

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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STATE OF NORTH DAKOTA

Statement of Net Assets June 30, 2006

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Cash and Cash Equivalents	\$ 9,730,612	\$ 547,648,494	\$ 557,379,106	\$ 16,567,775
Investments	920,673,217	1,705,255,000	2,625,928,217	25,636,798
Accounts Receivable - Net	39,594,901	73,077,864	112,672,765	20,294,913
Taxes Receivable - Net	210,755,548	-	210,755,548	-
Interest Receivable - Net	8,406,998	32,248,371	40,655,369	142,582
Intergovernmental Receivable - Net	168,416,093	48,590,671	217,006,764	372,000
Internal Receivable *	831,658,275	-	66,091,642	-
Due from Component Units	-	7,159,897	7,159,897	-
Due from Primary Government	-	-	-	20,278,624
Prepaid Items	4,445,765	1,762,722	6,208,487	-
Inventory	8,940,401	18,167,399	27,107,800	399,384
Loans and Notes Receivable - Net	98,303,498	1,520,093,284	1,618,396,782	9,853,624
Unamortized Bond Financing Costs	1,647,195	10,025,432	11,672,627	1,298,270
Pension Assets	2,335,568	-	2,335,568	-
Other Assets	-	9,620,003	9,620,003	6,130,703
Restricted Assets:				
Cash and Cash Equivalents	12,373,891	243,898,854	256,272,745	15,940,577
Investments	-	65,161,286	65,161,286	636,955,284
Interest Receivable - Net	-	5,443,000	5,443,000	3,850,000
Loans and Notes Receivable - Net	-	674,838,000	674,838,000	-
Capital Assets:				
Land and Construction in Progress	416,059,402	64,681,508	480,740,910	5,077,251
Infrastructure - Net	549,957,843	88,195,223	638,153,066	585,486
Buildings and Equipment - Net	329,133,593	546,671,077	875,804,670	113,598,414
Total Assets	<u>3,612,432,800</u>	<u>5,662,538,085</u>	<u>8,509,404,252</u>	<u>876,981,685</u>

* An internal receivable balance remains in the Total column because certain Business-Type Activities have different fiscal year ends than the Governmental Activities. As internal balances are reported separately as internal receivables and internal payables, those lines, as well as the total assets and total liabilities, do not crossfoot.

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
LIABILITIES				
Accounts Payable	143,113,429	25,950,307	169,063,736	6,723,500
Accrued Payroll	29,979,452	19,826,700	49,806,152	54,292
Securities Lending Collateral	81,363,107	331,700,598	413,063,705	-
Interest Payable	3,575,786	17,334,369	20,910,155	2,210,000
Intergovernmental Payable	36,117,441	2,325,381	38,442,822	-
Tax Refunds Payable	35,067,101	-	35,067,101	-
Internal Payable *	-	765,566,633	-	-
Due to Component Units	-	6,175,882	6,175,882	-
Due to Primary Government	-	-	-	7,459,897
Contracts Payable	8,573,430	1,656,069	10,229,499	-
Federal Funds Purchased	-	242,502,000	242,502,000	-
Reverse Repurchase Agreements	-	6,430,000	6,430,000	-
Other Deposits	-	354,569,834	354,569,834	499,964
Amounts Held in Custody for Others	-	13,919,160	13,919,160	-
Deferred Revenue	15,556,933	52,079,958	67,636,891	2,005,907
Other Liabilities	-	9,524,425	9,524,425	27,017,534
Long-Term Liabilities				
Due within one year	14,830,296	162,002,357	176,832,653	11,627,914
Due in more than one year	346,104,704	1,923,150,447	2,269,255,151	188,088,786
Total Liabilities	<u>714,281,679</u>	<u>3,934,714,120</u>	<u>3,883,429,166</u>	<u>245,687,794</u>
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	1,077,843,107	516,243,464	1,594,086,571	104,874,489
Restricted for:				
General Government	12,040,385	-	12,040,385	-
Education	84,798,948	-	84,798,948	-
Health and Human Services	26,875,553	-	26,875,553	-
Regulatory Purposes	45,089,412	-	45,089,412	-
Public Safety & Corrections	2,809,858	-	2,809,858	-
Agriculture and Commerce	11,532,230	-	11,532,230	-
Cultural and Natural Resources	62,375,143	-	62,375,143	-
Transporation	125,589,947	-	125,589,947	-
Capital Projects	26,914,000	3,530,920	30,444,920	-
Debt Service	65,534,724	97,305,839	162,840,563	71,272,000
Loan Purposes	-	47,143,370	47,143,370	128,918,000
Pledged Assets	-	85,691,000	85,691,000	-
Unemployment Compensation	-	116,160,621	116,160,621	-
Permanent and Endowment Funds - Expendable	19,472,301	28,208,599	47,680,900	-
Permanent and Endowment Funds - Nonexpendable	798,384,097	13,186,419	811,570,516	-
Other	-	85,450	85,450	258,679,758
Unrestricted	538,891,416	820,268,283	1,359,159,699	67,549,644
Total Net Assets	<u>\$ 2,898,151,121</u>	<u>\$ 1,727,823,965</u>	<u>\$ 4,625,975,086</u>	<u>\$ 631,293,891</u>

The Accompanying Notes are an Integral Part of the Financial Statements

STATE OF NORTH DAKOTA

Statement of Activities

For the Fiscal Year Ended June 30, 2006

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	\$ 264,911,163	\$ 23,186,427	\$ 10,280,020	\$ -
Education	496,821,495	3,675,283	225,747,863	-
Health and Human Services	854,450,025	29,134,050	587,326,577	-
Regulatory	19,676,826	17,072,857	3,794,087	-
Public Safety and Corrections	145,479,620	7,189,302	73,753,351	-
Agriculture and Commerce	54,457,817	22,935,699	20,029,383	-
Natural Resources	62,430,892	20,685,820	15,786,189	3,402,329
Transportation	372,245,432	77,967,969	208,031,730	53,154,543
Interest on Long Term Debt	12,880,933	-	-	-
Total Governmental Activities	<u>2,283,354,203</u>	<u>201,847,407</u>	<u>1,144,749,200</u>	<u>56,556,872</u>
Business-Type Activities:				
Bank of North Dakota	71,263,587	107,518,000	-	-
Housing Finance	46,579,809	39,209,000	12,078,513	-
Loan Programs	17,235,546	17,406,328	1,774,635	-
Mill and Elevator	101,198,217	107,379,916	36,101	-
State Lottery	15,622,027	22,413,359	131,652	-
Unemployment Compensation	43,314,505	60,709,015	4,439,895	-
University System	743,271,216	331,584,391	208,591,260	577,251
Workforce Safety and Insurance	116,020,938	94,383,040	53,778,459	-
Other	14,922,322	13,467,869	2,484,666	-
Total Business-Type Activities	<u>1,169,428,167</u>	<u>794,070,918</u>	<u>283,315,181</u>	<u>577,251</u>
Total Primary Government	<u>\$ 3,452,782,370</u>	<u>\$ 995,918,325</u>	<u>\$ 1,428,064,381</u>	<u>\$ 57,134,123</u>
Component Units:	<u>\$ 71,648,518</u>	<u>\$ 33,510,365</u>	<u>\$ 83,430,194</u>	<u>\$ -</u>

General Revenues:

Taxes:

Individual and Corporate Income Taxes
 Sales and Use Taxes
 Oil, Gas and Coal Taxes
 Business and Other Taxes

Unrestricted Investment Earnings

Tobacco Settlement

Miscellaneous

Contributions to Permanent Fund Principal

Transfers

Total General Revenues and Transfers

Change in Net Assets

Net Assets, Beginning of Year, as Restated

Net Assets, Ending

Net (Expense) Revenue and Change in Net Assets			
Primary Government			
Governmental Activities	Business-Type Activities	Total	Component Units
\$ (231,444,716)		\$ (231,444,716)	
(267,398,349)		(267,398,349)	
(237,989,398)		(237,989,398)	
1,190,118		1,190,118	
(64,536,967)		(64,536,967)	
(11,492,735)		(11,492,735)	
(22,556,554)		(22,556,554)	
(33,091,190)		(33,091,190)	
(12,880,933)		(12,880,933)	
<u>(880,200,724)</u>		<u>(880,200,724)</u>	
	\$ 36,254,413	36,254,413	
	4,707,704	4,707,704	
	1,945,417	1,945,417	
	6,217,800	6,217,800	
	6,922,984	6,922,984	
	21,834,405	21,834,405	
	(202,518,314)	(202,518,314)	
	32,140,561	32,140,561	
	1,030,213	1,030,213	
<u>-</u>	<u>(91,464,817)</u>	<u>(91,464,817)</u>	
<u>(880,200,724)</u>	<u>(91,464,817)</u>	<u>(971,665,541)</u>	
			<u>\$ 45,292,041</u>
432,071,872	-	432,071,872	-
678,820,618	-	678,820,618	-
210,169,616	-	210,169,616	-
66,601,785	-	66,601,785	-
12,408,573	-	12,408,573	-
11,712,175	-	11,712,175	-
23,696,003	-	23,696,003	-
11,156,063	-	11,156,063	15,669,260
<u>(215,088,572)</u>	<u>188,108,694</u>	<u>(26,979,878)</u>	<u>-</u>
<u>1,231,548,133</u>	<u>188,108,694</u>	<u>1,419,656,827</u>	<u>15,669,260</u>
351,347,409	96,643,877	447,991,286	60,961,301
2,546,803,712	1,631,180,088	4,177,983,800	570,332,590
<u>\$ 2,898,151,121</u>	<u>\$ 1,727,823,965</u>	<u>\$ 4,625,975,086</u>	<u>\$ 631,293,891</u>

The Accompanying Notes are an Integral Part of the Financial Statements

STATE OF NORTH DAKOTA

Balance Sheet Governmental Funds June 30, 2006

	General	Federal	School Permanent Trust Fund	Other Governmental Funds	Total
ASSETS					
Cash Deposits at the Bank of ND	\$ 225,512,034	\$ 4,377,034	\$ 1,691,439	\$ 449,973,793	\$ 681,554,300
Cash and Cash Equivalents	5,172,919	8,674	-	4,548,500	9,730,093
Restricted Cash and Cash Equivalents	3,344,308	-	-	9,029,583	12,373,891
Investments at the Bank of ND	66,505,867	7,000,000	-	70,263,145	143,769,012
Investments	-	-	855,405,161	56,926,841	912,332,002
Accounts Receivable - Net	4,261,954	5,244,917	5,191,210	24,208,697	38,906,778
Taxes Receivable - Net	143,779,287	-	526,320	66,449,941	210,755,548
Interest Receivable - Net	846,339	475	6,021,800	1,478,454	8,347,068
Intergovernmental Receivable - Net	-	159,726,755	-	8,624,357	168,351,112
Due from Other Funds	83,175,458	17,424,560	3,375,139	22,959,759	126,934,916
Prepaid Items	603,468	1,077,066	-	2,711,240	4,391,774
Inventory	1,435,397	165,027	-	4,490,593	6,091,017
Loans and Notes Receivable - Net	79,117	22,104	25,845,744	72,356,533	98,303,498
Total Assets	\$ 534,716,148	\$ 195,046,612	\$ 898,056,813	\$ 794,021,436	\$ 2,421,841,009
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 27,888,181	\$ 87,691,360	\$ 5,519,109	\$ 20,466,399	\$ 141,565,049
Accrued Payroll	15,142,984	7,086,873	-	6,452,748	28,682,605
Securities Lending Collateral	-	-	74,623,674	5,216,640	79,840,314
Intergovernmental Payable	2,409,940	7,994,401	-	25,712,628	36,116,969
Tax Refunds Payable	34,754,612	-	-	312,489	35,067,101
Due to Other Funds	18,885,505	70,362,202	57,632	44,380,364	133,685,703
Contracts Payable	208,362	6,380,017	-	1,985,051	8,573,430
Deferred Revenue	20,489,669	17,606,160	-	29,961,999	68,057,828
Total Liabilities	119,779,253	197,121,013	80,200,415	134,488,318	531,588,999
Fund Balances:					
Reserved For:					
Inventory	1,435,397	165,027	-	4,490,593	6,091,017
Long - Term Receivables	11,734	-	-	66,435,691	66,447,425
Capital Projects	-	-	-	26,914,380	26,914,380
Debt Service	-	-	-	67,676,563	67,676,563
Prepaid Expenditures	603,468	1,077,066	-	2,711,240	4,391,774
Legal Requirements	-	-	-	12,491,800	12,491,800
Undistributed Revenue	-	-	11,213,010	-	11,213,010
Permanent Trust Fund	-	-	806,643,388	-	806,643,388
Unreserved, Reported in:					
General Fund	412,886,296	-	-	-	412,886,296
Special Revenue Funds	-	(3,316,494)	-	478,812,851	475,496,357
Total Fund Balances	414,936,895	(2,074,401)	817,856,398	659,533,118	1,890,252,010
Total Liabilities and Fund Balances	\$ 534,716,148	\$ 195,046,612	\$ 898,056,813	\$ 794,021,436	\$ 2,421,841,009

The Accompanying Notes are an Integral Part of the Financial Statements

STATE OF NORTH DAKOTA

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets June 30, 2006

Total Fund Balances-Governmental Funds \$ 1,890,252,010

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of assets is \$3,855,518,667 and the accumulated depreciation is \$2,622,809,687. 1,232,708,980

Some of the state's revenues will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds. 55,231,908

Internal service funds are used to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. 63,113,614

Bonds issued by the State have associated costs that are paid from current available financial resources in the funds. However, these costs are deferred on the statement of net assets. 1,587,350

The pension assets resulting from contributions in excess of annual required contribution are not financial resources and, therefore, are not reported in the funds. 2,335,568

Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Those liabilities consist of:

Bonds Payable	(281,618,979)	
Notes Payable	(26,313,857)	
Accrued Interest on Long-Term Liabilities	(3,498,349)	
Compensated Absences	(28,232,426)	
Intergovernmental Payable	(172,678)	
Capital Leases	(6,315,494)	
Claims and Judgments	(926,526)	
Total Long-Term Liabilities		<u>(347,078,309)</u>

Net Assets of Governmental Activities \$ 2,898,151,121

STATE OF NORTH DAKOTA

Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds For the Fiscal Year Ended June 30, 2006

	General	Federal	School Permanent Trust Fund	Other Governmental Funds	Total
REVENUES					
Individual and Corporate Income Taxes	\$ 400,586,546	\$ -	\$ -	\$ 9,104,759	\$ 409,691,305
Sales and Use Taxes	497,721,376	-	-	176,514,426	674,235,802
Oil, Gas, and Coal Taxes	85,863,487	-	6,282,020	118,012,271	210,157,778
Business and Other Taxes	40,119,160	-	-	17,267,446	57,386,606
Licenses, Permits and Fees	13,337,932	340	-	109,190,032	122,528,304
Intergovernmental	1,093,183	1,069,574,549	-	9,021,799	1,079,689,531
Sales and Services	2,305,360	4,226,261	-	39,072,274	45,603,895
Royalties and Rents	15,775,549	277	40,748,085	7,755,488	64,279,399
Fines and Forfeits	3,828,833	-	1,519,732	7,048,067	12,396,632
Interest and Investment Income	11,911,653	381,856	57,112,407	13,268,523	82,674,439
Tobacco Settlement	-	-	9,636,331	11,712,175	21,348,506
Commodity Assessments	-	-	-	12,673,677	12,673,677
Miscellaneous	1,400,655	242,083	-	4,472,657	6,115,395
Total Revenues	1,073,943,734	1,074,425,366	115,298,575	535,113,594	2,798,781,269
EXPENDITURES					
Current:					
General Government	75,798,797	6,679,015	-	10,248,279	92,726,091
Education	323,743,430	120,999,924	3,715,490	40,671,264	489,130,108
Health and Human Services	245,661,049	559,124,179	-	38,994,208	843,779,436
Regulatory	7,289,926	2,487,547	-	6,262,120	16,039,593
Public Safety and Corrections	74,543,947	58,796,349	-	5,703,564	139,043,860
Agriculture and Commerce	11,658,558	17,112,356	-	25,887,185	54,658,099
Natural Resources	8,259,124	11,469,706	-	35,829,163	55,557,993
Transportation	542,303	220,842,723	-	121,205,870	342,590,896
Intergovernmental - Revenue Sharing	-	-	-	171,942,576	171,942,576
Capital Outlay	5,343,699	73,125,356	-	42,964,871	121,433,926
Debt Service:					
Principal	564,788	618,456	-	10,051,866	11,235,110
Interest and Other Charges	218,037	219,758	-	11,361,538	11,799,333
Total Expenditures	753,623,658	1,071,475,369	3,715,490	521,122,504	2,349,937,021
Revenues over Expenditures	320,320,076	2,949,997	111,583,085	13,991,090	448,844,248
OTHER FINANCING SOURCES (USES)					
Bonds and Notes Issued	4,547,338	-	-	110,583,330	115,130,668
Refunding Bonds Issued	-	-	-	10,516,000	10,516,000
Payment to Refund Bond Escrow Agent	-	-	-	(10,388,000)	(10,388,000)
Capital Lease Acquisitions	17,716	1,919,501	-	8,869	1,946,086
Sale of Capital Assets	118,300	-	-	1,130,497	1,248,797
Transfers In	58,029,999	11,054,456	-	126,370,385	195,454,840
Transfers Out	(233,274,780)	(17,898,270)	(33,398,600)	(125,971,762)	(410,543,412)
Total Other Financing Sources (Uses)	(170,561,427)	(4,924,313)	(33,398,600)	112,249,319	(96,635,021)
Net Change in Fund Balances	149,758,649	(1,974,316)	78,184,485	126,240,409	352,209,227
Fund Balances - Beginning of Year, as Adjusted	265,178,246	(100,085)	739,671,913	533,292,709	1,538,042,783
Fund Balances - End of Year	\$ 414,936,895	\$ (2,074,401)	\$ 817,856,398	\$ 659,533,118	\$ 1,890,252,010

The Accompanying Notes are an Integral Part of the Financial Statements

STATE OF NORTH DAKOTA

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Fiscal Year Ended June 30, 2006

Net Change in Fund Balances-Total Governmental Funds \$ 352,209,227

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital outlay	119,401,604	
Depreciation expense	<u>(47,476,783)</u>	
Excess of capital outlay over depreciation expense		71,924,821

In the statement of activities, only the *gain(loss)* on the sale of assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the book value of the assets sold. (4,834,589)

Donations of capital assets increase net assets in the statement of activities but do not appear in the governmental funds because they are not financial resources. 958,400

Some of the assets acquired this year were financed through capital leases. The amount financed is reported in the governmental funds as a source of financing. However, capital leases are reported as long-term liabilities in the statement of net assets. (1,946,086)

Based on receipt dates, some revenues are not considered "available" revenues and are deferred in the governmental funds. Deferred revenues increased/decreased by this amount this year. 36,670,974

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue of internal service funds is reported with governmental activities 776,273

Bonds proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. (104,157,954)

Notes payable proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. (21,488,714)

The pension assets resulting from contributions in excess of annual required contribution are not financial resources and, therefore, are not reported in the funds. 29,197

Repayment of long-term debt is reported as an expenditure in governmental funds but the repayment reduces long-term liabilities in the statement of net assets. In the current year, these amounts consist of:

Bond principal retirement	20,429,600	
Note payments	784,882	
Capital lease payments	<u>1,524,405</u>	
Total long-term debt repayment		22,738,887

Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. These activities consist of:

Net increase/decrease in accrued interest	(525,673)	
Net increase/decrease in compensated absences	(1,006,827)	
Net increase/decrease in claims and judgments	<u>(527)</u>	
Total additional expenditures		<u>(1,533,027)</u>

Change in Net Assets of Governmental Activities \$ 351,347,409

STATE OF NORTH DAKOTA

Statement of Net Assets Proprietary Funds June 30, 2006

	Business-Type Activities - Enterprise Funds					Governmental
	Bank of	Housing	University	Workforce	Other	Internal
	North Dakota	Finance	System	Safety and Insurance	Enterprise Funds	Service Funds
					Total	
ASSETS						
Current Assets:						
Cash Deposits at the Bank of ND	\$ 629,000	\$ 47,308,091	\$ 1,382,624	\$ 25,996,655	\$ 75,316,370	\$ 8,161,875
Cash and Cash Equivalents	790,000	4,736,096	-	106,178,398	111,704,494	519
Investments at the Bank of ND	-	56,542,883	8,852,300	9,831,779	75,226,962	-
Investments	1,326,000	2,861,629	1,509,678,627	30,103,174	1,543,969,430	8,341,215
Accounts Receivable - Net	521,000	14,181,680	17,005,176	41,332,295	73,040,151	627,745
Interest Receivable - Net	222,000	6,200	8,924,644	2,864,527	12,017,371	59,930
Intergovernmental Receivable - Net	157,000	45,785,216	-	2,648,455	48,590,671	64,981
Due from Other Funds	82,000	19,712,467	-	473,519	20,267,986	4,341,550
Due from Fiduciary Funds	-	-	-	37,713	37,713	60,378
Due from Component Units	-	1,495,897	-	-	1,495,897	-
Prepaid Items	26,000	-	75,096	1,661,626	1,762,722	53,991
Inventory	-	7,641,625	-	10,525,774	18,167,399	119,151
Loans and Notes Receivable - Net	-	9,858,974	-	23,625,741	33,484,715	-
Other Assets	-	3,642,225	-	-	3,642,225	-
Restricted Cash at the Bank of ND	7,791,000	-	-	5,123,451	12,914,451	5,734,157
Restricted Cash and Cash Equivalents	241,559,000	-	-	-	241,559,000	-
Restricted Investments at the Bank of ND	-	-	-	15,540,666	15,540,666	-
Restricted Interest Receivable - Net	2,961,000	-	-	2,482,000	5,443,000	-
Restricted Loans Receivable - Net	11,311,000	-	-	40,080,000	51,391,000	-
Total Current Assets	267,375,000	213,772,983	1,545,918,467	318,505,773	2,345,572,223	27,565,492
Noncurrent Assets:						
Restricted Cash at the Bank of ND	-	44,035,281	-	-	44,035,281	-
Restricted Cash and Cash Equivalents	-	2,073,644	-	266,210	2,339,854	-
Restricted Investments at the Bank of ND	-	12,173,293	-	-	12,173,293	-
Restricted Investments	26,760,000	38,186,806	-	214,480	65,161,286	-
Investments at the Bank of ND	-	18,850,000	-	-	18,850,000	-
Investments	-	9,326,570	-	-	9,326,570	-
Loans and Notes Receivable - Net	-	32,172,019	-	28,037,550	60,209,569	-
Restricted Loans Receivable - Net	562,325,000	-	-	61,122,000	623,447,000	-
Unamortized Bond Issuance Costs	5,972,000	3,272,866	-	780,566	10,025,432	59,845
Other Noncurrent Assets	2,302,000	-	-	2,358,778	4,660,778	-
Capital Assets:						
Land and Construction in Progress	-	56,444,132	901,974	6,663,402	64,009,508	-
Infrastructure - Net	-	87,165,825	-	1,029,398	88,195,223	-
Buildings and Equipment - Net	-	492,676,332	10,611,093	39,556,652	542,844,077	62,441,858
Total Noncurrent Assets	597,359,000	796,376,768	11,513,067	140,029,036	1,545,277,871	62,501,703
Bank Related Assets:						
Cash and Cash Equivalents	\$ 435,944,000				\$ 435,944,000	
Investments	151,959,000				151,959,000	
Interest Receivable - Net	20,231,000				20,231,000	
Due from Other Funds	16,285,000				16,285,000	
Due from Component Units	5,664,000				5,664,000	
Loans and Notes Receivable - Net	1,426,399,000				1,426,399,000	
Other Assets	1,317,000				1,317,000	
Capital Assets:						
Land and Construction in Progress	672,000				672,000	
Buildings and Equipment - Net	3,827,000				3,827,000	
Total Bank Related Assets	2,062,298,000				2,062,298,000	
Total Assets	2,062,298,000	864,734,000	1,010,149,751	1,557,431,534	458,534,809	5,953,148,094
						90,067,195

STATE OF NORTH DAKOTA

Statement of Net Assets Proprietary Funds June 30, 2006

	Business-Type Activities - Enterprise Funds					Total	Governmental
	Bank of North Dakota	Housing Finance	University System	Workforce Safety and Insurance	Other Enterprise Funds		Internal Service Funds
LIABILITIES							
Current Liabilities:							
Accounts Payable		537,000	16,444,684	3,108,575	5,855,785	25,946,044	1,513,716
Accrued Payroll		-	19,054,703	-	771,997	19,826,700	1,296,847
Securities Lending Collateral		-	-	326,131,613	5,568,985	331,700,598	1,522,793
Interest Payable		15,323,000	966,291	-	485,734	16,775,025	77,437
Intergovernmental Payable		601,000	146,263	-	2,454,843	3,202,106	472
Due to Other Funds		10,354,000	5,876,316	60,484	25,620,527	41,911,327	785,556
Due to Fiduciary Funds		-	-	-	4,263	4,263	34,664
Due to Component Units		-	511,882	-	-	511,882	-
Contracts Payable		-	1,656,069	-	-	1,656,069	-
Other Deposits		-	6,131,769	-	-	6,131,769	-
Amounts Held in Custody for Others		7,791,000	-	-	6,128,160	13,919,160	-
Claims/Judgments Payable		-	-	70,000,000	1,396,989	71,396,989	1,498,429
Compensated Absences Payable		110,000	1,042,316	627,000	114,250	1,893,566	92,351
Notes Payable		-	957,454	-	-	957,454	-
Capital Leases Payable		-	4,862,233	-	33,324	4,895,557	29,559
Bonds Payable		53,790,000	7,595,066	-	505,000	61,890,066	568,400
Deferred Revenue		-	9,918,764	39,276,908	2,884,286	52,079,958	780
Other Current Liabilities		-	-	-	1,331	1,331	-
Total Current Liabilities		88,506,000	75,163,810	439,204,580	51,825,474	654,699,864	7,421,004
Noncurrent Liabilities:							
Intergovernmental Payable		798,000	1,231,479	-	3,390,311	5,419,790	-
Claims/Judgments Payable		-	-	616,800,000	440,357	617,240,357	3,042,444
Compensated Absences Payable		58,000	20,448,678	111,118	876,996	21,494,792	1,278,951
Notes Payable		-	6,625,468	-	-	6,625,468	6,000,000
Capital Leases Payable		-	40,139,667	-	53,152	40,192,819	16,438
Bonds Payable		694,237,000	189,580,206	-	92,526,015	976,343,221	4,828,468
Other Noncurrent Liabilities		-	1,736,417	-	5,389,677	7,126,094	-
Total Noncurrent Liabilities		695,093,000	259,761,915	616,911,118	102,676,508	1,674,442,541	15,166,301
Bank Related Liabilities:							
Interest Payable	541,000					541,000	
Due to Other Funds	20,253,000					20,253,000	
Due to Component Units	5,664,000					5,664,000	
Federal Funds Purchased	242,502,000					242,502,000	
Reverse Repurchase Agreements	6,430,000					6,430,000	
Deposits Held for Other Funds	1,020,298,533					1,020,298,533	
Other Deposits	326,536,467					326,536,467	
Other Liabilities	2,397,000					2,397,000	
Long Term Liabilities:							
Due within one year	20,092,000					20,092,000	
Due in more than one year	255,834,000					255,834,000	
Total Bank Related Liabilities	1,900,548,000					1,900,548,000	
Total Liabilities	1,900,548,000	783,599,000	334,925,725	1,056,115,698	154,501,982	4,229,690,405	22,587,305
NET ASSETS							
Invested in Capital Assets, Net of Related Debt	4,499,000	-	454,599,436	11,513,067	45,631,961	516,243,464	62,395,861
Restricted for:							
Capital Projects	-	-	3,524,649	-	6,271	3,530,920	-
Debt Service	-	56,898,000	14,318,420	-	26,089,419	97,305,839	-
Loan Purposes	-	-	46,187,966	-	955,404	47,143,370	-
Pledged Assets	76,177,000	9,514,000	-	-	-	85,691,000	-
Unemployment Compensation	-	-	-	-	116,160,621	116,160,621	-
Endowment Funds-Nonexpendable	-	-	13,186,419	-	-	13,186,419	-
Endowment Funds-Expendable	-	-	28,208,599	-	-	28,208,599	-
Other	-	-	85,450	-	-	85,450	-
Unrestricted	81,074,000	14,723,000	115,113,087	489,802,769	115,189,151	815,902,007	5,084,029
Total Net Assets	\$ 161,750,000	\$ 81,135,000	\$ 675,224,026	\$ 501,315,836	\$ 304,032,827	\$ 1,723,457,689	\$ 67,479,890

Reconciliation of the Proprietary Funds Statement of Net Assets to the Statement of Net Assets June 30, 2006

Total Net Assets - Enterprise Funds	\$ 1,723,457,689
Amounts reported for business-type activities in the statement of net assets are different because:	
Prior year net assets restatement and reduction of current year expenses based on the allocation of internal service fund's net income	4,366,276
Net Assets of Business-Type Activities	\$ 1,727,823,965

STATE OF NORTH DAKOTA

Statement of Revenues, Expenses and Changes in Fund Net Assets Proprietary Funds For the Fiscal Year Ended June 30, 2006

	Business-Type Activities - Enterprise Funds						Governmental Activities
	Bank of North Dakota	Housing Finance	University System	Workforce Safety and Insurance	Other Enterprise Funds	Total	Internal Service Funds
OPERATING REVENUES							
Sales and Services	\$ 10,337,000	\$ 1,573,000	\$ 41,389,006	\$ 92,632,068	\$ 207,374,001	\$ 353,305,075	\$ 66,003,169
Auxiliary Sales Pledges for Bonds	-	-	80,607,774	-	-	80,607,774	-
Tuition and Fees	-	-	201,783,460	-	-	201,783,460	-
Grants and Contributions	-	-	176,518,043	-	-	176,518,043	-
Royalties and Rents	-	-	-	628,629	31,667	660,296	-
Fines and Forfeits	-	-	-	1,122,343	-	1,122,343	-
Interest and Investment Income	97,181,000	37,636,000	-	-	13,228,882	148,045,882	-
Miscellaneous	-	-	1,423,697	-	680,472	2,104,169	72,794
Total Operating Revenues	107,518,000	39,209,000	501,721,980	94,383,040	221,315,022	964,147,042	66,075,963
OPERATING EXPENSES							
Cost of Sales and Services	-	-	23,416,381	-	98,192,730	121,609,111	854,348
Salaries and Benefits	8,502,000	1,848,000	461,643,310	12,565,306	5,086,968	489,645,584	16,788,954
Operating	10,271,000	3,762,000	188,628,008	5,652,620	33,040,519	241,354,147	34,749,462
Claims	-	-	-	82,972,783	46,557,796	129,530,579	3,504,365
Scholarships and Fellowships	-	-	21,616,438	-	-	21,616,438	-
Interest	51,623,000	28,480,000	-	-	4,971,330	85,074,330	-
Depreciation	739,000	15,000	38,213,749	447,877	3,662,385	43,078,011	8,908,930
Miscellaneous	-	-	-	-	3,514	3,514	-
Total Operating Expenses	71,135,000	34,105,000	733,517,886	101,638,586	191,515,242	1,131,911,714	64,806,059
Operating Income (Loss)	36,383,000	5,104,000	(231,795,906)	(7,255,546)	29,799,780	(167,764,672)	1,269,904
NONOPERATING REVENUES (EXPENSES)							
Grants and Contracts	-	-	6,088,381	-	364,730	6,453,111	-
Gifts	-	-	19,779,659	-	-	19,779,659	-
Interest and Investment Income	-	12,078,513	6,205,177	53,778,459	8,502,219	80,564,368	386,573
Interest Expense	-	(12,470,000)	(9,532,867)	(14,357,294)	(691,363)	(37,051,524)	(403,927)
Gain (Loss) on Sale of Capital Assets	-	-	3,025,329	-	(24,899)	3,000,430	(401,338)
Other	-	-	2,663,756	-	(2,260)	2,661,496	16,726
Total Nonoperating Revenues (Expenses)	-	(391,487)	28,229,435	39,421,165	8,148,427	75,407,540	(401,966)
Income (Loss) Before Contributions and Transfers	36,383,000	4,712,513	(203,566,471)	32,165,619	37,948,207	(92,357,132)	867,938
Capital Grants and Contributions	-	-	577,251	-	-	577,251	223,400
Transfers In	-	184,487	239,379,583	-	412,500	239,976,570	-
Transfer Out	(27,410,000)	(29,000)	(7,059,597)	-	(17,369,279)	(51,867,876)	-
Changes in Net Assets	8,973,000	4,868,000	29,330,766	32,165,619	20,991,428	96,328,813	1,091,338
Total Net Assets - Beginning of Year, as Adjusted	152,777,000	76,267,000	645,893,260	469,150,217	283,041,399	1,627,128,876	66,388,552
Total Net Assets - End of Year	\$ 161,750,000	\$ 81,135,000	\$ 675,224,026	\$ 501,315,836	\$ 304,032,827	\$ 1,723,457,689	\$ 67,479,890

Reconciliation of Statement of Revenues, Expenses and Changes in Fund Net Assets of Proprietary Funds to the Statement of Activities For the Fiscal Year Ended June 30, 2006

Net Change in Net Assets-Total Enterprise Funds	\$ 96,328,813
Amounts reported for business-type activities in the statement of net assets are different because:	
Expenses were reduced based on the allocation of internal service fund's net income	<u>315,064</u>
Change in Net Assets of Business-Type Activities	\$ 96,643,877

**Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2006**

	Business-Type Activities - Enterprise Funds						Governmental Activities
	Bank of North Dakota	Housing Finance	University System	Workforce Safety and Insurance	Other Enterprise Funds	Total	Internal Service Funds
Cash Flows from Operating Activities:							
Receipts from Customers and Users	\$ 11,145,000	\$ 89,438,000	\$ 121,746,710	\$ 93,776,365	\$ 456,231,911	\$ 772,337,986	\$ 66,095,946
Receipts from Tuition and Fees	-	-	188,560,187	-	-	188,560,187	-
Interest Income on Loans	-	-	-	-	356,099	356,099	-
Receipts from Loan Principal Repayments	-	-	8,938,176	-	15,297,393	24,235,569	-
Receipts from Other Funds	-	-	-	-	129,798	129,798	389,486
Receipts from Grants and Contracts	-	-	192,466,682	-	-	192,466,682	-
Receipts from Others	-	-	1,905,092	4,334,942	73,302	6,313,336	-
Payments for Loan Funds	-	-	(8,917,837)	-	(14,677,885)	(23,595,722)	-
Payments to Other Funds	-	-	-	-	(124,230)	(124,230)	190,990
Payments for Scholarships and Fellowships	-	-	(21,669,506)	-	-	(21,669,506)	-
Payments to Suppliers	(7,415,000)	(91,755,000)	(219,910,948)	(2,943,164)	(344,953,106)	(666,977,218)	(36,183,294)
Payments to Employees	(8,453,000)	(1,842,000)	(456,948,181)	(9,580,814)	(11,296,388)	(488,120,383)	(15,695,691)
Claim Payments	-	-	-	(82,675,874)	(38,329,602)	(121,005,476)	(1,326,613)
Payments to Others	-	(1,210,000)	-	(10,336,882)	(180,528)	(11,727,410)	(1,696,180)
Net Cash Provided by (Used for) Operating Activities	(4,723,000)	(5,369,000)	(193,829,625)	(7,425,427)	62,526,764	(148,820,288)	11,774,644
Cash Flows from Noncapital Financing Activities:							
Proceeds from Bonds	-	229,576,000	-	-	-	229,576,000	-
Proceeds from Sale of Notes and Other Borrowings	610,050,000	-	-	-	8,600,000	618,650,000	-
Principal Payments - Bonds	-	-	-	-	(57,150,000)	(57,150,000)	-
Principal Payments - Notes and Other Borrowings	(770,717,000)	(98,501,000)	-	-	(11,000,000)	(880,218,000)	-
Interest Payments - Bonds	-	(25,839,000)	-	-	(5,010,000)	(30,849,000)	-
Interest Payments - Notes and Other Borrowings	(18,900,000)	-	-	-	(459,564)	(19,359,564)	(24,659)
Payment of Bond Issue Costs	-	(1,590,000)	-	-	-	(1,590,000)	-
Transfers In	-	-	-	-	412,500	412,500	-
Transfers Out	(30,043,000)	(29,000)	(7,059,597)	-	(7,565,850)	(44,697,447)	-
Net Increase in Non-Interest Bearing Deposits	5,622,000	-	-	-	-	5,622,000	-
Net Decrease in Interest Bearing Deposits	148,291,000	-	-	-	-	148,291,000	-
Payments of Interest on Deposits	(25,664,000)	-	-	-	-	(25,664,000)	-
Interest Paid on Federal Funds and Reverse Repurchase Agreement	(5,855,000)	-	-	-	-	(5,855,000)	-
Net Decrease in Federal Funds and Reverse Repurchase Agreements	46,973,000	-	-	-	-	46,973,000	-
Loan Proceeds from Due To Other Funds	-	-	140,020	-	-	140,020	-
Principal Payments on Due To Other Funds	-	-	(100,000)	-	(338,496)	(438,496)	-
Grants and Gifts Received for Other than Capital Purposes	-	-	19,432,861	-	364,730	19,797,591	-
State Appropriations	-	-	219,302,746	-	-	219,302,746	-
Agency Fund Cash Increase	-	-	(1,099,206)	-	-	(1,099,206)	-
Grants Given for Other than Capital Purposes	-	-	(691,369)	-	-	(691,369)	-
Disbursements for Loans and Loan Purchases	-	-	-	-	224,126	224,126	-
Other	-	-	3,315,420	-	9,829	3,325,249	617
Net Cash Provided by (Used for) Noncapital Financing Activities	(40,243,000)	103,617,000	233,240,875	-	(71,912,725)	224,702,150	(24,042)
Cash Flows from Capital and Related Financing Activities:							
Acquisition and Construction of Capital Assets	(2,601,000)	-	(52,371,595)	(21,936)	(7,232,170)	(62,226,701)	(14,755,309)
Proceeds from Sale of Capital Assets	-	-	4,909,237	-	10,518	4,919,755	2,165,680
Proceeds from Bonds	-	-	-	-	-	-	6,000,000
Proceeds from Sale of Notes and Other Borrowings	-	-	74,515,000	-	-	74,515,000	-
Principal Payments - Bonds	-	-	-	-	(205,000)	(205,000)	-
Principal Payments - Notes and Other Borrowings	-	-	(16,768,012)	-	-	(16,768,012)	(548,100)
Interest Payments - Bonds	-	-	-	-	(74,516)	(74,516)	-
Interest Payments - Notes and Other Borrowings	-	-	(8,956,102)	-	(5,859)	(8,961,961)	(236,070)
Capital Appropriations	-	-	5,996,123	-	-	5,996,123	-
Payment on Capital Leases	-	-	-	-	(41,447)	(41,447)	(26,722)
Interest Payments - Capital Leases	-	-	-	-	-	-	(6,271)
Capital Grants and Gifts Received	-	-	5,900,424	-	-	5,900,424	-
Insurance Proceeds	-	-	407,710	-	-	407,710	-
Net Cash Provided by (Used for) Capital and Related Financing Activities	(2,601,000)	-	13,632,785	(21,936)	(7,548,474)	3,461,375	(7,406,792)
Cash Flows from Investing Activities:							
Proceeds from Sale and Maturities of Investment Securities	118,644,000	371,000	39,905,227	18,500,000	89,251,792	266,672,019	-
Purchase of Investment Securities	(23,857,000)	-	(80,331,742)	(11,666,195)	(70,427,855)	(186,282,792)	(2,068,172)
Interest and Dividends on Investments	12,141,000	1,880,000	7,675,835	-	8,639,377	30,336,212	513,333
Proceeds from Sale of Other Real Estate	483,000	-	-	-	-	483,000	-
Net Decrease in Loans	(11,986,000)	-	-	-	-	(11,986,000)	-
Receipt of Loan Principal Repayments	-	-	-	-	886,877	886,877	-
Loan Income Received	81,683,000	-	-	-	635,584	82,318,584	-
Net Cash Provided by (Used for) Investing Activities	177,108,000	2,251,000	(32,750,680)	6,833,805	28,985,775	182,427,900	(1,554,839)

Statement of Cash Flows
 Proprietary Funds
 For the Fiscal Year Ended June 30, 2006

	Business-Type Activities - Enterprise Funds						Governmental Activities
	Bank of North Dakota	Housing Finance	University System	Workforce Safety and Insurance	Other Enterprise Funds	Total	Internal Service Funds
Net Change In Cash:							
Net Increase (Decrease) in Cash and Cash Equivalents	129,541,000	100,499,000	20,293,355	(613,558)	12,051,340	261,771,137	2,788,971
Cash and Cash Equivalents at June 30, 2005	306,403,000	150,270,000	77,859,757	1,996,182	125,513,374	662,042,313	11,107,580
Cash and Cash Equivalents at June 30, 2006	<u>\$ 435,944,000</u>	<u>\$ 250,769,000</u>	<u>\$ 98,153,112</u>	<u>\$ 1,382,624</u>	<u>\$ 137,564,714</u>	<u>\$ 923,813,450</u>	<u>\$ 13,896,551</u>
Reconciliation:							
Current:							
Cash Deposits at the Bank of North Dakota	\$ -	\$ 629,000	\$ 47,308,091	\$ 1,382,624	\$ 25,996,655	\$ 75,316,370	\$ 8,161,875
Cash and Cash Equivalents	435,944,000	790,000	4,736,096	-	106,178,398	547,648,494	519
Restricted Cash Deposits at the Bank of North Dakota	-	7,791,000	-	-	5,123,451	12,914,451	-
Restricted Cash and Cash Equivalents	-	241,559,000	-	-	-	241,559,000	-
Noncurrent:							
Restricted Cash Deposits At The Bank of North Dakota	-	-	44,035,281	-	-	44,035,281	5,734,157
Restricted Cash and Cash Equivalents	-	-	2,073,644	-	266,210	2,339,854	-
Cash and Cash Equivalents	<u>\$ 435,944,000</u>	<u>\$ 250,769,000</u>	<u>\$ 98,153,112</u>	<u>\$ 1,382,624</u>	<u>\$ 137,564,714</u>	<u>\$ 923,813,450</u>	<u>\$ 13,896,551</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used for) Operating Activities:							
Operating Income (Loss)	\$ 36,383,000	\$ 5,104,000	\$ (231,795,906)	\$ (7,255,546)	\$ 29,799,780	\$ (167,764,672)	\$ 1,269,904
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:							
Depreciation	812,000	15,000	38,213,749	447,877	3,662,385	43,151,011	8,902,280
Amortization/Accretion	-	(1,197,000)	-	-	211,000	(986,000)	6,650
Reclassification of Interest Revenue/Expense	(47,340,000)	(3,426,000)	-	-	(8,013,833)	(58,779,833)	-
Gain on Sale of Student Loans	(20,000)	-	-	-	-	(20,000)	-
Gain on Sale of Real Estate	(239,000)	-	-	-	-	(239,000)	-
Net Increase in Fair Value of Investments	1,782,000	-	-	-	-	1,782,000	-
Interest Received on Program Loans	-	31,727,000	-	-	11,315,000	43,042,000	-
Disbursements for Loans and Loan Purchases	-	(86,281,000)	-	-	(49,589,000)	(135,870,000)	-
Receipt of Loan Principal Repayments	-	47,687,000	-	-	73,625,000	121,312,000	-
Provision for Losses	2,400,000	-	-	-	641,000	3,041,000	-
Premiums Collected	-	-	-	-	144,228,123	144,228,123	-
Premiums Paid	-	-	-	-	(144,228,123)	(144,228,123)	-
Other	-	(972,000)	-	-	646,659	(325,341)	1,433
Change in Assets and Liabilities:							
(Increase) Decrease in Accounts Receivable	-	347,000	(2,290,706)	5,133,930	(3,014,459)	175,765	123,409
Increase in Interest Receivable	-	-	-	-	(26,375)	(26,375)	-
(Increase) Decrease in Due From	183,000	(52,000)	-	-	(43,513)	87,487	287,363
Decrease in Due From Fiduciary Funds	-	-	-	-	30,841	30,841	-
(Increase) Decrease in Intergovernmental Receivable	-	53,000	7,833,249	-	(90,416)	7,795,833	59,739
(Increase) Decrease in Notes Receivable	-	-	1,225,562	-	(97,213)	1,128,349	-
(Increase) Decrease in Prepaid Items	-	(10,000)	-	(70,096)	84,290	4,194	(40,594)
(Increase) Decrease in Inventories	-	-	(400,700)	-	2,069,510	1,668,810	27,015
(Increase) Decrease in Other Assets	1,307,000	-	(1,594,638)	-	(202,360)	(489,998)	-
Increase (Decrease) in Accounts Payable	-	(180,000)	(9,022,026)	129,912	1,715,608	(7,356,506)	229,412
Increase in Claims/Judgments Payable	-	-	-	6,400,000	758,343	7,158,343	482,430
Increase (Decrease) in Intergovernmental Payable	-	117,000	-	-	(1,721,890)	(1,604,890)	472
Increase in Accrued Payroll	-	-	2,559,244	-	99,284	2,658,528	64,076
Increase in Compensated Absences Payable	-	5,000	2,135,885	36,955	23,532	2,201,372	88,743
Increase in Amounts Held for Others	-	1,681,000	-	-	423,743	2,104,743	-
Increase in Other Deposits	-	-	773,145	-	-	773,145	-
Increase (Decrease) in Due To Other Funds	74,000	30,000	-	19,585	(741,127)	(617,542)	286,869
Increase (Decrease) in Deferred Revenue	-	(17,000)	(1,466,483)	(12,268,044)	961,674	(12,789,853)	(14,557)
Decrease in Other Liabilities	(65,000)	-	-	-	(699)	(65,699)	-
Total Adjustments	<u>(41,106,000)</u>	<u>(10,473,000)</u>	<u>37,966,281</u>	<u>(169,881)</u>	<u>32,726,984</u>	<u>18,944,384</u>	<u>10,504,740</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ (4,723,000)</u>	<u>\$ (5,369,000)</u>	<u>\$ (193,829,625)</u>	<u>\$ (7,425,427)</u>	<u>\$ 62,526,764</u>	<u>\$ (148,820,288)</u>	<u>\$ 11,774,644</u>
Noncash Transactions:							
Net Increase (Decrease) in Fair Value of Investments	\$ -	\$ 2,069,000	\$ -	\$ 715,343	\$ (467,883)	\$ 2,316,460	\$ (192,503)
Change in Securities Lending Collateral	-	-	-	(710,022)	122,294	(587,728)	324,942
Interest on Investments	-	-	-	38,837,268	-	38,837,268	-
Amortization of Bond Discount	-	-	-	-	8,754	8,754	-
Amortization of Bond Issuance Costs	-	-	-	-	3,335	3,335	-
Assets Acquired Through Capital Lease	-	-	12,564,569	-	-	12,564,569	-
Expenses Paid by Capital Lease	-	-	135,551	-	-	135,551	-
Gifts of Capital Assets	-	-	615,430	-	-	615,430	-
Reversal of Allowance for Loan Loss	-	-	-	-	149,000	149,000	-
Interest Revenue on Prize Reserves	-	-	-	-	62,676	62,676	-
Total Noncash Transactions	<u>\$ -</u>	<u>\$ 2,069,000</u>	<u>\$ 13,315,550</u>	<u>\$ 38,842,589</u>	<u>\$ (121,824)</u>	<u>\$ 54,105,315</u>	<u>\$ 132,439</u>

STATE OF NORTH DAKOTA

Statement of Fiduciary Net Assets Fiduciary Funds June 30, 2006

	Pension and Other Employee Benefit Trust Funds	Investment Trust Funds	Private-Purpose Trust Funds	Agency Funds
ASSETS				
Cash Deposits at the Bank of ND	\$ 11,764,445	\$ 346,069	\$ 21,817,905	\$ 10,803,254
Cash and Cash Equivalents	-	-	398,610	3,709,123
Receivables:				
Contributions Receivable	11,985,752	-	-	-
Accounts Receivable - Net	2,358	-	1,002,149	6,446,602
Taxes Receivable - Net	-	-	-	14,123,295
Interest Receivable - Net	13,444,088	170,979	360,220	760
Due from Other Funds	41,044	-	51	-
Due from Fiduciary Funds	119,512	-	-	-
Total Receivables	<u>25,592,754</u>	<u>170,979</u>	<u>1,362,420</u>	<u>20,570,657</u>
Investments, at Fair Value:				
Investments at the Bank of ND	-	-	19,262	10,976,900
Equities	24,654,171	-	-	-
Equity Pool	1,970,648,893	35,144,853	-	-
Fixed Income	15,129,398	-	-	-
Fixed Income Pool	990,934,927	33,369,451	2,334,804	2,402,913
Cash and Cash Pool	33,217,261	247,204	-	-
Real Estate Pool	281,176,094	6,220,879	-	-
Private Equity	137,153,918	769,613	-	-
Annuities	125,907	-	-	-
Mutual Funds	30,576,598	-	289,320,197	-
Total Investments	<u>3,483,617,167</u>	<u>75,752,000</u>	<u>291,674,263</u>	<u>13,379,813</u>
Invested Securities Lending Collateral	<u>284,921,902</u>	<u>8,464,380</u>	<u>-</u>	<u>-</u>
Capital Assets (Net of Depreciation)	1,902	-	-	-
Other Assets	-	-	-	15,515
Total Assets	<u>3,805,898,170</u>	<u>84,733,428</u>	<u>315,253,198</u>	<u>\$ 48,478,362</u>
LIABILITIES				
Accounts Payable	4,221,933	73,679	1,821,567	\$ -
Accrued Payroll	77,927	-	-	-
Securities Lending Collateral	284,921,902	8,464,380	-	-
Intergovernmental Payable	-	-	-	27,133,392
Tax Refunds Payable	-	-	-	4,000
Due to Other Funds	115,539	-	-	-
Due to Fiduciary Funds	119,512	-	-	-
Amounts Held in Custody for Others	-	-	-	21,340,970
Deferred Revenue	17,193	-	-	-
Compensated Absences Payable	99,655	-	-	-
Total Liabilities	<u>289,573,661</u>	<u>8,538,059</u>	<u>1,821,567</u>	<u>\$ 48,478,362</u>
NET ASSETS				
Net Assets Held in Trust for:				
Pension Benefits	3,514,862,914	-	-	
Other Employee Benefits	1,461,595	-	-	
External Investment Pool Participants	-	76,195,369	-	
Other Purposes	-	-	313,431,631	
Total Net Assets Held in Trust	<u>\$ 3,516,324,509</u>	<u>\$ 76,195,369</u>	<u>\$ 313,431,631</u>	

STATE OF NORTH DAKOTA

Statement of Changes in Fiduciary Net Assets Fiduciary Funds For the Fiscal Year Ended June 30, 2006

	Pension and Other Employee Benefit Trust Funds	Investment Trust Funds	Private-Purpose Trust Funds
ADDITIONS			
Contributions:			
Employer	\$ 59,962,886	\$ -	\$ -
Employee	60,665,272	-	-
From Participants	-	-	108,114,883
Transfers from Other Funds	286,771	-	-
Transfers from Other Plans	470,457	-	-
Donations	-	-	6,191
Total Contributions	<u>121,385,386</u>	<u>-</u>	<u>108,121,074</u>
Investment Income:			
Net Increase in Fair Value of Investments	349,665,550	4,887,505	16,762,400
Interest and Dividends	<u>83,215,354</u>	<u>1,833,482</u>	<u>7,065,742</u>
Less Investment Expense	<u>24,871,082</u>	<u>642,062</u>	<u>-</u>
Net Investment Income	<u>408,009,822</u>	<u>6,078,925</u>	<u>23,828,142</u>
Securities Lending Activity:			
Securities Lending Income	10,672,645	310,110	-
Less Securities Lending Expense	<u>10,073,036</u>	<u>296,857</u>	<u>-</u>
Net Securities Lending Income	<u>599,609</u>	<u>13,253</u>	<u>-</u>
Repurchase Service Credit	7,166,025	-	-
Miscellaneous Income	<u>542,726</u>	<u>-</u>	<u>-</u>
Total Additions	<u>537,703,568</u>	<u>6,092,178</u>	<u>131,949,216</u>
DEDUCTIONS			
Benefits Paid to Participants	162,218,681	-	-
Refunds	6,938,028	-	-
Prefunded Credit Applied	4,337,900	-	-
Transfer to Other Plans	286,771	-	-
Payments in Accordance with Trust Agreements	-	-	89,472,447
Administrative Expenses	<u>3,065,887</u>	<u>-</u>	<u>39,150</u>
Total Deductions	<u>176,847,267</u>	<u>-</u>	<u>89,511,597</u>
Purchase of Units at Net Asset Value of \$1.00 Per Unit	<u>-</u>	<u>2,480,661</u>	<u>-</u>
Change in Net Assets Held in Trust for:			
Pension Benefits	360,649,386	-	-
Other Employee Benefits	206,915	-	-
External Investment Pool Participants	-	8,572,839	-
Other Purposes	-	-	42,437,619
Net Assets - Beginning of Year	<u>3,155,468,208</u>	<u>67,622,530</u>	<u>270,994,012</u>
Net Assets - End of Year	<u>\$ 3,516,324,509</u>	<u>\$ 76,195,369</u>	<u>\$ 313,431,631</u>

STATE OF NORTH DAKOTA

Combining Statement of Net Assets Component Units - Proprietary Funds June 30, 2006

	BSC Foundation	DSU Foundation	CHAND	MISU Development Foundation	Public Finance Authority	ND Development Fund	NDSU Development Foundation
ASSETS							
Current Assets:							
Cash and Cash Equivalents	\$ 1,019,983	\$ 84,826	\$ 3,446,404	\$ 114,971	\$ 2,161,000	\$ 2,513,475	\$ 553,070
Investments	-	-	-	-	-	7,347,970	-
Accounts Receivable - Net	2,702,193	873,102	-	63,649	-	-	5,101,415
Interest Receivable - Net	-	-	-	-	-	142,582	-
Intergovernmental Receivable - Net	372,000	-	-	-	-	-	-
Due from Primary Government	-	-	-	-	31,000	-	16,563
Inventory	-	-	-	-	-	-	-
Loans and Notes Receivable - Net	-	-	-	-	-	3,986,396	-
Other Assets	63,371	101,457	-	1,597	-	-	540,217
Restricted Cash and Cash Equivalents	-	-	-	-	1,572,000	-	-
Restricted Investments	-	-	-	-	18,644,000	-	-
Restricted Interest Receivable - Net	-	-	-	-	3,850,000	-	-
Total Current Assets	4,157,547	1,059,385	3,446,404	180,217	26,258,000	13,990,423	6,211,265
Noncurrent Assets:							
Restricted Cash and Cash Equivalents	-	114,226	-	-	-	-	10,335,073
Restricted Investments	14,005,642	7,843,557	-	11,546,814	347,586,000	-	81,039,422
Investments	394,234	865,000	-	454,848	-	1,014,952	11,453,930
Due from Primary Government	-	-	-	-	5,694,000	-	-
Loans and Notes Receivable - Net	-	-	-	-	-	5,867,228	-
Unamortized Bond Issuance Costs	-	-	-	-	1,262,000	-	-
Other Noncurrent Assets	2,066,600	429,919	-	-	-	-	9,585
Capital Assets:							
Land and Construction in Progress	2,842,539	65,000	-	-	-	-	925,866
Infrastructure - Net	-	74,262	-	-	-	-	-
Buildings and Equipment - Net	103,274	680,092	-	-	-	9,476	3,209,188
Total Noncurrent Assets	19,412,289	10,072,056	-	12,001,662	354,542,000	6,891,656	106,973,064
Total Assets	23,569,836	11,131,441	3,446,404	12,181,879	380,800,000	20,882,079	113,184,329
LIABILITIES							
Current Liabilities:							
Accounts Payable	380,533	603,062	2,497,070	613,914	16,000	19,633	760,704
Accrued Payroll	-	45,619	-	-	-	-	-
Interest Payable	-	-	-	-	2,210,000	-	-
Intergovernmental Payable	-	-	-	-	215,000	-	-
Due to Primary Government	37,560	6,950	-	-	31,000	300,000	216,784
Other Deposits	-	-	-	-	-	-	499,214
Notes Payable	-	9,957	-	243,027	-	-	2,990
Capital Leases Payable	-	-	-	-	-	-	-
Bonds Payable	-	-	-	-	9,620,000	-	86,110
Deferred Revenue	-	-	187,618	-	-	-	-
Total Current Liabilities	418,093	665,588	2,684,688	856,941	12,092,000	319,633	1,565,802
Noncurrent Liabilities:							
Intergovernmental Payable	-	-	-	-	278,000	-	-
Due to Primary Government	-	-	-	-	5,633,000	-	-
Notes Payable	-	479,909	-	114,960	-	-	19,774
Capital Leases Payable	-	-	-	-	-	-	-
Bonds Payable	-	-	-	-	160,459,000	-	1,383,710
Other Noncurrent Liabilities	1,957,967	771,671	-	143,690	-	-	6,101,677
Total Noncurrent Liabilities	1,957,967	1,251,580	-	258,650	166,370,000	-	7,505,161
Total Liabilities	2,376,060	1,917,168	2,684,688	1,115,591	178,462,000	319,633	9,070,963
Net Assets							
Invested in Capital Assets, Net of Related Debt	2,945,813	329,488	-	-	-	9,476	4,135,054
Restricted for:							
Debt Service	-	-	-	-	71,272,000	-	-
Loan Purposes	-	-	-	-	128,918,000	-	-
Other	15,754,877	9,185,018	-	8,982,711	-	-	89,624,839
Unrestricted	2,493,086	(300,233)	761,716	2,083,577	2,148,000	20,552,970	10,353,473
Total Net Assets	\$ 21,193,776	\$ 9,214,273	\$ 761,716	\$ 11,066,288	\$ 202,338,000	\$ 20,562,446	\$ 104,113,366

The Accompanying Notes are an Integral Part of the Financial Statements

	NDSU Research and Technology Park	RE Arena Inc. UND Arena Services, Inc. & Affiliates	UND Aerospace Foundation	UND Alumni Association and UND Foundation	Non-Major	Total
\$	536,126	\$ 210,808	\$ 630,467	\$ 832,279	\$ 4,464,366	\$ 16,567,775
	-	-	-	-	-	7,347,970
	9,134	1,109,759	209,438	10,019,144	207,079	20,294,913
	-	-	-	-	-	142,582
	-	-	-	-	-	372,000
	-	436,422	70,990	268,439	-	823,414
	-	272,020	127,364	-	-	399,384
	-	-	-	-	-	3,986,396
	295,477	150,640	210,201	321,659	474,571	2,159,190
	-	-	-	-	-	1,572,000
	-	-	-	-	-	18,644,000
	-	-	-	-	-	3,850,000
	840,737	2,179,649	1,248,460	11,441,521	5,146,016	76,159,624
	1,776,987	1,085,969	-	-	1,056,322	14,368,577
	-	-	-	130,681,236	25,608,613	618,311,284
	-	-	428,894	3,676,970	-	18,288,828
	-	-	1,901,210	11,860,000	-	19,455,210
	-	-	-	-	-	5,867,228
	-	36,270	-	-	-	1,298,270
	156,141	-	-	1,140,755	168,513	3,971,513
	-	-	1,017,396	-	226,450	5,077,251
	479,361	-	31,863	-	-	585,486
	19,421	98,335,299	7,764,988	3,119,309	357,367	113,598,414
	2,431,910	99,457,538	11,144,351	150,478,270	27,417,265	800,822,061
	3,272,647	101,637,187	12,392,811	161,919,791	32,563,281	876,981,685
	13,599	444,515	814,860	527,533	32,077	6,723,500
	8,673	-	-	-	-	54,292
	-	-	-	-	-	2,210,000
	13,042	-	-	-	-	228,042
	-	687,193	36,591	368,517	142,302	1,826,897
	-	-	-	-	750	499,964
	-	31,893	811,507	-	40,340	1,139,714
	-	-	35,532	-	-	35,532
	-	216,667	-	301,849	-	10,224,626
	-	1,559,487	258,802	-	-	2,005,907
	35,314	2,939,755	1,957,292	1,197,899	215,469	24,948,474
	199,116	-	-	-	-	477,116
	-	-	-	-	-	5,633,000
	-	6,640	3,774,817	700,000	95,093	5,191,193
	-	-	1,901,210	-	-	1,901,210
	-	6,816,557	-	11,860,000	-	180,519,267
	-	-	-	17,971,383	71,146	27,017,534
	199,116	6,823,197	5,676,027	30,531,383	166,239	220,739,320
	234,430	9,762,952	7,633,319	31,729,282	381,708	245,687,794
	(1,643,033)	91,302,075	4,227,923	3,119,309	448,384	104,874,489
	-	-	-	-	-	71,272,000
	-	-	-	-	-	128,918,000
	2,396,477	1,085,969	-	105,629,132	26,020,735	258,679,758
	2,284,773	(513,809)	531,569	21,442,068	5,712,454	67,549,644
\$	3,038,217	\$ 91,874,235	\$ 4,759,492	\$ 130,190,509	\$ 32,181,573	\$ 631,293,891

The Accompanying Notes are an Integral Part of the Financial Statements

STATE OF NORTH DAKOTA

Combining Statement of Activities Component Units - Proprietary Funds For the Fiscal Year Ended June 30, 2006

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	
BSC Foundation	\$ 1,055,987	\$ 33,490	\$ 6,034,597	\$ 5,012,100
DSU Foundation	1,525,686	252,241	2,446,125	1,172,680
CHAND	11,301,051	12,011,277	86,549	796,775
MISU Development Foundation	684,809	-	511,671	(173,138)
Public Finance Authority	9,450,000	929,000	30,783,000	22,262,000
ND Development Fund	1,848,701	688,559	343,606	(816,536)
NDSU Development Foundation	10,386,897	2,047,418	15,779,466	7,439,987
NDSU Research and Technology Park	420,783	22,459	775,294	376,970
RE Arena, Inc., UND Arena Services & Affiliates	10,631,811	6,361,233	-	(4,270,578)
UND Aerospace Foundation	6,473,224	6,047,165	515,212	89,153
UND Alumni Association & UND Foundation	12,180,741	3,124,475	20,805,058	11,748,792
Nonmajor Component Units	5,688,828	1,993,048	5,349,616	1,653,836
Total Component Units	\$ 71,648,518	\$ 33,510,365	\$ 83,430,194	\$ 45,292,041

Additions to Permanent Endowments	Change in Net Assets	Net Assets Beginning of Year	Net Assets End of Year
\$ 636,327	\$ 5,648,427	\$ 15,545,349	\$ 21,193,776
-	1,172,680	8,041,593	9,214,273
-	796,775	(35,059)	761,716
604,037	430,899	10,635,389	11,066,288
-	22,262,000	180,076,000	202,338,000
-	(816,536)	21,378,982	20,562,446
6,466,371	13,906,358	90,207,008	104,113,366
-	376,970	2,661,247	3,038,217
-	(4,270,578)	96,144,813	91,874,235
-	89,153	4,670,339	4,759,492
6,048,064	17,796,856	112,393,653	130,190,509
1,914,461	3,568,297	28,613,276	32,181,573
\$ 15,669,260	\$ 60,961,301	\$ 570,332,590	\$ 631,293,891