75-5.25	7,833
Series A:			
1998	2002-2018	3.25-5.00	34,327
Series A and B:			
1999	2002-2014	10.00	9,215
Series A Thru F:			
1999	2002-2023	4.10-8.25	2,285
Series A:			
2000	2002-2022	4.40-6.00	16,594
Series B:			
2000	2002	4.70-5.35	4,215
Total Revenue Bonds Payable-Component Units			$ 144,983

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
2002	107,865	$ 62,568
2003	148,077	54,647
2004	26,396	51,981
2005	28,821	51,045
2006	33,901	50,433
Thereafter	910,055	663,090
Less Bond Discount	(66)	5
Deferred Amount On Refund	(753)	753
Accrued Interest At Maturity On Zero Coupon Bonds	(1,301)	1,301
Total	1,252,995	$ 935,823

Component Units

Fiscal Year	Principal	Interest
2002	10,960	$ 7,954
2003	6,930	7,395
2004	6,950	7,040
2005	7,240	6,669
2006	7,550	6,242
Thereafter	105,353	40,401
Total	144,983	$ 75,701

2. NOTES PAYABLE

The following is a schedule of notes payable outstanding at June 30, 2001 (expressed in thousands):

Description	Maturity Date	Interest Rate (%)	Balance 6/30/01
General Long-Term Debt Account Group:			
Job Service	2002-2006	7.90-9.00	$ 319
Enterprise Funds:			
Bank of North Dakota	2002-2020	3.00-7.35	254,439
Mill and Elevator	2002-2006	6.90	6,800
Internal Service Funds:			
Information Technology	2003-2004	5.25-6.64	2,670
University System	2002-2011	5.52-8.30	3,505
Total Primary Government			$267,733

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
2002	$ 13,185	$ 15,296
2003	26,784	14,743
2004	14,973	14,158
2005	15,677	12,818
2006	23,749	12,352
Thereafter	173,365	86,132
Total	$ 267,733	$ 155,499

Changes in General Long-Term Debt Account Group

Changes in General Long-Term Debt Account Group for the year ended June 30, 2001, were (expressed in thousands):

	Balance July 1, 2000	Additions	Deletions	Balance June 30, 2001
Notes Payable	$ 477	$ -	$ (158)	$ 319
Intergovernmental Payable	91	151	-	242
Bonds Payable	126,725	13,142	(4,700)	135,167
Claims/Judgments Payable	1,041	962	(379)	1,624
Capital Leases	6,088	-	(2,856)	3,232
Total	$ 134,422	$ 14,255	$ (8,093)	$ 140,584

Compensated Absences at June 30, 2001, were approximately $24,940,000, a net increase of $1,590,000 from the June 30, 2000, balance of approximately $23,350,000

3. DEFEASED DEBT

Primary Government

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, 2001, $710,000 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, 2001, $10,920,000 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, 2001, of the original bonds refunded by the advance refunding of 1998 totaled $510,000.

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, 2001, of the original bonds refunded (considered defeased) by the advance refunding total $245,000.

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, 2001, of the original bonds refunded by the advanced refunding of 1998 totaled $17,815,000.

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, 2001, of the original bonds refunded by the advance refunding of 1984 totaled $1,245,000.

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, 2001, of the original bonds refunded by the advance refunding of 1975 totaled $1,240,000.

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

Certificates of Participation totaling $20,450,000 were originally issued by UND in 1990 to: (1) reimburse the University for certain expenses incurred for capital improvements; (2) refinance the costs of certain equipment; and (3) finance the acquisition of certain equipment and real property, to fund a reserve, and to pay the costs of issuance. Subsequent to this issuance, the Legislative Assembly, in House Bill 1003, directed the University to retire those certificates originally issued for the acquisition of certain equipment and real property and to fund a reserve. Therefore, in December 1991, $6,025,000 in certificates were defeased. The principal amount outstanding as of June 30, 2001, of the defeased certificates totals $2,960,000.

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, 2001, of the original bonds refunded by the advance refunding total $1,395,000.

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, 2001.

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, 2001, the principal amount outstanding of the advance refunded portion of the Series 1988 Bonds is $980,000. As of June 30, 2001, 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 $300,000.

North Dakota State College of Science

On June 20, 2001, North Dakota State College of Science issued $2,785,000 of Housing and Auxiliary Facilities Improvement and Refunding Revenue Bonds (Series 2001) with an average interest rate of 4.92%. These bonds were used to (1) refund, defease and discharge outstanding North Dakota State School of Science Married Student Housing Revenue Bonds 1970 at 7.0% and 7.25%, Dormitory Revenue Bonds of 1970 at 7.25% and Dormitory Revenue Bonds of 1972 at 6.3%. Funds were deposited in a trust account with an escrow agent to provide for all future debt service payments for the above bonds; (2) finance the cost of the construction of the parking lot and related improvements at the College; and (3) to pay certain costs associated with the issuance of the Series 2001 bonds.

As a result of this issue, trust account assets and liabilities for the defeased bonds are not included in the North Dakota State College of Science financial statements. The project costs for the parking lot and related improvements were set at $1,000,000. The College, through this bond issue, will realize an economic gain of $53,210 and reduce its total debt service payments by $35,680 on the $1,634,000 original principal amount outstanding as of June 30, 2001.

Component Units

Municipal Bond Bank Bonds

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, 2000, $2,010,000 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 $12,173,520 at June 30, 2001. These amounts are reported in the General Long-Term Debt Account Group and Enterprise Funds as an intergovernmental payable.

NOTE 5 - CONTRIBUTED CAPITAL RECONCILIATION

Changes in contributed capital for the year ended June 30, 2001, were (expressed in thousands):

	Enterprise	Internal Service	Component Units	Total
Contributed Capital, June 30, 2000	$ 21,960	$ 21,362	$ 1,285	$ 44,607
Additions	-	-	-	-
Deletions	-	-	-	-
Contributed Capital, June 30, 2001	$ 21,960	$ 21,362	$ 1,285	$ 44,607

NOTE 6 - RETAINED EARNINGS/FUND EQUITY - SPECIFIC RESERVES

Certain fund equity reserves presented in the accompanying financial statements as of June 30, 2001, 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)	289
Debt Service On Mortgage Loans (Housing Finance)	35,496
Health Insurance Premiums Buydown (PERS Uniform Group Insurance)	1,771
Political Subdivision Water Facilities (Community Water Facilities)	6,830
Loans to Beginning Farmers (Beginning Farmer)	10,189
Loans for Developmentally Disabled Facilities (Developmentally Disabled Facility)	1,418
Other (Student Loan) (1)	74,415
Unpaid Loss On Estimated Claims (Workers Compensation)	250,000
Total	$ 422,408

(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

Component Units:	Enterprise
Equity Investments, Loans, Grants And Guaranty Of Collections (North Dakota Development Fund, Inc.)	$ 2,519
Contingencies (Comprehensive Health Association)	1,608
Debt Service or Purchase Of Municipal Securities (Municipal Bond Bank)	92,646
Total	$ 96,773

2. FUND BALANCES: RESERVED FOR OTHER

	General Fund	Special Revenue	Trust And Agency	University System
Inventory	$ 894	$ 5,614	$ -	$ -
Long-Term Receivables	718	91,338	-	-
Legal Requirements	-	10,706	607,439	-
Pension Benefits	-	-	2,543,448	-
Post-Employment Healthcare Benefits	-	-	24,664	-
External Pool Participants	-	-	35,436	-
Prepaid Expenditures	-	931	-	-
Federal Loan Funds	-	-	-	35,196
Institutional Restricted	-	-	-	6,290
Agri. Experiment Station	-	-	-	1,248
Coop. Extension Service	-	-	-	298
Restricted Gift Pool	-	-	-	702
Institutional Loan	-	-	-	10,037
Endowment Restricted	-	-	-	12,202
Quasi Endowment Restricted	-	-	-	63
Institutional Unexpended Plant	-	-	-	6,514
Retirement of Debt/Repair & Replacement	-	-	-	10,469
Total	$ 1,612	$ 108,589	$ 3,210,987	$ 83,019

3. FUND BALANCE: UNRESERVED - DESIGNATED FOR OTHER

	Special Revenue	Trust And Agency
Trust Purposes	$ -	$ 8,452
Fund Activities	4	-
Patients Welfare	713	-
PACE Fund Activity	3,461	-
Total	$ 4,178	$ 8,452

NOTE 7 - DEFICIT FUND EQUITY

RISK MANAGEMENT

At June 30, 2001, Risk Management had a deficit of $740,177. The 2001 Legislature has authorized Risk Management to assess premiums to state agencies during the 2001-2003 biennium. This should result in $3.6 million in revenue over the next two years.

NOTE 8 - RETIREMENT SYSTEMS

A. DESCRIPTION OF PLANS

The State of North Dakota administers four major retirement systems: North Dakota Public Employees' Retirement System, North Dakota Highway Patrolmen's Retirement System, Retirement Plan for the Employees of Job Service North Dakota and the Teachers' Fund for Retirement. 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, 2001, the number of participating local political subdivisions in PERS was:

Cities and Park Districts	59
Counties	41
School Districts	81
Other	49
Total Participating Local Political Subdivisions	230

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) 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), 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.

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.

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, 2001, there is an addition of ad hoc post-retirement increases for retirees, disableds, and beneficiaries equal to 6% for the Main System and National Guard, and two ad hoc post-retirement increases for retirees and

beneficiaries for judges equal to 2% beginning January 1, 2002, and January 1, 2003.) 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 1.89% (2.00% effective August 1, 2001) of their final average salary for each year of service. The plan permits early retirement at ages 55-64, with three or more years of service for the Main System and National Guard, and five or more years of service for the Supreme and district court judges. 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 1.89% multiplier (2.00% effective August 1, 2001). The monthly pension benefit for security officers or firefighters at normal retirement age (55) is equal to 1.89% (2.00% effective August 1, 2001) of the final average salary for each year of service with three years served as a security officer or firefighter.

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

The System is funded by employee contributions (set by statute) of 4% of regular compensation, with the exception of Supreme and district court judges' contributions, which are established at 5% of total compensation. During the 1983-1985 biennium, the State implemented the employer pickup provision of the IRS code, whereby a portion or all of the required employee contributions are made by the employer. The State is paying the full employee contribution with the exception of the Supreme and district court judges, in which the State is paying 4 of the 5% 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 3.40% (3.60% effective August 1, 2001) 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] 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, 2001, the number of participating employer units in TFFR was:

Type	Number
Special Education Units	19
Vocational Education Units	4
Public School Districts	228
County Superintendents	16
Other	17
Total	284

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% (2.00% effective July 1, 2001) times the number of service credits earned. Retirees may elect payment of benefits in the form of a single life annuity, 100% or 50% joint and survivor annuity, five- or ten-year term certain annuity, or level income with Social Security benefits. Members may also qualify for benefits calculated under other formulas and may be eligible for legislative increases in monthly benefits.

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

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

Assessments and contributions paid to TFFR are set by NDCC 15-39.1-09. Every eligible teacher in the state of North Dakota is required to be a member of TFFR and is assessed at a rate of 7.75% of salary as defined by NDCC 15-39.1-04. Every governmental body employing a teacher must also pay into TFFR a sum equal to 7.75% of the teacher's salary. Based on an annual actuarial valuation, TFFR is effectively providing for the normal cost of TFFR's participants plus amortizing the unfunded liability over approximately a 20-year period.

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

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

	PERS	NDHPRS	JSND	TFFR
Retirees and Beneficiaries Currently Receiving Benefits:	4,938	81	205	4,777
Special Prior Service Retirees:	137	-	-	-
Terminated Employees:				
Vested	400	1	5	1,183
Nonvested	2,730	-	-	213
Total Terminated Employees	3,130	1	5	1,396
Active Employees:				
Vested	12,292	71	85	8,772
Nonvested	4,464	53	-	1,467
Total Active Employees	16,756	124	85	10,239
Date of Annual Valuation	July 1, 2001	July 1, 2001	July 1, 2001	July 1, 2001

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 increase in fair value of investments consists of the realized gains or losses and the unrealized increase or decrease 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 increases or decreases are 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 11.31 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 $8,689,258 at June 30, 2001.

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, 2001, were $62,133,933, which represents 87.79% 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, 2001	July 1, 2001	July 1, 2001
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	8.0%	8.0%	8.0%
Projected salary increase	4.5%*	5.0%	4.0% to 13.0%
Includes inflation at	4.5%	5.0%	3.0%
Post retirement cost-of-living adjustment	None	5.0%	None

* Inflation together with wage increases attributable to seniority, merit and "standard of living" increases.
** Statutory 7.75% employer contribution rate produces 3.2 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.

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, 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)%
July 1, 2001	1,115.3	1,008.6	(106.7)	110.6%	433.3	(24.6)%
NDHPRS						
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	.8	97.2%	4.3	18.6%
July 1, 1999	32.0	32.2	.2	99.4%	4.5	4.4%
July 1, 2000	35.9	34.0	(1.9)	105.6%	4.7	(40.4)%
July 1, 2001	38.8	38.1	(0.7)	101.8%	4.9	(14.3)%
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%
July 1, 2001	70.8	N/A	-	N/A	3.5	0.0%
TFFR						
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	105.0	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)%
July 1, 2001	1,414.7	1,467.7	53.0	96.4%	342.2	15.5%

*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			
	1999	$ 9,698,810	100%
	2000	13,457,783	100%
	2001	9,642,770	100%
TFFR			
	1999	$ 24,257,091	100%
	2000	25,527,734	100%
	2001	26,289,206	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, 2001:

	NDHPRS	JSND
Annual required contributions	$ 420,601	$ -
Interest on net pension obligations	(16,664)	(134,693)
Adjustment to annual required contributions	14,538	138,477
Annual pension costs	418,475	3,784
Contributions made	788,125	-
Increase in net pension obligations	(369,650)	3,784
Net pension obligations, beginning of year	(208,303)	(1,683,662)
(Assets in excess of) net pension obligations, end of year	$ (577,953)	$ (1,679,878)

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				
	1999	$ 521,216	100%	$ -
	2000	532,786	139%	(208,303)
	2001	420,601	187%	(577,953)
JSND				
	1999	$ 1,299	85,513%	$ (1,687,455)
	2000	3,793	0%	(1,683,662)
	2001	3,784	0%	(1,679,878)

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 266 participants as of June 30, 2001.

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. Employer and employee contributions totaled $394,746 and $383,248, respectively, for the fiscal year ended June 30, 2001.

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, 2001:

Fidelity Growth Company Mutual Fund	20.15%
Fidelity Managed Income Portfolio Mutual Fund	19.29%
Fidelity Diversified International Mutual Fund	5.98%
Alger Small Cap Retirement Mutual Fund	7.27%
Fidelity Freedom 2020 Mutual Fund	9.69%
Fidelity Spartan 500 Index Mutual Fund	8.40%
Fidelity Freedom 2010 Mutual Fund	8.40%
Fidelity Equity Income Mutual Fund	8.07%
Pimco Total Return Admin. Mutual Fund	5.34%

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 $14,408,261, which is the required contribution, for the fiscal year ended June 30, 2001.

NOTE 9 - POST-RETIREMENT BENEFITS

The Retiree Health Benefits Fund is administered by the North Dakota Retirement Board (the Board) to provide members receiving retirement benefits from the Public Employees Retirement System (which includes judges retired under NDCC 27-17), the Highway Patrolmen's Retirement System, 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 $198,447 for the period ending June 30, 2001. The number of employees from Job Service using the credit was 155 at June 30, 2001. 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, 2001. 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, for actuarial purposes, using a five-year smoothed market method.

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

	As a Percentage of Covered Payroll	Dollar Effect
Changes in plan experienced during the year	(.03)%	$ (134,138)

Employer contributions totaling $4,191,541 were made for the year ended June 30, 2001. The actuarially required employer contribution of $4,415,851 for the year ended June 30, 2001, is 0.98 percent of the covered payroll and reflects the fact that the statutory rate of one percent is sufficient to cover future costs of the Fund. At June 30, 2001, the cost of benefits incurred for the fund was $3,598,019.

Employee membership is as follows:

Retirees receiving benefit	3,306
Active participants	17,110
Total Membership	20,416

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	$ 65,467,465
Net assets available for benefits, at actuarial value	24,776,548
"Unfunded" accrued liability	$ 40,690,917

The fair value of the net assets available for benefits at June 30, 2001, is $24,664,160.

NOTE 10 - DEFERRED COMPENSATION PLAN

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

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

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

Plan Participation By:	
State of North Dakota	$ 6,440
Other Jurisdictions	1,247
Total Value	$ 7,687

NOTE 11 - 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 $2.2 million and $2.1 million of the accumulated surplus and earnings during the fiscal years 2001 and 2000, respectively, to reduce the premium rates. The accumulated surplus and other invested funds in the amount of $698,748 is shown as cash on the State's balance sheet. These funds are being held by BCBS.

The contract for the 1999-01 biennium provides for a similar accounting of surplus balances. As of June 30, 2001, the surplus for the 2001 fiscal year is $5.9 million. This surplus is not reflected on the financial statements, as this is only an estimate and the amount will change based on claims paid throughout the life of the contract and 24 months following the end of the contract.

Similarly, the PERS Uniform Group Insurance Program contracts with ReliaStar Life Insurance Company to provide life insurance to the employees of the State of North Dakota or any of its political subdivisions, institutions, departments or agencies. The contract provides for an accounting of premiums paid and claims incurred during the biennium, with any surplus shared according to a formula outlined in the contract. Based on ReliaStar's final accounting for the 1999-2001 biennium, there is a surplus for this contract period of $179,279. 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 $179,279 is shown as cash on the State's balance sheet.

NOTE 12 - SEGMENT INFORMATION

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

Primary Government

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

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

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

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

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

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

Guaranteed Student Loan was established to account for revenues and expenses associated with the admini-

stration, 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, 2001, is as follows (expressed in thousands):

Schedule of Segment Information - Enterprise Funds

For The Fiscal Year Ended June 30, 2001
(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	$ 126,235	$ 890	$ 40	$ 525	$ 536	$ 5,077	$ 2,452
Operating Expenses	91,805	561	98	80	349	6,588	3,018
Depreciation	617	-	-	-	-	-	-
Operating Income (Loss)	34,430	329	(58)	445	187	(1,511)	(566)
Operating Transfers:							
In	57	-	-	-	-	-	300
Out	(20,578)	-	-	-	-	(124)	-
Tax Revenues	-	-	-	-	-	-	-
Net Income (Loss)	13,909	329	(48)	445	187	(1,636)	(136)
Property, Plant, and Equipment :							
Balance June 30, 2001	3,645	-	-	-	-	-	-
Additions	808	-	-	-	-	-	-
Deletions	-	-	-	-	-	(9)	-
Total Assets	1,806,250	17,927	5,748	16,849	8,492	19,470	18,120
Net Working Capital	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Liabilities Payable From Operating Revenues	263,407	-	106	-	5,134	4,358	-
Total Equity	152,778	17,914	4,875	16,830	3,347	12,421	1,986

N/A: Not Available

Housing Finance	Mill And Elevator	PERS Uniform Group Insurance	Roughrider Industries	State Fair	Student Loan	Workers Compensation	Total Enterprise Funds June 30 2001
$ 69,592	$ 64,240	$ 755	$ 3,497	$ 3,221	$ 17,733	$ 90,182	$ 384,975
60,682	63,600	2,622	3,394	3,718	13,532	101,206	351,253
37	1,200	-	58	702	-	1,235	3,849
8,910	640	(1,867)	103	(497)	4,201	(11,024)	33,722
-	-	-	-	170	-	-	527
(23)	(3,027)	-	-	-	(3,500)	-	(27,252)
-	-	-	-	1,755	-	-	1,755
8,906	(2,697)	(1,561)	96	1,366	701	2,390	22,251
132	32,067	-	403	15,501	-	2,119	53,867
31	2,354	-	-	703	-	1,690	5,586
(2)	(182)	-	(74)	(15)	-	(870)	(1,152)
937,597	54,371	2,867	1,970	17,038	295,617	1,114,219	4,316,535
N/A	14,108	N/A	1,386	1,423	N/A	N/A	16,917
843,635	517	39	84	2,331	215,528	515,456	1,850,595
53,610	44,806	1,771	1,560	14,641	74,415	378,632	779,586

N/A: Not Available

NOTE 13 - COMPONENT UNIT FUNDS

The State's Component Units, which are all Proprietary Funds, consist of the following:

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

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

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

Condensed financial statements for the component unit funds for the fiscal year ended June 30, 2001, are as follows (expressed in thousands):

Condensed Financial Information - Component Units
For The Fiscal Year Ended June 30, 2001

Condensed Balance Sheet

	Comprehensive Health Association	Municipal Bond Bank	North Dakota Development Fund	Total June 30 2001
Assets				
Cash	$ 2,338	$ 1,163	$ 6,714	$ 10,215
Investments	-	235,309	2,029	237,338
Accounts Receivable - Net	596	-	-	596
Interest Receivable - Net	-	2,912	393	3,305
Loans And Notes Receivable - Net	-	-	11,165	11,165
Advances To Primary Government	-	8,968	-	8,968
Unamortized Bond Issuance Costs	-	1,432	-	1,432
Fixed Assets (Net Of Depreciation)	-	7	9	16
Total Assets	$ 2,934	$ 249,791	$ 20,310	$ 273,035
Liabilities				
Accounts Payable	$ 99	$ 3	$ -	$ 102
Interest Payable	-	1,812	-	1,812
Intergovernmental Payable	-	1,379	-	1,379
Claims/Judgements Payable	1,125	-	-	1,125
Advances From Primary Government	-	8,968	-	8,968
Bonds Payable	-	144,983	-	144,983
Deferred Revenue	102	-	58	160
Total Liabilities	1,326	157,145	58	158,529
Equity				
Contributed Capital	-	-	1,285	1,285
Retained Earnings	1,608	92,646	18,967	113,221
Total Equity	1,608	92,646	20,252	114,506
Total Liabilities And Equity	$ 2,934	$ 249,791	$ 20,310	$ 273,035

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	Total June 30 2001
Operating Revenues	$ 8,502	$ 12,286	$ 892	$ 21,680
Operating Expenses				
Depreciation	-	(4)	-	(4)
Other	(5,869)	(10,411)	(2,282)	(18,562)
Operating Income (Loss)	2,633	1,871	(1,390)	3,114
Nonoperating Revenues	37		348	385
Operating Grant		11,787	-	11,787
Operating Transfers From Primary Government	-	-	375	375
Net Income (Loss)	2,670	13,658	(667)	15,661
Fund Equity - Beginning Of Year	(1,062)	78,988	20,919	98,845
Fund Equity - End Of Year	$ 1,608	$ 92,646	$ 20,252	$ 114,506

NOTE 14 - FINANCIAL INSTRUMENTS WITH OFF-BALANCE-SHEET RISK

BANK OF NORTH DAKOTA

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

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

	Contract Amount (in thousands)
Commitments to extend credit	$ 263,196
Financial standby letters of credit	78,556
	$ 341,752

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 may 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 condition established in the contracts. Commitments require the payment of a reservation fee and generally have a fixed expiration date. Commitments to extend credit total $21,423,000 at June 30, 2001. 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 $21,988,000 at June 30, 2001.

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 $69,016,000 at December 31, 2000.

NOTE 15 - SIGNIFICANT CONCENTRATIONS OF CREDIT RISK

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

NOTE 16 - RISK MANAGEMENT

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

THE STATE FIRE AND TORNADO FUND

The State Fire and Tornado Fund, an Enterprise Fund, is financed by premiums charged to the participating funds of the State. All monies collected must be paid into the

fund for use only for the purpose outlined in NDCC 26.1-22.02.

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

STATE BONDING FUND

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

FLEET SERVICES

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

WORKERS COMPENSATION BUREAU

Workers Compensation Bureau (Bureau), an Enterprise Fund, is a State insurance fund and a "no fault" insurance system, covering the State's employers and employees. The Bureau is financed by premiums assessed to employers. The rate of such premiums is periodically adjusted to assure the solvency of the Bureau. The premiums are available primarily for the payment of claims to employees injured in the course of employment. During fiscal year 2001, a total of $86,943,712 in claims was recognized. Incurred but not reported claims of $515,000,000 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 lessor costs. The underlying logic is that contributions should roughly equal loss costs plus the expenses of administering the program over the long term.

The RMF liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Unpaid claim liabilities are based on an actuarial study of the outstanding loss reserve need for the fund and a forecast of ultimate loss and loss expense. These liabilities were determined on an undiscounted expected level of ultimate loss. Because actual claims liabilities are affected by complex factors including inflation, changes in legal doctrines, and unanticipated damage awards, the process used in computing claims liabilities does not necessarily result in exact amounts. Claims liabilities will be re-evaluated periodically to take in consideration settled claims, the frequency of claims, and other economic and social factors.

The following table presents the changes in claims liabilities balance for the fiscal years ending June 30, 2000, and June 30, 2001:

Fiscal Year	Beginning Balance	Current Year Claims and Changes In Estimates	Claims Payments	Ending Balance
2000	3,296,740	1,352,000	711,154	3,937,586
2001	3,937,586	1,098,000	661,714	4,373,872

NOTE 17 - PUBLIC ENTITY RISK POOLS

A. GENERAL

FIRE AND TORNADO AND BONDING FUND

The Fire and Tornado Fund provides property insurance to state agencies, political subdivisions, the International Peace Garden and the winter show. The Fire and Tornado Fund has issued 1,105 policies to participating entities for a total building and content coverage of $5.07 billion. The Bonding Fund is used to provide fidelity bonding of public employees and officials. The Fund has issued 2,904 policies to participating entities. The total coverage for the Bonding Fund is $553,268,321. If the assets of these funds were exhausted, fund participants would not be responsible for the funds' liabilities.

The Fire and Tornado and Bonding Fund are accounted for on the accrual basis. The Fire and Tornado Fund establishes claim liabilities based on estimates of the ultimate cost of claims that have been reported but not

settled, and of claims incurred but not reported. The Bonding Fund establishes claim liabilities based on actual judgments obtained against the fund but not paid prior to fiscal year end. Liabilities for incurred but not reported losses have not been established as they are not expected to be material amounts. Neither fund incurred any acquisition costs which should have been capitalized, nor were any liabilities recognized that were discounted. Investment income was not considered in determining the existence of premium deficiencies.

The Fire and Tornado Fund uses reinsurance agreements to reduce its exposure to large losses on all types of its insured events. Reinsurance permits recovery of a portion of losses from reinsurers, although it does not discharge the primary liability of the Fund as direct insurer of the risks that are reinsured. The Fire and Tornado Fund does not report reinsured risks as liabilities unless it is probable that those risks will not be covered by reinsurers. However, at June 30, 2001, 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, 2001, coverage extended to the following employer units:

Local Governments	1,696
State Agencies	115
Private Employers	18,331
Total	20,142

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, 2001, the actuary presented an estimate in the form of a range to emphasize the uncertainty for the estimated liability of the Bureau. These ranges are as follows (expressed in thousands):

	Low	Expected Value	High
Full Value Basis (undiscounted)	$ 835,000	$ 926,200	$ 1,065,000
Discounted at 6% rate	*	515,000	595,000

*Not computed by actuary.

The Bureau has adjusted the estimated liability for unpaid loss and loss adjustment expense to the actuary's six percent discounted expected value of $515.0 million at June 30, 2001.

The June 30, 2000, liability of $499.7 million was also recorded at the discounted rate of six percent.

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, 2001.

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	
	2001	2000	2001	2000	2001	2000
Unpaid claims and claims adjustment expenses at the beginning of the year	$ 1,801	$ 6,133	$ 82	$ 258	$ 499,700	$ 508,800
Incurred claims and claims adjustment expenses:						
Provision for current fiscal year	5,716	2,104	71	60	82,905	80,505
Change in provision for prior fiscal year	-	-	-	-	33,940	(19,872)
Payments and claims and adjustment expenses attributable to:						
Current fiscal year insured events	(1,385)	(303)	32	22	(17,253)	(16,157)
Prior fiscal years' insured events	(1,801)	(6,133)	(82)	(258)	(59,262)	(55,290)
Total Payments	(3,186)	(6,436)	(50)	(236)	(76,515)	(71,447)
Change in provision for discount	-	-		-	(25,200)	(696)
Other	-	-		-	170	2,410
Total unpaid claims and claims adjustment expenses at the end of the year	$ 4,331	$ 1,801	$ 103	$ 82	$ 515,000	$ 499,700

NOTE 18 - GUARANTEED STUDENT LOAN RESERVES RECALL

During 1997, the Balanced Budget Act (H.R. 2015, Section 6101) was passed, amending Section 422 of the Higher Education Act. The Act requires the Secretary of Education to recall portions of reserve funds held by guarantee agencies. Based on the State's reserve fund balance and the original principal amount of all outstanding insured loans as of September 30, 1996, the Department of Education has determined that the State's required share of the recall of Federal reserve funds is $7,574,859. 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 19 - 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 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, 2000, Bank of North Dakota has funded $1,118,000 and has a commitment outstanding of $38,832,000 included in commitments to extend credit.

STUDENT LOAN TRUST

The 2001 Legislature passed House Bill 1015 which provides for an appropriation of $9.0 million from the Trust to the State's general fund during the biennium beginning July 1, 2001, and ending June 30, 2003. The moneys must be transferred in such amounts and at such times as required by the Director of the Office of Management and Budget, and upon certification by the Trust's trustee that sufficient moneys remain available to pay all debt service on Student Loan Trust bonds, all required rebate payments to the U.S. Treasury, and all program operating expenses.

The Trust has committed to purchasing student loans from the Bank of North Dakota for the next three years. The loans that will be purchased are student loans that will be originated by the Bank during the three-year period. Management anticipates that up to $61 million of student loans will be purchased under the agreement with the Bank, of which approximately $10,500,000 were purchased during the year ended June 30, 2001.

MILL AND ELEVATOR

As of June 30, 2001, the Mill had commitments to purchase 1,213,756 bushels of spring wheat and 104,790 bushels of durum.

JOB SERVICE NORTH DAKOTA

As of June 30, 2001, Job Service has commitments to pay $416,151 for purchase orders and contracts awarded for goods, services, and construction in progress to be provided in future periods. Applicable funds for these commitments are $200,304 federal and $215,847 non-federal.

BUILDING AUTHORITY

The Authority has committed funds to complete various construction and modernization programs at June 30, 2001, as follows (expressed in thousands):

University Systems	$10,850

The Authority has also committed to fund construction projects for University of North Dakota, North Dakota State University, Job Service North Dakota, Department of Health, and Department of Transportation. The cost of these construction projects is not known as of June 30, 2001.

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, 2000, there were $142,147 in buydown commitments.

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, 2001, totaled $2,185,037.

DEPARTMENT OF HUMAN SERVICES

As of June 30, 2001, the Department of Human Services had significant commitments for the purchase of services as follows (expressed in thousands):

Administrative Services	$ 110
Child Care/Dependent Services	301
Computer Systems Services	2,260
Consultation-Medical	132
Develop Alternatives—NF Care	815
Drug Review	137
Education Programs	474
Employment and Training	403
Financial Inst. Data Match	255
Refugee Assistance	320
Services for the Elderly	1,723
Total	$ 6,930

PUBLIC SERVICE COMMISSION

As of June 30, 2001, the Public Service Commission had significant commitments of $780,853. This amount consists primarily of contractor charges associated with the Abandoned Mine Lands.

AERONAUTICS COMMISSION

As of June 30, 2001, the Aeronautics Commission had significant commitments of $870,000. This amount consists of grants to political subdivisions for maintenance and improvements of their airports.

ECONOMIC DEVELOPMENT AND FINANCE

As of June 30, 2001, Economic Development and Finance had significant commitments of $396,677. This amount consists of grants for the research and development of North Dakota agriculture products.

DAIRY PRODUCTS PROMOTION COMMISSION

As of June 30, 2001, the Dairy Products Commission had significant commitments of $331,650. 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, 2001, the North Dakota Soybean Council had significant commitments of $317,775. This amount mainly consists of grants for the research and development of soybeans.

STATE WATER COMMISSION

As of June 30, 2001, the State Water Commission had long-term commitments of the following (expressed in thousands):

Hydrologic Investigations	$ 195
Devils Lake	1,511
Maple River Flood Control	3,211
Nesson Valley Irrigation	1,489
Northwest Area Water Supply	41
Flood Mitigation Assistance	70
General Contracts	1,616
Elk/Charbon Irrigation District	1,000
Total	$ 9,133

NORTH DAKOTA DEPARTMENT OF TRANSPORTATION

At June 30, 2001, the North Dakota Department of Transportation (Special Revenue Fund) had non-construction contract commitments of approximately $5.8 million of which $4.4 million represents federal programs which are cost reimbursable.

Construction commitments at June 30, 2001, totaled approximately $160.4 million, of which $126 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	$ 31,258	$ 27,458	$ 3,800
NDSU	11,983	8,021	3,962
MiSU	165	45	120
BSC	653	547	106
DSU	452	183	269
NDSCS	2,361	286	2,075
VCSU	422	419	3

UNIVERSITY OF NORTH DAKOTA

UND has been in litigation with Western National Insurance Company for non-payment of $3.5 million of insurance claims resulting from the flood of 1997. The courts ruled in UND's favor and Western National has filed an appeal with the North Dakota Supreme Court.

NORTH DAKOTA STATE UNIVERSITY

An IRS audit report dated April 28, 1995, assessed FICA taxes to NDSU of $268,488 on early retirement and tenure buyouts during the period January 1, 1991, through December 31, 1994. Shortly after the IRS assessment, in order to avoid potential interest and penalty, NDSU paid all of the assessed taxes and contested the IRS's position that the early retirement and tenure buyouts were subject to FICA taxes. 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 ruled in favor of NDSU regarding FICA taxes on faculty tenure buyouts, but in favor of the IRS regarding early retirement payments for administrators (non-tenured employees). The IRS filed an appeal regarding the tenure buyout portion of the decision. On June 28, 2001, the 8th Circuit Court of Appeals affirmed

the district court, holding that tenure buyout payments to faculty members were not wages subject to FICA tax because they were paid in return for the faculty member's valuable property right (i.e., tenure). The 8th Circuit also agreed with the district court that similar early retirement payments made to high-level administrators were wages subject to FICA taxes. The IRS did not appeal the decision to the United States Supreme Court for certiorari. NDSU's records show that they are entitled to a $311,931 FICA tax refund from the IRS on the tenure buyout of faculty positions.

OTHER CONSTRUCTION COMMITMENTS

The State has various long-term construction commitments in the following agencies at June 30, 2001 (expressed in thousands):

Job Service	$	216
Department of Corrections		36
Department of Transportation		61
Adjutant General		9,801

B. LITIGATION

The estimated loss in all of the litigation against the State in which a loss to the State is probable totaled $350,000. An accrual for this amount has been set up in the General Long-Term Debt Account Group. Litigation that is reasonably possible to result in an unfavorable outcome is estimated at $100,000 to $10,000,000.

There is no litigation brought by the State in which a gain is probable at June 30, 2001.

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, 2001, in which the settlement had not been paid as of June 30, 2001.

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, 2000, was completed in March of 2001. As a result of this audit, approximately $291,000 of identifiable questioned costs were noted. Also, there were several findings which had potentially significant, unknown, questioned costs. The State is cooperating with the federal government to resolve the findings and is optimistic these findings will not have a material impact on the State.

NOTE 20 - SUBSEQUENT EVENTS

BUILDING AUTHORITY

On July 10, 2001, the North Dakota Building Authority received authority to issue and sell evidences of indebtedness to the Bank of North Dakota in an amount not to exceed $1,500,000 for the purpose of interim financing of the projects approved during the 2001 legislative session.

GUARANTEED STUDENT LOAN PROGRAM

Subsequent to September 30, 2000, the Industrial Commission authorized the transfer of $3,200,000 from the North Dakota Student Loan Trust Fund to fund operations of the Program.

HOUSING FINANCE

Subsequent to June 30, 2001, the Agency began the process of issuance of 2001 Series C Housing Finance Program Bonds, totaling $35,000,000.

Subsequent to June 30, 2001, the agency purchased all outstanding 1989 AB mortgages with a $6.2 million loan obtained from the Bank of North Dakota along with other agency funds. On November 1, 2001, the agency redeemed all 1989 AB Bonds at the accreted value of $14.4 million.

INDUSTRIAL COMMISSION

The Industrial Commission has approved and had executed (on July 25, September 14, and November 1, 2001) three contracts committing a total of $20,673,250 from the Lignite Research Fund for Lignite Vision 21 Projects. These contracts, contingent upon appropriations by the Legislature of moneys held in the Lignite Research Fund, authorize payments over a period of years based on completion of the required research and the construction of new lignite-fired power plants in North Dakota. The three contracts are with Great River Energy in the total amount of $10,000,000

($2,857,750 scheduled to be expended during the 2001-2003 biennium); Montana-Dakota Utilities/Westmoreland Power Inc. in the total amount of $10,000,000 ($1,800,000 scheduled to be expended during the 2001-2003 biennium); and Great Northern Power Development L.P. in the total amount of $673,250 (scheduled to be expended during the 2001-2003 biennium).

WATER COMMISSION

Effective July 1, 2001, the Water Commission was given the authority to issue an additional $20,000,000 for water development projects.

Subsequent to June 30, 2001, the Water Commission issued the remainder of the 2001 A Series Bonds for the Southwest Pipeline project, totaling $230,245.

WORKERS COMPENSATION

Subsequent to June 30, 2001, the Bureau awarded contracts in the amount of $10,465,117 for the construction of an office building. The 1999 Legislative Assembly authorized, through a continuing appropriation, internal funds of the Bureau to finance the construction project. Occupancy is scheduled on or before June 30, 2003.

MUNICIPAL BOND BANK

On May 2, 2001, the Industrial Commission approved the issuance of a total $23,725,000 of State Revolving Fund Program Bonds, Series 2001 A. These bonds are for the express purpose of providing funds to political subdivisions for use in connection with the financing or refinancing of water pollution control and drinking water projects. Interest rates vary from 4.30% to 5.00%, with maturities ranging from October 1, 2002, to October 1, 2010.

UNIVERSITY OF NORTH DAKOTA

The University of North Dakota plans to issue $3.5 million in revenue bonds for the renovation of its Memorial Union.

NORTH DAKOTA STATE UNIVERSITY

In November 2000 $6.5 million of MIDA bonds were issued by the City of Fargo on behalf of the NDSU Research and Technology Park, Inc., a related party to NDSU. These MIDA bonds were issued to finance construction of a research facility and purchase equipment for the facility. Under the arrangement, the City issued bonds and leased the completed facility and the land to the NDSU Research and Technology Park, Inc.

Effective July 1, 2001, an operating lease agreement was entered into between the NDSU Research and Technology Park, Inc., and NDSU. This operating lease calls for annual rent of $608,943 with NDSU responsible to pay all operating costs of the facility to include insurance, utilities, telecommunication charges, security charges, snow removal, and normal repairs and maintenance. The commitment of NDSU to pay rent under this lease is subject to local fund appropriation by NDSU on a biennial basis.

The facility and the related long-term debt are reported as assets and liabilities of the NDSU Research and Technology Park, Inc., not NDSU. The rental payments by NDSU to the NDSU Research and Technology Park, Inc., will be classified as operating lease payments. When the bonds are entirely paid off, the facility will be owned by the NDSU Research and Technology Park, Inc.

NOTE 21 – NEW REPORTING STANDARDS

In June 1999 the Governmental Accounting Standards Board (GASB) issued Statement 34, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments," and Statement 35, "Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities." These Statements establish new financial reporting requirements for state and local governments and public colleges and universities throughout the United States. The Statements establish specific standards for the basic financial statements, management's discussion and analysis, and certain supplementary information. The objective of these standards is to enhance the understandability and usefulness of the general purpose external financial reports of state and local governments and public colleges and universities to the citizenry, legislative and oversight bodies, and investors and creditors. The State will be required to apply these Statements for periods beginning after June 15, 2001.

The Statements establish new financial reporting standards for governmental entities, which will modify or adopt a new approach to presenting existing information and provide some entirely new information. Major changes in reporting include a change from the modified accrual to the full accrual basis of accounting for governmental activities and a change in accounting for fixed assets to include infrastructure. Fixed assets will be presented at historical cost net of applicable depreciation. An assessment of the effects of adopting Statements 34 and 35 is not yet completed.

William Clark

Like Lewis and President Jefferson, William Clark was also born in Virginia. Clark met Meriwether Lewis during the Whiskey Rebellion in 1793-94. The two men complemented each other. Lewis was a dreamer and Clark was a doer. Lewis was an architect, Clark an engineer. Lewis walked alone on the bluffs above the Missouri River, while Clark commanded the men of the Corps of Discovery and its small fleet. While Lewis explored and gathered information, Clark chose camp sites and supervised the building of boats or shelter.

No major disagreements are recorded between the two. Their friendship was unselfish, as was reflected in the shared command of the expedition. Clark named his first son Meriwether Lewis Clark.

The expedition's map was Clark's masterpiece. When the expedition left St. Louis, the map of the continent from the Mississippi River to the pacific Ocean was a blank. Clark took measurements: river miles, speed, depth. He noted mountains, bluffs, islands, creeks, and rivers. The details were recorded and Clark placed them on the master map.

Clark's map became the base map for those that followed.

Combining, Individual Fund, and Account Group Statements and Schedules

Sakakawea was Shoshone. Stolen from her people by a Hidatsa raiding party. Won in a gamble by a French man. And at age sixteen gave birth to her first child, after sipping tea made from the rattle of a rattlesnake and prepared for her by Meriwether Lewis.

No matter how you interpret her role with the Lewis and Clark Expedition, she was a remarkable young woman.

During the winter of 1804-5 at the Knife River Indian villages, Meriwether Lewis and William Clark looked for people who knew the languages of the Indian nations to the west and who also had knowledge of the landscape on the far side of the great plain. They discovered 45-year-old Toussaint Charbonneau and his wife, Sakakawea. Charbonneau knew French and some Hidatsa. Sakakawea spoke Hidatsa and her native Shoshone. Lewis hired Charbonneau, but it was a package deal that included Sakakawea.

Adding Sakakawea to the party proved wise. It was Sakakawea who identified landmarks beyond the confluence of the Marias and Missouri rivers, confirming that the expedition had taken the correct fork. When the Corps met the Shoshone, they discovered Sakakawea's brother was a tribal chief.

Sakakawea has two lakes named after her, as well as a state park. In North Dakota, her name is Sakakawea, based on the research of Russell Reid, long-time superintendent of the State Historical Society of North Dakota. The Hidatsa spelling, and perhaps the most appropriate, would be Sacagawea.

Sakakawea stands in bronze on the North Dakota state capitol grounds in Bismarck, forever striding west.

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.

Balance Sheet
General Fund
June 30, 2001

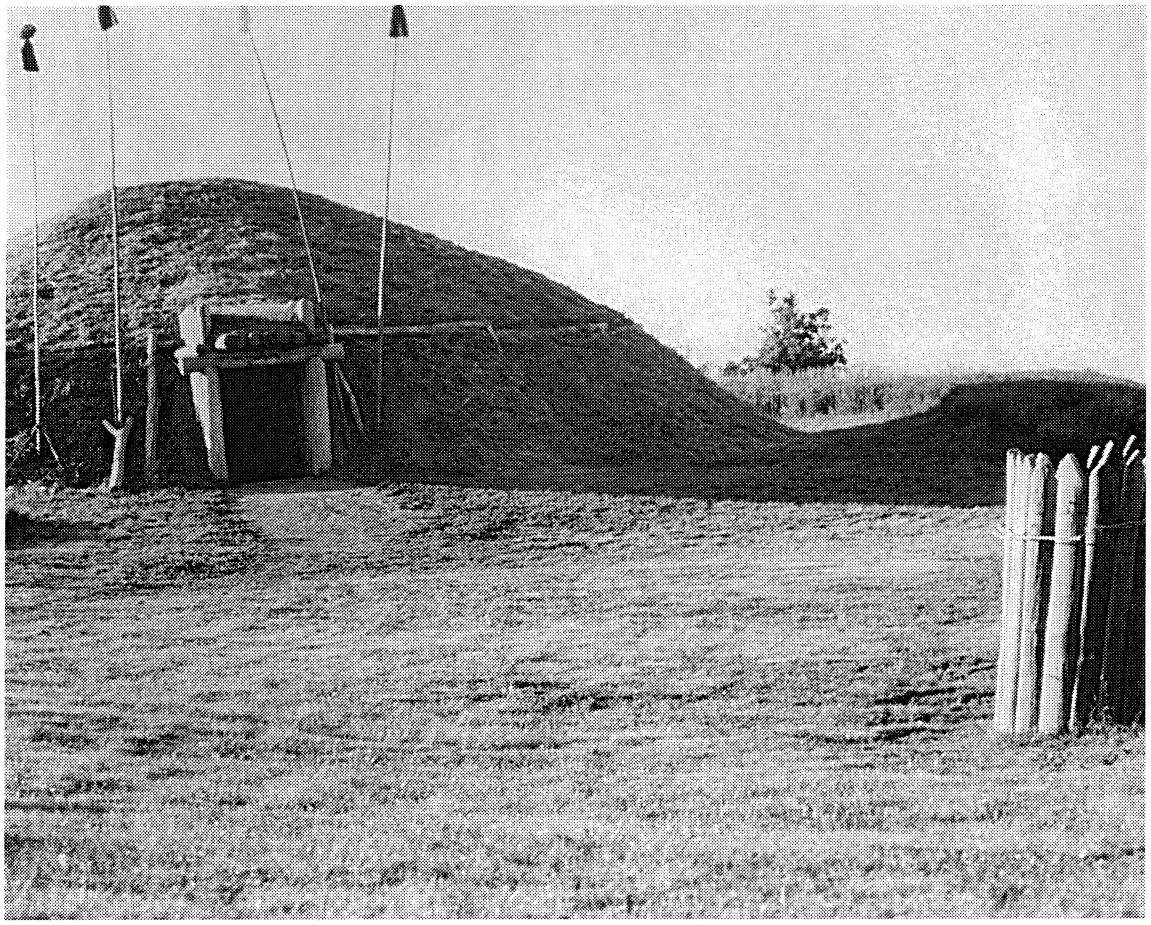
		June 30 2001
Assets:		
Cash Deposits At The Bank Of North Dakota	$	111,024,471
Cash And Cash Equivalents		657,852
Accounts Receivable - Net		927,765
Taxes Receivable - Net		110,862,194
Interest Receivable - Net		740,399
Loans And Notes Receivable - Net		64,372
Interfund Receivable		22,476,801
Due From Other Funds		11,917,839
Intergovernmental Receivable - Net		33
Advances To Other Funds		653,514
Inventory		893,802
Total Assets	$	260,219,042
Liabilities:		
Accounts Payable	$	25,845,547
Interest Payable		169,954
Contracts Payable		3,949
Tax Refunds Payable		32,834,144
Intergovernmental Payable		3,134
Accrued Payroll		10,269,811
Due To Other Funds		31,272,589
Deferred Revenue		53,343,503
Total Liabilities		153,742,631
Equity:		
Fund Balance:		
Reserved For:		
Inventory		893,802
Long - Term Receivables		717,886
Undesignated		104,864,723
Total Equity		106,476,411
Total Liabilities And Equity	$	260,219,042

Statement Of Revenues, Expenditures And Changes In Fund Balance
General Fund
For The Fiscal Year Ended June 30, 2001

	June 30 2001
Revenues:	
Taxes	$ 755,449,647
Licenses And Permits	11,260,815
Intergovernmental	381,322
Sales And Services	1,891,369
Royalties And Rents	6,705,433
Fines And Forfeits	2,294,372
Interest And Investment Income	9,264,494
Miscellaneous	61,952
Total Revenues	787,309,404
Expenditures:	
Current:	
General Government	62,140,718
Education	284,909,751
Health And Human Services	185,861,396
Regulatory	6,250,073
Public Safety	40,616,062
Agriculture And Economic Development	5,576,666
Natural Resources	13,851,581
Total Expenditures	599,206,247
Revenues Over Expenditures	188,103,157
Other Financing Sources (Uses):	
Operating Transfers In	31,402,315
Operating Transfers Out	(231,297,905)
Operating Transfers To Component Units	(375,000)
Proceeds From Sale Of Fixed Assets	11,273
Total Other Financing Sources (Uses)	(200,259,317)
Revenues And Other Financing Sources Under Expenditures And Other Financing Uses	(12,156,160)
Fund Balances - Beginning Of Year As Adjusted	118,632,571
Fund Balances - End Of Year	$ 106,476,411

The Corps of Discovery entered present-day North Dakota on October 14, 1804. Traveling upstream on the Missouri River, they commented in their journals on the great variety and abundance of wildlife they encountered.

A journal entry dated October 20th commented on the remains of a six- to eight-acre abandoned Indian village. At one time, this village had a population of about 1,000 people, but it was deserted by the time Lewis and Clark noted it in their journals because of a smallpox epidemic.



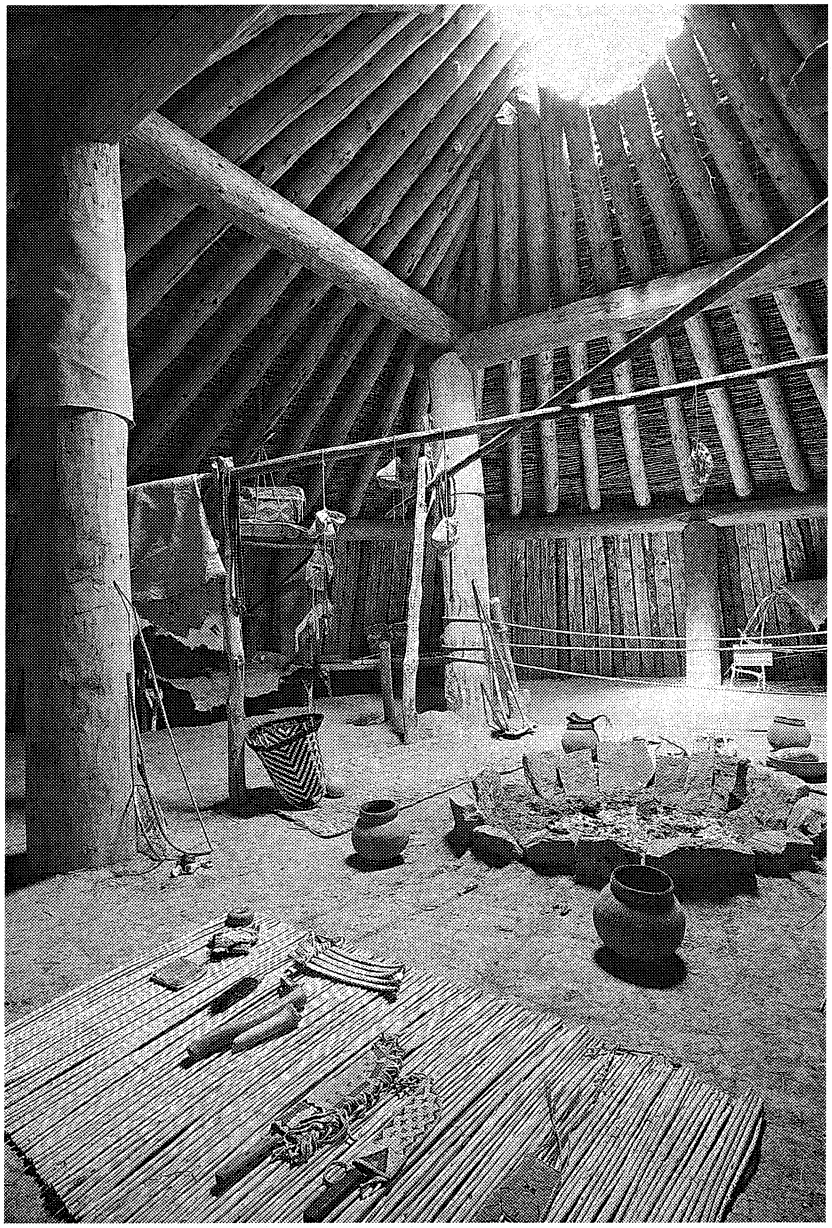
You can see this site today, the On-A-Slant Mandan Indian Village at Fort Abraham Lincoln State Park near Mandan, North Dakota. Four reconstructed Mandan Indian earth lodges overlook the Heart and Missouri Rivers from a low bluff. Each lodge is 30 to 40 feet in diameter and stands 10 to 12 feet high. A museum on-site displays exhibits relating to the Mandans and the Lewis and Clark Expedition.

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.

The Lewis and Clark Expedition arrived at the Knife River Indian villages on October 26. The five villages were home to a number of French fur trappers as well as British fur merchants.

The people who called the Knife River home were the Hidatsa and Mandan nations. When Lewis and Clark arrived, there were five villages--three Hidatsa and two Mandan towns--nestled in the Missouri River Valley, near where the Knife River flows into the Missouri from the west. The expedition leaders hoped to find and hire guides and interpreters familiar with the people, land, and languages to the west. At one of the Hidatsa villages, Lewis and Clark came to an agreement with Toussaint Charbonneau for his services and the help of his wife, the 16-year old Sakakawea, who was six months pregnant when the explorers arrived.



The Knife River Indian Villages Historic Site, operated by the National Park Service, preserves the ghosts of the three Hidatsa villages. Visible remains of earth lodge dwellings, cache pits, fortification ditches, and travois trails are in an extraordinarily fine state of preservation. A visitor center and furnished earth lodge provide interpretation of the site.

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 – Athletic Commission Fund
Accounts for revenues and expenditures associated with the athletic advisory board. (NDCC 53-01)

304 - Governor's Special Fund
Moneys that have become available during the biennium from federal funds and private funds. (1999 S.L. ch. 23, 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)

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)

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)

COMMUNITY SERVICES

342 – Community Services Fund
Accounts for revenues and expenditures associated with the general operation of the department. (NDCC 54-44.5)

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 (963) - 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)

393 – Vocational Education Fund
Accounts for revenues and expenditures associated with the general operation of the department. (NDCC 15-20.1)

440 - State Tuition Fund
Funds are to pay the amount apportioned among the several school districts of the state in proportion to the number of children of school age residing in each. (NDCC 15-44)

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

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

949 - Department of Public Instruction Close-up Account
Accounts for the revenue and expenses associated with the annual Federal Close-up Conference for high school students. (OMB Policy 211)

FEDERAL

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

HEALTH AND HUMAN SERVICES

215 - Children's Services Coordinating Committee Fund
Accounts for revenues and expenditures associated with the general operation of the department. (NDCC 54-56)

254 - Employment of People With Disabilities Fund
This fund is for the development of job opportunities for disabled individuals in this state. (NDCC 39-01)

257 - Organ/Tissue Transplant Fund
To provide financial assistance to transplant patients. (NDCC 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 54-27)

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)

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)

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
Revenues are from a filing fee charged by the clerk of the supreme court. 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 57-61)

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)

LOCAL GOVERNMENT

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, 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)

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

412 - Coal Severance Tax Distribution Fund
Accounts for a portion of the tax imposed upon all coal severed for sale or for industrial purposes by coal mines to be distributed to counties. (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)

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

427 - Oil and Gas Production Tax Distribution Fund
Accounts for a portion of real property tax on oil and gas producing mineral estates and interests to be allocated to counties. (NDCC 57-51)

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)

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)

454 - Coal Conversion Tax Trust Fund
Accounts for a portion of the tax paid monthly for the privilege of producing products of such coal conversion facility to be allocated to counties. (NDCC 57-60)

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)

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 54-27)

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)
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)

PERMANENT OIL TAX TRUST

432 - Permanent Oil Tax Trust Fund
Accounts for oil and gas tax revenues in excess of the amount specified for deposit in the general fund. (NDCC 57-51.1)

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 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)

Combining Balance Sheet
Special Revenue Funds
June 30, 2001

	Administration	Aeronautics And Other Transportation	Agriculture	Commodity Promotion	Community Services	Cultural And Historical
Assets:						
Cash Deposits At The Bank Of North Dakota	$ 835,318	$ 2,371,874	$ 1,867,172	$ 3,123,310	$ 4,859,113	$ 351,376
Cash And Cash Equivalents	30	162	172,453	1,247,935	-	-
Investments At The Bank Of North Dakota	-	-	1,389,035	-	2,800,000	135,259
Investments	-	-	-	1,319,000	-	230,000
Accounts Receivable - Net	114,121	-	275,596	1,167,790	32,087	11,843
Taxes Receivable - Net	396,539	189,831	-	-	-	-
Interest Receivable - Net	348	-	2,679	10,139	362,192	3,962
Loans And Notes Receivable - Net	-	-	7,054	-	9,431,464	-
Due From Other Funds	158,595	495	-	550	255	279
Intergovernmental Receivable - Net	-	-	-	-	-	-
Advances To Other Funds	-	2,005,000	-	-	-	-
Prepaid Items	-	-	-	-	-	-
Inventory	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-
Total Assets	$ 1,504,951	$ 4,567,362	$ 3,713,989	$ 6,868,724	$ 17,485,111	$ 732,719
Liabilities:						
Accounts Payable	$ 456,452	$ 259,647	$ 84,740	$ 494,095	$ 37,314	$ 1,878
Contracts Payable	-	-	-	-	-	-
Securities Lending Collateral	-	-	-	-	-	-
Tax Refunds Payable	-	71,167	-	-	-	-
Intergovernmental Payable	-	6,830	-	-	-	-
Claims/Judgements Payable	-	-	-	-	-	-
Accrued Payroll	67,950	21,892	118,999	82,586	4,927	1,228
Interfund Payable	-	-	-	-	-	-
Due To Other Funds	12,104	1,627	61,409	42,461	504	1,613
Advances From Other Funds	-	-	-	-	-	-
Deferred Revenue	477,726	48,703	186,896	95,439	319,069	2,315
Total Liabilities	1,014,232	409,866	452,044	714,581	361,814	7,034
Equity:						
Fund Balance:						
Reserved For:						
Inventory	-	-	-	-	-	-
Long - Term Receivables	-	2,005,000	7,054	-	9,431,464	-
Prepaid Expenditures	-	-	-	-	-	-
Legal Requirements	-	-	-	-	-	-
Unreserved:						
Designated For:						
Fund Activities	-	-	-	-	-	-
Patients Welfare	-	-	-	-	-	-
Undesignated	490,719	2,152,496	3,254,891	6,154,143	7,691,833	725,685
Total Equity	490,719	4,157,496	3,261,945	6,154,143	17,123,297	725,685
Total Liabilities And Equity	$ 1,504,951	$ 4,567,362	$ 3,713,989	$ 6,868,724	$ 17,485,111	$ 732,719

(Continued On The Next Page)

Education	Federal	Health And Human Services	Highway	Insurance	Job Service	Judicial And Legal
$ 13,340,559	$ 42,711,560	$ 63,670,748	$ 41,795,888	$ 2,579,912	$ 1,118,627	$ 1,009,280
290,051	42,011	624,854	77,418	-	-	14,857
-	-	2,478,428	-	-	775,000	3,606
-	-	-	-	10,352,342	-	-
2,342,942	3,897,908	3,754,304	1,147,326	92,361	15,769	96,974
202,177	-	19,578	5,723,880	-	-	-
-	2,632	26,962	453,869	73,109	154,399	93
-	-	697,105	4,704,323	-	-	-
636,101	8,168,304	7,141,790	762,621	189	562,565	513,326
-	123,156,005	1,223,643	1,064,745	-	2,184,387	-
-	-	-	37,025,000	1,000	-	-
-	-	-	-	-	-	-
104,090	3,323,159	-	4,736,677	-	-	-
14,154	-	-	-	-	-	-
$ 16,930,074	$ 181,301,579	$ 79,637,412	$ 97,491,747	$ 13,098,913	$ 4,810,747	$ 1,638,136
$ 171,439	$ 69,588,863	$ 3,465,793	$ 11,768,386	$ 13,303	$ 475,812	$ 94,820
-	4,547,145	-	1,043,298	-	-	-
-	-	-	-	1,505,244	-	-
-	-	-	358,584	-	-	-
-	5,619,246	-	12,680	-	-	-
-	-	-	-	2,394	-	-
225,322	6,869,934	1,233,262	3,777,183	133,714	1,298,184	67,142
-	22,289,840	-	-	-	186,961	-
47,768	20,863,660	4,224,005	1,244,351	1,420,365	440,976	55,232
-	39,351,000	-	-	-	653,515	-
2,197,133	10,129,152	3,065,571	590,836	146,433	114,391	24,176
2,641,662	179,258,840	11,988,631	18,795,318	3,221,453	3,169,839	241,370
104,090	183,456	-	4,736,677	-	-	-
-	-	697,105	41,729,323	1,000	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	3,699
-	-	712,678	-	-	-	-
14,184,322	1,859,283	66,238,998	32,230,429	9,876,460	1,640,908	1,393,067
14,288,412	2,042,739	67,648,781	78,696,429	9,877,460	1,640,908	1,396,766
$ 16,930,074	$ 181,301,579	$ 79,637,412	$ 97,491,747	$ 13,098,913	$ 4,810,747	$ 1,638,136

Combining Balance Sheet
Special Revenue Funds (Continued)
June 30, 2001

	Land Department						
	Coal Severance	Energy Development Impact	Land And Mineral	Land Maintenance	Local Government	Motor Vehicle	National Guard
Assets:							
Cash Deposits At The Bank Of North Dakota	$ 1,975,205	$ 3,855,546	$ 341,908	$ 695,886	$ 30,124,375	$ 548,782	$ 283,203
Cash And Cash Equivalents	-	-	-	-	1,285,867	-	-
Investments At The Bank Of North Dakota	-	-	-	-	-	-	-
Investments	22,528,961	-	1,600,000	-	-	-	-
Accounts Receivable - Net	-	-	-	-	320,549	-	-
Taxes Receivable - Net	191,929	1,310	-	-	37,090,744	21,846	-
Interest Receivable - Net	349,747	-	298	-	-	-	-
Loans And Notes Receivable - Net	28,753,403	-	-	-	-	-	-
Due From Other Funds	185,070	-	111,420	-	-	-	2,690
Intergovernmental Receivable - Net	-	-	-	-	-	-	-
Advances To Other Funds	-	-	-	-	-	-	-
Prepaid Items	-	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-	-
Total Assets	$ 53,984,315	$ 3,856,856	$ 2,053,626	$ 695,886	$ 68,821,535	$ 570,628	$ 285,893
Liabilities:							
Accounts Payable	$ 8,828	$ 14,023	$ -	$ 47,605	$ -	$ 11,377	$ 848
Contracts Payable	-	-	-	-	-	-	-
Securities Lending Collateral	-	-	-	-	-	-	-
Tax Refunds Payable	-	-	-	-	138,554	-	-
Intergovernmental Payable	-	-	-	-	21,650,554	-	-
Claims/Judgements Payable	-	-	-	-	-	-	-
Accrued Payroll	-	3,039	-	59,164	-	2,320	9,558
Interfund Payable	-	-	-	-	-	-	-
Due To Other Funds	361,397	465	-	559,489	-	8,087	134
Advances From Other Funds	-	-	-	-	-	-	-
Deferred Revenue	-	-	-	-	28,753,923	171	-
Total Liabilities	370,225	17,527	-	666,258	50,543,031	21,955	10,540
Equity:							
Fund Balance:							
Reserved For:							
Inventory	-	-	-	-	-	-	-
Long - Term Receivables	28,753,403	-	-	-	-	-	-
Prepaid Expenditures	-	-	-	-	-	-	-
Legal Requirements	-	-	-	-	-	-	-
Unreserved:							
Designated For:							
Fund Activities	-	-	-	-	-	-	-
Patients Welfare	-	-	-	-	-	-	-
Undesignated	24,860,687	3,839,329	2,053,626	29,628	18,278,504	548,673	275,353
Total Equity	53,614,090	3,839,329	2,053,626	29,628	18,278,504	548,673	275,353
Total Liabilities And Equity	$ 53,984,315	$ 3,856,856	$ 2,053,626	$ 695,886	$ 68,821,535	$ 570,628	$ 285,893

Natural Resources	Oil Tax Resources	Other Special	PACE Fund	Permanent Oil Tax Trust	Public Safety And Penal Institutions	Recreation	Regulatory	Veterans	Total June 30 2001
$ 37,451,612	$ 2,582,161	$ 1,283,301	$ 14,167,063	$ -	$ 1,911,614	$ 5,315,744	$ 6,540,179	$ 1,035,564	$ 287,746,880
9,734	-	34,621	-	-	6,206	235,633	125,533	108,671	4,276,036
3,722,990	12,099,999	19,248	-	-	-	12,895,000	-	-	36,318,565
-	-	-	-	-	-	-	-	4,114,958	40,145,261
5,826	719	86,703	-	-	604,489	174,166	361,662	208,101	14,711,236
44,560	407,354	-	-	-	-	-	-	-	44,289,748
82,061	99,131	1	-	-	-	73	11,090	19,560	1,652,345
-	6,204,379	-	-	-	-	-	-	189,100	49,986,828
1,343,985	304	76,413	-	13,179,298	29,178	975,646	260	2,946	33,852,280
50,654	-	-	-	-	-	-	-	-	127,679,434
-	-	-	-	-	-	2,320,000	-	-	41,351,000
-	-	-	931,090	-	-	-	-	-	931,090
-	-	426,827	-	-	-	40,974	121,935	-	8,753,662
-	-	-	-	-	-	-	-	-	14,154
$ 42,711,422	$ 21,394,047	$ 1,927,114	$ 15,098,153	$ 13,179,298	$ 2,551,487	$ 21,957,236	$ 7,160,659	$ 5,678,900	$ 691,708,519
$ 1,364,981	$ -	$ 53,602	$ -	$ -	$ 110,354	$ 991,301	$ 8,998	$ 54,536	$ 89,578,995
-	-	-	-	-	-	-	-	-	5,590,443
-	-	-	-	-	-	-	-	10,742	1,515,986
-	-	-	-	-	-	-	-	-	568,305
-	-	-	-	-	-	-	-	-	27,289,310
-	-	-	-	-	-	-	-	-	2,394
25,398	-	19,270	-	-	41,668	594,899	126,192	3,718	14,787,549
-	-	-	-	-	-	-	-	-	22,476,801
37,347	304	9,810	-	-	29,195	935,719	27,661	7,837	30,393,520
-	-	-	-	-	-	-	-	-	40,004,515
29,199	89,667	-	-	-	553,966	-	-	117,940	46,942,706
1,456,925	89,971	82,682	-	-	735,183	2,521,919	162,851	194,773	279,150,524
-	-	426,827	-	-	-	40,974	121,935	-	5,613,959
-	6,204,379	-	-	-	-	2,320,000	-	189,100	91,337,828
-	-	-	931,090	-	-	-	-	-	931,090
-	-	-	10,705,961	-	-	-	-	-	10,705,961
-	-	-	3,461,102	-	-	-	-	-	3,464,801
-	-	-	-	-	-	-	-	-	712,678
41,254,497	15,099,697	1,417,605	-	13,179,298	1,816,304	17,074,343	6,875,873	5,295,027	299,791,678
41,254,497	21,304,076	1,844,432	15,098,153	13,179,298	1,816,304	19,435,317	6,997,808	5,484,127	412,557,995
$ 42,711,422	$ 21,394,047	$ 1,927,114	$ 15,098,153	$ 13,179,298	$ 2,551,487	$ 21,957,236	$ 7,160,659	$ 5,678,900	$ 691,708,519

Combining Statement Of Revenues, Expenditures And Changes In Fund Balance
Special Revenue Funds
For The Fiscal Year Ended June 30, 2001

	Administration	Aeronautics And Other Transportation	Agriculture	Commodity Promotion	Community Service	Cultural And Historical
Revenues:						
Taxes	$ 1,208,517	$ 1,599,788	$ -	$ -	$ -	$ -
Licenses And Permits	3,878	1,514,866	913,181	9,594,194	-	10,056
Intergovernmental	15	-	-	-	26,236	-
Sales And Services	1,132,840	7,009	1,922,732	1,708	-	150,641
Royalties And Rents	-	-	-	-	-	159
Fines And Forfeits	201,945	-	5,735	2,486	95,060	-
Interest And Investment Income	7,153	-	92,358	222,701	763,459	9,345
Tobacco Settlement	-	-	-	-	-	-
Miscellaneous	275,824	-	94,828	104,350	5,745	57,455
Total Revenues	2,830,172	3,121,663	3,028,834	9,925,439	890,500	227,656
Expenditures:						
Current:						
General Government	2,789,051	-	-	-	2,870,496	-
Education	-	-	-	-	-	-
Health And Human Services	-	-	-	-	-	-
Regulatory	-	1,030,977	-	-	-	48,753
Public Safety	-	-	-	-	-	-
Agriculture And Economic Development	-	-	3,597,862	9,291,696	-	-
Natural Resources	-	-	-	-	-	75,831
Highways	-	1,523,862	-	-	-	-
Total Expenditures	2,789,051	2,554,839	3,597,862	9,291,696	2,870,496	124,584
Revenues Over (Under) Expenditures	41,121	566,824	(569,028)	633,743	(1,979,996)	103,072
Other Financing Sources (Uses):						
Operating Transfers In	110,000	-	6,576	-	1,163,041	30,476
Operating Transfers Out	-	-	(300)	(488,343)	(21,939)	-
Proceeds From Sale Of Fixed Assets	25	-	35,000	-	-	-
Total Other Financing Sources (Uses)	110,025	-	41,276	(488,343)	1,141,102	30,476
Revenues And Other Financing Sources Over (Under) Expenditures And Other Financing Uses	151,146	566,824	(527,752)	145,400	(838,894)	133,548
Fund Balances - Beginning Of Year As Adjusted	339,573	3,590,672	3,789,697	6,008,743	17,962,191	592,137
Fund Balances - End Of Year	$ 490,719	$ 4,157,496	$ 3,261,945	$ 6,154,143	$ 17,123,297	$ 725,685

(Continued On The Next Page)

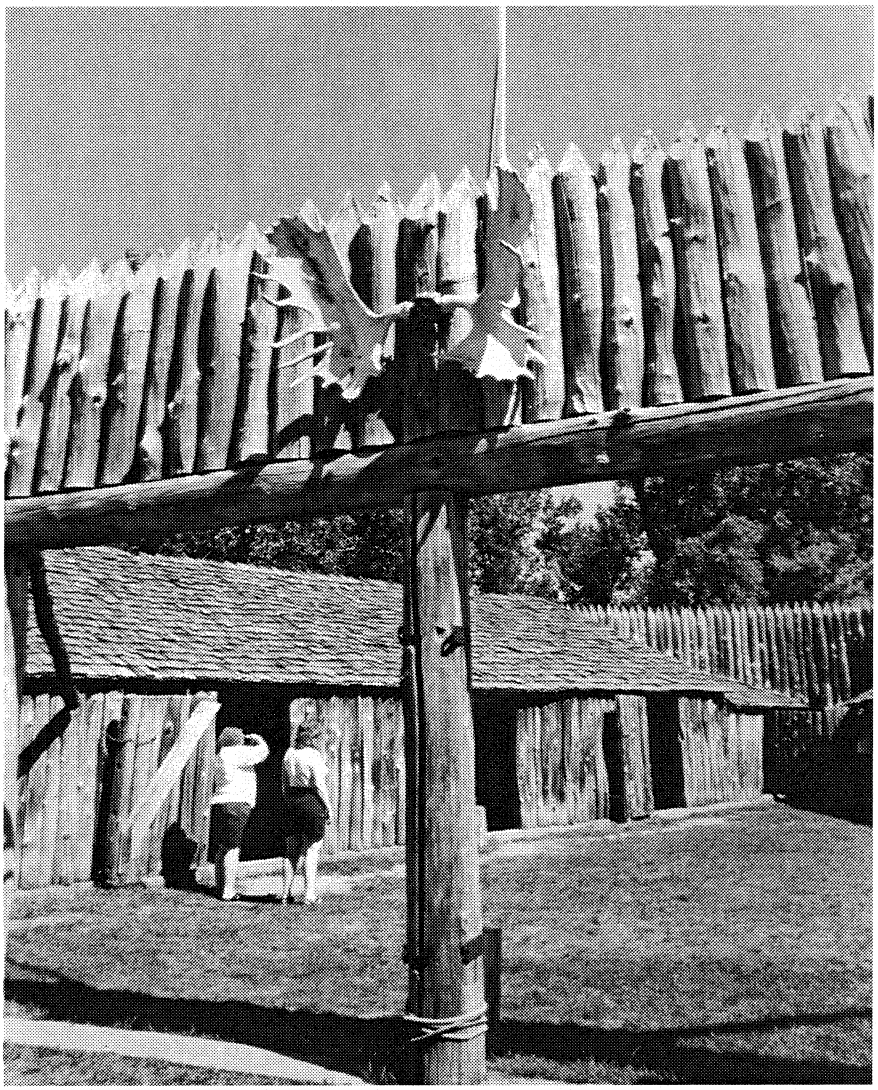
Education	Federal	Health And Human Services	Highway	Insurance	Job Service	Judicial And Legal
$ 6,623,188	$ -	$ 15,190	$ 88,597,256	$ 6,018	$ -	$ -
94,766	-	1,657,600	14,294,429	3,643,498	-	41,035
51,510	825,820,419	4,109,716	16,080,821	-	30,194,430	140
2,875,406	2,783,443	13,294,874	483,814	29,338	-	1,351,404
182,510	78	166,631	35,969	-	-	-
126,896	-	9,124	-	-	-	277,091
7,144	71,162	2,057,458	1,697,567	141,227	353,096	114
-	-	2,294,618	-	-	-	-
11,218	14,022	645,308	253,053	-	92,481	1,428
9,972,638	828,689,124	24,250,519	121,442,909	3,820,081	30,640,007	1,671,212
-	19,224,021	-	-	-	-	1,190,708
33,311,026	82,179,241	-	-	-	-	-
-	426,426,382	48,691,017	-	-	34,288,226	-
-	2,461,253	-	-	2,555,443	-	-
-	62,702,747	-	10,306,241	-	-	-
-	1,480,893	865,850	-	-	-	-
-	9,704,433	-	-	-	-	-
127,198	164,755,243	-	112,540,099	-	-	-
33,438,224	768,934,213	49,556,867	122,846,340	2,555,443	34,288,226	1,190,708
(23,465,586)	59,754,911	(25,306,348)	(1,403,431)	1,264,638	(3,648,219)	480,504
24,393,947	378,736	43,755,698	7,080	-	2,122,062	123,680
(52,596)	(64,249,207)	(5,336,958)	(991,953)	(3,171,677)	(242,881)	(30,267)
1,110	70	-	210,660	845	-	-
24,342,461	(63,870,401)	38,418,740	(774,213)	(3,170,832)	1,879,181	93,413
876,875	(4,115,490)	13,112,392	(2,177,644)	(1,906,194)	(1,769,038)	573,917
13,411,537	6,158,229	54,536,389	80,874,073	11,783,654	3,409,946	822,849
$ 14,288,412	$ 2,042,739	$ 67,648,781	$ 78,696,429	$ 9,877,460	$ 1,640,908	$ 1,396,766

Combining Statement Of Revenues, Expenditures And Changes In Fund Balance
Special Revenue Funds (Continued)
For The Fiscal Year Ended June 30, 2001

	Land Department						
	Coal Severance	Energy Development Impact	Land And Mineral	Land Maintenance	Local Government	Motor Vehicle	National Guard
Revenues:							
Taxes	$ 3,430,882	$ 2,402,219	$ -	$ -	$ 129,173,915	$ 1,047,794	$ -
Licenses And Permits	-	-	-	-	14,820,970	63,646	-
Intergovernmental	-	-	-	-	86,157	-	-
Sales And Services	-	-	-	1,097,497	-	-	103,000
Royalties And Rents	-	-	1,709,080	-	-	-	128,987
Fines And Forfeits	-	-	-	-	72	-	-
Interest And Investment Income	2,954,489	-	225,006	-	-	-	-
Tobacco Settlement	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	15,000	-
Total Revenues	6,385,371	2,402,219	1,934,086	1,097,497	144,081,114	1,126,440	231,987
Expenditures:							
Current:							
General Government	-	-	-	-	141,257,204	-	-
Education	58,093	1,999,920	78,008	1,090,173	-	-	-
Health And Human Services	-	-	-	-	-	113,694	-
Regulatory	-	-	-	-	2,600,000	-	-
Public Safety	-	-	-	-	-	-	412,386
Agriculture And Economic Development	-	-	-	-	-	1,300,423	-
Natural Resources	-	-	-	-	-	-	-
Highways	-	-	-	-	-	-	-
Total Expenditures	58,093	1,999,920	78,008	1,090,173	143,857,204	1,414,117	412,386
Revenues Over (Under) Expenditures	6,327,278	402,299	1,856,078	7,324	223,910	(287,677)	(180,399)
Other Financing Sources (Uses):							
Operating Transfers In	-	-	-	-	-	8,580	162,893
Operating Transfers Out	(4,580,617)	-	(3,173,232)	-	-	(55,314)	-
Proceeds From Sale Of Fixed Assets	-	-	-	-	-	-	41,028
Total Other Financing Sources (Uses)	(4,580,617)	-	(3,173,232)	-	-	(46,734)	203,921
Revenues And Other Financing Sources Over (Under) Expenditures And Other Financing Uses	1,746,661	402,299	(1,317,154)	7,324	223,910	(334,411)	23,522
Fund Balances - Beginning Of Year As Adjusted	51,867,429	3,437,030	3,370,780	22,304	18,054,594	883,084	251,831
Fund Balances - End Of Year	$ 53,614,090	$ 3,839,329	$ 2,053,626	$ 29,628	$ 18,278,504	$ 548,673	$ 275,353

Natural Resources	Oil Tax Resources	Other Special	PACE Fund	Permanent Oil Tax Trust	Public Safety And Penal Institutions	Recreation	Regulatory	Veterans	Total June 30 2001
$ 609,935	$ 4,814,349	$ 1,997	$ -	$ -	$ -	$ 235,127	$ -	$ -	$ 239,766,175
850,582	-	31,293	-	-	117,010	8,136,381	386,340	19,423	56,193,148
547,535	471,316	118	-	-	389,515	-	36,809	-	877,814,737
43,711	-	1,362,242	-	-	667,916	1,397,139	5,013,074	1,324,266	35,042,054
-	10,427	19,378	-	-	81,291	42,983	-	390	2,377,883
-	-	175	-	-	-	3,483	400	-	722,467
1,849,030	975,815	901	408,498	-	819	17,019	226,240	89,566	12,170,167
10,325,780	-	-	-	-	-	-	-	-	12,620,398
263,492	-	503,051	-	-	70,902	123,690	383	3,131	2,535,361
14,490,065	6,271,907	1,919,155	408,498	-	1,327,453	9,955,822	5,663,246	1,436,776	1,239,242,390
-	-	1,012,121	-	-	-	-	514,755	-	168,858,356
-	-	17,551	-	-	-	-	-	-	118,734,012
-	-	20,916	-	-	-	-	-	1,312,889	510,853,124
1,590,551	-	6,031	-	-	-	-	1,796,459	-	12,089,467
-	-	114,261	-	-	6,208,320	-	-	18,251	79,762,206
201,474	-	152,619	3,041,169	-	-	-	224,230	-	20,156,216
4,092,052	-	480,234	-	-	-	9,247,835	-	-	23,600,385
-	-	129,726	-	-	-	-	-	-	279,076,128
5,884,077	-	1,933,459	3,041,169	-	6,208,320	9,247,835	2,535,444	1,331,140	1,213,129,894
8,605,988	6,271,907	(14,304)	(2,632,671)	-	(4,880,867)	707,987	3,127,802	105,636	26,112,496
4,202,393	79,131	75,136	3,750,000	13,179,298	5,116,619	31,500	84,940	216,701	98,998,487
(1,325,054)	(1,711,000)	(11,950)	-	-	(396)	(127,887)	-	(9,711)	(85,581,282)
1,015	-	7,682	-	-	464	734	50	-	298,683
2,878,354	(1,631,869)	70,868	3,750,000	13,179,298	5,116,687	(95,653)	84,990	206,990	13,715,888
11,484,342	4,640,038	56,564	1,117,329	13,179,298	235,820	612,334	3,212,792	312,626	39,828,384
29,770,155	16,664,038	1,787,868	13,980,824	-	1,580,484	18,822,983	3,785,016	5,171,501	372,729,611
$ 41,254,497	$ 21,304,076	$ 1,844,432	$ 15,098,153	$ 13,179,298	$ 1,816,304	$ 19,435,317	$ 6,997,808	$ 5,484,127	$ 412,557,995

The winter headquarters for the Corps of Discovery was constructed by the expedition and named Fort Mandan after their Native American hosts. Clark chose to locate the fort on the east bank of the Missouri River. The men built the structure in roughly a trapezoid shape from cottonwood trees that filled the river bottom.



Present Day Fort Mandan

A steady stream of visitors came to Fort Mandan for conversation, for food, and in hope of trade goods or trinkets. When the two captains were not entertaining or pumping their hosts for information, they were preparing materials to go back to President Jefferson in the spring. Information was the true treasure of the expedition. In particular, Clark worked on a master map. Lewis put together his observations on everything from Indian tribes to botany.

Sakakawea gave birth to a son, Baptiste, on February 11, 1805, at Fort Mandan. The Corps of Discovery begin its way west on April 7, 1805, pulling itself up on the back of the Missouri River. Corporal Richard Warfington led another party that would ride the river south to St. Louis. It carried specimens and a report for President Jefferson.

Debt Service Funds

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

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

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

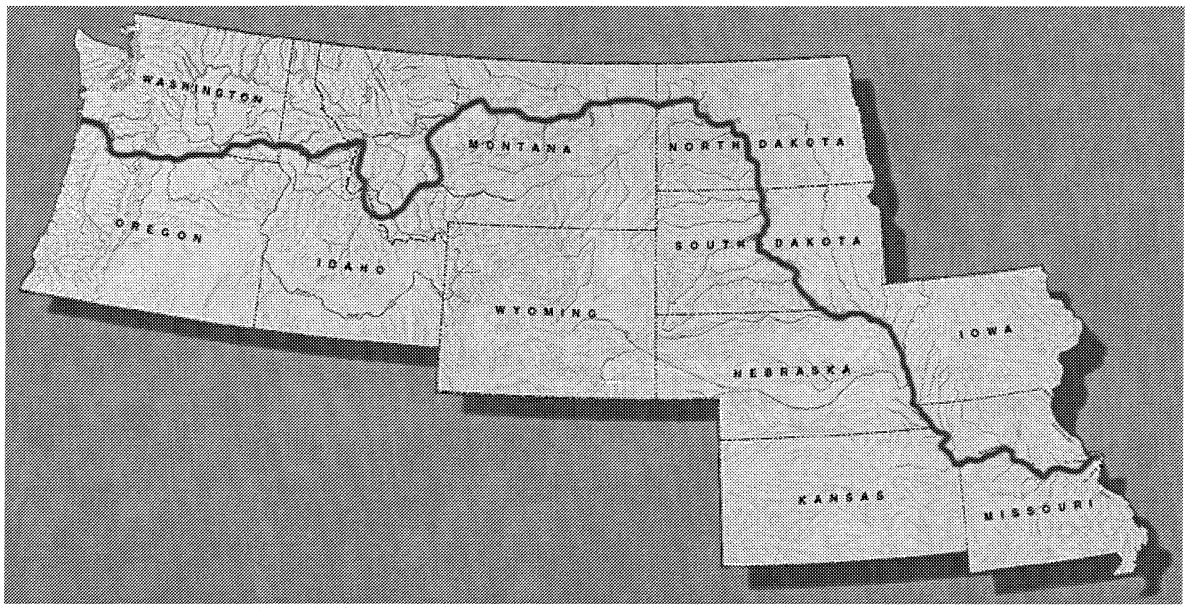
962 - Water Commission Debt Service Fund
Account for accumulation of resources for, and the payment of, principal and interest on bonds issued by the State Water Commission. (NDCC 61-02)

Combining Balance Sheet
Debt Service Funds
June 30, 2001

	Building Authority	Lignite Research	Water Commission	Total June 30 2001
Assets:				
Cash Deposits At The Bank Of North Dakota	$ 539,000	$ 256	$ 2,741,786	$ 3,281,042
Cash And Cash Equivalents	-	-	1,575,865	1,575,865
Investments At The Bank Of North Dakota	10,210,000	882,500	-	11,092,500
Interest Receivable - Net	132,000	6,784	92,862	231,646
Intergovernmental Receivable - Net	-	-	33,896	33,896
Total Assets	$ 10,881,000	$ 889,540	$ 4,444,409	$ 16,214,949
Liabilities:				
Accounts Payable	$ 59,000	$ -	$ -	$ 59,000
Total Liabilities	59,000	-	-	59,000
Equity:				
Fund Balance:				
Reserved For:				
Debt Service	10,822,000	889,540	4,444,409	16,155,949
Total Equity	10,822,000	889,540	4,444,409	16,155,949
Total Liabilities And Equity	$ 10,881,000	$ 889,540	$ 4,444,409	$ 16,214,949

Combining Statement Of Revenues, Expenditures And Changes In Fund Balance
Debt Service Funds
For The Fiscal Year Ended June 30, 2001

	Building Authority	Lignite Research	Water Commission	Total June 30 2001
Revenues:				
Intergovernmental	$ -	$ -	$ 861,685	$ 861,685
Interest And Investment Income	615,000	56,767	326,091	997,858
Total Revenues	615,000	56,767	1,187,776	1,859,543
Expenditures:				
Debt Service:				
Principal	3,773,000	760,000	167,010	4,700,010
Interest And Other Charges	4,575,000	306,750	2,165,826	7,047,576
Total Expenditures	8,348,000	1,066,750	2,332,836	11,747,586
Revenues Under Expenditures	(7,733,000)	(1,009,983)	(1,145,060)	(9,888,043)
Other Financing Sources:				
Operating Transfers In	6,521,000	1,010,123	-	7,531,123
Proceeds From Bonds And Notes	2,118,000	-	-	2,118,000
Total Other Financing Sources	8,639,000	1,010,123	-	9,649,123
Revenues And Other Financing Sources Over (Under) Expenditures	906,000	140	(1,145,060)	(238,920)
Fund Balances - Beginning Of Year As Previously Reported	9,894,000	889,400	5,589,469	16,372,869
Residual Equity Transfers In	22,000	-	-	22,000
Fund Balances - End Of Year	$ 10,822,000	$ 889,540	$ 4,444,409	$ 16,155,949



Lewis & Clark's Trip West

The thirty-two members of the Corps left Fort Mandan on April 7, 1805, in six small canoes and two large perogues. They faced a river rising with the spring snow melt in the mountains and the prevailing wind from the northwest.

The portion of the journey between the Knife River Indian villages and the Rocky Mountains was extremely difficult for the men of the Corps. After leaving the Missouri River to travel up the Jefferson River, Lewis and a small party began a land search for the Shoshone Indians, from whom they planned to get horses to continue their journey over the Rocky Mountains.

Lewis finally found a band of Shoshone and convinced them of the Corps' good intentions. During cautious negotiations at the Shoshone camp, Sakakawea recognized the Shoshone war chief as her brother, Cameahwait. The normally reserved Sakakawea threw herself on him, crying with joy. The connection between Sakakawea and Cameahwait was a breakthrough for the Corps. Without help in obtaining horses, the expedition could not have proceeded.

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)

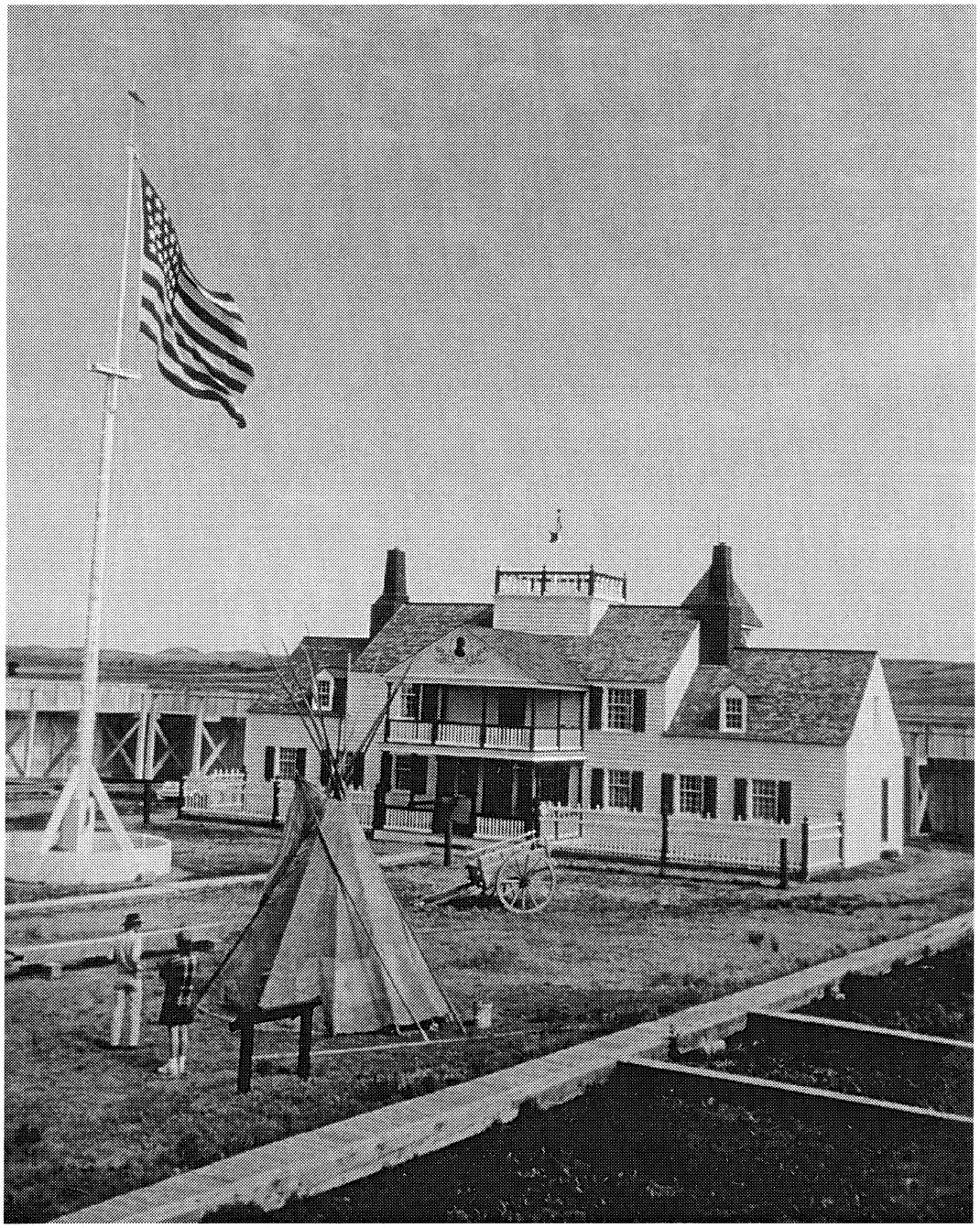
Combining Balance Sheet
Capital Projects Funds
June 30, 2001

	Building Authority	Water Commission	Total June 30 2001
Assets:			
Cash Deposits At The Bank Of North Dakota	$ 12,795,000	$ -	$ 12,795,000
Cash And Cash Equivalents	-	10,744,204	10,744,204
Interest Receivable - Net	-	2,440	2,440
Total Assets	$ 12,795,000	$ 10,746,644	$ 23,541,644
Liabilities:			
Accounts Payable	$ -	$ 1,389,350	$ 1,389,350
Due To Other Funds	3,943,000	-	3,943,000
Total Liabilities	3,943,000	1,389,350	5,332,350
Equity:			
Fund Balance:			
Reserved For:			
Capital Projects	8,852,000	9,357,294	18,209,294
Total Equity	8,852,000	9,357,294	18,209,294
Total Liabilities And Equity	$ 12,795,000	$ 10,746,644	$ 23,541,644

Combining Statement Of Revenues, Expenditures And Changes In Fund Balance
Capital Projects Funds
For The Fiscal Year Ended June 30, 2001

	Building Authority	Water Commission	Total June 30 2001
Revenues:			
Interest And Investment Income	$ 181,000	$ 1,016,004	$ 1,197,004
Total Revenues	181,000	1,016,004	1,197,004
Expenditures:			
Capital Outlay	1,298,000	10,164,312	11,462,312
Total Expenditures	1,298,000	10,164,312	11,462,312
Revenue Under Expenditures	(1,117,000)	(9,148,308)	(10,265,308)
Other Financing Sources (Uses):			
Operating Transfers Out	(1,804,000)	-	(1,804,000)
Proceeds From Bonds And Notes	7,051,000	3,142,132	10,193,132
Total Other Financing Sources	5,247,000	3,142,132	8,389,132
Revenues And Other Financing Sources Over (Under) Expenditures And Other Financing Uses	4,130,000	(6,006,176)	(1,876,176)
Fund Balances - Beginning Of Year As Previously Reported	4,744,000	15,363,470	20,107,470
Residual Equity Transfers Out	(22,000)	-	(22,000)
Fund Balances - End Of Year	$ 8,852,000	$ 9,357,294	$ 18,209,294

On April 26, 1805, the Lewis and Clark Expedition celebrated its arrival at the confluence of the Yellowstone and Missouri Rivers. Captain Lewis saw this as an important junction and commented that a fort should be built there. Twenty-four years later, it became the site of Fort Union, the largest trading post on the Missouri in the mid-1800's. Today, this fort features a reconstruction of the Bourgeois House, containing a museum, a bookstore, and a reconstructed Indian Trade House where you can purchase replicas of actual trade items that were bartered for with the Indians.



Enterprise Funds

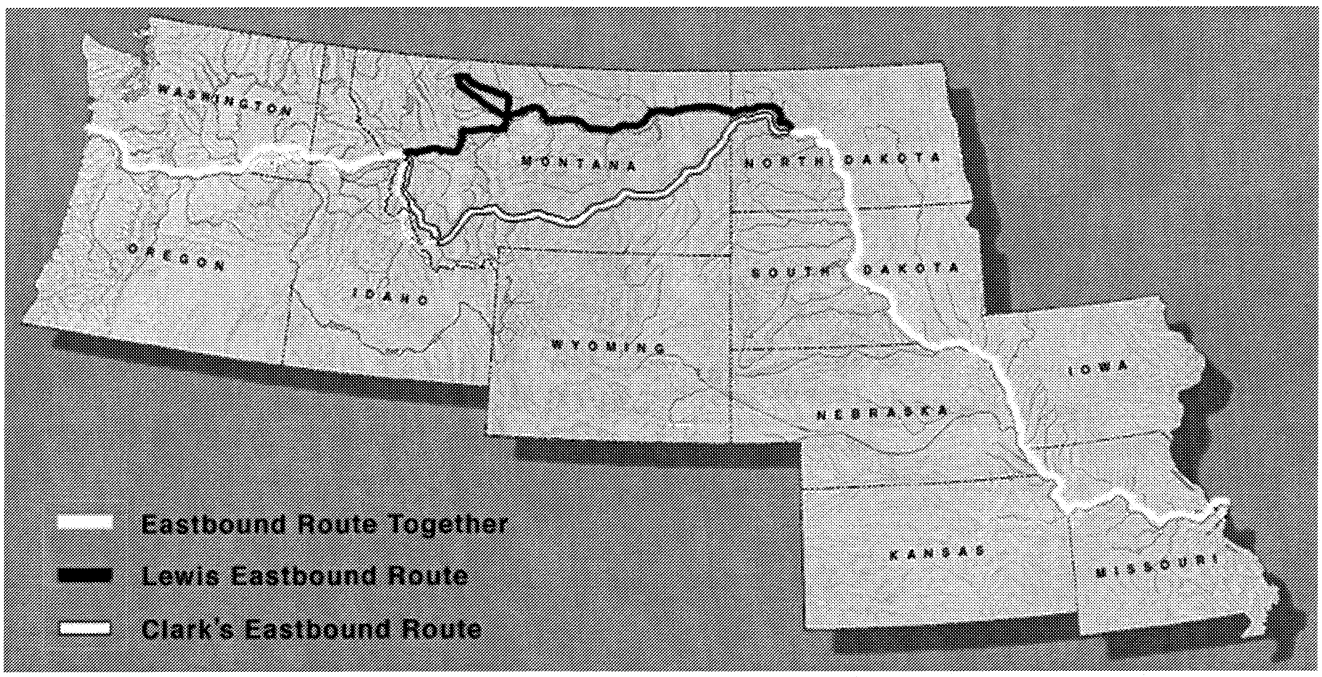
Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises -- where the intent of the State is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through 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.

Lewis & Clark's Trip Home

The expedition left the West Coast on March 23, 1806, traveling light. Nearly all of their trade goods were gone. During the winter, the captains had developed a plan to explore in greater detail the country on the east slope of the Rocky Mountains. There remained a chance that a Northwest Passage could still be found. At Travelers Rest, near present day Lolo, Montana, the Corps of Discovery was divided into two groups:

- *Lewis would follow the Nez Perce buffalo route to the Great Falls on the Missouri River. Leaving three men at the portage, Lewis would end up with a small party in the country drained by the Marias River to determine if that was the water route to the Pacific Ocean. The Lewis party would reunite on the Missouri River below the falls at the location now known as Reunion Bay in North Dakota.*

- *Clark would take the rest of the expedition down the Jefferson River, then cross-country to the Yellowstone River. There Clark's party would split again. A detail would take the horse herd overland to the Mandan people on the Knife River for trade, while Clark would ride the Yellowstone to its junction with the Missouri, where he would try to reconnect with Lewis.*



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 26-1.01)

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)

ROUGHRIDER 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)

Combining Balance Sheet
Enterprise Funds
June 30, 2001

	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	$ -	$ 6,735,267	$ 504,725	$ 2,228,898	$ 1,043,023	$ 1,850,081
Cash And Cash Equivalents	444,105,000	-	-	-	-	-
Investments At The Bank Of North Dakota	-	-	-	-	-	-
Investments	182,858,000	-	5,159,229	-	-	17,446,838
Accounts Receivable - Net	-	-	52,564	-	-	37,874
Interest Receivable - Net	25,174,000	424,133	30,940	153,699	27,613	134,951
Loans And Notes Receivable - Net	1,134,190,000	9,396,665	-	14,466,521	7,420,905	-
Due From Other Funds	935,000	-	283	-	-	285
Intergovernmental Receivable - Net	-	-	-	-	-	-
Advances To Component Units	8,968,000	-	-	-	-	-
Prepaid Items	-	1,370,628	-	-	-	-
Inventory	-	-	-	-	-	-
Unamortized Bond Issuance Costs	-	-	-	-	-	-
Fixed Assets (Net Of Depreciation)	3,645,000	-	-	-	-	-
Other Assets	6,375,000	-	-	-	-	-
Total Assets	$ 1,806,250,000	$ 17,926,693	$ 5,747,741	$ 16,849,118	$ 8,491,541	$ 19,470,029
Liabilities:						
Accounts Payable	$ -	$ -	$ 3,219	$ -	$ -	$ 47,233
Notes Payable	254,439,000	-	-	-	-	-
Interest Payable	6,987,000	-	-	-	-	-
Federal Funds Purchased	139,972,000	-	-	-	-	-
Securities Lending Collateral	75,100,000	-	760,499	-	-	2,608,825
Intergovernmental Payable	-	-	-	-	-	-
Claims/Judgements Payable	-	-	103,097	-	-	4,330,816
Accrued Payroll	-	-	1,651	-	-	22,887
Compensated Absences Payable	-	-	2,409	-	-	26,803
Amounts Held In Custody For Others	-	-	-	-	-	-
Deposits Held For Other Funds	821,162,000	-	-	-	-	-
Other Deposits	305,601,000	-	-	-	-	-
Interfund Payable	35,000,000	-	-	-	-	-
Due To Other Funds	270,000	12,684	2,044	19,217	10,396	12,864
Advances From Other Funds	-	-	-	-	5,134,205	-
Advances From Component Units	8,968,000	-	-	-	-	-
Bonds Payable	-	-	-	-	-	-
Capital Leases Payable	-	-	-	-	-	-
Deferred Revenue	-	-	-	-	-	-
Other Liabilities	5,973,000	-	-	-	-	-
Total Liabilities	1,653,472,000	12,684	872,919	19,217	5,144,601	7,049,428
Equity:						
Contributed Capital	2,000,000	7,725,478	-	10,000,000	1,928,791	-
Retained Earnings:						
Reserved For:						
Debt Requirements	-	-	-	-	-	-
Loan Purposes	-	10,188,531	-	6,829,901	1,418,149	-
Capital Construction	-	-	-	-	-	-
Capital Growth	42,000,000	-	-	-	-	-
Contingencies	-	-	-	-	-	-
Unreserved	108,778,000	-	4,874,822	-	-	12,420,601
Total Equity	152,778,000	17,914,009	4,874,822	16,829,901	3,346,940	12,420,601
Total Liabilities And Equity	$ 1,806,250,000	$ 17,926,693	$ 5,747,741	$ 16,849,118	$ 8,491,541	$ 19,470,029

Guaranteed Student Loan	Housing Finance	Mill And Elevator	PERS Uniform Group Insurance	Roughrider Industries	State Fair	Student Loan	Workers Compensation	Total June 30 2001
$ 1,969,250	$ 8,116,000	$ 94,822	$ 1,943,677	$ 543,606	$ 1,031,825	$ 82,503,124	$ 853,942	$ 109,418,240
-	277,637,000	-	878,026	700	141,026	-	-	722,761,752
8,294,355	-	-	-	-	-	130,865,553	40,964,156	180,124,064
4,544,108	38,188,000	-	-	-	249,896	-	1,038,398,935	1,286,845,006
22,097	330,000	12,021,355	15,713	291,780	84,657	-	24,010,309	36,866,349
61,380	3,932,000	-	781	-	-	3,147,323	7,401,718	40,488,538
-	598,208,000	-	-	-	-	76,960,594	-	1,840,642,685
408,006	43,000	-	28,761	23,209	-	-	-	1,438,544
2,820,645	243,000	-	-	-	-	522,110	-	3,585,755
-	-	-	-	-	-	-	-	8,968,000
-	2,090,000	321,163	-	12,357	21,739	170,791	470,583	4,457,261
-	-	9,866,682	-	695,459	-	-	-	10,562,141
-	8,678,000	-	-	-	-	1,447,394	-	10,125,394
-	132,000	32,066,911	-	402,619	15,501,480	-	2,119,115	53,867,125
-	-	-	-	-	7,500	-	-	6,382,500
$ 18,119,841	$ 937,597,000	$ 54,370,933	$ 2,866,958	$ 1,969,730	$ 17,038,123	$ 295,616,889	$ 1,114,218,758	$ 4,316,533,354
$ 506,623	$ 1,318,000	$ 2,155,458	$ 17,940	$ 78,206	$ 55,385	$ 79,401	$ 13,392,387	$ 17,653,852
-	-	6,800,183	-	-	-	-	-	261,239,183
-	24,539,000	-	-	-	11,050	2,202,658	-	33,739,708
-	-	-	-	-	-	-	-	139,972,000
-	-	-	-	-	-	-	161,206,713	239,676,037
14,870,718	8,503,000	-	-	-	-	2,959,262	-	26,332,980
-	-	-	-	-	-	-	515,000,000	519,433,913
-	-	92,342	36,620	97,847	-	-	-	251,347
-	119,000	517,189	38,500	84,054	47,053	-	456,166	1,291,174
-	5,889,000	-	761,342	-	-	-	-	6,650,342
-	-	-	-	-	-	-	-	821,162,000
-	-	-	-	-	-	-	-	305,601,000
-	-	-	-	-	-	-	-	35,000,000
325,922	14,000	-	186,545	3,380	-	432,630	44,173	1,333,855
-	-	-	-	-	-	-	-	5,134,205
-	-	-	-	-	-	-	-	8,968,000
-	843,516,000	-	-	-	2,284,070	215,527,978	-	1,061,328,048
-	-	-	-	144,043	-	-	-	144,043
100,413	89,000	-	55,223	-	-	-	45,487,302	45,731,938
330,000	-	-	-	1,833	-	-	-	6,304,833
16,133,676	883,987,000	9,565,172	1,096,170	409,363	2,397,558	221,201,929	735,586,741	3,536,948,458
300,000	-	5,985	-	-	-	-	-	21,960,254
-	35,496,000	-	-	-	250,481	-	-	35,746,481
-	-	-	-	-	-	74,414,960	-	92,851,541
-	-	-	-	-	38,355	-	-	38,355
-	-	-	-	-	-	-	-	42,000,000
-	-	-	1,770,788	-	-	-	250,000,000	251,770,788
1,686,165	18,114,000	44,799,776	-	1,560,367	14,351,729	-	128,632,017	335,217,477
1,986,165	53,610,000	44,805,761	1,770,788	1,560,367	14,640,565	74,414,960	378,632,017	779,584,896
$ 18,119,841	$ 937,597,000	$ 54,370,933	$ 2,866,958	$ 1,969,730	$ 17,038,123	$ 295,616,889	$ 1,114,218,758	$ 4,316,533,354

Combining Statement Of Revenues, Expenses And Changes In Fund Equity
Enterprise Funds
For The Fiscal Year Ended June 30, 2001

	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	$ 7,745,000	$ -	$ 39,838	$ -	$ -	$ 5,077,125
Royalties And Rents	-	-	-	-	-	-
Fines And Forfeits	-	-	-	-	-	-
Interest And Investment Income	118,490,000	890,370	-	525,386	536,146	-
Miscellaneous	-	-	-	-	-	-
Total Operating Revenues	126,235,000	890,370	39,838	525,386	536,146	5,077,125
Operating Expenses:						
Cost Of Sales And Services	-	-	-	-	-	-
Salaries And Benefits	6,925,000	-	18,945	-	-	272,529
Operating	8,489,000	555,585	7,346	80,571	45,120	599,645
Claims And Benefits	-	-	71,257	-	-	5,715,609
Interest	75,774,000	-	-	-	304,242	-
Depreciation	617,000	-	-	-	-	-
Miscellaneous	-	5,409	-	-	-	-
Total Operating Expenses	91,805,000	560,994	97,548	80,571	349,362	6,587,783
Operating Income (Loss)	34,430,000	329,376	(57,710)	444,815	186,784	(1,510,658)
Nonoperating Revenues (Expenses):						
Interest And Investment Income	-	-	76,622	-	-	227,786
Interest Expense	-	-	(66,491)	-	-	(229,166)
Loss On Sale Of Fixed Assets	-	-	-	-	-	-
Tax Revenue	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total Nonoperating Revenues (Expenses)	-	-	10,131	-	-	(1,380)
Income (Loss) Before Operating Transfers	34,430,000	329,376	(47,579)	444,815	186,784	(1,512,038)
Operating Transfers In	57,000	-	-	-	-	-
Operating Transfers Out	(20,578,000)	-	-	-	-	(123,680)
Net Income (Loss)	13,909,000	329,376	(47,579)	444,815	186,784	(1,635,718)
Fund Equity - Beginning Of Year As Adjusted	138,869,000	17,584,633	4,922,401	16,385,086	3,160,156	14,056,319
Fund Equity - End Of Year	$ 152,778,000	$ 17,914,009	$ 4,874,822	$ 16,829,901	$ 3,346,940	$ 12,420,601

Guaranteed Student Loan	Housing Finance	Mill And Elevator	PERS Uniform Group Insurance	Roughrider Industries	State Fair	Student Loan	Workers Compensation	Total June 30 2001
$ 2,451,502	$ 656,000	$ 64,239,793	$ 755,221	$ 3,477,969	$ 2,899,594	$ -	$ 87,570,146	$ 174,912,188
-	-	-	-	7,770	-	-	-	7,770
-	-	-	-	-	-	-	2,611,664	2,611,664
-	68,936,000	-	-	-	-	17,728,685	-	207,106,587
421	-	-	-	11,321	321,934	3,850	-	337,526
2,451,923	69,592,000	64,239,793	755,221	3,497,060	3,221,528	17,732,535	90,181,810	384,975,735
-	-	60,385,730	-	2,123,944	-	-	-	62,509,674
-	-	1,151,398	392,724	1,063,600	779,519	-	-	10,603,715
3,016,328	5,212,000	863,258	2,230,013	147,843	2,232,192	4,865,598	13,027,784	41,372,283
-	-	-	-	-	-	-	86,943,712	92,730,578
-	55,433,000	-	-	-	-	8,665,810	-	140,177,052
-	37,000	1,199,658	-	58,485	702,572	-	1,234,520	3,849,235
1,637	-	-	-	-	3,750	-	-	10,796
3,017,965	60,682,000	63,600,044	2,622,737	3,393,872	3,718,033	13,531,408	101,206,016	351,253,333
(566,042)	8,910,000	639,749	(1,867,516)	103,188	(496,505)	4,201,127	(11,024,206)	33,722,402
129,978	21,000	44,431	306,846	13,840	84,286	-	27,040,282	27,945,071
-	-	(163,881)	-	(8,353)	(147,369)	-	(13,522,266)	(14,137,526)
-	(2,000)	-	-	(13,147)	-	-	(103,827)	(118,974)
-	-	-	-	-	1,755,152	-	-	1,755,152
-	-	(190,214)	-	-	-	-	-	(190,214)
129,978	19,000	(309,664)	306,846	(7,660)	1,692,069	-	13,414,189	15,253,509
(436,064)	8,929,000	330,085	(1,560,670)	95,528	1,195,564	4,201,127	2,389,983	48,975,911
300,000	-	-	-	-	170,000	-	-	527,000
-	(23,000)	(3,026,762)	-	-	-	(3,500,000)	-	(27,251,442)
(136,064)	8,906,000	(2,696,677)	(1,560,670)	95,528	1,365,564	701,127	2,389,983	22,251,469
2,122,229	44,704,000	47,502,438	3,331,458	1,464,839	13,275,001	73,713,833	376,242,034	757,333,427
$ 1,986,165	$ 53,610,000	$ 44,805,761	$ 1,770,788	$ 1,560,367	$ 14,640,565	$ 74,414,960	$ 378,632,017	$ 779,584,896

Combining Statement Of Cash Flows
Enterprise Funds
For The Fiscal Year Ended June 30, 2001

	Bank Of North Dakota	Beginning Farmer Revolving Loan	Bonding	Community Water Facility Loan	Developmentally Disabled Facility Loan	Fire And Tornado
Cash Flows From Operating Activities:						
Operating Income (Loss)	$ 34,430,000	$ 329,376	$ (57,710)	$ 444,815	$ 186,784	$ (1,510,658)
Adjustments To Reconcile Operating Income To Net Cash Provided By Operating Activities:						
Depreciation	617,000	-	-	-	-	-
Amortization\Accretion	-	-	-	-	-	-
Reclassification Of Interest Revenue\Expense	(41,242,000)	(890,370)	-	(525,386)	(231,904)	-
Net Depreciation In Fair Value Of Investments	(1,474,000)	-	-	-	-	-
Interest Received On Program Loans	-	-	-	-	-	-
Disbursements For Loans And Loan Purchases	-	-	-	-	-	-
Receipt Of Loan Principal Repayments	-	-	-	-	-	-
Provision For Losses	2,700,000	-	-	-	-	-
Premiums Collected	-	-	-	-	-	-
Premiums Paid	-	-	-	-	-	-
Change In Assets And Liabilities:						
(Increase) Decrease In Accounts Receivable	-	-	1,325	-	-	(35,856)
(Increase) Decrease In Due From	88,000	-	(275)	-	-	(262)
Increase In Intergovernmental Receivable	-	-	-	-	-	-
(Increase) Decrease In Prepaid Items	-	(96,649)	-	-	-	11,596
(Increase) Decrease In Inventories	-	-	-	-	-	-
Increase In Other Assets	(159,000)	-	-	-	-	-
Increase (Decrease) In Accounts Payable	-	-	(867)	-	-	(64,418)
Increase In Claims\Judgements Payable	-	-	20,926	-	-	2,529,899
Increase In Intergovernmental Payable	-	-	-	-	-	-
Increase (Decrease) In Accrued Payroll	-	-	793	-	-	(5,469)
Increase (Decrease) In Compensated Absences Payable	-	-	(545)	-	-	2,573
Increase In Amounts Held For Others	-	-	-	-	-	-
Increase (Decrease) In Due To	93,000	(1,103)	1,911	(750)	777	7,250
Increase (Decrease) In Deferred Revenue	-	-	-	-	-	-
Increase (Decrease) In Other Liabilities	1,891,000	-	-	-	-	-
Net Cash Provided By (Used For) Operating Activities	(3,056,000)	(658,746)	(34,442)	(81,321)	(44,343)	934,655
Cash Flows From Noncapital Financing Activities:						
Proceeds From Bonds	-	-	-	-	-	-
Proceeds From Sale Of Notes And Other Borrowings	7,300,000	-	-	-	-	-
Principal Payments - Bonds	-	-	-	-	-	-
Principal Payments - Notes And Other Borrowings	(115,937,000)	-	-	-	-	-
Interest Payments - Bonds	-	-	-	-	-	-
Interest Payments - Notes And Other Borrowings	(16,961,000)	-	-	-	(304,242)	-
Payment Of Bond Issue Costs	-	-	-	-	-	-
Tax Collections	-	-	-	-	-	-
Operating Transfers In	57,000	-	-	-	-	-
Operating Transfers Out	(35,000)	-	-	-	-	(123,680)
Net Increase In Non-Interest Bearing Deposits	46,672,000	-	-	-	-	-
Net Decrease In Interest Bearing Deposits	178,582,000	-	-	-	-	-
Payments Of Interest On Deposits	(46,517,000)	-	-	-	-	-
Proceeds From Advances	-	-	-	-	1,307,745	-
Principal Payments On Advances	(175,000)	-	-	-	(455,487)	-
Interest Paid On Federal Funds And Reverse Repurchase Agreements	(9,772,000)	-	-	-	-	-
Net Increase In Federal Funds And Reverse Repurchase Agreements	(35,913,000)	-	-	-	-	-
Collection Of Advances Made	175,000	-	-	-	-	-
Net Cash Provided By (Used For) Noncapital Financing Activities	7,476,000	-	-	-	548,016	(123,680)

(Continued On The Next Page)

Guaranteed Student Loan	Housing Finance	Mill And Elevator	PERS Uniform Group Insurance	Roughrider Industries	State Fair	Student Loan	Workers Compensation	Total June 30 2001
$ (566,042) $	8,910,000 $	639,749 $	(1,867,516) $	103,188 $	(496,505) $	4,201,127 $	(11,024,206) $	33,722,402
-	37,000	1,199,658	-	58,485	702,572	-	1,234,520	3,849,235
-	1,734,000	-	-	-	3,750	1,471,003	-	3,208,753
-	(11,255,000)	-	-	-	-	(10,243,668)	-	(64,388,328)
25,543	(763,000)	-	-	-	-	-	-	(2,211,457)
-	39,434,000	-	-	-	-	7,467,213	-	46,901,213
-	(96,934,000)	-	-	-	-	(11,600,834)	-	(108,534,834)
-	50,506,000	-	-	-	-	20,282,365	-	70,788,365
216,841	-	-	-	-	1,000	3,134	403,407	3,324,382
-	-	-	86,262,973	-	-	-	-	86,262,973
-	-	-	(86,262,973)	-	-	-	-	(86,262,973)
(16,581)	(142,000)	(2,355,124)	19,770	(135,143)	59,081	-	12,514,315	9,909,787
(300,000)	(15,000)	-	(3,487)	91,918	-	-	-	(139,106)
(1,550,252)	(76,000)	-	-	-	-	-	-	(1,626,252)
-	(144,000)	(100,806)	-	(2,501)	(2,018)	(66,006)	(722)	(401,106)
-	-	(882,614)	-	138,171	-	-	-	(744,443)
-	-	-	-	-	-	-	-	(159,000)
(131,817)	76,000	52,162	(1,527)	(63,215)	6,727	8,339	(11,766)	(130,382)
-	-	-	-	-	-	-	15,300,000	17,850,825
898,013	1,695,000	-	-	-	-	468,740	-	3,061,753
-	-	53,736	3,670	4,203	-	-	-	56,933
-	8,000	(14,555)	2,033	5,880	2,258	-	46,412	52,056
-	914,000	-	2,033	-	-	-	-	916,033
118,177	10,000	-	182,726	1,719	-	(62,411)	2,201	353,497
63,850	(1,000)	-	(3,378)	-	-	-	(3,811,773)	(3,752,301)
(175,000)	-	-	-	-	-	-	-	1,716,000
(1,417,268)	(6,006,000)	(1,407,794)	(1,665,676)	202,705	276,865	11,929,002	14,652,388	13,624,025
-	230,000,000	-	-	-	-	63,000,000	-	293,000,000
-	-	-	-	-	-	-	-	7,300,000
-	-	-	-	-	-	(1,749,449)	-	(1,749,449)
-	(173,550,000)	-	-	-	-	-	-	(289,487,000)
-	(43,121,000)	-	-	-	-	(7,594,712)	-	(50,715,712)
-	-	-	-	-	-	-	-	(17,265,242)
-	(1,456,000)	-	-	-	-	(611,497)	-	(2,067,497)
-	-	-	-	-	2,076,836	-	-	2,076,836
300,000	-	-	-	-	170,000	-	-	527,000
-	(23,000)	(3,026,762)	-	-	-	(3,500,000)	-	(6,708,442)
-	-	-	-	-	-	-	-	46,672,000
-	-	-	-	-	-	-	-	178,582,000
-	-	-	-	-	-	-	-	(46,517,000)
-	-	-	-	-	-	-	-	1,307,745
-	-	-	-	-	-	-	-	(630,487)
-	-	-	-	-	-	-	-	(9,772,000)
-	-	-	-	-	-	-	-	(35,913,000)
-	-	-	-	-	-	-	-	175,000
300,000	11,850,000	(3,026,762)	-	-	2,246,836	49,544,342	-	68,814,752

Combining Statement Of Cash Flows
Enterprise Funds (Continued)
For The Fiscal Year Ended June 30, 2001

	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	(1,425,000)	-	-	-	-	-
Proceeds From Sale Of Fixed Assets	-	-	-	-	-	-
Proceeds From Sale Of Notes And Other Borrowings	-	-	-	-	-	-
Principal Payments - Bonds	-	-	-	-	-	-
Principal Payments - Notes And Other Borrowings	-	-	-	-	-	-
Interest Payments - Bonds	-	-	-	-	-	-
Interest Payments - Notes And Other Borrowings	-	-	-	-	-	-
Payment On Capital Leases	-	-	-	-	-	-
Net Cash Provided By (Used For) Capital And Related Financing Activities	(1,425,000)	-	-	-	-	-
Cash Flows From Investing Activities:						
Proceeds From Sale And Maturities Of Investment Securities	159,758,000	-	-	-	-	-
Purchase Of Investment Securities	(115,684,000)	-	(302,086)	-	-	(1,674,091)
Interest And Dividends On Investments	27,145,000	277,651	307,655	77,573	37,395	1,077,625
Net Increase In Loans	(100,764,000)	-	-	-	-	-
Disbursements For Loans And Loan Purchases	-	-	-	-	(1,340,853)	-
Receipt Of Loan Principal Repayments	-	769,107	-	456,670	730,533	-
Loan Income Received	85,347,000	570,948	-	449,018	492,437	-
Net Cash Provided By (Used For) Investing Activities	55,802,000	1,617,706	5,569	983,261	(80,488)	(596,466)
Net Change In Cash:						
Net Increase (Decrease) In Cash And Cash Equivalents And Cash Deposits At The Bank Of North Dakota	58,797,000	958,960	(28,873)	901,940	423,185	214,509
Cash And Cash Equivalents And Cash Deposits At The Bank Of North Dakota At June 30,2000	385,308,000	5,776,307	533,598	1,326,958	619,838	1,635,572
Cash And Cash Equivalents And Cash Deposits At The Bank Of North Dakota At June 30,2001	$ 444,105,000	$ 6,735,267	$ 504,725	$ 2,228,898	$ 1,043,023	$ 1,850,081
Reconciliation:						
Cash Deposits At The Bank Of North Dakota	$ -	$ 6,735,267	$ 504,725	$ 2,228,898	$ 1,043,023	$ 1,850,081
Cash And Cash Equivalents	444,105,000	-	-	-	-	-
Cash And Cash Equivalents And Cash Deposits At The Bank Of North Dakota	$ 444,105,000	$ 6,735,267	$ 504,725	$ 2,228,898	$ 1,043,023	$ 1,850,081
Noncash Transactions:						
Net Increase (Decrease) In Fair Value Of Investments	$ -	$ -	$ (296,302)	$ -	$ -	$ (1,072,886)
Reduction In Appropriation	(57,000)	-	-	-	-	-
Appropriations Transfer From Undivided Profits To Various State Agencie	20,578,000	-	-	-	-	-
Securities Lending Collateral	-	-	(302,191)	-	-	(844,144)
Interest On Investments	-	-	-		-	-
Total Noncash Transactions	$ 20,521,000	$ -	$ (598,493)	$ -	$ -	$ (1,917,030)

Guaranteed Student Loan	Housing Finance	Mill And Elevator	PERS Uniform Group Insurance	Roughrider Industries	State Fair	Student Loan	Workers Compensation	Total June 30 2001
-	(68,000)	(3,554,153)	-	(105,954)	(2,083,891)	-	(2,159,755)	(9,396,753)
-	-	61,644	-	-	15,000	-	1,127	77,771
-	-	6,800,183	-	94,568	36,816	-	-	6,931,567
-	-	-	-	-	(195,000)	-	-	(195,000)
-	-	-	-	-	(609,048)	-	-	(609,048)
-	-	-	-	-	(142,598)	-	-	(142,598)
-	-	(309,799)	-	(8,353)	-	-	-	(318,152)
-	-	-	-	(36,691)	-	-	-	(36,691)
-	(68,000)	2,997,875	-	(56,430)	(2,978,721)	-	(2,158,628)	(3,688,904)
10,309,248	1,446,000	-	-	-	-	408,928,912	24,200,000	604,642,160
(8,809,356)	(1,429,000)	-	119,373	-	-	(465,953,140)	(36,029,837)	(629,762,137)
260,451	18,623,000	120,930	306,065	13,840	82,312	9,322,996	-	57,652,493
-	-	-	-	-	-	-	-	(100,764,000)
-	-	-	-	-	-	-	-	(1,340,853)
-	-	-	-	-	-	-	-	1,956,310
-	-	-	-	-	-	-	-	86,859,403
1,760,343	18,640,000	120,930	425,438	13,840	82,312	(47,701,232)	(11,829,837)	19,243,376
643,075	24,416,000	(1,315,751)	(1,240,238)	160,115	(372,708)	13,772,112	663,923	97,993,249
1,326,175	261,337,000	1,410,573	4,061,941	384,191	1,545,559	68,731,012	190,019	734,186,743
$ 1,969,250	$ 285,753,000	$ 94,822	$ 2,821,703	$ 544,306	$ 1,172,851	$ 82,503,124	$ 853,942	$ 832,179,992
$ 1,969,250	$ 8,116,000	$ 94,822	$ 1,943,677	$ 543,606	$ 1,031,825	$ 82,503,124	$ 853,942	$ 109,418,240
-	277,637,000	-	878,026	700	141,026	-	-	722,761,752
$ 1,969,250	$ 285,753,000	$ 94,822	$ 2,821,703	$ 544,306	$ 1,172,851	$ 82,503,124	$ 853,942	$ 832,179,992
$ -	$ -	$ -	$ -	$ -	$ 1,974	$ -	$ (45,576,354)	$ (46,943,568)
-	-	-	-	-	-	-	-	(57,000)
-	-	-	-	-	-	-	-	20,578,000
-	-	-	-	-	-	-	(54,787,616)	(55,933,951)
-	-	-	-	-	-	-	59,094,371	59,094,371
$ -	$ -	$ -	$ -	$ -	$ 1,974	$ -	$ (41,269,599)	$ (23,262,148)

Reunion Bay Recreation Area is the site where, on August 12, 1806, Lewis and Clark rejoined forces after 30 days of separate explorations on their way back to St. Louis.

Reaching the Mandan villages meant safety, food, and shelter. The expedition reunited with friends made during the 1804-5 winter. The captains paid off Toussaint Charbonneau for his horse, teepee and services—some $500. After a three-day stay with the Mandans, and accompanied by the Mandan Chief Sheheke, the remaining members of the Corps of Discovery pushed off for St. Louis.

The Corps of Discovery pulled into dock at St. Louis on September 22, 1806. More than two years had passed since they began their epic adventure. They had covered more than 8,000 miles and had seen sights and set foot where no American had ever been before.

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)

Combining Balance Sheet
Internal Service Funds
June 30, 2001

	Central Services	Fleet Services	Information Technology	Retirement And Investment Office	Risk Management	Total June 30 2001
Assets:						
Cash Deposits At The Bank Of North Dakota	$ 600,802	$ 826,988	$ 1,656,918	$ 130,347	$ 529,094	$ 3,744,149
Cash And Cash Equivalents	138	-	-	-	-	138
Investments	-	-	-	-	3,687,302	3,687,302
Accounts Receivable - Net	11,666	182,117	46,388	2,166	-	242,337
Interest Receivable - Net	-	-	-	-	47,461	47,461
Due From Other Funds	175,119	2,002,223	2,947,583	53,684	137	5,178,746
Intergovernmental Receivable - Net	67,073	599	30,480	-	277	98,429
Prepaid Items	9,865	-	611,550	-	-	621,415
Inventory	110,960	-	-	-	-	110,960
Fixed Assets (Net Of Depreciation)	84,746	41,469,574	4,659,707	8,684	-	46,222,711
Total Assets	$ 1,060,369	$ 44,481,501	$ 9,952,626	$ 194,881	$ 4,264,271	$ 59,953,648
Liabilities:						
Accounts Payable	$ 63,043	$ 1,028,468	$ 170,809	$ 130,745	$ 14,689	$ 1,407,754
Notes Payable	-	-	2,669,956	-	-	2,669,956
Securities Lending Collateral	-	-	-	-	556,285	556,285
Claims/Judgements Payable	-	-	-	-	4,373,872	4,373,872
Accrued Payroll	67,977	70,910	819,121	-	16,023	974,031
Compensated Absences Payable	67,440	46,848	846,756	44,141	16,239	1,021,424
Due To Other Funds	7,116	52,776	5,871	16,438	9,117	91,318
Advances From Other Funds	-	2,000,000	-	-	-	2,000,000
Capital Leases Payable	42,658	-	-	-	-	42,658
Deferred Revenue	-	-	-	-	18,223	18,223
Total Liabilities	248,234	3,199,002	4,512,513	191,324	5,004,448	13,155,521
Equity:						
Contributed Capital	774,154	19,672,547	915,281	-	-	21,361,982
Retained Earnings:	-	-	-	-	-	-
Unreserved	37,981	21,609,952	4,524,832	3,557	(740,177)	25,436,145
Total Equity	812,135	41,282,499	5,440,113	3,557	(740,177)	46,798,127
Total Liabilities And Equity	$ 1,060,369	$ 44,481,501	$ 9,952,626	$ 194,881	$ 4,264,271	$ 59,953,648

Combining Statement Of Revenues, Expenses And Changes In Retained Earnings
Internal Service Funds
For The Fiscal Year Ended June 30, 2001

	Central Services	Fleet Services	Information Technology	Retirement And Investment Office	Risk Management	Total June 30 2001
Operating Revenues:						
Sales And Services	$ 2,461,612	$ 17,080,338	$ 30,793,504	$ 1,275,831	$ -	$ 51,611,285
Miscellaneous	-	90,842	-	16,636	6,618	114,096
Total Operating Revenues	2,461,612	17,171,180	30,793,504	1,292,467	6,618	51,725,381
Operating Expenses:						
Cost Of Sales And Services	1,125,641	-	-	-	-	1,125,641
Salaries And Benefits	793,769	913,127	9,528,202	709,002	191,077	12,135,177
Operating	388,077	6,430,481	16,851,453	579,532	799,640	25,049,183
Claims And Benefits	-	-	-	-	1,098,000	1,098,000
Depreciation	79,099	5,051,551	3,124,295	3,419	-	8,258,364
Total Operating Expenses	2,386,586	12,395,159	29,503,950	1,291,953	2,088,717	47,666,365
Operating Income (Loss)	75,026	4,776,021	1,289,554	514	(2,082,099)	4,059,016
Nonoperating Revenues (Expenses):						
Interest And Investment Income	-	-	-	4,674	69,120	73,794
Interest Expense	(5,535)	-	(180,693)	-	(57,860)	(244,088)
Loss On Sale Of Fixed Assets	264	(415,977)	(27,602)	-	-	(443,315)
Total Nonoperating Revenues (Expenses)	(5,271)	(415,977)	(208,295)	4,674	11,260	(613,609)
Net Income (Loss)	69,755	4,360,044	1,081,259	5,188	(2,070,839)	3,445,407
Fund Equity - Beginning Of Year As Adjusted	742,380	36,922,455	4,358,854	(1,631)	1,330,662	43,352,720
Fund Equity - End Of Year	$ 812,135	$ 41,282,499	$ 5,440,113	$ 3,557	$ (740,177)	$ 46,798,127

Combining Statement Of Cash Flows
Internal Service Funds
For The Fiscal Year Ended June 30, 2001

	Central Services	Fleet Services	Information Technology	Retirement And Investment Office	Risk Management	Total June 30 2001
Cash Flows From Operating Activities:						
Operating Income (Loss)	$ 75,026	$ 4,776,021	$ 1,289,554	$ 514	$ (2,082,099)	$ 4,059,016
Adjustments To Reconcile Operating Income To Net Cash Provided By Operating Activities:						
Depreciation	79,099	5,051,551	3,124,295	3,419	-	8,258,364
Amortization\Accretion	-	-	252,876	-	-	252,876
Change In Assets And Liabilities:						
(Increase) Decrease In Accounts Receivable	6,766	(181,248)	(38,917)	(452)	-	(213,851)
Increase In Due From	(46,499)	(267,456)	(555,751)	(12,410)	(133)	(882,249)
(Increase) Decrease In Intergovernmental Receivable	(16,362)	50	(2,681)	-	1,223	(17,770)
Increase In Prepaid Items	(6,790)	-	-	-	-	(6,790)
Decrease In Inventories	13,591	-	-	-	-	13,591
Increase (Decrease) In Accounts Payable	32,154	447,581	(78,054)	24,916	(55,541)	371,056
Increase In Claims\Judgements Payable	-	-	-	-	436,286	436,286
Decrease In Intergovernmental Payable	(732)	(43,735)	-	-	-	(44,467)
Increase In Accrued Payroll	6,051	1,435	74,405	-	987	82,878
Increase (Decrease) In Compensated Absences Payable	8,127	(4,321)	71,146	811	1,350	77,113
Decrease In Due To	(21,140)	-	(7,623)	(2,753)	(7,272)	(38,788)
Increase In Deferred Revenue	-	-	-	-	6,620	6,620
Net Cash Provided By (Used For) Operating Activities	129,291	9,779,878	4,129,250	14,045	(1,698,579)	12,353,885
Cash Flows From Noncapital Financing Activities:						
Principal Payments On Advances From Other Funds	-	(2,500,000)	-	-	-	(2,500,000)
Net Cash Used For Noncapital Financing Activities	-	(2,500,000)	-	-	-	(2,500,000)
Cash Flows From Capital And Related Financing Activities:						
Acquisition And Construction Of Capital Assets	(71,959)	(9,042,622)	(4,549,163)	(7,880)	-	(13,671,624)
Proceeds From Sale Of Fixed Assets	264	2,191,492	5,368	-	-	2,197,124
Proceeds From Sale Of Notes And Other Borrowings	60,150	-	2,025,706	-	-	2,085,856
Principal Payments - Notes And Other Borrowings	(74,295)	-	(1,152,686)	-	-	(1,226,981)
Interest Payments - Bonds	-	-	(180,693)	-	-	(180,693)
Interest Payments - Notes And Other Borrowings	(5,535)	-	-	-	-	(5,535)
Net Cash Used For Capital And Related Financing Activities	(91,375)	(6,851,130)	(3,851,468)	(7,880)	-	(10,801,853)
Cash Flows From Investing Activities:						
Proceeds From Sale And Maturities Of Investment Securities	-	-	-	-	1,369,253	1,369,253
Interest And Dividends On Investments	-	-	-	4,674	275,367	280,041
Net Cash Provided By Investing Activities	-	-	-	4,674	1,644,620	1,649,294
Net Change In Cash:						
Net Increase (Decrease) In Cash And Cash Equivalents And Cash Deposits At The Bank Of North Dakota	37,916	428,748	277,782	10,839	(53,959)	701,326
Cash And Cash Equivalents And Cash Deposits At The Bank Of North Dakota At June 30,2000	563,024	398,240	1,379,136	119,508	583,053	3,042,961
Cash And Cash Equivalents And Cash Deposits At The Bank Of North Dakota At June 30,2001	$ 600,940	$ 826,988	$ 1,656,918	$ 130,347	$ 529,094	$ 3,744,287
Reconciliation:						
Cash Deposits At The Bank Of North Dakota	$ 600,802	$ 826,988	$ 1,656,918	$ 130,347	$ 529,094	$ 3,744,149
Cash And Cash Equivalents	138	-	-	-	-	138
Cash And Cash Equivalents And Cash Deposits At The Bank Of North Dakota	$ 600,940	$ 826,988	$ 1,656,918	$ 130,347	$ 529,094	$ 3,744,287
Noncash Transactions:						
Net Decrease In Fair Value Of Investments	$ -	$ -	$ -	$ -	$ (263,518)	$ (263,518)
Property And Equipment Through Assumption of Note Payable	-	-	656,998	-	-	656,998
Securities Lending Collateral	-	-	-	-	(599,381)	(599,381)
Prepaid Expenses Through Assumption of Note Payable	-	-	789,919	-	-	789,919
Total Noncash Transactions	$ -	$ -	$ 1,446,917	$ -	$ (862,899)	$ 584,018

Trust and Agency Funds

Trust funds are used to account for assets held by the State in a trustee capacity. Agency funds are used to account for assets held by the State as an agent for individuals, private organizations, other governments and/or other funds. The following pages contain a detailed listing of these funds.

TRUST AND AGENCY FUNDS

I. EXPENDABLE TRUSTS

DEFERRED COMPENSATION

981 - Deferred Compensation Fund
Accounts for the activity of the deferred compensation plan adopted under the provisions of Internal Revenue Service Code, Section 457, for State employees. (NDCC 54-52.2)

DONATION EXPENDABLE

989 - School for the Deaf Student Expendable Trust Funds
Accounts for funds donated to the School for the Deaf for the benefit of the students. (NDCC 25-01.1)

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)

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)

DEFINED CONTRIBUTION RETIREMENT

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

402 - Sales and Use Tax Deposit Fund
Accounts for cash received in lieu of a surety bond for sales tax permit holders. (NDCC 57-39.2)

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)

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)

947 – District Court Bond Fund
Accounts for bail bonds posted for civil and criminal court cases. (NDCC 27-05.2)

PAYROLL

461 - OMB Unemployment/Payroll Clearing Fund
Accounts for financial resources of unemployment claims to Job Service North Dakota, employers and employees payroll taxes and other deductions such as, insurance and credit union deductions, etc. (NDCC 54-44)

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)

463 – Child Support Disbursement Unit Fund
Accounts for all child support payments received by the state disbursement unit. (NDCC 14-09)

946 – District Court Collection Fund
Accounts for collections for third parties. (NDCC 27-05.2)

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

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)

(Continued On The Next Page)

Combining Balance Sheet
Fiduciary Funds
June 30, 2001

	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	$ 1,950	$ 82,374	$ 9,426	$ 2,950	$ 1,884	$ 371,080	$ -
Cash And Cash Equivalents	-	-	22,189,706	-	-	-	44,775
Investments At The Bank Of North Dakota	-	17,699	180,000	-	-	-	-
Investments	7,686,452	-	-	1,176,677	159,812	-	-
Accounts Receivable - Net	5	-	13,561,748	-	-	324,893	-
Taxes Receivable - Net	-	-	-	-	-	-	-
Interest Receivable - Net	-	-	7,609	-	-	-	-
Loans And Notes Receivable - Net	-	-	-	-	-	-	1,260
Due From Other Funds	-	-	-	138,715	-	42,949	-
Intergovernmental Receivable - Net	-	-	202,142	-	-	-	-
Advances To Other Funds	-	-	-	2,221,181	-	-	-
Fixed Assets (Net Of Depreciation)	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-	-
Total Assets	$ 7,688,407	$ 100,073	$ 36,150,631	$ 3,539,523	$ 161,696	$ 738,922	$ 46,035
Liabilities:							
Accounts Payable	$ 2,401	$ -	$ 715,045	$ 24,523	$ -	$ 3,836	$ -
Securities Lending Collateral	-	-	-	-	-	-	-
Intergovernmental Payable	-	-	1,578,835	-	-	-	-
Claims/Judgements Payable	-	-	-	3,515,000	-	-	-
Accrued Payroll	8,916	-	-	-	-	6,591	-
Compensated Absences Payable	-	-	-	-	-	-	-
Amounts Held In Custody For Others	-	-	-	-	-	-	-
Due To Other Funds	2,305	-	162,440	-	-	745	-
Advances From Other Funds	-	-	-	-	-	-	-
Capital Leases Payable	-	-	-	-	-	-	-
Deferred Revenue	-	-	601,654	-	-	-	-
Total Liabilities	13,622	-	3,057,974	3,539,523	-	11,172	-
Equity:							
Fund Balance:							
Reserved For:							
Legal Requirements	-	100,073	32,791,670	-	-	-	-
Pension And Other Benefits	-	-	300,987	-	-	-	-
Other	-	-	-	-	-	-	-
Unreserved:							
Designated For:							
Trust Purposes	7,674,785	-	-	-	-	727,750	46,035
Undesignated	-	-	-	-	161,696	-	-
Total Equity	7,674,785	100,073	33,092,657	-	161,696	727,750	46,035
Total Liabilities And Equity	$ 7,688,407	$ 100,073	$ 36,150,631	$ 3,539,523	$ 161,696	$ 738,922	$ 46,035

Combining Balance Sheet
Fiduciary Funds (Continued)
June 30, 2001

	Nonexpendable 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	$ 238	$ 1,774,478	$ -	$ -	$ 10,287	$ 135,240
Cash And Cash Equivalents	9,136	-	-	-	-	-
Investments At The Bank Of North Dakota	6,135	-	-	508,919	377,716	-
Investments	27,667	539,320,898	8,012,112	41,469,163	76,373,450	24,286,633
Accounts Receivable - Net	-	-	71,909	-	20,424	311,865
Taxes Receivable - Net	-	185,845	-	-	-	-
Interest Receivable - Net	75	6,046,113	-	152,830	54,267	16,020
Loans And Notes Receivable - Net	-	53,887,297	-	-	-	-
Due From Other Funds	-	188,739	-	-	-	-
Intergovernmental Receivable - Net	-	-	-	-	-	-
Advances To Other Funds	-	6,342,489	-	-	-	-
Fixed Assets (Net Of Depreciation)	-	1,032,212	-	-	-	-
Other Assets	-	-	-	-	-	-
Total Assets	$ 43,251	$ 608,778,071	$ 8,084,021	$ 42,130,912	$ 76,836,144	$ 24,749,758
Liabilities:						
Accounts Payable	$ -	$ 210,378	$ -	$ -	$ 126,653	$ 10,970
Securities Lending Collateral	-	25,693,754	-	2,679,682	5,927,975	-
Intergovernmental Payable	-	-	-	-	-	-
Claims/Judgements Payable	-	-	-	-	-	-
Accrued Payroll	-	-	-	-	-	-
Compensated Absences Payable	-	-	-	-	-	-
Amounts Held In Custody For Others	-	-	-	-	-	-
Due To Other Funds	-	99,228	272	8,836	2,327	74,628
Advances From Other Funds	-	2,221,181	-	-	-	-
Capital Leases Payable	-	-	-	-	-	-
Deferred Revenue	-	-	-	-	-	-
Total Liabilities	-	28,224,541	272	2,688,518	6,056,955	85,598
Equity:						
Fund Balance:						
Reserved For:						
Legal Requirements	39,527	574,507,417	-	-	-	-
Pension And Other Benefits	-	-	8,083,749	39,442,394	70,779,189	24,664,160
Other	-	-	-	-	-	-
Unreserved:						
Designated For:						
Trust Purposes	3,724	-	-	-	-	-
Undesignated	-	6,046,113	-	-	-	-
Total Equity	43,251	580,553,530	8,083,749	39,442,394	70,779,189	24,664,160
Total Liabilities And Equity	$ 43,251	$ 608,778,071	$ 8,084,021	$ 42,130,912	$ 76,836,144	$ 24,749,758

Pension		Investment		Agency				Total
Public Employees' Retirement	Teachers' Retirement	City Of Bismarck	ND Association Of Counties	Bonding	Payroll	Child Support Student And Other	Tax Collection	June 30 2001
$ 794,322	$ 6,057,326	$ -	$ -	$ 974,754	$ 3,705,606	$ 3,263,753	$ 6,941,849	$ 24,127,517
-	-	-	-	1,782,355	-	307,865	1,100	24,334,937
14,596,666	10,988,044	449,909	26,613	7,024,763	-	50,000	-	34,226,464
1,189,405,837	1,313,275,648	37,224,441	610,667	2,529,484	-	40,000	-	3,241,598,941
2,634,963	6,616,070	-	-	-	6,148,595	307,770	-	29,998,242
-	-	-	-	-	-	-	6,697,986	6,883,831
4,383,537	7,926,311	38,889	1,691	-	-	605	-	18,627,947
-	-	-	-	-	-	-	-	53,888,557
225,629	-	-	-	-	1,255	-	-	597,287
-	-	-	-	-	-	-	-	202,142
-	-	-	-	-	-	-	-	8,563,670
2,513	-	-	-	-	-	-	-	1,034,725
-	-	-	-	-	-	116,638	-	116,638
$ 1,212,043,467	$ 1,344,863,399	$ 37,713,239	$ 638,971	$ 12,311,356	$ 9,855,456	$ 4,086,631	$ 13,640,935	$3,444,200,898
$ 915,619	$ 1,149,189	$ 27,189	$ 898	$ -	$ -	$ 166,227	$ -	$ 3,352,928
76,857,812	53,013,503	2,808,629	79,554	-	-	-	-	167,060,909
-	-	-	-	-	6,864,568	-	13,463,775	21,907,178
-	-	-	-	-	-	-	-	3,515,000
37,863	-	-	-	-	-	-	-	53,370
40,011	-	-	-	-	-	-	-	40,011
-	-	-	-	12,311,356	2,990,888	2,246,725	-	17,548,969
11,134	38,567	-	-	-	-	1,673,679	177,160	2,251,321
-	-	-	-	-	-	-	-	2,221,181
2,066	-	-	-	-	-	-	-	2,066
-	-	-	-	-	-	-	-	601,654
77,864,505	54,201,259	2,835,818	80,452	12,311,356	9,855,456	4,086,631	13,640,935	218,554,587
-	-	-	-	-	-	-	-	607,438,687
1,134,178,962	1,290,662,140	-	-	-	-	-	-	2,568,111,581
-	-	34,877,421	558,519	-	-	-	-	35,435,940
-	-	-	-	-	-	-	-	8,452,294
-	-	-	-	-	-	-	-	6,207,809
1,134,178,962	1,290,662,140	34,877,421	558,519	-	-	-	-	3,225,646,311
$ 1,212,043,467	$ 1,344,863,399	$ 37,713,239	$ 638,971	$ 12,311,356	$ 9,855,456	$ 4,086,631	$ 13,640,935	$3,444,200,898

Combining Statement Of Plan Net Assets
Pension And Investment Trust Funds
June 30, 2001

	Pension			
	Defined Contribution Retirement	Highway Patrolmen's Retirement	Job Service Retirement	Prefunded Retiree Health Program
Assets:				
Cash Deposits At The Bank Of North Dakota	$ -	$ -	$ 10,287	$ 135,240
Receivables:				
Contributions Receivable	70,713	-	20,424	311,865
Interest Receivable - Net	-	152,830	54,267	16,020
Accounts Receivable	1,196	-	-	-
Due From Other Funds	-	-	-	-
Total Receivables	71,909	152,830	74,691	327,885
Investments, At Fair Value:				
Equity Pool	5,987,486	20,020,158	34,385,465	15,640,003
Fixed Income	2,024,626	1,965,268	377,716	8,646,630
Fixed Income Pool	-	13,037,507	27,279,685	-
Cash And Cash Pool	-	609,173	91,067	-
Guaranteed Investment Contract	-	-	8,689,258	-
Real Estate Pool	-	2,285,148	-	-
Private Equity	-	1,381,146	-	-
Total Investments	8,012,112	39,298,400	70,823,191	24,286,633
Invested Securities Lending Collateral	-	2,679,682	5,927,975	-
Fixed Assets (Net Of Depreciation)	-	-	-	-
Total Assets	8,084,021	42,130,912	76,836,144	24,749,758
Liabilities:				
Accrued Payroll	-	-	-	-
Accounts Payable	-	-	126,653	10,970
Due To Other Funds	272	8,836	2,327	74,628
Securities Lending Collateral	-	2,679,682	5,927,975	-
Compensated Absences Payable	-	-	-	-
Capital Lease Payable	-	-	-	-
Total Liabilities	272	2,688,518	6,056,955	85,598
Net Assets Held In Trust For:				
Pension Benefits	8,083,749	39,442,394	70,779,189	24,664,160
External Investment Pool Participants	-	-	-	-
Total Net Assets Held In Trust	$ 8,083,749	$ 39,442,394	$ 70,779,189	$ 24,664,160

Pension		Investment		Total
Public Employees' Retirement	Teachers' Retirement	City Of Bismarck	ND Association Of Counties	June 30 2001
$ 794,322	$ 6,057,326	$ -	$ -	$ 6,997,175
2,634,601	6,616,070	-	-	9,653,673
4,383,537	7,926,311	38,889	1,691	12,573,545
362	-	-	-	1,558
225,629	-	-	-	225,629
7,244,129	14,542,381	38,889	1,691	22,454,405
574,212,034	809,650,401	17,029,820	287,472	1,477,212,839
56,367,221	-	-	-	69,381,461
373,937,802	241,785,523	15,509,384	243,641	671,793,542
17,472,114	23,529,222	321,303	26,613	42,049,492
-	-	-	-	8,689,258
65,541,911	139,409,884	1,490,122	-	208,727,065
39,613,609	56,875,159	515,092	-	98,385,006
1,127,144,691	1,271,250,189	34,865,721	557,726	2,576,238,663
		-		
76,857,812	53,013,503	2,808,629	79,554	141,367,155
2,513	-	-	-	2,513
1,212,043,467	1,344,863,399	37,713,239	638,971	2,747,059,911
37,863	-	-	-	37,863
915,619	1,149,189	27,189	898	2,230,518
11,134	38,567	-	-	135,764
76,857,812	53,013,503	2,808,629	79,554	141,367,155
40,011	-	-	-	40,011
2,066	-	-	-	2,066
77,864,505	54,201,259	2,835,818	80,452	143,813,377
1,134,178,962	1,290,662,140	-	-	2,567,810,594
-	-	34,877,421	558,519	35,435,940
$ 1,134,178,962	$ 1,290,662,140	$ 34,877,421	$ 558,519	$ 2,603,246,534

Combining Statement Of Revenues, Expenditures And Changes In Fund Balance
Expendable Trust Funds
For The Fiscal Year Ended June 30, 2001

	Deferred Compensation	Donation Expendable	Job Service Expendable	Land Abandoned Property	Land Capitol Building	PERS Flexcomp	Veterans Home	Total June 30 2001
Revenues:								
Taxes	$ -	$ -	$ 41,579,620	$ -	$ -	$ -	$ -	$ 41,579,620
Intergovernmental	-	-	1,266,073	-	-	-	-	1,266,073
Sales And Services	1,787,137	-	-	-	-	4,328,565	-	6,115,702
Royalties And Rents	-	-	-	-	106,067	-	-	106,067
Fines And Forfeits	-	-	-	545,553	-	-	-	545,553
Interest And Investment Income	(797,858)	3,744	1,891,378	18,763	1,681	24,039	2,704	1,144,451
Miscellaneous	-	4,060	300,987	-	-	-	78,952	383,999
Total Revenues	989,279	7,804	45,038,058	564,316	107,748	4,352,604	81,656	51,141,465
Expenditures:								
Current:								
General Government	318,005	-	-	-	-	3,985,265	-	4,303,270
Education	-	2,368	-	306,329	13,554	-	-	322,251
Health And Human Services	-	-	44,785,709	-	-	-	57,519	44,843,228
Total Expenditures	318,005	2,368	44,785,709	306,329	13,554	3,985,265	57,519	49,468,749
Revenues Over Expenditures	671,274	5,436	252,349	257,987	94,194	367,339	24,137	1,672,716
Other Financing Sources (Uses):								
Operating Transfers In	218,374	-	-	-	-	-	-	218,374
Operating Transfers Out	-	-	-	(257,987)	(34,269)	(297,870)	-	(590,126)
Total Other Financing Sources (Uses)	218,374	-	-	(257,987)	(34,269)	(297,870)	-	(371,752)
Revenues And Other Financing Sources Over Expenditures And Other Financing Uses	889,648	5,436	252,349	-	59,925	69,469	24,137	1,300,964
Fund Balances - Beginning Of Year As Previously Reported	6,785,137	94,637	32,840,308	-	101,771	658,281	21,898	40,502,032
Fund Balances - End Of Year	$ 7,674,785	$ 100,073	$ 33,092,657	$ -	$ 161,696	$ 727,750	$ 46,035	$ 41,802,996

Combining Statement Of Revenues, Expenses And Changes In Fund Equity
Nonexpendable Trust Funds
For The Fiscal Year Ended June 30, 2001

	Donation Non-Expendable	Land Department Permanent	Total June 30 2001
Operating Revenues:			
Royalties And Rents	$ -	$ 15,974,450	$ 15,974,450
Interest And Investment Income	2,244	10,979,870	10,982,114
Total Operating Revenues	2,244	26,954,320	26,956,564
Operating Expenses:			
Operating	1,543	2,234,128	2,235,671
Interest	-	27,890	27,890
Depreciation	-	39,726	39,726
Miscellaneous	504	-	504
Total Operating Expenses	2,047	2,301,744	2,303,791
Operating Income	197	24,652,576	24,652,773
Nonoperating Revenues:			
Tax Revenue	-	2,406,902	2,406,902
Tobacco Settlement	-	10,325,780	10,325,780
Total Nonoperating Revenues	-	12,732,682	12,732,682
Income Before Operating Transfers	197	37,385,258	37,385,455
Operating Transfers In	-	257,987	257,987
Operating Transfers Out	-	(27,272,777)	(27,272,777)
Net Income	197	10,370,468	10,370,665
Fund Equity - Beginning Of Year As Previously Reported	43,054	570,183,062	570,226,116
Fund Equity - End Of Year	$ 43,251	$ 580,553,530	$ 580,596,781

Combining Statement Of Cash Flows
Nonexpendable Trust Funds
For The Fiscal Year Ended June 30, 2001

	Donation Non-Expendable	Land Department Permanent	Total June 30 2001
Cash Flows From Operating Activities:			
Operating Income	$ 197	$ 24,652,576	$ 24,652,773
Adjustments To Reconcile Operating Income To Net Cash Provided By Operating Activities:			
Depreciation	-	39,726	39,726
Reclassification Of Interest Revenue\Expense	(2,244)	(10,979,747)	(10,981,991)
Gain On Sale Of Real Estate	-	(124)	(124)
Tobacco Settlement	-	10,325,780	10,325,780
Change In Assets And Liabilities:			
Decrease In Due From	-	265,120	265,120
Increase In Accounts Payable	-	19,077	19,077
Increase In Due To	-	2,583	2,583
Net Cash Provided By (Used For) Operating Activities	(2,047)	24,324,991	24,322,944
Cash Flows From Noncapital Financing Activities:			
Tax Collections	-	2,406,902	2,406,902
Operating Transfers In	-	257,987	257,987
Operating Transfers Out	-	(27,272,778)	(27,272,778)
Proceeds From Advances From Other Funds	-	646,013	646,013
Advances Made To Other Funds	-	(75,000)	(75,000)
Collection Of Advances Made	-	432,514	432,514
Interest Received On Advances Made	-	584,312	584,312
Net Cash Used For Noncapital Financing Activities	-	(23,020,050)	(23,020,050)
Cash Flows From Capital And Related Financing Activities:			
Acquisition And Construction Of Capital Assets	-	(7,809)	(7,809)
Net Cash Used For Capital And Related Financing Activities	-	(7,809)	(7,809)
Cash Flows From Investing Activities:			
Proceeds From Sale And Maturities Of Investment Securities	-	120,279,440	120,279,440
Purchase Of Investment Securities	-	(146,989,138)	(146,989,138)
Interest And Dividends On Investments	2,229	22,572,486	22,574,715
Disbursements For Loans And Loan Purchases	-	(5,318,011)	(5,318,011)
Receipt Of Loan Principal Repayments	-	3,030,538	3,030,538
Loan Income Received	-	4,458,097	4,458,097
Net Cash Provided By (Used For) Investing Activities	2,229	(1,966,588)	(1,964,359)
Net Change In Cash:			
Net Increase (Decrease) In Cash And Cash Equivalents And Cash Deposits At The Bank Of North Dakota	182	(669,456)	(669,274)
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
Cash And Cash Equivalents And Cash Deposits At The Bank Of North Dakota At June 30,2001	$ 9,374	$ 1,593,526	$ 1,602,900
Reconciliation:			
Cash Deposits At The Bank Of North Dakota	$ 238	$ 1,593,526	$ 1,593,764
Cash And Cash Equivalents	9,136	-	9,136
Cash And Cash Equivalents And Cash Deposits At The Bank Of North Dakota	$ 9,374	$ 1,593,526	$ 1,602,900
Noncash Transactions:			
Net Decrease In Fair Value Of Investments	$ -	$ (16,866,695)	$ (16,866,695)
Total Noncash Transactions	$ -	$ (16,866,695)	$ (16,866,695)

(Continued On Next Page)

Combining Statement Of Changes In Assets And Liabilities
Agency Funds
For The Fiscal Year Ended June 30, 2001

	June 30 2000	Additions	Deductions	June 30 2001
Bonding				
Assets				
Cash Deposits At The Bank Of North Dakota	$ 1,768,199	$ 2,316,226	$ 3,109,671	$ 974,754
Cash And Cash Equivalents	-	2,872,064	1,089,709	1,782,355
Investments At The Bank Of North Dakota	6,604,785	631,615	211,637	7,024,763
Investments	2,411,108	163,486	45,110	2,529,484
Accounts Receivable - Net	-	38,350	38,350	-
Due From Other Funds	-	2,500	2,500	-
Total Assets	$ 10,784,092	$ 6,024,241	$ 4,496,977	$ 12,311,356
Liabilities				
Accounts Payable	$ -	$ 88,551	$ 88,551	$ -
Amounts Held In Custody For Others	10,784,092	20,310,467	18,783,203	12,311,356
Due To Other Funds	-	1,650	1,650	-
Total Liabilities	$ 10,784,092	$ 20,400,668	$ 18,873,404	$ 12,311,356
Payroll				
Assets				
Cash Deposits At The Bank Of North Dakota	$ 3,996,212	$ 65,393,288	$ 65,683,894	$ 3,705,606
Accounts Receivable - Net	5,645,612	70,327,694	69,824,712	6,148,594
Due From Other Funds	100	127,392	126,236	1,256
Total Assets	$ 9,641,924	$ 135,848,374	$ 135,634,842	$ 9,855,456
Liabilities				
Intergovernmental Payable	$ 5,378,224	$ 66,916,663	$ 65,430,319	$ 6,864,568
Amounts Held In Custody For Others	3,293,876	70,671,444	70,974,432	2,990,888
Due To Other Funds	969,824	-	969,824	-
Total Liabilities	$ 9,641,924	$ 137,588,107	$ 137,374,575	$ 9,855,456
Child Support, Student And Other				
Assets				
Cash Deposits At The Bank Of North Dakota	$ 4,885,053	$ 85,307,360	$ 86,928,660	$ 3,263,753
Cash And Cash Equivalents	403,585	2,246,157	2,341,877	307,865
Investments At The Bank Of North Dakota	50,000	-	-	50,000
Investments	40,000	-	-	40,000
Accounts Receivable - Net	215	81,581,906	81,274,351	307,770
Interest Receivable - Net	-	605	-	605
Due From Other Funds	-	430,691	430,691	-
Other Assets	98,051	690,994	672,407	116,638
Total Assets	$ 5,476,904	$ 170,257,713	$ 171,647,986	$ 4,086,631
Liabilities				
Accounts Payable	$ 161,493	$ 75,279,245	$ 75,274,511	$ 166,227
Amounts Held In Custody For Others	2,686,888	88,379,483	88,819,646	2,246,725
Due To Other Funds	2,628,523	6,984,872	7,939,716	1,673,679
Total Liabilities	$ 5,476,904	$ 170,643,600	$ 172,033,873	$ 4,086,631

Combining Statement Of Changes In Assets And Liabilities
Agency Funds (Continued)
For The Fiscal Year Ended June 30, 2001

	June 30 2000	Additions	Deductions	June 30 2001
Tax Collection				
Assets				
Cash Deposits At The Bank Of North Dakota	$ 5,329,802	$ 70,168,021	$ 68,555,974	$ 6,941,849
Cash And Cash Equivalents	2,108	-	1,008	1,100
Taxes Receivable - Net	9,256,867	67,790,687	70,349,568	6,697,986
Total Assets	$ 14,588,777	$ 137,958,708	$ 138,906,550	$ 13,640,935
Liabilities				
Intergovernmental Payable	$ 14,398,454	$ 135,397,505	$ 136,332,184	$ 13,463,775
Due To Other Funds	190,323	830,910	844,073	177,160
Total Liabilities	$ 14,588,777	$ 136,228,415	$ 137,176,257	$ 13,640,935
Total Assets And Liabilities-Agency Funds				
Assets				
Cash Deposits At The Bank Of North Dakota	$ 15,979,266	$ 223,184,895	$ 224,278,199	$ 14,885,962
Cash And Cash Equivalents	405,693	5,118,221	3,432,594	2,091,320
Investments At The Bank Of North Dakota	6,654,785	631,615	211,637	7,074,763
Investments	2,451,108	163,486	45,110	2,569,484
Accounts Receivable - Net	5,645,827	151,947,950	151,137,413	6,456,364
Taxes Receivable - Net	9,256,867	67,790,687	70,349,568	6,697,986
Interest Receivable - Net	-	605	-	605
Due From Other Funds	100	560,583	559,427	1,256
Other Assets	98,051	690,994	672,407	116,638
Total Assets	$ 40,491,697	$ 450,089,036	$ 450,686,355	$ 39,894,378
Liabilities				
Accounts Payable	$ 161,493	$ 75,367,796	$ 75,363,062	$ 166,227
Intergovernmental Payable	19,776,678	202,314,168	201,762,503	20,328,343
Amounts Held In Custody For Others	16,764,856	179,361,394	178,577,281	17,548,969
Due To Other Funds	3,788,670	7,817,432	9,755,263	1,850,839
Total Liabilities	$ 40,491,697	$ 464,860,790	$ 465,458,109	$ 39,894,378

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.

Schedule Of General Fixed Assets By Source

June 30, 2001

(Expressed In Thousands)

	June 30 2001
General Fixed Assets	
Land	$ 19,075
Buildings	311,497
Improvements Other Than Buildings	56,181
Equipment	82,833
Construction In Progress	10,934
Total General Fixed Assets	$ 480,520
Investment In General Fixed Assets By Source	
Pre-June 30, 1991	$ 289,696
General Fund	47,603
Federal Grants	91,723
Special Revenue Funds	49,147
Donations	2,351
Total Investment In General Fixed Assets	$ 480,520

Schedule Of General Fixed Assets By Function

June 30, 2001

(Expressed In Thousands)

Function	Land	Buildings	Improvements Other Than Buildings	Equipment	Construction In Progress	Total
General Government	$ 2,210	$ 50,766	$ 311	$ 6,099	$ -	$ 59,386
Education	110	6,865	871	1,682	-	9,528
Health And Human Services	1,317	83,896	4,293	25,356	1,492	116,354
Regulatory	503	739	-	1,034	-	2,276
Public Safety	2,339	128,456	24,357	5,491	8,749	169,392
Agriculture And Economic Development	-	2,358	-	553	-	2,911
Natural Resources	9,410	19,495	23,229	6,821	-	58,955
Highways	3,186	18,922	3,120	35,797	693	61,718
Total General Fixed Assets	$ 19,075	$ 311,497	$ 56,181	$ 82,833	$ 10,934	$ 480,520

Note: General fixed assets information by activity is not available.

Schedule Of Changes In General Fixed Assets By Function

For The Fiscal Year Ended June 30, 2001

(Expressed In Thousands)

Function	General Fixed Assets June 30, 2000	Minimum Valuation Adjustment	Additions	Retirements	General Fixed Assets June 30, 2001
General Government	$ 63,560	$ (5,536)	$ 1,706	$ (345)	$ 59,385
Education	11,787	(2,210)	70	(119)	9,528
Health And Human Services	129,135	(13,368)	4,425	(3,839)	116,353
Regulatory	3,671	(1,357)	93	(130)	2,277
Public Safety	166,314	(6,454)	9,772	(240)	169,392
Agriculture And Economic Development	3,614	(713)	88	(77)	2,912
Natural Resources	59,838	(4,105)	3,623	(400)	58,956
Highways	68,919	(9,149)	3,211	(1,264)	61,717
Total General Fixed Assets	$ 506,838	$ (42,892)	$ 22,988	$ (6,414)	$ 480,520

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.

The $1.5 million Lewis and Clark Interpretive Center at Washburn, North Dakota, opened in June of 1997. The entire Lewis and Clark journey is overviewed at this center. The exhibits focus on the interaction between the explorers and the native peoples. Here you can see items from nearly all of the tribes that Lewis and Clark enountered during the expedition. Among the Center's many features are a cottonwood dugout canoe and a collection of watercolor prints by Karl Bodmer, the Swiss artist that visited the Knife River Indian villages with the German Prince Maximilian in 1833-34.

Here at the Lewis and Clark Interpretive Center you can wrap yourself in a buffalo robe or carry a baby cradle on your back like Sakakawea carried her son. You can listen to the eerie, haunting sound of a Mandan Indian flute or a high-stepping fiddle tune like those played by Pierre Cruzatte on the expedition.

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

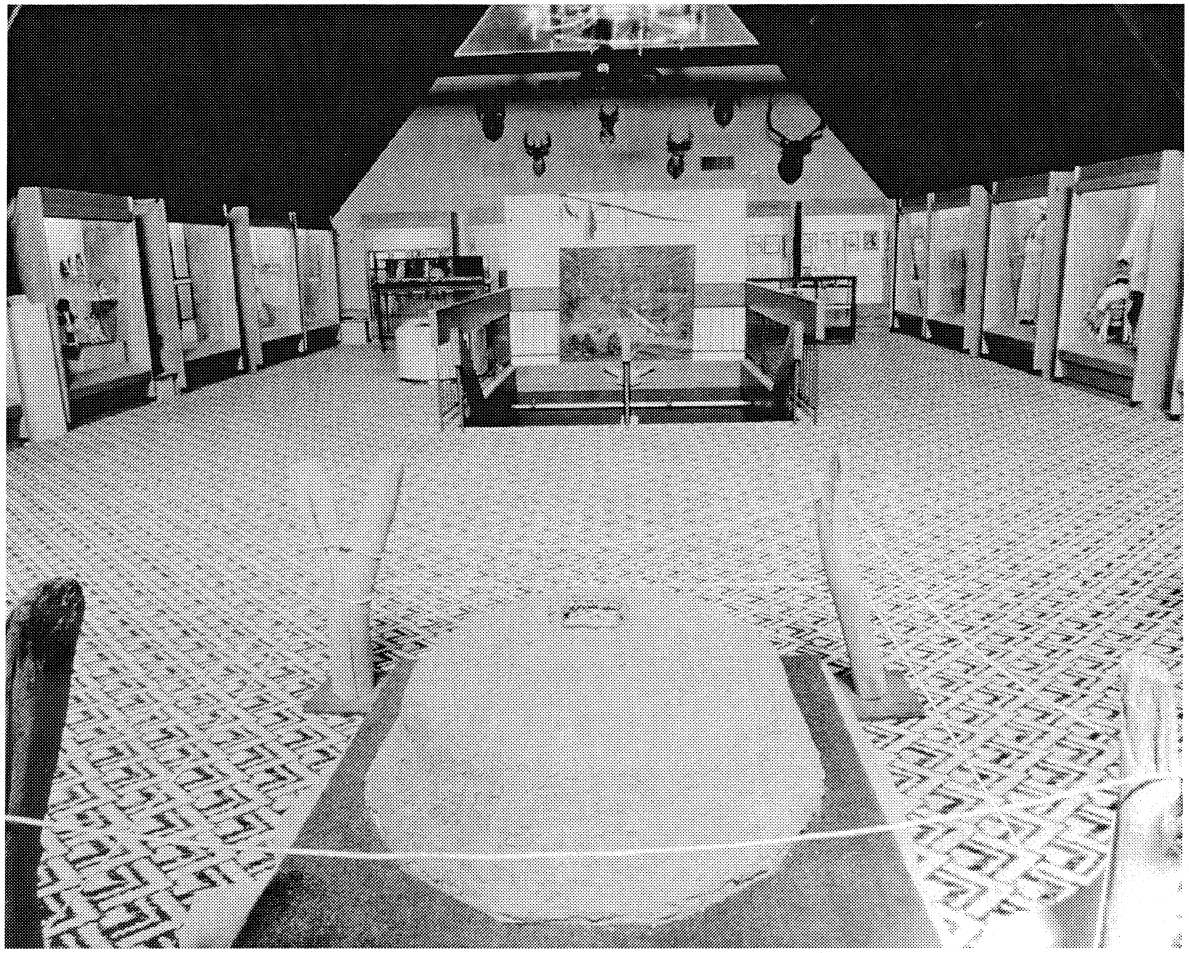
847 - School of Science Dormitory Fund

851 - Valley City Dormitory Fund

Combining Balance Sheet
University System
June 30, 2001

	Current Funds			
	Unrestricted			
	General Operating	Auxiliary	Restricted	Loan
Assets:				
Cash Deposits At The Bank Of North Dakota	$ 7,267,506	$ 3,607,393	$ 651,420	$ 2,804,004
Cash And Cash Equivalents	7,467,743	149,156	61,791	-
Investments At The Bank Of North Dakota	42,974,001	6,504,587	1,565,370	-
Investments	3,329,258	1,205,024	3,206,576	84,012
Accounts Receivable - Net	6,471,492	1,223,848	63,711	21,386
Interest Receivable	243,394	48,060	10,114	699
Loans And Notes Receivable - Net	1,000	-	-	42,426,308
Interfund Receivable	1,446,666	183,965	23,211	-
Due From General Fund	10,069,673	-	-	-
Due From Other State Funds	6,810	-	2,961,656	-
Intergovernmental Receivable	1,586,700	-	21,120,814	-
Prepaid Items	268,001	116,325	-	-
Inventory	2,711,608	3,810,704	-	-
Fixed Assets	-	-	-	-
Other Assets	139,555	751,895	13,673	1,394
Total Assets	$ 83,983,407	$ 17,600,957	$ 29,678,336	$ 45,337,803
Liabilities:				
Accounts Payable	$ 7,966,022	$ 712,532	$ 2,238,616	$ 232
Notes Payable	982,061	-	-	-
Interest Payable	5,105	-	-	-
Contracts Payable	687,208	-	-	-
Accrued Payroll	1,879,578	240,426	674,906	-
Compensated Absences Payable	13,808,477	972,192	14,728	-
Amounts Held In Custody For Others	-	-	-	-
Deposits	1,699,223	1,087,910	-	-
Interfund Payable	95,309	6,318	3,696,811	37,807
Due To General Fund	100,327	-	-	-
Due To Other State Funds	708,533	36,158	-	-
Advances From State Funds	-	-	7,747,473	-
Bonds Payable	-	-	-	-
Capital Leases Payable	-	-	-	-
Deferred Revenue	479,328	309,803	6,768,354	-
Other Liabilities	-	725	-	-
Total Liabilities	28,411,171	3,366,064	21,140,888	38,039
Equity:				
Investment In Fixed Assets	-	-	-	-
Fund Balance:				
Restricted:				
Reserved For:				
Federal Loan Funds	-	-	-	35,195,658
Specified Purposes	-	-	8,537,448	10,037,596
Unrestricted:				
Designated For Asbestos Related Projects	101,649	-	-	-
Undesignated	55,470,587	14,234,893	-	66,510
Total Equity	55,572,236	14,234,893	8,537,448	45,299,764
Total Liabilities And Equity	$ 83,983,407	$ 17,600,957	$ 29,678,336	$ 45,337,803

	Plant Funds					Total
Endowment And Similar	Unexpended	Retirement Of Indebtedness	Investment In Plant	Agency	June 30 2001
$ 908,142	$ 7,337,060	$ 1,208,680	$ -	$ 4,871,741	$ 28,655,946
445,505	-	684,982	-	84,871	8,894,048
4,553,700	15,097,725	10,333,200	-	299,100	81,327,683
17,432,882	-	4,879,936	-	8,710,407	38,848,095
-	654,401	18,206	445,001	456,535	9,354,580
11,385	237,993	114,032	-	44,146	709,823
-	-	-	125,000	50	42,552,358
-	217,843	-	-	2,500,000	4,371,685
-	1,510,738	-	-	-	11,580,411
-	3,932,000	-	11,000	35,147	6,946,613
-	6,549,314	-	-	59,482	29,316,310
-	-	8,383	9,109	-	401,818
-	-	-	-	-	6,522,312
-	-	-	880,078,058	-	880,078,058
-	-	6,498	838,579	278,927	2,030,521
$ 23,351,614	$ 35,537,074	$ 17,253,917	$ 881,506,747	$ 17,340,406	$ 1,151,590,261
$ -	$ 2,178,547	$ 18	$ -	$ 2,812,918	$ 15,908,885
-	-	-	2,522,901	-	3,504,962
-	-	875,533	-	-	880,638
-	1,442,534	-	-	-	2,129,742
-	-	-	-	1,861,046	4,655,956
-	-	-	-	2,638	14,798,035
-	-	-	-	11,815,937	11,815,937
-	-	-	-	61,502	2,848,635
-	382,477	-	-	152,963	4,371,685
-	-	-	-	-	100,327
-	-	-	-	633,402	1,378,093
-	1,134,181	-	-	-	8,881,654
-	-	280,000	56,219,842	-	56,499,842
-	-	529,500	23,617,025	-	24,146,525
-	230,739	-	-	-	7,788,224
-	-	-	609,670	-	610,395
-	5,368,478	1,685,051	82,969,438	17,340,406	160,319,535
-	-	-	798,537,309	-	798,537,309
-	-	-	-	-	35,195,658
12,264,522	6,514,402	10,469,391	-	-	47,823,359
-	4,068,915	-	-	-	4,170,564
11,087,092	19,585,279	5,099,475	-	-	105,543,836
23,351,614	30,168,596	15,568,866	798,537,309	-	991,270,726
$ 23,351,614	$ 35,537,074	$ 17,253,917	$ 881,506,747	$ 17,340,406	$ 1,151,590,261



The Three Tribes Museum tells the story of the Mandan, Hidatsa, and Arikara nations—the Three Affiliated Tribes. The museum opened in 1964 and sits on the Fort Berthold Indian Reservation near New Town. It is a heritage center for displaying arts and crafts, artifacts, historial data and objects for the three tribes.

When the Lewis and Clark Expedition arrived in 1804, these tribes lived in earth lodge villages. They gardened as well as hunted buffalo; corn was a major food source. Without the help of these people, the expedition would not have survived the winter of 1804-5.

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)

Combining Balance Sheet
Component Units - Proprietary Funds
For The Fiscal Year Ended June 30, 2001

	Comprehensive Health Association	Municipal Bond Bank	North Dakota Development Fund	Total June 30 2001
Assets:				
Cash Deposits At The Bank Of North Dakota	$ -	$ 1,163,000	$ 6,714,309	$ 7,877,309
Cash And Cash Equivalents	2,337,548	-	-	2,337,548
Investments At The Bank Of North Dakota	-	7,965,000	-	7,965,000
Investments	-	227,344,000	2,028,500	229,372,500
Accounts Receivable - Net	596,891	-	-	596,891
Interest Receivable - Net	-	2,912,000	392,560	3,304,560
Loans And Notes Receivable - Net	-	-	11,164,799	11,164,799
Advances To Primary Government	-	8,968,000	-	8,968,000
Unamortized Bond Issuance Costs	-	1,432,000	-	1,432,000
Fixed Assets (Net Of Depreciation)	-	7,000	9,119	16,119
Total Assets	$ 2,934,439	$ 249,791,000	$ 20,309,287	$ 273,034,726
Liabilities:				
Accounts Payable	$ 99,013	$ 3,000	$ -	$ 102,013
Interest Payable	-	1,812,000	-	1,812,000
Intergovernmental Payable	-	1,379,000	-	1,379,000
Claims/Judgements Payable	1,125,000	-	-	1,125,000
Advances From Primary Government	-	8,968,000	-	8,968,000
Bonds Payable	-	144,983,000	-	144,983,000
Deferred Revenue	102,053	-	57,452	159,505
Total Liabilities	1,326,066	157,145,000	57,452	158,528,518
Equity:				
Contributed Capital	-	-	1,284,820	1,284,820
Retained Earnings:				
Reserved For:				
Contingencies	1,608,373	-	-	1,608,373
Equity Investments-Loans-Grants And Collections	-	-	2,519,480	2,519,480
Debt Service Or Purchase Of Municipal Securities	-	92,646,000	-	92,646,000
Unreserved	-	-	16,447,535	16,447,535
Total Equity	1,608,373	92,646,000	20,251,835	114,506,208
Total Liabilities And Equity	$ 2,934,439	$ 249,791,000	$ 20,309,287	$ 273,034,726

Combining Statement Of Revenues, Expenses And Changes In Fund Equity
Component Units - Proprietary Funds
For The Fiscal Year Ended June 30, 2001

	Comprehensive Health Association	Municipal Bond Bank	North Dakota Development Fund	Total June 30 2001
Operating Revenues:				
Sales And Services	$ 8,501,548	$ 520,000	$ 1,899	$ 9,023,447
Interest And Investment Income	-	11,766,000	890,123	12,656,123
Total Operating Revenues	8,501,548	12,286,000	892,022	21,679,570
Operating Expenses:				
Salaries And Benefits	-	160,000	-	160,000
Operating	154,382	1,565,000	2,282,075	4,001,457
Benefits	5,714,090	-	-	5,714,090
Interest	-	8,686,000	-	8,686,000
Depreciation	-	4,000	-	4,000
Total Operating Expenses	5,868,472	10,415,000	2,282,075	18,565,547
Operating Income (Loss)	2,633,076	1,871,000	(1,390,053)	3,114,023
Nonoperating Revenues:				
Operating Grants	-	11,787,000	-	11,787,000
Interest And Investment Income	37,410	-	347,414	384,824
Total Nonoperating Revenues	37,410	11,787,000	347,414	12,171,824
Income (Loss) Before Operating Transfers	2,670,486	13,658,000	(1,042,639)	15,285,847
Operating Transfers From Primary Government	-	-	375,000	375,000
Net Income (Loss)	2,670,486	13,658,000	(667,639)	15,660,847
Fund Equity - Beginning Of Year As Previously Reported	(1,062,113)	78,988,000	20,919,474	98,845,361
Fund Equity - End Of Year	$ 1,608,373	$ 92,646,000	$ 20,251,835	$ 114,506,208

Combining Statement Of Cash Flows
Component Units - Proprietary Funds
For The Fiscal Year Ended June 30, 2001

	Comprehensive Health Association	Municipal Bond Bank	North Dakota Development Fund	Total June 30 2001
Cash Flows From Operating Activities:				
Operating Income (Loss)	$ 2,633,076	$ 1,871,000	$ (1,390,053)	$ 3,114,023
Adjustments To Reconcile Operating Income To Net Cash Provided By Operating Activities:				
Depreciation	-	4,000	-	4,000
Amortization\Accretion	-	(37,000)	-	(37,000)
Reclassification Of Interest Revenue\Expense	-	(3,280,000)	(890,123)	(4,170,123)
Provision For Losses	-	-	2,092,097	2,092,097
Other	-	-	15,394	15,394
Change In Assets And Liabilities:				
Increase In Accounts Receivable	(556,381)	-	-	(556,381)
Decrease In Accounts Payable	(7,621)	(5,000)	-	(12,621)
Increase In Claims\Judgements Payable	100,000	-	-	100,000
Increase In Intergovernmental Payable	-	276,000	-	276,000
Increase (Decrease) In Deferred Revenue	(124,227)	-	23,099	(101,128)
Net Cash Provided By (Used For) Operating Activities	2,044,847	(1,171,000)	(149,586)	724,261
Cash Flows From Noncapital Financing Activities:				
Proceeds From Bonds	-	20,940,000	-	20,940,000
Principal Payments - Bonds	-	(9,495,000)	-	(9,495,000)
Interest Payments - Bonds	-	(8,297,000)	-	(8,297,000)
Payment Of Bond Issue Costs	-	(232,000)	-	(232,000)
Operating Grant Received	-	11,787,000	-	11,787,000
Operating Transfers In	-	-	375,000	375,000
Proceeds From Advances	-	175,000	-	175,000
Advances Made	-	(175,000)	-	(175,000)
Net Cash Provided By Noncapital Financing Activities	-	14,703,000	375,000	15,078,000
Cash Flows From Capital And Related Financing Activities:				
Acquisition And Construction Of Capital Assets	-	(4,000)	-	(4,000)
Net Cash Used For Capital And Related Financing Activities	-	(4,000)	-	(4,000)
Cash Flows From Investing Activities:				
Proceeds From Sale And Maturities Of Investment Securities	-	48,480,000	591,000	49,071,000
Purchase Of Investment Securities	-	(73,428,000)	(480,000)	(73,908,000)
Interest And Dividends On Investments	37,410	11,382,000	1,188,606	12,608,016
Disbursements For Loans And Loan Purchases	-	-	(6,237,275)	(6,237,275)
Receipt Of Loan Principal Repayments	-	-	3,929,923	3,929,923
Net Cash Provided By (Used For) Investing Activities	37,410	(13,566,000)	(1,007,746)	(14,536,336)
Net Change In Cash:				
Net Increase (Decrease) In Cash And Cash Equivalents And Cash Deposits At The Bank Of North Dakota	2,082,257	(38,000)	(782,332)	1,261,925
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
Cash And Cash Equivalents And Cash Deposits At The Bank Of North Dakota At June 30,2001	$ 2,337,548	$ 1,163,000	$ 6,714,309	$ 10,214,857
Reconciliation:				
Cash Deposits At The Bank Of North Dakota	$ -	$ 1,163,000	$ 6,714,309	$ 7,877,309
Cash And Cash Equivalents	2,337,548	-	-	2,337,548
Cash And Cash Equivalents And Cash Deposits At The Bank Of North Dakota	$ 2,337,548	$ 1,163,000	$ 6,714,309	$ 10,214,857
Noncash Transactions:				
Loans Written Off	$ -	$ -	$ 372,012	$ 372,012
Investments Written Off	-	-	350,000	350,000
Total Noncash Transactions	$ -	$ -	$ 722,012	$ 722,012

Statistical Section

LEWIS & CLARK™
A North Dakota Adventure

One way to feel the Missouri River as the Lewis and Clark Expedition did is to take a riverboat cruise out of the Port of Bismarck. A 150-passenger paddlewheeler, appropriately named the Lewis and Clark, plies the Missouri River between Bismarck and Mandan, North Dakota.

The first steam-powered riverboat to come this far north on the Missouri River from St. Louis was the Yellowstone in 1832, making it up river as far as Fort Union. Fighting snags, low water, and shifting channels, the record for traveling from St. Louis to Fort Union was 49 days.

Word of the terrible results of the Battle of the Little Bighorn in 1876 reached Bismarck on board the riverboat the Farwest.

STATE OF NORTH DAKOTA
Statistical Section Schedules
That Are Not Applicable

The following schedules are not included in the Statistical Section for the reasons stated below:

Property Tax Levies and Collections

This schedule relates to property taxes, which the State does not assess.

Assessed and Estimated Actual Value of Taxable Property

This schedule relates to property taxes, which the State does not assess.

Property Tax Rates - All Overlapping Governments

This schedule relates to property taxes, which the State does not assess.

Special Assessment Billings and Collections

This schedule relates to special assessments, which the State does not assess.

Ratio of Annual Debt Service for General Bonded Debt to Total General Expenditures

The general obligation debt is supported fully by enterprise fund revenues.

Computation of Overlapping Debt

This schedule relates to property taxes, which the State does not assess.

Property Value and Construction

The information on property values and construction is not applicable as the State does not assess property taxes.

Principal Taxpayers

The disclosure of principal taxpayers is not permitted by state statute.

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

Expenditures By Function	1992	1993	1994	1995
General Government	$ 55,164	$ 60,825	$ 57,292	$ 74,254
Education	310,847	319,304	319,807	329,249
Health And Human Services	458,735	487,209	487,095	528,052
Regulatory	13,213	14,599	13,198	14,800
Public Safety	36,702	36,606	45,062	47,240
Agriculture And Economic Development	15,749	19,006	17,313	19,657
Natural Resources	34,943	38,210	35,053	38,249
Highways	192,209	176,732	198,392	226,626
Capital Outlay	2,512	2,747	624	3,357
Debt Service:				
Principal	2,760	3,160	5,185	2,988
Interest And Other Charges	4,400	4,621	3,660	4,254
Advance Refunding Escrow	688	1,052	-	-
Total Expenditures By Function	$ 1,127,922	$ 1,164,071	$ 1,182,681	$ 1,288,726

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

Revenues By Source	1992	1993	1994	1995
Taxes	$ 563,833	$ 614,461	$ 654,865	$ 680,620
Licenses And Permits	29,520	33,144	31,786	34,820
Intergovernmental	514,798	542,879	566,392	623,520
Sales And Service	31,568	32,680	26,248	34,888
Royalties And Rents	9,243	10,001	6,385	7,111
Fines And Forfeits	1,711	1,775	1,845	1,901
Interest	15,493	10,321	9,455	13,576
Tobacco Settlement	-	-	-	-
Miscellaneous	11,569	5,698	4,635	4,747
Total Revenues By Source	$ 1,177,735	$ 1,250,959	$ 1,301,611	$ 1,401,183

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

Source: General Purpose Financial Statements

1996	1997	1998	1999	2000	2001
$ 76,034	$ 77,968	$ 78,414	$ 92,534	$ 80,236	$ 230,999
340,073	347,109	364,389	373,740	398,518	403,644
558,607	586,421	598,833	618,241	635,288	696,715
17,713	20,544	14,493	14,326	14,595	18,340
54,443	97,498	149,811	146,050	142,102	120,378
19,319	20,544	21,070	22,830	23,433	25,733
42,402	34,905	31,561	35,030	33,638	37,452
212,335	236,743	280,647	264,980	313,115	279,076
5,427	5,855	13,128	5,351	13,264	11,462
3,878	4,446	5,180	5,119	4,731	4,700
4,936	5,294	5,345	5,479	5,420	7,048
-	-	-	-	-	
$ 1,335,167	$ 1,437,327	$ 1,562,871	$ 1,583,680	$ 1,664,340	$ 1,835,547

1996	1997	1998	1999	2000	2001
$ 722,954	$ 745,896	$ 802,456	$ 781,235	$ 838,306	$ 995,216
39,120	38,244	44,008	44,995	52,373	67,454
669,853	705,174	827,772	808,529	914,839	879,058
30,403	36,090	36,420	32,684	34,564	36,933
7,361	7,874	7,787	4,742	6,624	9,083
4,583	4,951	6,610	10,034	6,909	3,017
14,459	16,379	15,879	15,528	17,907	23,630
-	-	-	-	16,475	12,620
4,520	4,973	5,877	2,703	5,565	2,597
$ 1,493,253	$ 1,559,581	$ 1,746,809	$ 1,700,450	$ 1,893,562	$ 2,029,608

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

Revenues By Source	1991-1993	1993-1995	1995-1997	1997-1999	1999-2001
Sales And Use Tax	$ 472,354,351	$ 551,585,835	$ 605,471,019	$ 664,364,916	$ 722,181,696
Individual Income Tax	244,094,270	279,780,472	315,516,252	358,287,825	409,331,437
Corporate Income Tax	79,304,171	94,755,138	99,347,937	123,420,219	99,134,868
Business Privilege Tax	4,501,873	5,488,535	3,854,132	6,494,162	5,464,941
Oil And Gas Production Tax	34,068,927	23,560,500	33,042,320	26,973,613	47,783,630
Oil Extraction Tax	48,153,450	29,328,185	21,987,655	16,703,114	27,395,668
Insurance Premium Tax	32,522,677	32,120,236	36,968,670	35,733,266	39,113,433
Cigarette, Cigar And Tobacco Tax	27,524,919	44,864,988	45,030,090	44,091,170	41,706,350
Wholesale Liquor Tax	10,151,036	10,370,481	10,339,078	11,140,328	10,321,999
Department Fees And Collections	23,362,701	22,083,103	28,737,207	41,193,364	40,816,171
Gaming Tax	11,477,000	22,371,750	22,848,486	22,801,868	27,437,507
Coal Severance Tax	23,244,128	23,828,544	22,245,267	22,596,137	22,173,854
Interest On Public Funds	16,134,417	13,603,488	15,554,914	19,013,889	20,832,123
Coal Conversion Tax	19,557,661	22,960,212	24,064,781	23,786,790	25,672,170
Mineral Leasing Tax	8,815,204	5,445,476	5,629,526	7,257,989	9,531,698
Bank Of North Dakota Profits - Transfer	27,217,457	14,100,000	50,214,540	29,600,000	50,000,000
Mill And Elevator Profits - Transfer	3,000,000	-	1,000,000	3,000,000	3,000,000
Gas Tax Administration - Transfer	988,904	1,025,000	1,071,878	1,128,872	1,380,608
Budget Stabilization Fund - Transfer	23,328,283	-	-	-	-
Other Transfers	-	50,067,240	38,445,224	36,713,873	6,522,115
Total Revenues By Source	$ 1,109,801,429	$ 1,247,339,183	$ 1,381,368,976	$ 1,494,301,395	$ 1,609,800,268

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

Fiscal Year	Population (2)	Gross Bonded Debt (3)	Less Payable From Enterprise Revenues	Net Bonded Debt	Net Bonded Debt Per Capita
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	642,200	-	-	-	-
2001	642,200	-	-	-	-

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 2001.
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: Principal	Interest	Total	Coverage
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
2000	12,286,000	9,574,000	2,114,000	19,746,000	9,495,000	8,297,000	17,792,000	1.11

STUDENT LOAN TRUST

Fiscal Year	Gross Revenues	Principal Proceeds	Direct Operating Expenses (3)	Net Revenue Available For Debt Service	Debt Service Requirements: Principal	Interest	Total	Coverage
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
2001	17,732,535	20,285,499	5,936,696	32,081,338	1,749,449	7,594,712	9,344,161	3.43

HOUSING FINANCE AGENCY

Fiscal Year	Gross Revenues	Principal Proceeds	Direct Operating Expenses (3)	Net Revenue Available For Debt Service	Debt Service Requirements: Principal	Interest	Total	Coverage
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
2001	69,613,000	50,506,000	17,526,000	102,593,000	173,550,000	43,121,000	216,671,000	0.47

STATE FAIR ASSOCIATION (2)

Fiscal Year	Gross Revenues	Principal Proceeds	Direct Operating Expenses (3)	Net Revenue Available For Debt Service	Debt Service Requirements: Principal (4)	Interest	Total	Coverage
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	376,598	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
2000	3,475,814	-	3,020,232	455,582	195,000	142,598	337,598	1.35

(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

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Population (1)	634,199	635,427	637,229	639,762	641,548	642,858	640,945	637,808	633,666	642,200
Employed	299,760	298,440	306,230	323,510	324,610	333,620	338,690	335,212	325,366	328,716
Unemployed	13,330	15,900	13,990	13,060	10,980	10,560	8,850	11,053	11,456	10,106
Total Labor Force	313,090	314,340	320,220	336,570	335,590	344,180	347,540	346,265	336,822	338,822
N.D. Unemployment Rate	4.3%	5.1%	4.4%	3.9%	3.3%	3.1%	2.5%	3.2%	3.4%	3.0%
U.S. Unemployment Rate	6.8%	7.5%	6.9%	6.1%	5.6%	5.4%	4.9%	4.5%	4.2%	4.0%

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
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	642,200	25,068	36.2	108,094	3.0%
2001	N/A	N/A	N/A	105,214	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

Calendar Year	Total Taxable Sales And Purchases	Individual Income Total Federal Tax Liability
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	2,202,315,184
2000	6,826,387,672	N/A

Source: Office Of State Tax Commissioner

N/A: Not Available

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

Academic Year	Kindergarten	Grades 1-3	Grades 4-6	Grades 7-8	Grades 9-12	Total Enrollment	Special Education Students Served
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	13,650
2001-02	7,057	22,108	23,652	16,880	35,517	105,214	N/A

Academic Year	Average Daily Membership	Total Cost Of Education	Average cost Per Pupil
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	113,541	583,207,969	5,137
2000-01	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

	1992 FTE	1993 FTE	1994 FTE	1995 FTE	1996 FTE	1997 FTE	1998 FTE	1999 FTE	2000 FTE	2001 FTE
Bismarck State College	1,954	1,965	1,842	1,795	1,932	2,001	2,082	2,181	2,126	2,320
Dickinson State University	1,388	1,383	1,342	1,373	1,459	1,470	1,484	1,535	1,592	1,637
Mayville State University	693	676	708	739	723	635	643	651	644	620
Minot State University	3,278	3,417	3,216	3,134	2,964	2,727	2,597	2,588	2,491	2,739
MiSU - Bottineau	489	359	338	337	369	389	410	467	394	389
ND State College Of Science	2,091	2,014	2,170	2,259	2,340	2,271	2,219	2,139	2,276	2,106
North Dakota State University	7,504	7,917	8,092	8,196	8,190	8,079	8,142	8,253	8,469	9,472
University of North Dakota	10,059	9,671	9,463	9,390	9,221	8,725	8,684	8,911	9,302	9,906
Lake Region State College	433	442	455	479	437	439	492	474	491	624
Williston State College	717	738	702	714	702	663	592	615	550	579
Valley City State University	845	902	853	929	932	879	903	896	910	841
Total	29,451	29,484	29,181	29,345	29,269	28,278	28,248	28,710	29,245	31,233

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
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
2001	46,376,629	175,502,906	310,401,607	659,367,459	1,454,435,989	3,557,719,719	685,894,218	46,209,173	6,935,907,700
Fiscal Years - Percentage Change									
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%
2001	24.9%	-45.8%	-6.3%	26.7%	6.1%	-0.8%	0.3%	0.2%	0.5%

Source: Office Of State Tax Commissioner

Nonagricultural Wage And Salary Employees By Industry
Last Ten Calendar Years

Industry	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Manufacturing	$ 17,850	$ 18,350	$ 19,500	$ 21,500	$ 21,300	$ 21,550	$ 23,400	$ 24,100	$ 24,200	$ 24,950
Construction	10,300	11,000	11,800	12,800	13,500	14,850	14,950	15,600	16,650	16,150
Mining	4,250	3,900	3,850	3,700	3,850	4,100	4,200	3,900	3,500	3,750
Wholesale Trade	19,100	19,200	19,300	20,000	20,800	21,200	21,550	21,700	21,850	21,400
Retail Trade	52,500	53,600	55,350	56,700	58,300	59,050	59,000	59,550	59,550	60,300
Services	70,650	73,750	76,550	80,650	80,950	84,450	87,450	89,850	91,400	92,400
Finance, Insurance & Real Estate	12,700	13,050	13,450	13,950	13,750	14,300	14,750	15,800	16,400	16,600
Transportation, Communication & Utilities	17,200	17,550	17,950	18,550	18,450	18,350	18,050	17,950	18,500	18,700
Government	65,700	66,800	67,100	67,300	71,300	70,800	70,750	71,100	71,800	72,850
Total	$270,250	$277,200	$284,850	$295,150	$302,200	$308,650	$314,100	$319,550	$323,850	$327,100

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	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Manufacturing	$ 21,799	$ 22,975	$ 23,541	$ 24,447	$ 25,504	$ 26,601	$ 27,396	$ 28,992	$ 29,711	$ 30,570
Construction	21,649	22,079	22,874	23,274	24,833	26,579	27,282	28,808	31,446	31,214
Mining	32,272	34,541	36,104	35,914	37,016	37,126	38,924	40,770	42,981	44,305
Wholesale Trade	23,029	23,968	24,847	25,817	26,196	27,343	28,343	29,872	30,591	31,994
Retail Trade	9,976	10,501	10,791	11,219	11,453	11,857	12,427	12,849	13,298	13,867
Services	16,705	17,492	17,735	17,980	18,648	19,352	20,084	20,782	21,702	22,817
Finance, Insurance & Real Estate	21,290	22,828	23,521	24,066	25,008	25,769	26,889	28,132	28,740	30,364
Transp., Communication & Utilities	26,396	27,089	27,564	28,427	29,182	29,954	31,228	33,115	32,995	34,465
Government	20,189	21,133	21,716	22,248	22,779	23,396	24,147	24,965	25,404	26,361
All Industries	$ 18,132	$ 18,944	$ 19,382	$ 19,893	$ 20,493	$ 21,236	$ 22,045	$ 23,049	$ 23,750	$ 24,683

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

Calendar Year	Crude Oil Barrels	Average Price Per Barrel
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
2000	32,714,522	26

Source: North Dakota Industrial Commission, Oil And Gas Division

Taxable Coal Production And Natural Gas Produced Last Ten Fiscal Years

Fiscal Years	Coal Production (Coal Tons)	Gas Produced (Cubic Feet)
1992	30,296,000	61,469,701,000
1993	31,696,000	62,399,107,000
1994	31,886,860	63,524,867,000
1995	31,587,000	58,696,404,000
1996	29,512,000	55,532,370,000
1997	29,602,000	55,650,616,000
1998	29,552,000	57,197,152,000
1999	30,927,000	51,791,380,000
2000	28,752,000	56,326,543,000
2001	30,497,000	56,612,387,000

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

Value Of Export Shares Of Agricultural Commodities - 1999-2000 (1)

	1999 Dollars (Mil.)	1999 % of U.S.	2000 Dollars (Mil.)	2000 % of U.S.
Wheat And Products	$ 279.7	7.1	$ 311.6	8.6
Feeds Grains And Products	98.4	1.4	82.3	1.3
Sunflower Seed And Oil	188.1	56.9	105.7	43.8
Vegetables And Preparations	130.0	3.1	98.2	2.2
Soybeans And Products	112.6	1.7	117.7	1.8
Feeds And Fodder	51.4	3.1	53.4	2.8
Seeds	32.4	4.1	25.5	3.2
Live Animals And Meats Excluding Poultry	16.0	.3	5.4	.1
Hides And Skins	4.2	.4	5.6	.4
Dairy Products	2.9	.3	3.3	.3
Fats, Oils And Greases	2.2	.4	0.1	–
Other	0.2	–	0.2	–
Total	$ 918.2	1.9	$ 809.1	1.6

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.

2000 Crop Rank Among States

North Dakota Ranks	Crop Description	North Dakota Produces
1st	Flaxseed	93%
	Canola	82%
	Durum Wheat	71%
	Non-oil Sunflowers	61%
	Pinto Beans	50%
	All Sunflowers	49%
	Oil Sunflowers	47%
	Spring Wheat	42%
	Barley	31%
	All Dry Edible Beans	29%
	Honey	15%
2nd	Dry Edible Peas	38%
	Navy Beans	34%
	All Wheat	14%
	Oats	13%
3rd	Lentils	20%
	Sugarbeets	16%

Source: North Dakota Agricultural Statistics 2001

Cash Receipts From
Farm Marketings And Government Payments - 1997-2000

Item	1997	1998	1999	2000	2000 Pct. Of Total (1)
	Thousand Dollars				
Crops (1)	$ 2,722,804	$ 2,349,283	$ 2,090,642	$ 2,050,659	53.1%
Food Grains (1)	1,304,877	933,104	739,835	741,603	19.2
Wheat	1,303,833	928,502	735,612	739,898	19.2
Rye	1,044	4,602	4,223	1,704	—
Feed Crops (1)	441,970	350,770	314,155	332,284	8.6
Corn	122,811	124,501	123,432	143,005	3.7
Barley	218,818	148,453	128,575	123,127	3.2
Hay	90,669	68,449	55,486	59,442	1.5
Oats	9,673	9,367	6,661	6,709	0.2
Oil Crops	559,822	564,204	544,139	542,631	14.1
Soybeans	208,344	224,139	206,812	254,892	6.6
Sunflower	275,809	213,366	210,034	144,095	3.7
Canola	58,460	93,810	91,711	106,608	2.8
Flaxseed	12,218	23,156	26,904	31,120	0.8
Miscellaneous	4,991	9,733	8,678	5,916	0.2
Veg., Fruits, Nuts	235,378	288,965	280,596	223,599	5.8
Potatoes	111,017	126,656	129,766	112,590	2.9
Dry Beans	113,447	147,569	140,078	96,938	2.5
Miscellaneous	10,914	14,740	10,752	14,071	0.4
Other Crops	180,757	212,240	211,917	210,543	5.5
Sugarbeets	159,370	190,664	195,244	194,826	5.0
Miscellaneous	21,387	21,576	16,673	15,717	0.4
Livestock	598,242	554,603	633,249	639,401	16.6%
Meat Animals	444,625	394,735	490,039	502,945	13.0
Cattle And Calves	399,583	352,887	447,241	447,526	11.6
Hogs	36,186	35,558	35,968	47,891	1.2
Sheep And Lambs	8,856	6,290	6,830	7,528	0.2
Dairy Products	86,304	98,670	89,232	77,970	2.0
Poultry And Eggs	25,303	17,294	17,811	19,636	0.5
Turkeys	22,612	14,553	15,435	17,568	0.5
Eggs	2,164	2,265	1,955	1,617	—
Other Poultry	527	476	421	451	—
Miscellaneous Livestock	42,010	43,904	36,167	38,850	1.0
Honey	18,130	18,547	15,797	18,676	0.5
Other Livestock	23,880	25,357	20,370	20,174	0.5
TOTAL CROPS & LIVESTOCK	3,321,046	2,903,886	2,723,891	2,690,060	69.7%
GOVERNMENT PAYMENTS	361,477	608,766	975,583	1,170,234	30.3%
GRAND TOTAL	$ 3,682,523	$ 3,512,652	$ 3,699,474	$ 3,860,294	100.0%

Source: North Dakota Agricultural Statistics 2001

(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									
	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
1 Net Earned Required Contribution And Investment Revenues	$ 485	$ 428	$ 128	$ 161	$ 305	$ 370	$ 633	$ 479	$ 637	$ 116
2 Unallocated Expenses	27	13	34	59	68	63	205	79	84	93
3 Estimated Incurred Claims And Expense, End Of Policy Year	50	31	208	249	325	91	128	229	60	71
4 Paid (Cumulative) As Of:										
End Of Policy Year	50	31	208	249	11	91	18	(29)	(22)	(32)
One Year Later	50	31	208	249	11	91	18	(29)	(22)	
Two Years Later	50	31	208	249	11	91	18	(29)		
Three Years Later	50	31	208	249	11	91	18			
Four Years Later	50	31	208	249	11	91				
Five Years Later	50	31	208	249	11					
Six Years Later	50	31	208	249						
Seven Years Later	50	31	208							
Eight Years Later	50	31								
Nine Years Later	50									
5 Reestimated Incurred Claims And Expenses:										
End Of Policy Year	50	31	208	309	11	91	128	229	60	71
One Year Later	50	31	208	309	11	91	128	229	60	
Two Years Later	50	31	208	309	11	91	128	229		
Three Years Later	50	31	208	309	11	91	128			
Four Years Later	50	31	208	309	11	91				
Five Years Later	50	31	208	309	11					
Six Years Later	50	31	208	309						
Seven Years Later	50	31	208							
Eight Years Later	50	31								
Nine Years Later	50									
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									
	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
1 Net Earned Required Contribution And Investment Revenues	$ 3,257	$ 3,494	$ 3,552	$ 3,349	$ 3,545	$ 3,946	$ 5,870	$ 4,787	$ 5,482	$ 4,540
2 Unallocated Expenses	407	553	539	596	422	345	1,282	1,031	1,026	812
3 Estimated Incurred Claims And Expense, End Of Policy Year	384	255	1,125	2,116	1,598	7,612	5,521	3,578	2,104	5,716
4 Paid (Cumulative) As Of:										
End Of Policy Year	174	213	733	448	(5)	3,143	345	(2,554)	303	1385
One Year Later	174	213	733	448	(5)	3,143	345	(2,554)	303	
Two Years Later	174	213	733	448	(5)	3,143	345	(2,554)		
Three Years Later	174	213	733	448	(5)	3,143	345			
Four Years Later	174	213	733	448	(5)	3,143				
Five Years Later	174	213	733	448	(5)					
Six Years Later	174	213	733	448						
Seven Years Later	174	213	733							
Eight Years Later	174	213								
Nine Years Later	174									
5 Reestimated Incurred Claims And Expenses:										
End Of Policy Year	384	255	1,125	2,116	1,589	7,612	5,521	3,578	2,104	5,716
One Year Later	384	255	1,125	2,116	1,589	7,612	5,521	3,578	2,104	
Two Years Later	384	255	1,125	2,116	1,589	7,612	5,521	3,578		
Three Years Later	384	255	1,125	2,116	1,589	7,612	5,521			
Four Years Later	384	255	1,125	2,116	1,589	7,612				
Five Years Later	384	255	1,125	2,116	1,589					
Six Years Later	384	255	1,125	2,116						
Seven Years Later	384	225	1,125							
Eight Years Later	384	255								
Nine Years Later	384									
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									
	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
1 Net Earned Required Contribution And Investment Revenues	$90,373	$118,868	$108,281	$162,772	$173,417	$209,594	$223,056	$178,654	$210,363	$117,222
2 Unallocated Expenses	7,004	8,324	9,024	12,060	11,960	18,498	22,795	21,189	24,664	27,888
3 Estimated Incurred Claims And Expense, End Of Policy Year	116,650	124,200	114,300	106,081	94,160	84,551	89,020	92,130	80,505	82,905
4 Paid (Cumulative) As Of:										
End Of Policy Year	13,949	11,777	14,092	14,406	13,275	12,953	15,332	14,317	16,157	17,253
One Year Later	30,891	27,987	28,390	26,810	25,832	25,463	28,133	27,335	29,534	
Two Years Later	39,703	36,222	36,420	33,256	30,473	30,213	32,676	32,644		
Three Years Later	45,675	41,511	41,497	37,487	33,575	33,688	35,903			
Four Years Later	47,286	43,561	45,495	40,787	36,584	37,064				
Five Years Later	50,032	46,493	48,628	43,207	38,884					
Six Years Later	52,436	48,913	50,814	45,548						
Seven Years Later	54,488	52,410	52,989							
Eight Years Later	57,856	54,301								
Nine Years Later	59,608									
5 Reestimated Incurred Claims And Expenses:										
End Of Policy Year	116,650	124,200	114,300	106,081	94,160	84,551	89,020	92,130	80,505	82,905
One Year Later	119,650	120,850	98,417	96,838	89,357	86,080	89,100	83,830	80,075	
Two Years Later	117,450	94,420	90,663	91,740	85,720	85,940	81,641	82,404		
Three Years Later	94,371	87,884	85,948	88,905	85,350	78,143	79,747			
Four Years Later	91,640	82,730	88,270	87,775	76,888	76,523				
Five Years Later	93,329	85,630	90,280	83,384	76,903					
Six Years Later	91,685	86,880	91,846	79,787						
Seven Years Later	94,350	87,860	90,332							
Eight Years Later	95,172	86,396								
Nine Years Later	95,929									
6 Increase In Estimated Incurred Claims And Expense From End Of Policy Year	(20,721)	(37,804)	(23,968)	(26,294)	(17,257)	(8,028)	(9,273)	(9,726)	(430)	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	
	2001	2000	2001	2000	2001	2000
Unpaid Claims And Claims Adjustment Expenses At The Beginning Of The Year	$ 1,801	$ 6,132	$ 82	$ 258	$ 499,700	$ 508,800
Incurred Claims And Claims Adjustment Expenses:						
Provision For Current Fiscal Year	5,716	2,104	71	60	82,905	80,505
Change In Provision For Prior Fiscal Year	-	-	-	-	33,940	(19,872)
Payments And Claims And Adjustment Expenses Attributable To:						
Current Fiscal Year Insured Events	(1,385)	(303)	(32)	22	(17,253)	(16,157)
Prior Fiscal Years Insured Events	(1,801)	(6,132)	82	(258)	(59,262)	(55,290)
Total Payments	(3,186)	(6,435)	50	(236)	(76,515)	(71,447)
Change In Provision For Discount	-	-	-	-	(25,200)	(696)
Other	-	-	-	-	170	2,410
Total Unpaid Claims And Claims Adjustment Expenses At The End Of The Year	$ 4,331	$ 1,801	$ 103	$ 82	$ 515,000	$ 499,700

Source: Individual Financial Statements

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