

STATE OF NORTH DAKOTA

Comprehensive Annual Financial Report

FOR THE FISCAL YEAR ENDED

June 30, 2007



Prepared by the Office of Management and Budget

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This CAFR is also available at our Fiscal Management website:
<http://www.state.nd.us/fiscal/CAFRIndex.htm>

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**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
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North Dakota Tourism/Gene Kellogg

A country church is coated in winter snow and frost. Country churches dot the countryside in rural North Dakota.

Introductory Section



North Dakota Tourism/Jason Lindsey

The North Dakota state capitol is the site of the annual Fourth of July Spectacular, with music, food and a fireworks show at dusk.

OFFICE OF MANAGEMENT AND BUDGET

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

December 12, 2007

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, 2007. This report has been prepared by the Office of Management and Budget. The financial statements contained in the CAFR have been prepared in accordance with generally accepted accounting principles (GAAP) applicable to state and local governments, as promulgated by the Governmental Accounting Standards Board (GASB). 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 information contained in the CAFR is accurate in all material respects and reported in a manner that presents fairly the financial position and results of operations of the State's primary government and the component units for which it is financially accountable. All disclosures necessary to enable the reader to gain an understanding of the State of North Dakota's financial affairs have been included.

The CAFR is presented in three sections: Introductory, Financial and Statistical. The introductory section 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 independent auditor's report on the basic financial statements; Management's Discussion and Analysis (MD&A), which provides an introduction, overview and analysis of the basic financial statements; the basic financial statements, which present the government-wide financial statements and fund financial statements for governmental funds, proprietary funds, fiduciary funds, and component units, together with notes to the basic financial statements; required supplementary information, other than MD&A, which presents budgetary comparison schedules; and the supplemental financial data which includes the combining financial statements. The statistical section includes a history of selected financial and demographic 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 costs of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management.

In compliance with state statute, the Office of the State Auditor (SAO) audited the State's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the State for the fiscal year ended June 30, 2007, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and evaluating the overall financial statement presentation. Their examination was conducted in accordance with GAAP and the standards applicable to financial audits contained in *Government Auditing Standards* as published by the Comptroller

General of the United States. The SAO concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the State's financial statements for the fiscal year ended June 30, 2007, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report

The State of North Dakota is also 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.

GASB Statement No. 34 requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of a Management Discussion and Analysis (MD&A). This letter of transmittal is intended to complement MD&A and should be read in conjunction with it. The MD&A can be found immediately following the Independent Auditor's Report.

PROFILE OF THE GOVERNMENT

The State of North Dakota 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 natural resource development. The State's reporting entity reflected in the CAFR includes all the funds of the state as legally defined, as well as all of its component units in conformity with the requirements of GASB Statement No. 14. Statement No. 14 provides that the financial statements should emphasize the primary government and permit financial statement users to distinguish between the primary government and its component units. Consequently, the transmittal letter, MD&A, and the financial statements focus on the primary government and its activities. Although information pertaining to the discretely presented component units is provided, their separately issued financial statements should be read to obtain a complete overview of their financial position. The State's reporting entity is described more fully in Note 1A to the basic financial statements.

The State operates through a biennial appropriation, which represents agency appropriations recommended by the governor and presented to the Legislative Assembly at the beginning of each legislative session. The budget is legally required to be adopted through passage of appropriation bills by the Legislative Assembly and signed by the governor. 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 State does not budget by fund nor does it formally budget revenues. The legal level of budgetary control is at the agency, appropriation authority and expenditure line item level. The State's budgetary policies and procedures are further explained in Note 1D on the notes to the basic financial statements.

LOCAL ECONOMY

The North Dakota economy continues to exhibit strong growth, fueling record state tax collections in sales and income taxes. Education, health services, and government constitute over 35 percent of the state's employment, providing economic stability and insulating the state from the cyclic extremes of the national economy.

A recent Bureau of Economic Analysis (BEA) report ranking metropolitan areas in terms of gross domestic product (GDP) provides a positive look at the three metropolitan areas in the state. The BEA analysis groups metropolitan areas into five categories, or quintiles, based on percentage growth in GDP from 2004 to 2005. North Dakota has three metropolitan areas: Bismarck, Fargo, and Grand Forks. Based on the

BEA analysis, the three North Dakota metro areas, when viewed nationally, ranked in the first, second, and third quintile, respectively for GDP growth. In fact, North Dakota's capital city is the only metropolitan area ranked in the first quintile among metropolitan areas in the surrounding states of Minnesota, Wisconsin, South Dakota, Nebraska, Kansas, Wyoming, and Montana.

A listing of the state's twenty largest employers demonstrates the diversity of the economy. Top employers include: the U.S. military, the state university system, health care providers, manufacturers, financial and insurance companies, agricultural commodity processors, information technology companies, energy producers, and retail companies.

The increasing price of oil has fueled a rapid growth in crude oil production in the state. Production has increased from an average of 86,000 barrels per day in September 2004 to 127,000 barrels per day in September 2007, an increase of 48 percent. As reported by Moody's Economy.com, the state's economic consultant, employment in mining and natural resource industries in North Dakota has increased "by 45 percent since 2004, which is one of the largest increases of any state." Many of the mining sector jobs created are high-paying jobs, contributing to the state's record individual income tax collections.

In upcoming years, Moody's Economy.com, predicts continued growth for the state economy. From 2006 to 2011, the state's gross domestic product is expected to grow by over \$3.6 billion, or 16.4 percent; the state labor force is expected to grow by 20,000 jobs, or 5.7 percent. During that time, the unemployment rate is expected to remain stable at slightly over 3 percent and personal income is expected to grow by 3.4 to 5.9 percent per year.

LONG-TERM FINANCIAL PLANNING

The long-term financial plan of the state is to support programs that result in steady, stable economic growth. Economic growth, in turn, supports important government functions such as education and human services.

The state exercises conservative revenue forecasting practices. With the assistance of the Revenue Forecasting Advisory Committee, comprised of representatives of all major industries in the state as well as the legislative and executive branches of government, along with the expertise of a national economic forecast consultant, a conservative revenue forecast is developed. The forecast is based on state trends, national forecasting models, and input from state private industry experts.

With a biennial budget cycle, each revenue forecast and budget proposal provides a three-year plan for the revenues and expenditures of state government.

North Dakota's conservative budgeting and revenue forecasting, combined with economic growth, has allowed the accumulation of significant balances available as reserves to offset general fund revenues in the event of an economic downturn. The budget stabilization fund has grown to its current statutory maximum of \$200 million. Balances in the oil tax trust fund and foundation aid stabilization fund continue to grow to record levels.

The state's capital budget is a six-year plan for the facility needs of the state. Statutorily, bond payments for capital construction bonding projects are limited to one-tenth of the revenue generated from a one-cent sales tax. All capital budget requests for new or expanded facilities require information on increased operating and maintenance costs, which are taken into account by the executive and legislative branches as new projects are considered.

RELEVANT FINANCIAL POLICIES

North Dakota has several financial policies that will ensure that in the event of an economic downturn, North Dakota state government will be able to continue to provide its citizens with necessary services. Should North Dakota experience a revenue shortfall of 2 percent or more, the State is able to access funds from the

budget stabilization fund. The budget stabilization fund currently has a balance \$200 million. In addition, the Governor is able to reduce general fund expenditures across the board to alleviate the effects of a revenue shortfall.

In the event of such a general fund expenditure reduction, the foundation aid stabilization fund was established to insulate the state education aid program. Dollars from this fund would replace the amount of general fund dollars cut, thus K-12 education would not experience a reduction in funding. Funding for the foundation aid stabilization fund comes from a portion of oil extraction tax collections.

The State also recognizes that, while tax collections from oil contribute significantly to the general fund, we cannot count on those resources indefinitely. Thus the permanent oil tax trust fund has been established. All oil tax collections in excess of \$71 million are deposited into the permanent oil tax trust fund.

MAJOR INITIATIVES

For fiscal years 2006 and 2007, which comprise the 2005-07 biennium, Governor Hoeven recommended, and the legislature supported, major initiatives centered around the Governor's six pillars of growth:

Education

In 2006, Governor Hoeven created the North Dakota Commission on Education Improvement for the purpose of improving funding adequacy and equity among school districts. The Commission provided a unique approach to addressing equity concerns by combining legislative, executive and local school district experts to work together to solve equity concerns in lieu of a lawsuit between the state and local districts. The 2007 legislature adopted the work of the Commission by endorsing a landmark change in the state's K-12 funding system, as well providing an \$84 million general fund increase in funding for K-12 education.

For higher education, the 2007 legislature approved a bill to increase funding for the system by over 20 percent. Recent changes in the way the university system is funded has resulted in giving the institutions flexibility with accountability to help contribute to the economic growth of North Dakota. Flexible spending means North Dakota universities can use tuition dollars and other revenue to produce excellence in education and help with job creation.

Agriculture

Agriculture is one of the foundations of the North Dakota economy, and remains the state's largest industry. The state has created a value-added board in the Commerce Department to promote opportunities in value-added processing; created investment tax credits to spark value-added ventures; eliminated the used farm equipment sales tax to reduce the burden on farmers; and increased general fund dollars for agricultural research.

However, production agriculture is no longer just about food -- new technology and soaring oil prices have helped to foster new relationships between agriculture and energy. New agriculture-related energy initiatives include a comprehensive \$42 million ag-based renewable energy plan, to support, biodiesel, ethanol, as well as geothermal, solar, and wind energy.

Technology

The state is working to build information technology infrastructure to help businesses and government become more profitable and efficient. Various initiatives have been implemented to support technology in education, including K-12 schools and the university system. Technology is a targeted industry for growth in the North Dakota economy and several companies, including Microsoft, PacketDigital, Alien Technologies and Eagle Creek Software have developed successful and growing business operations in the state.

The State of North Dakota is working to build an enterprise infrastructure that supports the business processes of state agencies and delivers cost effective technology services that will benefit the citizens of North Dakota. Recently funded state government technology initiatives include:

- Enhancing the Criminal Justice Information System's hub, which helps law enforcement agencies better protect the public by providing criminal information to our law enforcement officials via a secure information hub.
- Funding for the Medicaid Management Information System (MMIS).
- Funding for the GIS hub, which benefits education, economic development, agriculture, energy, and technology.
- Creation of a central database to manage animal tracking and disease containment.

Economic Development

North Dakota's aggressive economic development efforts have resulted in new jobs and expanding exports. Key new initiatives to continue the momentum in economic growth include:

- \$20 million for *Centers of Excellence* to transform and expand North Dakota's economy.
- A doubling of the budget for the North Dakota Trade Office to further expand overseas trade.
- One of the most aggressive research and development investment tax credit programs in the nation, offering up to 25 percent of expenditures.
- Increase of the seed capital investment tax credit limit to \$3.5 million per year and expansion of the agricultural business investment tax credit.
- An increase in funding of \$4 million in the North Dakota Development Fund to provide gap financing for business start-ups and expansions.

Energy Development

Since 2001 the state has seen a nearly \$2 billion investment in renewable energy production.

- Ethanol: With announced new projects, the state's ethanol production will grow from about 30 million gallons a year to more than 440 million gallons.
- Biodiesel: Biodiesel production will grow from 0 to an estimated 85 million gallons per year.
- Coal: Currently, the state produces more than 4,000 megawatts of electricity a year from coal. There are three to four potential new power plants in development, including a coal to liquids facility and a new coal gasification plant.
- Wind: Only a few years ago, the state had no commercial wind facilities. With new projects under construction or planned, 600 megawatts of wind power will be online in the near future.
- Oil and gas: With directional drilling technology and high oil prices making more oil exploration in North Dakota feasible, crude oil production continues to grow.

Quality of Life

North Dakotans enjoy a quality of life that is unsurpassed in the nation. From clean air and safe communities to exceptional schools and four-season recreational opportunities, recent initiatives that help to maintain this quality of life by caring for the neediest citizens, providing public safety, and supporting the military include:

- A \$100 million general fund increase in the Department of Human Services budget to help those in need.
- A Medicaid buy-in program to help families cover the cost of care for children with severe disabilities.
- A state Prescription Drug Repository under the State Pharmacy Board to collect and distribute unused medications so that pharmacies and physicians can distribute them to those in need.
- Expanded eligibility for Healthy Steps Children's Health Insurance Program and medical assistance benefits to provide medical insurance coverage for 1,450 more children.
- Mandated minimum sentences for violent sexual criminals, even first time offenders, background checks for personnel in sensitive positions; and enhanced funding for GPS monitoring of offenders.
- Expansion of the beds for civilly committed sex offenders at the State Hospital and increased funding for community-based sex offender treatment.
- Authorization and funding for the state's share of a \$21 million new Veterans Retirement Home in Lisbon and an expanded Veterans Bonus Program.
- Additional funding for tuition assistance for National Guard members.

AWARDS AND ACKNOWLEDGEMENTS

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, 2006. This was the 16th consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

In addition, the State of North Dakota received the GFOA's Award for Distinguished Budget Presentation for its 2007-2009 budget. In order to qualify for the Distinguished Budget Presentation Award, the State's budget document was judged to be proficient in several categories, including policy documentation, financial planning, and organization.

This report was prepared by staff members of the Fiscal Management Division of the Office of Management and Budget. Their dedication and efforts are greatly appreciated. We also extend our gratitude to the numerous individuals from virtually all the state agencies and institutions, especially the Office of the State Auditor, for their assistance.

Sincerely,

Pam Sharp, 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, 2006

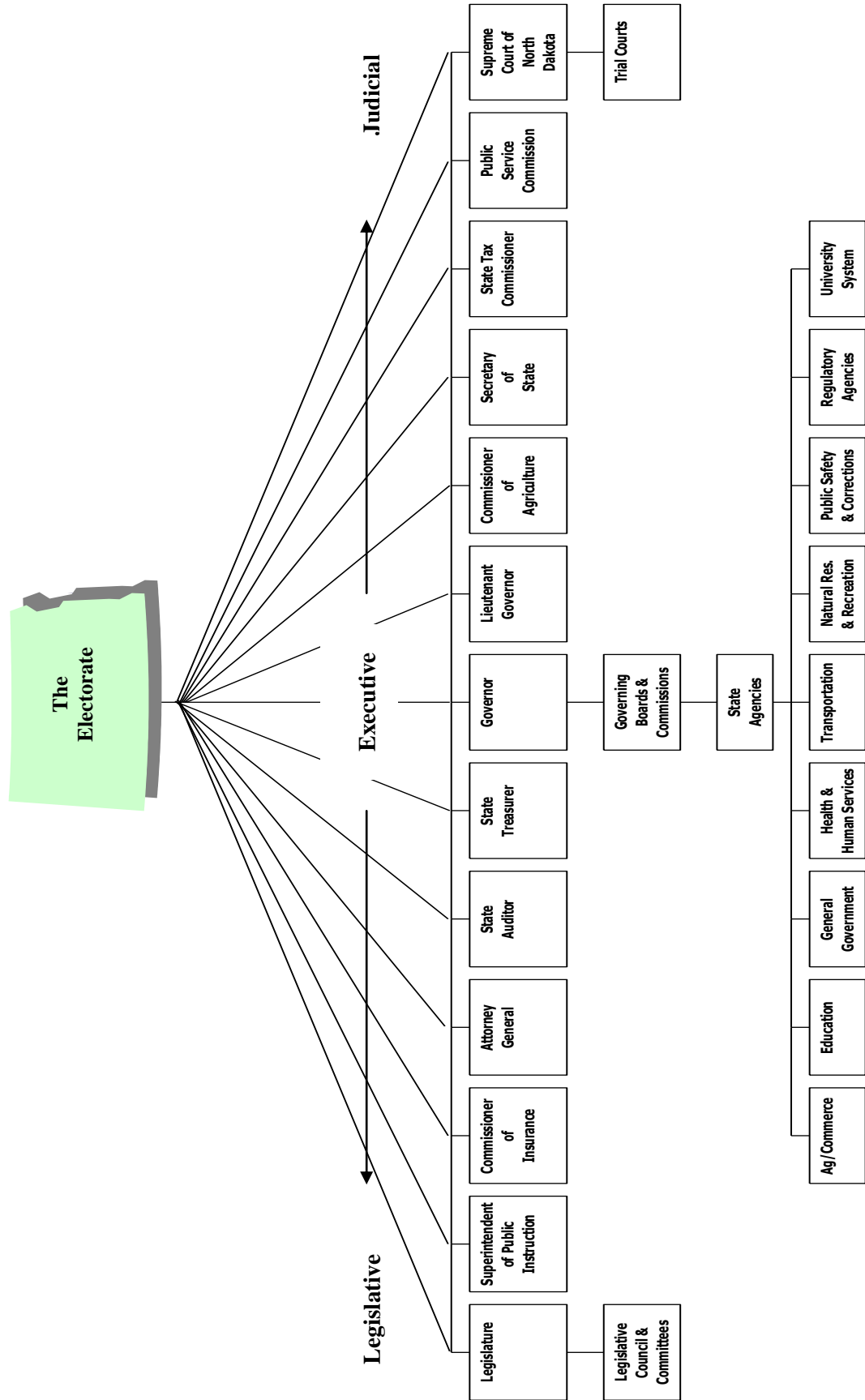
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

STATE OF NORTH DAKOTA ORGANIZATIONAL CHART



NORTH DAKOTA
PRINCIPAL STATE OFFICIALS
June 30, 2007

ELECTED OFFICIALS

John Hoeven, Governor
Jack Dalrymple, Lieutenant Governor
Alvin A. Jaeger, Secretary of State
Wayne Stenehjem, Attorney General
Tony Clark, Public Service Commissioner
Kevin Cramer, 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
Cory Fong, Tax Commissioner
Kelly Schmidt, State Treasurer

LEGISLATIVE

Jeff Delzer, Speaker of the House
Rick Berg, House Majority Leader
Merle Boucher, House Minority Leader
Lt. Gov. Jack Dalrymple, President of the Senate
Bob Stenehjem, Senate Majority Leader
David P. O'Connell, Senate Minority Leader

JUDICIAL

Gerald VandeWalle, Chief Justice, North Dakota Supreme Court
Carol Ronning Kapsner, Justice
Mary Muehlen Maring, Justice
Daniel J. Crothers, Justice
Dale V. Sandstrom, Justice

Financial Section



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 financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of North Dakota as of and for the year ended June 30, 2007, which collectively comprise the State's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the State of North Dakota's management. Our responsibility is to express opinions on these 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 Farmer Revolving Loan Fund
Board of University and School Lands
Building Authority
College SAVE Plan
Community Water Facility Loan Fund
Developmentally Disabled Facility
Loan Program
Guaranteed Student Loan Program
Housing Finance Agency

Job Service North Dakota
Mandan Remediation Trust
PACE and AG PACE Funds
Public Employees Retirement System
Retirement and Investment Office
State Fair Association
Student Loan Trust
Workforce Safety and Insurance
All Discretely Presented Component Units

The financial statements of the above entities reflect total assets and revenues of the government-wide financial statements and fund financial statements as follows:

	<u>Percent of Assets</u>	<u>Percent of Revenues</u>
<u>Government-Wide Financial Statements</u>		
Governmental Activities	29%	8%
Business-Type Activities	81%	37%
Aggregate Discretely Presented Component Units	100%	100%
<u>Fund Financial Statements</u>		
Major Governmental Funds		
Federal Fund	1%	2%
School Permanent Trust Fund	100%	100%
Major Enterprise Funds		
Bank of North Dakota	100%	100%
Housing Finance Agency	100%	100%
Workforce Safety and Insurance	100%	100%
Aggregate Remaining Fund Statements	86%	55%

Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for those entities, is based 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

The actuary for the North Dakota Teachers' Fund for Retirement has determined the Fund's unfunded actuarial accrued liability is approximately \$459 million at June 30, 2007. The funding for the actuarial accrued liabilities is predicated on employer and employee funding rates mandated by North Dakota statutes. The actuary has determined that the current statutory contribution rates are insufficient to amortize the unfunded actuarial accrued liability over any period of time, based on the current actuarial assumptions, unless there are sufficient actuarial gains in the future to offset the recent investment losses.

The actuary for the North Dakota Public Employees Retirement System has determined the Fund's unfunded actuarial accrued liability is approximately \$107 million at June 30, 2007. The funding for the actuarial accrued liabilities is predicated on employer and employee funding rates mandated by North Dakota statutes. The actuary has determined that the current statutory contribution rates are insufficient to meet the actuarially determined requirement for the following fiscal year.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of North Dakota, as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 18 to the basic financial statements, the Bank of North Dakota elected to present an unclassified balance sheet because current assets are not matched with current liabilities. Presentation of a classified balance sheet would give the false impression that there is a liquidity problem at the bank. Presentation of a classified balance sheet for the Bank of North Dakota would be misleading to the extent that the financial statements may be materially misstated.

In accordance with *Government Auditing Standards*, we have also issued under separate cover, our report dated December 12, 2007 on our consideration of the State of North Dakota's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance

with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and Budgetary Comparison Schedules on pages 20-29 and 115-119 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State of North Dakota's basic financial statements. The combining and individual fund 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 basic financial statements. This supplementary information has been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and in, our opinion, based on our audit and the reports of other auditors, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The data included in the introductory and statistical sections of this report has not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, accordingly, we do not express an opinion thereon.

Robert R. Peterson
State Auditor

Paul A. Welk, CPA
Audit Manager

December 12, 2007

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the State of North Dakota's (the State's) Comprehensive Annual Financial Report presents a discussion and analysis of the State's financial performance, providing an overview of the activities for the fiscal year ended June 30, 2007. Please read it in conjunction with the transmittal letter at the front of this report and with the State's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

Government-wide:

The assets of the State exceeded its liabilities at fiscal year end by \$5.2 billion (reported as net assets), an increase of \$624 million from the previous year. The net assets of governmental activities increased by 18.2% while the net assets of the business-type activities showed an increase of 5.8%.

Fund Level:

As of the close of fiscal year 2007 the State's governmental funds reported combined ending fund balances of \$2.3 billion, an increase of \$415 million. Of this amount, \$1.2 billion represents unreserved fund balance, with the remaining amount of \$1.1 billion reserved for specific purposes, such as debt service, capital projects, and permanent trust for education. At the end of the fiscal year, unreserved fund balance for the General Fund was \$637 million.

The enterprise funds reported net assets at year-end of \$1.7 billion, an increase of \$95 million during the year.

Long-term Debt:

The State's total debt (bonds and notes payable) increased slightly during the fiscal year to \$1.65 billion, an increase of \$6.6 million, less than 1%, which represents the net difference between new issuances and payments and refundings of outstanding debt. During the year the State issued \$218 million in bonds and \$931 million in notes.

More detailed information regarding these activities and funds is included in Note 3J.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is an introduction to the State's basic financial statements, which consists of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide Statements

The government-wide financial statements provide a broad view of the State's operations in a manner similar to a private-sector business. The statements provide both short-term and long-term information about the State's financial position, which assists in assessing the State's economic condition at the end of the fiscal year. These statements include all non-fiduciary assets and liabilities using the accrual basis of accounting. The current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The Statement of Net Assets presents all of the State's assets and liabilities, with the difference between the two reported as "net assets". Over time, increases and decreases in net assets are an indicator of whether the State's financial position is improving or deteriorating.

The Statement of Activities presents information showing how the State's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying events giving rise to the change occur, regardless of the timing of related cash flows. Therefore, revenues and

expenses are reported in these statements for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both statements report three activities:

Governmental Activities – The activities in this section are primarily supported by taxes and intergovernmental revenue. Most of the State's basic services, such as education, health and human services and transportation, are reported under this category.

Business-type Activities – These functions are intended to recover all or a significant portion of their costs through user fees and charges to external users of goods and services. The Bank of North Dakota, Housing Finance Agency and the University System are examples of the State's business-type activities.

Discretely Presented Component Units – These are operations for which the State has financial accountability but they have certain independent qualities as well. These entities operate similar to private-sector business and the business-type activities described above. The State has 18 discretely presented component units. Financial information for these entities is presented separately from the financial information presented for the primary government.

The government-wide financial statements can be found immediately following this discussion and analysis.

Fund Financial Statements

A fund is a fiscal and accounting entity with a self-balancing set of accounts that the State uses to keep track of specific sources of funding and spending for a particular purpose. The State, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

The basic fund financial statements begin immediately after the government-wide statements and provide more detail about the major individual funds. The State's funds are divided into three categories – governmental, proprietary, and fiduciary. It is important to note that these fund categories use different accounting approaches and should be interpreted differently.

Governmental funds -- Most of the State's basic services are reported in the governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on the near-term inflows and outflows of spendable resources. They also focus on the balances left at year-end that are available for future spending. Such information may be useful in evaluating whether there are more or fewer financial resources that can be spent in the near future to finance the State's programs. These funds are reported using modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and the governmental activities. These reconciliations are presented on the page immediately following each governmental fund financial statement.

Governmental funds include the General Fund and special revenue, capital project, debt service, and permanent funds. The State has several governmental funds, of which three (3) are considered major individual funds. Those three are the General Fund, the Federal Fund, and the School Permanent Trust Fund. Each of these major funds is presented in a separate column in the governmental fund balance

sheet and in the governmental fund statement of revenues, expenditures and changes in fund balance. The remaining governmental funds are combined in a single aggregated column on the basic fund statements. Individual fund data for each of these nonmajor governmental funds can be found in the other supplementary information section of this report.

Proprietary funds – Services for which the State charges customers a fee are generally reported in proprietary funds. The state maintains two different types of proprietary funds, enterprise funds and internal service funds. Enterprise funds report activities that provide supplies and services to the general public. Internal service funds report activities that provide supplies and services for the State's other programs and activities. Like the government-wide statements, proprietary funds use the accrual basis of accounting. Although the basis of accounting is the same for the government-wide and proprietary fund statements, reconciliation between these statements is presented because of the allocation of internal service funds' net income.

The State has four (4) major enterprise funds: The Bank of North Dakota, Housing Finance, University System, and Workforce Safety and Insurance. These four funds are each presented in separate columns on the basic proprietary fund financial statements. The remaining enterprise funds are combined in a single total column on these statements. Individual fund data for each of the nonmajor enterprise funds can be found in the other supplementary information section of this report.

The State's internal service funds are reported as governmental activities on the government-wide statements, because the services they provide predominantly benefit governmental activities. The State's four (4) internal service funds are reported on the basic proprietary fund financial statements in a single combined column. Individual fund data for the internal service funds is provided in the form of combining statements found elsewhere in this report.

Fiduciary funds -- The State acts as a trustee, or fiduciary, for its employee pension plans. It is also responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. The State's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets. These funds, which include pension (and other employee benefit) trust, investment trust, private-purpose trust, and agency funds, are reported using accrual accounting. The government-wide statements exclude fiduciary fund activities and balances because the State cannot use these assets to finance its operations.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and the fund financial statements. The notes to the financial statements can be found immediately following component units' financial statements.

Required Supplementary Information

The basic financial statements are followed by a section of required supplementary information. This section includes a budgetary comparison schedule, which includes reconciliation between the statutory fund balances for budgetary purposes and the fund balances for the General Fund and Federal Fund as presented in the governmental fund financial statements.

Other Supplementary Information

Other supplementary information includes combining financial statements for non-major governmental, non-major enterprise, internal service, and fiduciary funds. These funds are added together, by fund type, and presented in single columns in the basic financial statements.

FINANCIAL ANALYSIS OF THE GOVERNMENT AS A WHOLE

As noted previously, net assets may serve over time as a useful indicator of a government's financial position. The State's combined net assets (governmental and business-type activities) totaled \$5.2 billion at the end of fiscal year 2007. Net assets increased 12% from the prior fiscal year.

State of North Dakota's Net Assets (Expressed in Thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2006	2007	2006	2007	2006	2007
Current and Other Assets	\$2,317,282	\$2,772,315	\$4,962,990	\$5,256,162	\$6,514,553	\$7,089,246
Capital Assets	1,295,151	1,386,909	699,548	748,019	1,994,699	2,134,928
Total Assets	3,612,433	4,159,224	5,662,538	6,004,181	8,509,404	9,224,174
Long-Term Liabilities						
Outstanding	360,935	353,289	2,085,153	2,238,795	2,446,088	2,592,084
Other Liabilities	353,347	375,039	1,849,561	2,013,791	1,437,341	1,449,600
Total Liabilities	714,282	728,328	3,934,714	4,252,586	3,883,429	4,041,684
Net Assets						
Invested in Capital Assets,						
Net of Related Debt	1,077,843	1,151,716	516,243	527,403	1,594,086	1,679,120
Restricted	1,281,417	1,384,212	391,313	478,219	1,672,730	1,862,431
Unrestricted	538,891	894,967	820,268	745,973	1,359,159	1,640,940
Total Net Assets	\$2,898,151	\$3,430,896	\$1,727,824	\$1,751,595	\$4,625,975	\$5,182,491

NOTE: The Governmental Activities amounts and Business-Type Activities amounts do not cross foot to the total Primary Government column because internal balances are reported separately as internal receivables and internal payables. A total internal balance remains due to certain Business-Type Activities having different fiscal year ends than the Governmental Activities.

The largest component (36%) of the State's net assets is restricted net assets. These restricted net assets represent resources that are subject to external restrictions, constitutional provisions, or enabling legislation on how they can be used. The remaining portion, unrestricted net assets, may be used at the State's discretion, but often have limitations on use based on State statutes.

Thirty-two percent (32%) of the State's net assets reflects its investment in capital assets such as land, buildings, equipment, and infrastructure (roads, bridges and other immovable assets) less any related debt outstanding that was needed to acquire or construct the assets. The State uses these capital assets to provide services to citizens; consequentially, these assets are not available for future spending. Although the State's investment in its capital assets is reported net of related debt, it should be noted that the resources need to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The condensed financial information on the following page was derived from the government-wide Statement of Activities and reflects how the State's net assets changed during the fiscal year:

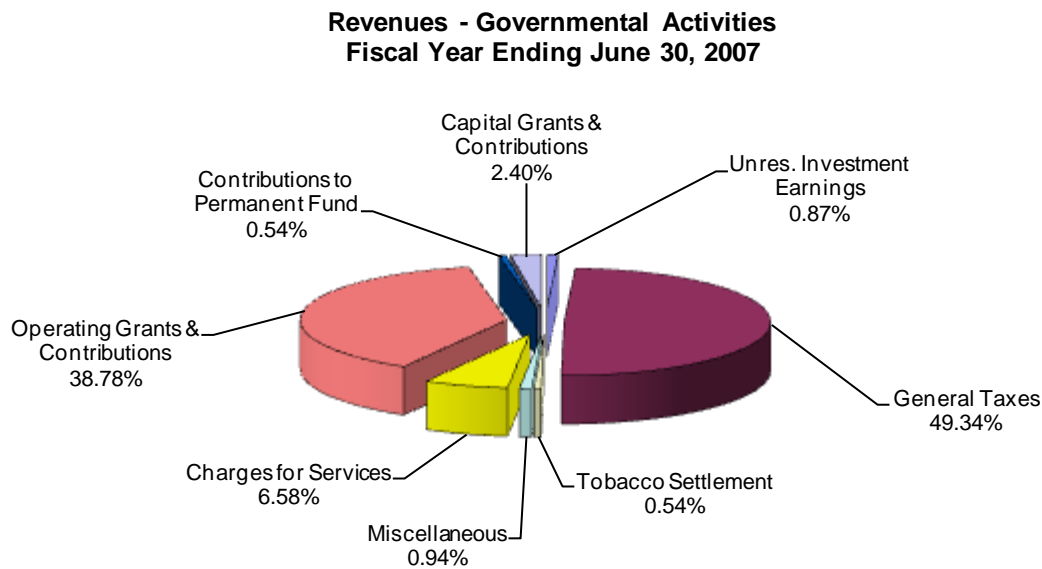
State of North Dakota's Changes in Net Assets
(Expressed in Thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2006	2007	2006	2007	2006	2007
Revenues:						
Program Revenues:						
Charges for Services	\$ 201,847	\$ 194,870	\$ 794,071	\$ 900,946	\$ 995,918	\$ 1,095,816
Operating Grants & Contributions	1,144,749	1,148,062	283,315	368,698	1,428,064	1,516,760
Capital Grants & Contributions	56,557	71,115	577	7,314	57,134	78,429
General Revenues:						
Income Taxes	432,072	449,064	-	-	432,072	449,064
Sales Taxes	678,821	726,913	-	-	678,821	726,913
Other Taxes	276,771	284,898	-	-	276,771	284,898
Investment Earnings	12,409	25,823	-	-	12,409	25,823
Tobacco Settlement	11,712	16,098	-	-	11,712	16,098
Other	23,696	27,836	-	-	23,696	27,836
Total Revenues	2,838,634	2,944,679	1,077,963	1,276,958	3,916,597	4,221,637
Expenses						
General Government	264,911	275,242	-	-	264,911	275,242
Education	496,821	507,385	-	-	496,821	507,385
Health and Human Services	854,450	874,004	-	-	854,450	874,004
Regulatory	19,677	21,181	-	-	19,677	21,181
Public Safety and Corrections	145,480	135,582	-	-	145,480	135,582
Agriculture and Commerce	54,458	58,591	-	-	54,458	58,591
Natural Resources	62,431	57,850	-	-	62,431	57,850
Transportation	372,245	321,279	-	-	372,245	321,279
Interest on Long Term Debt	12,881	14,439	-	-	12,881	14,439
Bank of North Dakota	-	-	71,264	91,262	71,264	91,262
Housing Finance	-	-	46,580	51,178	46,580	51,178
Loan Programs	-	-	17,236	9,453	17,236	9,453
Mill and Elevator	-	-	101,198	126,969	101,198	126,969
State Lottery	-	-	15,622	16,068	15,622	16,068
Unemployment Compensation	-	-	43,314	47,525	43,314	47,525
University System	-	-	743,271	775,600	743,271	775,600
Workforce Safety and Insurance	-	-	116,021	231,787	116,021	231,787
Other	-	-	14,922	16,622	14,922	16,622
Total Expenses	2,283,354	2,265,553	1,169,428	1,366,464	3,452,782	3,632,017
Increase (decrease) in Net Assets Before Contributions and Transfers	555,280	679,126	(91,465)	(89,506)	463,815	589,620
Contributions to Permanent Fund Principal	11,156	15,995	-	-	11,156	15,995
Transfers	(215,089)	(167,117)	188,109	185,841	(26,980)	18,724
Increase in Net Assets	351,347	528,004	96,644	96,335	447,991	624,339
Net Assets - Beginning -As Restated	2,546,804	2,902,892	1,631,180	1,655,259	4,177,984	4,558,151
Net Assets- Ending	<u>\$ 2,898,151</u>	<u>\$3,430,896</u>	<u>\$ 1,727,824</u>	<u>\$ 1,751,595</u>	<u>\$ 4,625,975</u>	<u>\$ 5,182,491</u>

Governmental Activities

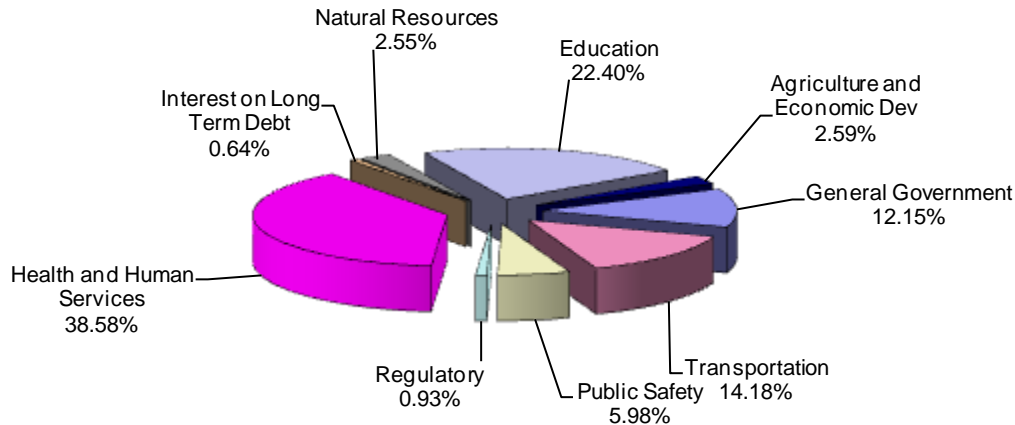
Governmental Activities increased the State's net assets by \$528 million, compared to a \$351 million increase in the prior fiscal year. The largest increases in the State's revenues for fiscal year 2007 were from the State's tax revenues and investment earnings. Sales and use taxes increased 7%, and individual and corporate income taxes increased 4%. The revenue growth was led by a surging economy and strong consumer spending, resulting in increased sales and use tax collections; personal income growth, resulting in increased individual income tax collections; and growing corporate profits, resulting in significantly increased corporate income tax collections. Investment earnings doubled because of a stronger global market. Expenses for total governmental activities were fairly stable from the prior fiscal year, decreasing less than 1%.

The following chart depicts revenues of the governmental activities for the fiscal year:



The chart on the following page depicts expenses of the governmental activities for the fiscal year:

Expenditures - Governmental Activities Fiscal Year Ending June 30, 2007



Business-type Activities

Net assets of the business-type activities increased by \$96 million during the fiscal year. Factors contributing to these results included:

The net assets of the Bank of North Dakota increased nearly \$2 million due to increased net interest earnings.

Workforce Safety and Insurance's (WSI) net assets increased \$38 million due to increased investment income.

The net assets of Housing Finance increased about \$8 million as a result of program operations and financing activities.

The North Dakota State University System net assets increased \$27 million during 2007, as a result of increases in tuition, room and board rates.

FINANCIAL ANALYSIS OF THE STATE'S FUNDS

Governmental Funds

As the State completed the year, its governmental funds reported combined fund balances of \$2.3 billion, an increase of \$415 million from the prior fiscal year. Approximately \$1.2 billion of this total amount constitutes unreserved fund balance, which is available for appropriation for the general purposes of the funds. The remainder of fund balance is reserved and is not available for new spending because it has already been dedicated to various commitments such as long-term receivables, debt service, and capital projects.

The General Fund is the chief operating fund of the State. At the end of current fiscal year, unreserved fund balance of the General Fund was \$637 million and reserved fund balance was \$1.7 million. Total fund balance rose during the fiscal year by \$217 million, due to increases in tax revenues and investment earnings. Sales and use taxes had the largest increase, \$42 million, followed by individual income and

corporate income taxes with a \$30 million increase. Investment earnings increased \$12 million. By the end of fiscal year 2007 General Fund revenues increased 3.5% from the prior year.

The School Permanent Trust Fund balance at June 30, 2007 improved by \$133 million because of investment earnings that were twice as high as the prior fiscal year.

The Federal Fund balance at June 30, 2007 decreased \$4 million due to increased unavailable revenues.

Proprietary Funds

The State's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The increases in the net assets of the proprietary funds are discussed under "Business-type Activities" above.

General Fund Budgetary Highlights:

The State has a biennial appropriated budget. The fiscal year ended June 30, 2007, was the second year of the 2005-07 budget cycle. The original budget increased \$19 million.

At the beginning of the 2005-07 budget cycle, there was an increase in the original budget of \$8 million. The majority of this increase is due to the authorized carryover of general fund appropriation authority from the 2003-05 biennium, which is reported as an appropriation adjustment for the 2005-07 budget. Some of those carryover amounts are noted below.

Several state agencies were authorized by appropriation laws to carryover a portion or all of their general fund appropriation for various purposes, including the Office of Management and Budget, \$.9 million, Legislative Council and Assembly, \$2.2 million, Department of Commerce, \$1 million, and the University System, \$2.6 million. Various other state agencies received smaller amounts of carryover totaling \$.7 million. A few agencies also received general fund carryover dollars from the 2003-05 biennium for capital construction projects. These capital construction carryover dollars totaled \$.7 million.

Additional general fund budget appropriations of \$11 million were authorized by the 2007 Legislative Session in a deficiency appropriation bill. The largest of these appropriations were for the Office of the Adjutant General, \$4.1 million to repay disaster response and recovery loans to the Bank of North Dakota; \$2 million to the University of North Dakota for additional flood costs relating to the 1997 flood disaster; and \$4 million to the Department of Corrections and Rehabilitation for increased prisoner medical and housing costs. Several other state agencies received small appropriation increases for various reasons.

There were no expenditures in excess of general fund spending authority.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets: At the end of the fiscal year 2007, the State had invested \$2 billion, net of accumulated depreciation, in a broad range of capital assets. Depreciation charges for this fiscal year totaled \$107 million.

State of North Dakota's Capital Assets
(Net of Depreciation, Expressed in Thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2006	2007	2006	2007	2006	2007
Land and Land Improvements	\$ 47,262	\$ 51,419	\$ 18,117	\$ 20,171	\$ 65,379	\$ 71,590
Building & Building Improvements	214,778	222,477	401,537	420,462	616,315	642,939
Equipment	114,355	128,286	145,134	151,917	259,489	280,203
Infrastructure	549,958	601,574	88,195	85,124	638,153	686,698
Construction in Progress	368,798	383,153	46,565	70,345	415,363	453,498
Total	<u>\$ 1,295,151</u>	<u>\$ 1,386,909</u>	<u>\$ 699,548</u>	<u>\$ 748,019</u>	<u>\$ 1,994,699</u>	<u>\$ 2,134,928</u>

The total increase in the State's investments in capital assets for the current fiscal year was 7% in terms of net book value. However, actual expenditures to purchase or construct capital assets were approximately \$256 million for the year. A major portion of this amount was used to construct or reconstruct assets at the University Systems and for highway construction. More detailed information on the State's capital assets can be found in Note 3G to the financial statements.

Long-term Debt: 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 authorized the bond issue must specifically appropriate the provisions to the payment of the principal and interest of the bond. The State has no general obligation bonds outstanding at June 30, 2007.

The State does have a number of revenue bonds outstanding at June 30, 2007. Current state statutes empower certain state agencies and the Building Authority, a component unit of the State, 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 revenue bonds issued by state agencies is payable from designated revenue sources. The Building Authority's bonds generate revenue to finance the construction and improvements of State buildings. Revenues derived from leases on the buildings fund the debt service requirements.

The Bank of North Dakota has advances from the Federal Home Loan Bank in the amounts of \$256.6 million. The advances have a fixed rate of interest, ranging from 2.98 percent to 7.35 percent.

More detailed information regarding the State's long-term obligations is presented in Note 3J to the financial statements.

State of North Dakota's Outstanding Debt
(Expressed in Thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2006	2007	2006	2007	2006	2007
Revenue Bonds	\$ 287,016	\$ 277,932	\$ 1,038,233	\$ 1,073,545	\$ 1,325,249	\$ 1,351,477
Notes Payable	32,314	32,384	283,509	263,820	315,823	296,204
Total	<u>\$ 319,330</u>	<u>\$ 310,316</u>	<u>\$ 1,321,742</u>	<u>\$ 1,337,365</u>	<u>\$ 1,641,072</u>	<u>\$ 1,647,681</u>

The State's total debt increased by less than 1% during the current fiscal year.

ECONOMIC CONDITION AND OUTLOOK

North Dakota's economy has showed steady growth during the 2005-07 biennium, with tax revenues reaching a record high.

The agricultural economy remains strong, with high commodity prices. Wheat prices have recently reached a ten-year high.

High oil prices have led to increased oil exploration activity and increased tax collections for oil extraction and production. Oil activity is at its highest level in two decades. Fifty oil rigs are currently operating in the state compared to 45 one year ago. The number of producing wells continues to grow and is now over 3,800, up nearly 20.0 percent since January 2003.

The state's unemployment rate averaged only 3.2 percent during 2006 and is expected to remain below 3.5 percent through 2011. Contributing to the low unemployment rate is significant growth in mining and natural resources employment, which has increased by 45 percent since 2004.

The weak dollar is expected to benefit the North Dakota economy in the near future, fueling demand for international exports of agricultural goods and machinery produced in the state. According to a recent report by Moody's Economy.com, the state's exports showed year over year growth of 24.0 percent during the second quarter of 2007.

CONTACTING THE STATE'S OFFICE OF FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the State's finances and to demonstrate the State's accountability for the money it receives. Questions about this report or additional financial information should be addressed to the State of North Dakota, Office of Management and Budget, 600 E. Boulevard, Dept. 110, Bismarck, ND 58505.



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Basic Financial Statements

STATE OF NORTH DAKOTA

Statement of Net Assets June 30, 2007

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Cash and Cash Equivalents	\$ 5,292,092	\$ 469,914,263	\$ 475,206,355	\$ 25,733,911
Investments	1,058,802,833	1,758,816,822	2,817,619,655	25,776,273
Accounts Receivable - Net	49,494,607	103,585,936	153,080,543	12,917,402
Taxes Receivable - Net	215,704,222	-	215,704,222	-
Interest Receivable - Net	8,585,610	41,620,166	50,205,776	117,002
Intergovernmental Receivable - Net	160,481,817	39,208,246	199,690,063	170,833
Internal Receivable *	1,153,409,085	-	214,178,592	-
Due from Component Units	-	6,747,207	6,747,207	-
Due from Primary Government	-	-	-	56,712,669
Prepaid Items	4,144,658	1,781,307	5,925,965	-
Inventory	9,928,881	23,329,148	33,258,029	487,101
Loans and Notes Receivable - Net	98,114,106	1,795,940,873	1,894,054,979	8,857,232
Unamortized Bond Financing Costs	1,668,633	11,182,341	12,850,974	3,081,114
Pension Assets	2,220,544	-	2,220,544	-
Other Assets	-	8,430,810	8,430,810	20,930,178
Restricted Assets:				
Cash and Cash Equivalents	4,467,658	228,352,397	232,820,055	11,607,237
Investments	-	42,677,290	42,677,290	723,162,972
Interest Receivable - Net	-	4,467,000	4,467,000	4,071,000
Loans and Notes Receivable - Net	-	720,108,000	720,108,000	-
Capital Assets:				
Land and Construction in Progress	434,572,123	90,516,372	525,088,495	11,978,630
Infrastructure - Net	601,574,387	85,124,144	686,698,531	1,505,524
Buildings and Equipment - Net	350,762,898	572,378,673	923,141,571	109,601,631
Total Assets	<u>4,159,224,154</u>	<u>6,004,180,995</u>	<u>9,224,174,656</u>	<u>1,016,710,709</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.

The Accompanying Notes are an Integral Part of the Financial Statements

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Units
LIABILITIES				
Accounts Payable	151,225,841	30,650,387	181,876,228	8,036,365
Accrued Payroll	31,785,813	22,027,670	53,813,483	20,098
Securities Lending Collateral	89,075,791	256,643,794	345,719,585	-
Interest Payable	3,852,246	18,659,622	22,511,868	1,757,000
Intergovernmental Payable	36,314,750	2,226,701	38,541,451	-
Tax Refunds Payable	42,219,499	-	42,219,499	-
Internal Payable *		939,230,493	-	-
Due to Component Units	-	5,692,492	5,692,492	-
Due to Primary Government	-	-	-	6,747,207
Contracts Payable	7,505,532	3,014,779	10,520,311	-
Federal Funds Purchased	-	222,595,000	222,595,000	-
Reverse Repurchase Agreements	-	26,550,000	26,550,000	-
Other Deposits	-	387,536,531	387,536,531	448,210
Amounts Held in Custody for Others	-	12,518,307	12,518,307	-
Deferred Revenue	13,059,398	77,508,861	90,568,259	3,402,514
Other Liabilities	-	8,936,919	8,936,919	35,091,248
Long-Term Liabilities				
Due within one year	21,423,922	193,562,979	214,986,901	14,508,057
Due in more than one year	331,865,282	2,045,231,538	2,377,096,820	222,371,073
Total Liabilities	728,328,074	4,252,586,073	4,041,683,654	292,381,772
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	1,151,716,486	527,402,572	1,679,119,058	103,652,501
Restricted for:				
General Government	3,361,978	-	3,361,978	-
Education	92,749,828	-	92,749,828	-
Health and Human Services	16,190,981	-	16,190,981	-
Regulatory Purposes	39,422,024	-	39,422,024	-
Public Safety & Corrections	346,578	-	346,578	-
Agriculture and Commerce	15,994,277	-	15,994,277	-
Cultural and Natural Resources	69,434,746	-	69,434,746	-
Transportation	140,500,934	-	140,500,934	-
Capital Projects	15,042,000	338,275	15,380,275	-
Debt Service	40,797,292	115,489,407	156,286,699	62,186,000
Loan Purposes	-	46,041,879	46,041,879	160,741,000
Pledged Assets	-	142,564,000	142,564,000	-
Unemployment Compensation	-	130,901,831	130,901,831	-
Permanent Fund and University System - Expendable	21,654,687	13,667,970	35,322,657	-
Permanent Fund and University System - Nonexpendable	928,716,974	28,285,065	957,002,039	-
Other	-	931,085	931,085	298,427,753
Unrestricted	894,967,295	745,972,838	1,640,940,133	99,321,683
Total Net Assets	\$ 3,430,896,080	\$ 1,751,594,922	\$ 5,182,491,002	\$ 724,328,937

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, 2007

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	\$ 275,242,149	\$ 22,288,219	\$ 7,958,799	\$ -
Education	507,384,841	3,616,003	274,909,975	-
Health and Human Services	874,003,750	24,970,751	596,677,774	-
Regulatory	21,180,817	20,267,416	4,990,929	-
Public Safety and Corrections	135,581,887	7,307,975	56,001,156	-
Agriculture and Commerce	58,591,473	19,593,774	20,753,676	-
Natural Resources	57,850,544	22,678,382	14,247,912	5,404,962
Transportation	321,278,940	74,146,958	172,521,457	65,710,420
Interest on Long Term Debt	14,438,858	-	-	-
Total Governmental Activities	2,265,553,259	194,869,478	1,148,061,678	71,115,382
Business-Type Activities:				
Bank of North Dakota	91,261,449	135,843,000	221,000	-
Housing Finance	51,178,023	45,137,000	13,495,417	-
Loan Programs	9,453,454	12,535,071	2,179,524	-
Mill and Elevator	126,968,527	132,056,652	25,357	-
State Lottery	16,068,060	22,772,976	96,538	-
Unemployment Compensation	47,524,928	56,855,823	5,410,315	-
University System	775,600,118	351,789,074	202,793,243	7,314,326
Workforce Safety and Insurance	231,787,346	130,586,004	139,343,543	-
Other	16,621,718	13,370,412	5,132,851	-
Total Business-Type Activities	1,366,463,623	900,946,012	368,697,788	7,314,326
Total Primary Government	\$ 3,632,016,882	\$ 1,095,815,490	\$ 1,516,759,466	\$ 78,429,708
Component Units:				
	\$ 84,955,239	\$ 43,942,818	\$ 100,264,295	\$ -

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

The Accompanying Notes are an Integral Part of the Financial Statements

Net (Expense) Revenue and Change in Net Assets			
Primary Government		Total	Component Units
Governmental Activities	Business-Type Activities		
\$ (244,995,131)		\$ (244,995,131)	
(228,858,863)		(228,858,863)	
(252,355,225)		(252,355,225)	
4,077,528		4,077,528	
(72,272,756)		(72,272,756)	
(18,244,023)		(18,244,023)	
(15,519,288)		(15,519,288)	
(8,900,105)		(8,900,105)	
(14,438,858)		(14,438,858)	
(851,506,721)		(851,506,721)	
	\$ 44,802,551	44,802,551	
	7,454,394	7,454,394	
	5,261,141	5,261,141	
	5,113,482	5,113,482	
	6,801,454	6,801,454	
	14,741,210	14,741,210	
	(213,703,475)	(213,703,475)	
	38,142,201	38,142,201	
	1,881,545	1,881,545	
-	(89,505,497)	(89,505,497)	
(851,506,721)	(89,505,497)	(941,012,218)	
			\$ 59,251,874
449,064,105	-	449,064,105	-
726,913,003	-	726,913,003	-
230,118,178	-	230,118,178	-
54,780,147	-	54,780,147	-
25,822,610	-	25,822,610	-
16,097,938	-	16,097,938	-
27,836,295	-	27,836,295	-
15,995,440	-	15,995,440	32,955,219
(167,116,902)	185,840,985	18,724,083	-
1,379,510,814	185,840,985	1,565,351,799	32,955,219
528,004,093	96,335,488	624,339,581	92,207,093
2,902,891,987	1,655,259,434	4,558,151,421	632,121,844
\$ 3,430,896,080	\$ 1,751,594,922	\$ 5,182,491,002	\$ 724,328,937

The Accompanying Notes are an Integral Part of the Financial Statements

STATE OF NORTH DAKOTA

Balance Sheet Governmental Funds June 30, 2007

	General	Federal	School Permanent Trust Fund	Other Governmental Funds	Total
ASSETS					
Cash Deposits at the Bank of ND	\$ 482,590,997	\$ -	\$ 3,066,914	\$ 501,044,948	\$ 986,702,859
Cash and Cash Equivalents	865,080	-	-	4,420,713	5,285,793
Restricted Cash and Cash Equivalents	414,367	-	-	4,053,291	4,467,658
Investments at the Bank of ND	68,136,288	7,750,000	-	75,719,126	151,605,414
Investments	-	-	989,054,593	61,149,325	1,050,203,918
Accounts Receivable - Net	5,729,748	6,289,068	8,222,286	28,574,192	48,815,294
Taxes Receivable - Net	155,271,781	-	693,455	59,738,986	215,704,222
Interest Receivable - Net	3,949	1,102	6,729,687	1,795,725	8,530,463
Intergovernmental Receivable - Net	-	154,183,555	-	6,231,920	160,415,475
Due from Other Funds	50,659,422	14,094,293	2,670,899	36,841,812	104,266,426
Prepaid Items	582,462	935,568	-	2,626,628	4,144,658
Inventory	1,434,354	2,042,083	-	4,409,898	7,886,335
Loans and Notes Receivable - Net	86,962	18,915	28,477,097	69,422,895	98,005,869
Total Assets	\$ 765,775,410	\$ 185,314,584	\$ 1,038,914,931	\$ 856,029,459	\$ 2,846,034,384
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 30,405,287	\$ 92,694,355	\$ 5,457,174	\$ 20,127,518	\$ 148,684,334
Accrued Payroll	16,653,077	6,671,244	-	7,084,348	30,408,669
Securities Lending Collateral	-	-	83,032,962	4,999,360	88,032,322
Intergovernmental Payable	1,700,208	5,037,582	-	29,576,510	36,314,300
Tax Refunds Payable	41,963,101	-	-	256,398	42,219,499
Due to Other Funds	12,492,788	57,997,583	53,134	34,264,221	104,807,726
Contracts Payable	284,343	5,995,128	-	1,226,061	7,505,532
Deferred Revenue	23,813,191	20,400,342	-	34,377,414	78,590,947
Total Liabilities	127,311,995	188,796,234	88,543,270	131,911,830	536,563,329
Fund Balances:					
Reserved For:					
Inventory	1,060,929	2,201,679	-	4,409,898	7,672,506
Long - Term Receivables	46,796	4,411	-	63,451,519	63,502,726
Capital Projects	-	-	-	15,042,662	15,042,662
Debt Service	-	-	-	42,881,723	42,881,723
Prepaid Expenditures	582,462	935,568	-	2,626,628	4,144,658
Legal Requirements	-	-	-	12,673,544	12,673,544
Undistributed Revenue	-	-	14,951,973	-	14,951,973
Permanent Trust Fund	-	-	935,419,688	-	935,419,688
Unreserved, Reported in:					
General Fund	636,773,228	-	-	-	636,773,228
Special Revenue Funds	-	(6,623,308)	-	583,031,655	576,408,347
Total Fund Balances	638,463,415	(3,481,650)	950,371,661	724,117,629	2,309,471,055
Total Liabilities and Fund Balances	\$ 765,775,410	\$ 185,314,584	\$ 1,038,914,931	\$ 856,029,459	\$ 2,846,034,384

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, 2007

Total Fund Balances-Governmental Funds \$ 2,309,471,055

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 \$3,992,577,455 and the accumulated depreciation is \$2,670,752,490. 1,321,824,965

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. 65,539,466

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. 69,907,106

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. 1,615,437

The pension assets resulting from contributions in excess of annual required contribution are not financial resources and, therefore, are not reported in the funds. 2,220,544

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	(273,119,272)	
Notes Payable	(26,384,139)	
Accrued Interest on Long-Term Liabilities	(3,544,776)	
Compensated Absences	(29,811,961)	
Intergovernmental Payable	(262,075)	
Capital Leases	(5,395,809)	
Claims and Judgments	(1,164,461)	
Total Long-Term Liabilities		(339,682,493)

Net Assets of Governmental Activities \$ 3,430,896,080

STATE OF NORTH DAKOTA

Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds For the Fiscal Year Ended June 30, 2007

	General	Federal	School Permanent Trust Fund	Other Governmental Funds	Total
REVENUES					
Individual and Corporate Income Taxes	\$ 430,171,903	\$ -	\$ -	\$ 13,043,857	\$ 443,215,760
Sales and Use Taxes	540,018,512	-	-	185,505,084	725,523,596
Oil, Gas, and Coal Taxes	40,083,527	-	6,853,937	183,187,056	230,124,520
Business and Other Taxes	38,272,252	-	-	16,469,869	54,742,121
Licenses, Permits and Fees	13,011,468	-	-	103,224,929	116,236,397
Intergovernmental	335,345	1,049,663,315	-	11,076,744	1,061,075,404
Sales and Services	3,151,572	175,881	-	37,807,399	41,134,852
Royalties and Rents	15,576,939	-	40,535,631	8,468,361	64,580,931
Fines and Forfeits	4,457,854	-	2,878,042	7,498,440	14,834,336
Interest and Investment Income	23,850,653	390,618	107,124,973	16,217,971	147,584,215
Tobacco Settlement	-	-	13,117,398	16,097,938	29,215,336
Commodity Assessments	-	-	-	13,801,240	13,801,240
Miscellaneous	2,772,730	389,947	-	7,164,797	10,327,474
Total Revenues	1,111,702,755	1,050,619,761	170,509,981	619,563,685	2,952,396,182
EXPENDITURES					
Current:					
General Government	81,728,009	5,399,884	-	7,011,855	94,139,748
Education	332,596,256	127,888,801	4,596,118	41,447,694	506,528,869
Health and Human Services	244,003,697	575,676,348	-	54,312,813	873,992,858
Regulatory	8,015,052	2,523,867	-	6,448,594	16,987,513
Public Safety and Corrections	71,556,195	45,321,028	-	12,581,006	129,458,229
Agriculture and Commerce	11,293,690	18,944,930	-	28,010,883	58,249,503
Natural Resources	8,141,708	9,663,832	-	35,184,594	52,990,134
Transportation	7,884	185,423,604	-	104,886,304	290,317,792
Intergovernmental - Revenue Sharing	-	-	-	181,498,302	181,498,302
Capital Outlay	15,939,929	84,162,285	-	43,570,457	143,672,671
Debt Service:					
Principal	789,771	640,975	-	8,784,597	10,215,343
Interest and Other Charges	474,038	196,196	-	12,671,018	13,341,252
Total Expenditures	774,546,229	1,055,841,750	4,596,118	536,408,117	2,371,392,214
Revenues over (under) Expenditures	337,156,526	(5,221,989)	165,913,863	83,155,568	581,003,968
OTHER FINANCING SOURCES (USES)					
Bonds and Notes Issued	891,759	-	-	936,466	1,828,225
Refunding Bonds Issued	-	-	-	23,775,068	23,775,068
Payment to Refund Bond Escrow Agent	-	-	-	(24,588,018)	(24,588,018)
Capital Lease Acquisitions	34,660	45,800	-	122,294	202,754
Sale of Capital Assets	-	-	-	230,528	230,528
Transfers In	119,494,575	18,623,737	-	103,569,634	241,687,946
Transfers Out	(241,022,534)	(17,211,605)	(33,398,600)	(117,172,109)	(408,804,848)
Total Other Financing Sources (Uses)	(120,601,540)	1,457,932	(33,398,600)	(13,126,137)	(165,668,345)
Net Change in Fund Balances	216,554,986	(3,764,057)	132,515,263	70,029,431	415,335,623
Fund Balances - Beginning of Year, as Adjusted	421,908,429	282,407	817,856,398	654,088,198	1,894,135,432
Fund Balances - End of Year	\$ 638,463,415	\$ (3,481,650)	\$ 950,371,661	\$ 724,117,629	\$ 2,309,471,055

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, 2007

Net Change in Fund Balances-Total Governmental Funds \$ 415,335,623

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	143,672,671	
Depreciation expense	<u>(50,664,584)</u>	
Excess of capital outlay over depreciation expense		93,008,087

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. (3,902,102)

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. 10,000

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. (202,754)

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. 10,838,249

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 5,936,057

Bonds proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. (24,711,534)

Notes payable proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. (891,759)

The pension assets resulting from contributions in excess of annual required contribution are not financial resources and, therefore, are not reported in the funds. (115,024)

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	33,050,116	
Note payments	982,601	
Capital lease payments	<u>1,137,678</u>	
Total long-term debt repayment		35,170,395

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	(653,666)	
Net increase/decrease in compensated absences	(1,579,544)	
Net increase/decrease in claims and judgments	<u>(237,935)</u>	
Total additional expenditures		<u>(2,471,145)</u>

Change in Net Assets of Governmental Activities \$ 528,004,093

STATE OF NORTH DAKOTA

Statement of Net Assets Proprietary Funds June 30, 2007

	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
ASSETS							
Current Assets:							
Cash Deposits at the Bank of ND	\$ 1,194,000	\$ 54,865,935	\$ 1,677,132	\$ 29,962,576	\$ 87,699,643	\$ 9,739,661	
Cash and Cash Equivalents	140,000	11,166,574	-	116,510,689	127,817,263	6,299	
Investments at the Bank of ND	-	76,720,471	41,010,856	5,962,689	123,694,016	-	
Investments	1,307,000	382,661	1,503,421,825	32,156,691	1,537,268,177	8,598,915	
Accounts Receivable - Net	579,000	15,350,277	43,092,029	44,529,255	103,550,561	679,313	
Interest Receivable - Net	233,000	-	8,774,261	2,850,905	11,858,166	55,147	
Intergovernmental Receivable - Net	167,000	36,441,319	-	2,599,927	39,208,246	66,342	
Due from Other Funds	111,000	9,550,893	-	768,217	10,430,110	5,663,122	
Due from Fiduciary Funds	-	-	-	35,375	35,375	-	
Due from Component Units	-	1,240,207	-	-	1,240,207	-	
Prepaid Items	35,000	-	33,219	1,713,088	1,781,307	2,042,546	
Inventory	-	6,865,043	-	16,464,105	23,329,148	108,237	
Loans and Notes Receivable - Net	-	9,045,996	-	13,789,274	22,835,270	-	
Other Assets	357,000	1,902,891	-	-	2,259,891	-	
Restricted Cash at the Bank of ND	8,305,000	-	-	3,119,912	11,424,912	5,997,582	
Restricted Cash and Cash Equivalents	227,731,000	-	-	-	227,731,000	-	
Restricted Investments at the Bank of ND	-	-	-	39,198,666	39,198,666	-	
Restricted Interest Receivable - Net	2,752,000	-	-	1,715,000	4,467,000	-	
Restricted Loans Receivable - Net	12,556,000	-	-	21,318,000	33,874,000	-	
Total Current Assets	255,467,000	223,532,267	1,598,009,322	332,694,369	2,409,702,958	32,957,164	
Noncurrent Assets:							
Restricted Cash at the Bank of ND	-	3,276,661	-	266,117	3,542,778	-	
Restricted Cash and Cash Equivalents	-	621,397	-	-	621,397	-	
Restricted Investments at the Bank of ND	-	23,908,553	-	-	23,908,553	-	
Restricted Investments	17,287,000	23,203,117	-	214,630	40,704,747	-	
Investments at the Bank of ND	-	35,620,000	-	-	35,620,000	-	
Investments	-	9,616,188	-	-	9,616,188	-	
Loans and Notes Receivable - Net	-	31,611,062	-	32,587,541	64,198,603	-	
Restricted Loans Receivable - Net	635,443,000	-	-	50,791,000	686,234,000	-	
Unamortized Bond Issuance Costs	6,138,000	4,324,110	-	720,231	11,182,341	53,196	
Other Noncurrent Assets	2,360,000	13,307	-	2,546,612	4,919,919	-	
Capital Assets:							
Land and Construction in Progress	-	84,496,981	901,974	822,417	86,221,372	-	
Infrastructure - Net	-	84,064,931	-	1,059,213	85,124,144	-	
Buildings and Equipment - Net	-	513,063,359	10,259,148	46,232,166	569,554,673	65,084,443	
Total Noncurrent Assets	661,228,000	813,819,666	11,161,122	135,239,927	1,621,448,715	65,137,639	
Bank Related Assets:							
Cash and Cash Equivalents	\$ 342,097,000				\$ 342,097,000		
Investments	213,905,000				213,905,000		
Interest Receivable - Net	29,762,000				29,762,000		
Due from Other Funds	18,145,000				18,145,000		
Due from Component Units	5,507,000				5,507,000		
Loans and Notes Receivable - Net	1,708,907,000				1,708,907,000		
Other Assets	1,251,000				1,251,000		
Capital Assets:							
Land and Construction in Progress	4,295,000				4,295,000		
Buildings and Equipment - Net	2,824,000				2,824,000		
Total Bank Related Assets	2,326,693,000				2,326,693,000		
Total Assets	2,326,693,000	916,695,000	1,037,351,933	1,609,170,444	467,934,296	6,357,844,673	98,094,803

STATE OF NORTH DAKOTA

Statement of Net Assets Proprietary Funds June 30, 2007

	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
LIABILITIES							
Current Liabilities:							
Accounts Payable		700,000	20,998,786	2,222,249	6,729,352	30,650,387	2,541,507
Accrued Payroll		-	21,319,857	-	707,813	22,027,670	1,377,144
Securities Lending Collateral		-	-	252,579,982	4,063,812	256,643,794	1,043,469
Interest Payable		16,892,000	91,579	-	485,785	17,469,364	307,470
Intergovernmental Payable		332,000	175,227	-	2,331,163	2,838,390	450
Due to Other Funds		2,111,000	3,981,049	169,718	27,559,556	33,821,323	271,064
Due to Component Units		-	185,492	-	-	185,492	-
Contracts Payable		-	3,014,779	-	-	3,014,779	-
Other Deposits		-	5,318,917	-	-	5,318,917	-
Amounts Held in Custody for Others		8,304,000	-	-	4,214,307	12,518,307	-
Claims/Judgments Payable		-	-	93,000,000	638,765	93,638,765	1,604,751
Dividends Payable		-	-	56,909,336	-	56,909,336	-
Compensated Absences Payable		123,000	1,153,795	707,000	88,527	2,072,322	111,438
Notes Payable		-	1,029,106	-	-	1,029,106	-
Capital Leases Payable		-	5,160,749	-	27,162	5,187,911	16,478
Bonds Payable		16,395,000	7,567,850	-	500,000	24,462,850	606,258
Deferred Revenue		-	11,087,128	63,023,443	3,398,290	77,508,861	7,917
Other Current Liabilities		-	-	-	10,458	10,458	-
Total Current Liabilities		44,857,000	81,084,314	468,611,728	50,754,990	645,308,032	7,887,946
Noncurrent Liabilities:							
Intergovernmental Payable		1,313,000	1,613,403	-	3,090,920	6,017,323	-
Claims/Judgments Payable		-	-	637,900,000	265,806	638,165,806	3,324,292
Dividends Payable		-	-	35,698,914	-	35,698,914	-
Compensated Absences Payable		47,000	21,087,846	124,450	925,081	22,184,377	1,276,212
Notes Payable		-	5,581,625	-	-	5,581,625	6,000,000
Capital Leases Payable		-	40,920,534	-	22,834	40,943,368	5,955
Bonds Payable		781,690,000	183,057,356	-	84,334,769	1,049,082,125	4,206,103
Other Noncurrent Liabilities		-	1,554,907	-	4,049,554	5,604,461	-
Total Noncurrent Liabilities		783,050,000	253,815,671	673,723,364	92,688,964	1,803,277,999	14,812,562
Bank Related Liabilities:							
Interest Payable		1,136,000				1,136,000	
Due to Other Funds		35,203,000				35,203,000	
Due to Component Units		5,507,000				5,507,000	
Federal Funds Purchased		222,595,000				222,595,000	
Reverse Repurchase Agreements		26,550,000				26,550,000	
Deposits Held for Other Funds		1,267,255,028				1,267,255,028	
Other Deposits		344,373,972				344,373,972	
Other Liabilities		3,322,000				3,322,000	
Long Term Liabilities:							
Due within one year		9,651,000				9,651,000	
Due in more than one year		247,558,000				247,558,000	
Total Bank Related Liabilities		2,163,151,000				2,163,151,000	
Total Liabilities		2,163,151,000	827,907,000	334,899,985	1,142,335,092	4,611,737,031	22,700,508
NET ASSETS							
Invested in Capital Assets, Net of Related Debt		7,119,000	-	462,578,478	11,161,122	46,543,972	527,402,572
Restricted for:							
Capital Projects		-	-	338,275	-	-	338,275
Debt Service		-	76,036,000	11,757,660	-	27,695,747	115,489,407
Loan Purposes		-	-	45,264,320	-	777,559	46,041,879
Pledged Assets		138,519,000	4,045,000	-	-	-	142,564,000
Unemployment Compensation		-	-	-	-	130,901,831	130,901,831
University System-Nonexpendable		-	-	13,190,167	-	-	13,190,167
University System-Expendable		-	-	28,762,868	-	-	28,762,868
Other		-	-	46,608	-	884,477	931,085
Unrestricted		17,904,000	8,707,000	140,513,572	455,674,230	117,686,756	740,485,558
Total Net Assets		\$ 163,542,000	\$ 88,788,000	\$ 702,451,948	\$ 466,835,352	\$ 324,490,342	\$ 1,746,107,642
							\$ 75,394,295

Reconciliation of the Proprietary Funds Statement of Net Assets to the Statement of Net Assets June 30, 2007

Total Net Assets - Enterprise Funds

Amounts reported for business-type activities in the statement of net assets are different because:	\$ 1,746,107,642
Prior year net assets restatement and reduction of current year expenses based on the allocation of internal service fund's net income	5,487,280
Net Assets of Business-Type Activities	\$ 1,751,594,922

The Accompanying Notes are an Integral Part of the Financial Statements

STATE OF NORTH DAKOTA

Statement of Revenues, Expenses and Changes in Fund Net Assets

Proprietary Funds

For the Fiscal Year Ended June 30, 2007

	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	\$ 8,257,000	\$ 1,480,000	\$ 44,360,478	\$ 128,901,226	\$ 228,899,361	\$ 411,898,065	\$ 67,806,865
Auxiliary Sales Pledges for Bonds	-	-	80,757,785	-	-	80,757,785	-
Tuition and Fees	-	-	218,668,724	-	-	218,668,724	-
Grants and Contributions	-	-	163,724,295	-	-	163,724,295	-
Royalties and Rents	-	-	-	628,690	56,570	685,260	-
Fines and Forfeits	-	-	-	1,056,088	-	1,056,088	-
Interest and Investment Income	127,807,000	43,657,000	-	-	8,513,379	179,977,379	-
Miscellaneous	-	-	4,637,623	-	16,321	4,653,944	33,186
Total Operating Revenues	136,064,000	45,137,000	512,148,905	130,586,004	237,485,631	1,061,421,540	67,840,051
OPERATING EXPENSES							
Cost of Sales and Services	-	-	33,462,577	-	123,854,634	157,317,211	974,244
Salaries and Benefits	8,611,000	1,915,000	468,181,370	13,341,096	5,347,630	497,396,096	17,024,638
Operating	10,904,000	3,730,000	195,887,326	2,591,233	29,210,697	242,323,256	30,325,690
Claims	-	-	-	129,354,538	49,233,639	178,588,177	3,466,516
Dividends Expense	-	-	-	67,865,170	-	67,865,170	-
Scholarships and Fellowships	-	-	23,688,142	-	-	23,688,142	-
Interest	71,284,000	33,381,000	-	-	4,388,078	109,053,078	-
Depreciation	619,000	-	39,353,150	369,932	3,593,779	43,935,861	9,238,047
Miscellaneous	-	-	-	-	3,381	3,381	-
Total Operating Expenses	91,418,000	39,026,000	760,572,565	213,521,969	215,631,838	1,320,170,372	61,029,135
Operating Income (Loss)	44,646,000	6,111,000	(248,423,660)	(82,935,965)	21,853,793	(258,748,832)	6,810,916
NONOPERATING REVENUES (EXPENSES)							
Grants and Contracts	-	-	4,394,542	-	897,158	5,291,700	-
Gifts	-	-	21,582,596	-	-	21,582,596	-
Interest and Investment Income	-	13,495,417	13,091,810	139,343,543	11,947,427	177,878,197	939,727
Interest Expense	-	(12,158,000)	(12,325,577)	(18,323,531)	(954,865)	(43,761,973)	(274,205)
Loss on Sale of Capital Assets	-	-	(1,489,984)	-	(2,734)	(1,492,718)	(445,376)
Other	-	-	1,266,107	-	44,096	1,310,203	16,203
Total Nonoperating Revenues (Expenses)	-	1,337,417	26,519,494	121,020,012	11,931,082	160,808,005	236,349
Income (Loss) Before Contributions and Transfers	44,646,000	7,448,417	(221,904,166)	38,084,047	33,784,875	(97,940,827)	7,047,265
Capital Grants and Contributions	-	-	7,314,326	-	-	7,314,326	9,795
Transfers In	-	233,583	248,413,062	-	316,329	248,962,974	-
Transfer Out	(42,854,000)	(29,000)	(6,595,300)	-	(13,643,689)	(63,121,989)	-
Changes in Net Assets	1,792,000	7,653,000	27,227,922	38,084,047	20,457,515	95,214,484	7,057,060
Total Net Assets - Beginning of Year, as Adjusted	161,750,000	81,135,000	675,224,026	428,751,305	304,032,827	1,650,893,158	68,337,235
Total Net Assets - End of Year	\$ 163,542,000	\$ 88,788,000	\$ 702,451,948	\$ 466,835,352	\$ 324,490,342	\$ 1,746,107,642	\$ 75,394,295

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, 2007

Net Change in Net Assets-Total Enterprise Funds \$ 95,214,484

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 1,121,004

Change in Net Assets of Business-Type Activities \$ 96,335,488

The Accompanying Notes are an Integral Part of the Financial Statements

Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2007

	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	\$ 10,003,000	\$ 122,811,000	\$ 126,454,496	\$ 83,692,107	\$ 435,597,451	\$ 778,558,054	\$ 64,948,039
Receipts from Tuition and Fees	-	-	222,777,408	-	-	222,777,408	-
Interest Income on Loans	-	-	-	-	390,631	390,631	-
Receipts from Loan Principal Repayments	-	-	7,927,812	-	13,701,763	21,629,575	-
Receipts from Federal and Local Agencies	-	-	-	-	8,221	8,221	-
Receipts from Other Funds	-	-	-	-	121,221	121,221	-
Receipts from Grants and Contracts	-	-	169,053,285	-	-	169,053,285	-
Receipts from Others	-	-	2,469,314	5,773,417	69,425	8,312,156	-
Payments for Loan Funds	-	-	(8,818,163)	-	(11,894,222)	(20,712,385)	-
Payments to Other Funds	-	-	-	-	(76,281)	(76,281)	(360,881)
Payments for Scholarships and Fellowships	-	-	(23,736,650)	-	-	(23,736,650)	-
Payments to Suppliers	(6,599,000)	(153,952,000)	(226,593,587)	(839,899)	(334,326,500)	(722,310,986)	(30,595,834)
Payments to Employees	(8,460,000)	(1,910,000)	(465,170,659)	(10,112,483)	(12,345,010)	(497,998,152)	(16,828,986)
Claim Payments	-	-	-	(89,555,782)	(42,969,114)	(132,524,896)	(761,746)
Payments to Others	-	(325,000)	-	(10,361,875)	(168,117)	(10,854,992)	(2,422,723)
Net Cash Provided by (Used for) Operating Activities	(5,056,000)	(33,376,000)	(195,636,744)	(21,404,515)	48,109,468	(207,363,791)	13,977,869
Cash Flows from Noncapital Financing Activities:							
Proceeds from Bonds	-	175,125,000	-	-	-	175,125,000	-
Proceeds from Sale of Notes and Other Borrowings	930,408,000	-	-	-	21,900,000	952,308,000	-
Principal Payments - Bonds	-	-	-	-	(8,000,000)	(8,000,000)	-
Principal Payments - Notes and Other Borrowings	(949,125,000)	(133,257,000)	-	-	(9,500,000)	(1,091,882,000)	-
Interest Payments - Bonds	-	(31,809,000)	-	-	(3,917,000)	(35,726,000)	-
Interest Payments - Notes and Other Borrowings	(17,002,000)	-	-	-	(657,569)	(17,659,569)	(15,432)
Payment of Bond Issue Costs	-	(1,118,000)	-	-	-	(1,118,000)	-
Transfers In	-	-	-	-	316,329	316,329	-
Transfers Out	(30,043,000)	(29,000)	(5,984,792)	-	(22,906,689)	(58,963,481)	-
Net Increase in Non-Interest Bearing Deposits	25,139,000	-	-	-	-	25,139,000	-
Net Decrease in Interest Bearing Deposits	239,481,000	-	-	-	-	239,481,000	-
Payments of Interest on Deposits	(41,646,000)	-	-	-	-	(41,646,000)	-
Interest Paid on Federal Funds and Reverse Repurchase Agreements	(9,769,000)	-	-	-	-	(9,769,000)	-
Net Decrease in Federal Funds and Reverse Repurchase Agreements	213,000	-	-	-	-	213,000	-
Loan Proceeds from Due To Other Funds	-	-	-	-	-	-	-
Principal Payments on Due To Other Funds	-	-	(3,535,615)	-	(423,032)	(3,958,647)	-
Grants and Gifts Received for Other than Capital Purposes	-	-	24,851,270	-	897,158	25,748,428	-
State Appropriations	-	-	257,389,775	-	-	257,389,775	-
Agency Fund Cash Increase	-	-	(393,516)	-	-	(393,516)	-
Grants Given for Other than Capital Purposes	-	-	(748,772)	-	-	(748,772)	-
Disbursements for Loans and Loan Purchases	-	-	-	-	295,100	295,100	-
Other	-	-	2,394,186	-	1,563,850	3,958,036	349
Net Cash Provided by (Used for) Noncapital Financing Activities	147,656,000	8,912,000	273,972,536	-	(20,431,853)	410,108,683	(15,083)
Cash Flows from Capital and Related Financing Activities:							
Acquisition and Construction of Capital Assets	(3,591,000)	-	(77,079,950)	(17,987)	(4,464,284)	(85,153,221)	(13,469,368)
Proceeds from Sale of Capital Assets	-	-	1,481,626	-	(47,519)	1,434,107	1,958,459
Proceeds from Bonds	-	-	-	-	-	-	-
Proceeds from Sale of Notes and Other Borrowings	-	-	22,835,000	-	200,000	23,035,000	-
Principal Payments - Bonds	-	-	-	-	(205,000)	(205,000)	-
Principal Payments - Notes and Other Borrowings	-	-	(36,261,043)	-	(18,956)	(36,279,999)	(568,400)
Interest Payments - Bonds	-	-	-	-	(65,410)	(65,410)	-
Interest Payments - Notes and Other Borrowings	-	-	(12,167,631)	-	(8,537)	(12,176,168)	(213,506)
Capital Appropriations	-	-	4,919,820	-	-	4,919,820	-
Payment on Capital Leases	-	-	-	-	(40,328)	(40,328)	(25,139)
Interest Payments - Capital Leases	-	-	-	-	-	-	(2,902)
Capital Grants and Gifts Received	-	-	6,850,207	-	-	6,850,207	-
Insurance Proceeds	-	-	710,220	-	-	710,220	-
Net Cash Provided by (Used for) Capital and Related Financing Activities	(3,591,000)	-	(88,711,751)	(17,987)	(4,650,034)	(96,970,772)	(12,320,856)
Cash Flows from Investing Activities:							
Proceeds from Sale and Maturities of Investment Securities	77,846,000	22,039,000	31,370,626	26,500,000	72,284,607	230,040,233	-
Purchase of Investment Securities	(138,905,000)	(13,047,000)	(60,598,982)	(4,782,990)	(94,601,411)	(311,935,383)	(540,800)
Interest and Dividends on Investments	16,658,000	2,073,000	11,381,770	-	10,312,713	40,425,483	938,617
Proceeds from Sale of Other Real Estate	15,000	-	-	-	-	15,000	-
Net Decrease in Loans	(289,052,000)	-	-	-	-	(289,052,000)	-
Disbursements for Loans and Loan Purchases	-	-	-	-	(290,000)	(290,000)	-
Receipt of Loan Principal Repayments	-	-	-	-	927,429	927,429	-
Loan Income Received	100,582,000	-	-	-	633,660	101,215,660	-
Net Cash Provided by (Used for) Investing Activities	(232,856,000)	11,065,000	(17,846,586)	21,717,010	(10,733,002)	(228,653,578)	397,817

The Accompanying Notes are an Integral Part of the Financial Statements

STATE OF NORTH DAKOTA

Statement of Cash Flows Proprietary Funds (Continued) For the Fiscal Year Ended June 30, 2007

	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	(93,847,000)	(13,399,000)	(28,222,545)	294,508	12,294,579	(122,879,458)	2,039,747
Cash and Cash Equivalents at June 30, 2006	435,944,000	250,769,000	98,153,112	1,382,624	137,564,715	923,813,451	13,703,795
Cash and Cash Equivalents at June 30, 2007	<u>\$ 342,097,000</u>	<u>\$ 237,370,000</u>	<u>\$ 69,930,567</u>	<u>\$ 1,677,132</u>	<u>\$ 149,859,294</u>	<u>\$ 800,933,993</u>	<u>\$ 15,743,542</u>
Reconciliation:							
Current:							
Cash Deposits at the Bank of North Dakota	\$ -	\$ 1,194,000	\$ 54,865,935	\$ 1,677,132	\$ 29,962,576	\$ 87,699,643	\$ 9,739,661
Cash and Cash Equivalents	342,097,000	140,000	11,166,574	-	116,510,689	469,914,263	6,299
Restricted Cash Deposits at the Bank of North Dakota	-	8,305,000	-	-	3,119,912	11,424,912	-
Restricted Cash and Cash Equivalents	-	227,731,000	-	-	-	227,731,000	-
Noncurrent:							
Restricted Cash Deposits At The Bank of North Dakota	-	-	3,276,661	-	-	3,276,661	5,997,582
Restricted Cash and Cash Equivalents	-	-	621,397	-	266,117	887,514	-
Cash and Cash Equivalents	<u>\$ 342,097,000</u>	<u>\$ 237,370,000</u>	<u>\$ 69,930,567</u>	<u>\$ 1,677,132</u>	<u>\$ 149,859,294</u>	<u>\$ 800,933,993</u>	<u>\$ 15,743,542</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used for) Operating Activities:							
Operating Income (Loss)	\$ 44,646,000	\$ 6,111,000	\$ (248,423,660)	\$ (82,935,965)	\$ 21,853,793	\$ (258,748,832)	\$ 6,810,917
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:							
Depreciation	962,000	-	39,353,150	369,932	3,604,102	44,289,184	9,231,397
Amortization\Accretion	-	(1,585,000)	-	-	383,000	(1,202,000)	6,649
Reclassification of Interest Revenue\Expense	(56,302,000)	(1,164,000)	-	-	(4,128,387)	(61,594,387)	-
Gain on Sale of Student Loans	(20,000)	-	-	-	-	(20,000)	-
Gain on Sale of Real Estate	6,000	-	-	-	-	6,000	-
Net Increase in Fair Value of Investments	(221,000)	-	-	-	-	(221,000)	-
Interest Received on Program Loans	-	34,738,000	-	-	7,463,000	42,201,000	-
Disbursements for Loans and Loan Purchases	-	(148,627,000)	-	-	(348,000)	(148,975,000)	-
Receipt of Loan Principal Repayments	-	76,387,000	-	-	34,438,000	110,825,000	-
Provision for Losses	3,400,000	-	-	-	(1,438,000)	1,962,000	-
Premiums Collected	-	-	-	-	149,794,391	149,794,391	-
Premiums Paid	-	-	-	-	(149,794,391)	(149,794,391)	-
Other	-	289,000	-	-	101,912	390,912	(605)
Change in Assets and Liabilities:							
Increase in Accounts Receivable	-	(58,000)	(821,923)	(6,116,964)	(3,256,264)	(10,253,151)	(54,003)
Increase in Interest Receivable	-	-	-	-	(33,468)	(33,468)	-
(Increase) Decrease in Due From	1,304,000	(29,000)	-	-	115,762	1,390,762	(1,324,137)
Decrease in Due From Fiduciary Funds	-	-	-	-	2,338	2,338	-
(Increase) Decrease in Intergovernmental Receivable	-	(10,000)	6,405,482	-	(506,934)	5,888,548	(1,361)
Decrease in Notes Receivable	-	-	1,373,935	-	333,947	1,707,882	-
(Increase) Decrease in Prepaid Items	-	(9,000)	-	41,877	(12,321)	20,556	(1,988,555)
(Increase) Decrease in Inventories	-	-	776,582	-	(5,938,330)	(5,161,748)	10,914
(Increase) Decrease in Other Assets	234,000	-	997,417	-	(220,252)	1,011,165	-
Increase (Decrease) in Accounts Payable	-	163,000	1,057,399	(886,326)	(585,986)	(251,913)	1,176,386
Increase (Decrease) in Claims/Judgments Payable	-	-	-	44,100,000	(932,775)	43,167,225	388,170
Decrease in Intergovernmental Payable	-	(43,000)	-	-	(550,259)	(593,259)	(22)
Increase (Decrease) in Accrued Payroll	-	-	1,565,291	-	(64,251)	1,501,040	80,297
Increase in Compensated Absences Payable	-	2,000	1,445,420	93,332	22,362	1,563,114	115,354
Increase (Decrease) in Amounts Held for Others	-	513,000	-	-	(1,913,853)	(1,400,853)	-
Decrease in Other Deposits	-	-	(519,811)	-	-	(519,811)	-
Increase (Decrease) in Due To Other Funds	(7,000)	(54,000)	-	109,234	(960,171)	(911,937)	(480,669)
Increase in Deferred Revenue	-	-	1,153,974	3,776,646	672,881	5,603,501	7,137
Increase in Other Liabilities	942,000	-	-	-	7,622	949,622	-
Total Adjustments	<u>(49,702,000)</u>	<u>(39,487,000)</u>	<u>52,786,916</u>	<u>41,487,731</u>	<u>26,255,675</u>	<u>31,341,322</u>	<u>7,166,952</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ (5,056,000)</u>	<u>\$ (33,376,000)</u>	<u>\$ (195,636,744)</u>	<u>\$ (41,448,234)</u>	<u>\$ 48,109,468</u>	<u>\$ (227,407,510)</u>	<u>\$ 13,977,869</u>
Noncash Transactions:							
Net Increase (Decrease) in Fair Value of Investments	\$ -	\$ (498,000)	\$ -	\$ 75,378,694	\$ 1,029,646	\$ 75,910,340	\$ 196,616
Change in Securities Lending Collateral	-	-	-	(73,551,631)	(1,505,173)	(75,056,804)	(479,324)
Interest on Investments	-	-	-	46,074,691	-	46,074,691	-
Amortization of Bond Discount	-	-	-	-	8,754	8,754	-
Amortization of Bond Issuance Costs	-	-	-	-	3,335	3,335	-
Assets Acquired Through Capital Lease	-	-	11,109,237	-	-	11,109,237	7,276
Assets Acquired Through Special Assessments	-	-	80,883	-	-	80,883	-
Expenses Paid by Capital Lease	-	-	1,563,719	-	-	1,563,719	-
Gifts of Capital Assets	-	-	167,696	-	-	167,696	-
Interest Revenue on Prize Reserves	-	-	-	-	6,722	6,722	-
Total Noncash Transactions	<u>\$ -</u>	<u>\$ (498,000)</u>	<u>\$ 12,921,535</u>	<u>\$ 47,901,754</u>	<u>\$ (456,716)</u>	<u>\$ 59,868,573</u>	<u>\$ (275,432)</u>

The Accompanying Notes are an Integral Part of the Financial Statements



North Dakota Tourism/Dawn Charging

Fall colors abound along the shoreline of Lake Sakakawea. There are many areas along the lake, and elsewhere in the state, that come alive with color when summer slips toward fall.

STATE OF NORTH DAKOTA

Statement of Fiduciary Net Assets

Fiduciary Funds

June 30, 2007

	Pension and Other Employee Benefit Trust Funds	Investment Trust Funds	Private-Purpose Trust Funds	Agency Funds
ASSETS				
Cash Deposits at the Bank of ND	\$ 12,965,723	\$ 269,625	\$ 14,446,199	\$ 14,899,490
Cash and Cash Equivalents	-	-	1,219,142	2,837,935
Receivables:				
Contributions Receivable	12,474,188	-	-	-
Accounts Receivable - Net	2,692	-	79,766	6,343,117
Taxes Receivable - Net	-	-	-	11,785,805
Interest Receivable - Net	13,598,449	172,282	633,312	930
Due from Other Funds	506	-	54	-
Due from Fiduciary Funds	170,948	-	-	-
Total Receivables	26,246,783	172,282	713,132	18,129,852
Investments, at Fair Value:				
Investments at the Bank of ND	-	-	19,942	13,146,488
Equity Pool	2,434,905,189	44,444,430	-	-
Fixed Income	2,278,187	-	-	-
Fixed Income Pool	1,107,739,039	37,399,741	2,100,089	2,352,913
Cash and Cash Pool	36,549,981	617,337	-	-
Real Estate Pool	326,656,507	7,140,882	-	-
Alternative Investments	172,818,511	690,160	-	-
Annuities	141,030	-	-	-
Mutual Funds	39,263,605	-	319,422,187	-
Total Investments	4,120,352,049	90,292,550	321,542,218	15,499,401
Invested Securities Lending Collateral	316,914,681	8,780,492	-	-
Capital Assets (Net of Depreciation)	794,458	-	-	-
Other Assets	-	-	-	618
Total Assets	4,477,273,694	99,514,949	337,920,691	\$ 51,367,296
LIABILITIES				
Accounts Payable	7,748,000	131,097	860,659	\$ -
Accrued Payroll	86,680	-	-	-
Securities Lending Collateral	316,914,681	8,780,492	-	-
Intergovernmental Payable	-	-	-	27,612,791
Tax Refunds Payable	-	-	-	1,191
Due to Other Funds	56,697	-	-	-
Due to Fiduciary Funds	170,948	-	-	-
Amounts Held in Custody for Others	-	-	-	23,753,314
Deferred Revenue	17,699	-	-	-
Compensated Absences Payable	114,910	-	-	-
Capital Leases Payable	1,210	-	-	-
Total Liabilities	325,110,825	8,911,589	860,659	\$ 51,367,296
NET ASSETS				
Net Assets Held in Trust for:				
Pension Benefits	4,150,717,114	-	-	-
Other Employee Benefits	1,445,755	-	-	-
External Investment Pool Participants	-	90,603,360	-	-
Other Purposes	-	-	337,060,032	-
Total Net Assets Held in Trust	\$ 4,152,162,869	\$ 90,603,360	\$ 337,060,032	

The Accompanying Notes are an Integral Part of the Financial Statements

STATE OF NORTH DAKOTA

Statement of Changes in Fiduciary Net Assets Fiduciary Funds For the Fiscal Year Ended June 30, 2007

	Pension and Other Employee Benefit Trust Funds	Investment Trust Funds	Private-Purpose Trust Funds
ADDITIONS			
Contributions:			
Employer	\$ 62,182,834	\$ -	\$ -
Employee	62,887,392	-	-
From Participants	-	-	100,086,619
Transfers from Other Funds	474,829	-	-
Transfers from Other Plans	130,797	-	-
Donations	-	-	9,243
Total Contributions	<u>125,675,852</u>	<u>-</u>	<u>100,095,862</u>
Investment Income:			
Net Increase in Fair Value of Investments	614,040,352	10,852,876	18,928,814
Interest and Dividends	<u>98,015,711</u>	<u>2,402,945</u>	<u>7,174,585</u>
Less Investment Expense	<u>20,632,870</u>	<u>414,739</u>	<u>-</u>
Net Investment Income	<u>691,423,193</u>	<u>12,841,082</u>	<u>26,103,399</u>
Securities Lending Activity:			
Securities Lending Income	16,170,904	458,153	-
Less Securities Lending Expense	<u>15,398,640</u>	<u>441,244</u>	<u>-</u>
Net Securities Lending Income	<u>772,264</u>	<u>16,909</u>	<u>-</u>
Repurchase Service Credit	6,512,800	-	-
Miscellaneous Income	<u>546,881</u>	<u>-</u>	<u>-</u>
Total Additions	<u>824,930,990</u>	<u>12,857,991</u>	<u>126,199,261</u>
DEDUCTIONS			
Benefits Paid to Participants	172,988,802	-	-
Refunds	8,548,865	-	-
Prefunded Credit Applied	4,525,810	-	-
Transfer to Other Plans	474,829	-	-
Payments in Accordance with Trust Agreements	-	-	102,139,147
Administrative Expenses	<u>3,537,599</u>	<u>-</u>	<u>431,713</u>
Total Deductions	<u>190,075,905</u>	<u>-</u>	<u>102,570,860</u>
Purchase of Units at Net Asset Value of \$1.00 Per Unit	<u>-</u>	<u>1,550,000</u>	<u>-</u>
Change in Net Assets Held in Trust for:			
Pension Benefits	634,870,925	-	-
Other Employee Benefits	(15,840)	-	-
External Investment Pool Participants	-	14,407,991	-
Other Purposes	-	-	23,628,401
Net Assets - Beginning of Year, as Adjusted	<u>3,517,307,784</u>	<u>76,195,369</u>	<u>313,431,631</u>
Net Assets - End of Year	<u>\$ 4,152,162,869</u>	<u>\$ 90,603,360</u>	<u>\$ 337,060,032</u>

The Accompanying Notes are an Integral Part of the Financial Statements

STATE OF NORTH DAKOTA

Combining Statement of Net Assets Component Units - Proprietary Funds June 30, 2007

	BSC Foundation	DSU Foundation	CHAND	MISU Development Foundation	Public Finance Authority	ND Development Fund
ASSETS						
Current Assets:						
Cash and Cash Equivalents	\$ 8,076,162	\$ 170,818	\$ 4,489,622	\$ 269,611	\$ 107,000	\$ 461,497
Investments	-	-	-	-	-	9,931,426
Accounts Receivable - Net	2,727,651	358,363	-	77,086	-	-
Interest Receivable - Net	-	-	-	-	-	117,002
Intergovernmental Receivable - Net	170,833	-	-	-	-	-
Due from Primary Government	-	2,929	-	-	34,000	-
Inventory	-	-	-	-	-	-
Loans and Notes Receivable - Net	-	-	-	-	-	3,007,701
Other Assets	115,021	99,631	-	1,942	-	-
Restricted Cash and Cash Equivalents	-	-	-	-	1,187,000	-
Restricted Investments	-	-	-	-	21,251,000	-
Restricted Interest Receivable - Net	-	-	-	-	4,071,000	-
Total Current Assets	11,089,667	631,741	4,489,622	348,639	26,650,000	13,517,626
Noncurrent Assets:						
Restricted Cash and Cash Equivalents	-	93,511	-	-	-	-
Restricted Investments	12,926,975	8,793,100	-	12,241,092	362,750,000	-
Investments	264,485	795,000	-	438,312	-	1,430,965
Due from Primary Government	1,400,000	-	-	-	5,473,000	-
Loans and Notes Receivable - Net	-	-	-	-	-	5,849,531
Unamortized Bond Issuance Costs	-	-	-	-	1,082,000	-
Other Noncurrent Assets	1,433,994	622,796	-	-	-	-
Capital Assets:						
Land and Construction in Progress	9,642,141	80,000	-	-	-	-
Infrastructure - Net	328,258	155,370	-	-	-	-
Buildings and Equipment - Net	86,041	648,955	-	-	-	3,491
Total Noncurrent Assets	26,081,894	11,188,732	-	12,679,404	369,305,000	7,283,987
Total Assets	37,171,561	11,820,473	4,489,622	13,028,043	395,955,000	20,801,613
LIABILITIES						
Current Liabilities:						
Accounts Payable	1,738,482	577,563	2,605,849	28,580	7,000	16,067
Accrued Payroll	-	4,902	-	-	-	-
Interest Payable	-	-	-	-	1,757,000	-
Intergovernmental Payable	-	-	-	-	-	-
Due to Primary Government	-	56,462	-	50,410	34,000	-
Other Deposits	-	-	-	-	-	-
Compensated Absences Payable	133,291	-	-	-	-	-
Notes Payable	-	12,647	-	89,966	-	-
Capital Leases Payable	-	-	-	-	-	-
Bonds Payable	-	-	-	-	10,975,000	-
Deferred Revenue	-	-	179,194	-	-	-
Total Current Liabilities	1,871,773	651,574	2,785,043	168,956	12,773,000	16,067
Noncurrent Liabilities:						
Intergovernmental Payable	-	-	-	-	349,000	-
Due to Primary Government	-	-	-	-	5,473,000	-
Notes Payable	-	516,800	-	-	-	-
Capital Leases Payable	-	-	-	-	-	-
Bonds Payable	9,079,829	-	-	-	151,915,000	-
Other Noncurrent Liabilities	2,106,670	757,325	-	162,093	-	-
Total Noncurrent Liabilities	11,186,499	1,274,125	-	162,093	157,737,000	-
Total Liabilities	13,058,272	1,925,699	2,785,043	331,049	170,510,000	16,067
Net Assets						
Invested in Capital Assets, Net of Related Debt	1,614,229	354,878	-	-	-	3,491
Restricted for:						
Debt Service	-	-	-	-	62,186,000	-
Loan Purposes	-	-	-	-	160,741,000	-
Other	12,395,065	9,901,851	-	9,228,389	-	-
Unrestricted	10,103,995	(361,955)	1,704,579	3,468,605	2,518,000	20,782,055
Total Net Assets	\$ 24,113,289	\$ 9,894,774	\$ 1,704,579	\$ 12,696,994	\$ 225,445,000	\$ 20,785,546

The Accompanying Notes are an Integral Part of the Financial Statements

NDSU Development Foundation	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
\$ 724,075	\$ 1,166,182	\$ 1,431,458	\$ 2,325,331	\$ 376,427	\$ 6,135,728	\$ 25,733,911
-	-	-	-	-	-	9,931,426
2,852,347	6,825	920,199	405,319	5,157,141	412,471	12,917,402
-	-	-	-	-	-	117,002
-	-	-	-	-	-	170,833
335,050	962,563	-	37,226	250,000	-	1,621,768
-	-	363,786	123,315	-	-	487,101
-	-	-	-	-	-	3,007,701
581,856	179,698	122,240	539,412	375,746	152,271	2,167,817
-	-	-	-	-	-	1,187,000
-	-	-	-	-	-	21,251,000
-	-	-	-	-	-	4,071,000
4,493,328	2,315,268	2,837,683	3,430,603	6,159,314	6,700,470	82,663,961
6,930,998	632,787	1,578,578	-	-	1,184,363	10,420,237
106,978,795	-	-	-	167,573,100	30,648,910	701,911,972
9,829,441	-	-	92,810	2,993,834	-	15,844,847
9,170,734	26,276,207	-	1,660,960	11,110,000	-	55,090,901
-	-	-	-	-	-	5,849,531
-	1,964,387	34,727	-	-	-	3,081,114
1,349,947	104,232	-	-	14,855,062	396,330	18,762,361
925,866	-	-	1,043,173	-	287,450	11,978,630
-	993,910	-	27,986	-	-	1,505,524
3,110,352	3,096,013	92,879,347	6,582,807	2,849,672	344,953	109,601,631
138,296,133	33,067,536	94,492,652	9,407,736	199,381,668	32,862,006	934,046,748
142,789,461	35,382,804	97,330,335	12,838,339	205,540,982	39,562,476	1,016,710,709
671,851	516,446	595,563	827,275	376,419	75,270	8,036,365
-	15,196	-	-	-	-	20,098
-	-	-	-	-	-	1,757,000
-	33,458	-	-	-	-	33,458
-	-	359,113	102,483	265,207	406,532	1,274,207
447,860	-	-	-	-	350	448,210
-	-	-	-	-	-	133,291
195,969	440,783	3,668	609,572	200,000	52,752	1,605,357
-	51,372	-	37,226	-	-	88,598
425,686	780,000	216,667	-	250,000	-	12,647,353
-	-	1,914,639	1,308,681	-	-	3,402,514
1,741,366	1,837,255	3,089,650	2,885,237	1,091,626	534,904	29,446,451
-	629,750	-	-	-	-	978,750
-	-	-	-	-	-	5,473,000
2,171,806	842,569	-	3,001,507	500,000	261,752	7,294,434
-	83,305	-	1,863,984	-	-	1,947,289
8,115,808	25,295,000	6,634,963	-	11,110,000	-	212,150,600
6,986,497	753,700	-	-	24,324,963	-	35,091,248
17,274,111	27,604,324	6,634,963	4,865,491	35,934,963	261,752	262,935,321
19,015,477	29,441,579	9,724,613	7,750,728	37,026,589	796,656	292,381,772
6,384,217	2,008,873	86,027,717	3,839,863	2,849,672	569,561	103,652,501
-	-	-	-	-	-	62,186,000
-	-	-	-	-	-	160,741,000
92,418,761	1,607,673	1,578,578	-	142,315,479	28,981,957	298,427,753
24,971,006	2,324,679	(573)	1,247,748	23,349,242	9,214,302	99,321,683
\$ 123,773,984	\$ 5,941,225	\$ 87,605,722	\$ 5,087,611	\$ 168,514,393	\$ 38,765,820	\$ 724,328,937

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, 2007

Functions/Programs	Program Revenues			Net (Expense) Revenue
	Expenses	Charges for Services	Operating Grants and Contributions	
BSC Foundation	\$ 1,382,205	\$ 166,864	\$ 2,958,820	\$ 1,743,479
DSU Foundation	1,964,726	255,862	2,389,365	680,501
CHAND	11,595,525	12,103,144	435,244	942,863
MISU Development Foundation	641,471	330,642	1,744,168	1,433,339
Public Finance Authority	9,504,000	1,008,000	31,603,000	23,107,000
ND Development Fund	921,567	771,783	372,884	223,100
NDSU Development Foundation	11,194,435	917,987	26,101,698	15,825,250
NDSU Research and Technology Park	2,472,634	2,376,251	3,101,216	3,004,833
RE Arena, Inc., UND Arena Services & Affiliates	10,819,209	6,550,696	-	(4,268,513)
UND Aerospace Foundation	7,526,976	7,848,197	246,454	567,675
UND Alumni Association & UND Foundation	16,753,647	4,995,526	23,524,431	11,766,310
Nonmajor Component Units	10,178,844	6,617,866	7,787,015	4,226,037
Total Component Units	<u>\$ 84,955,239</u>	<u>\$ 43,942,818</u>	<u>\$ 100,264,295</u>	<u>\$ 59,251,874</u>

The Accompanying Notes are an Integral Part of the Financial Statements

Additions to Permanent Endowments	Change in Net Assets	Net Assets Beginning of Year, as Adjusted	Net Assets End of Year
\$ 1,176,034	\$ 2,919,513	\$ 21,193,776	\$ 24,113,289
-	680,501	9,214,273	9,894,774
-	942,863	761,716	1,704,579
197,367	1,630,706	11,066,288	12,696,994
-	23,107,000	202,338,000	225,445,000
-	223,100	20,562,446	20,785,546
3,835,368	19,660,618	104,113,366	123,773,984
-	3,004,833	2,936,392	5,941,225
-	(4,268,513)	91,874,235	87,605,722
-	567,675	4,519,936	5,087,611
26,557,574	38,323,884	130,190,509	168,514,393
1,188,876	5,414,913	33,350,907	38,765,820
<u>\$ 32,955,219</u>	<u>\$ 92,207,093</u>	<u>\$ 632,121,844</u>	<u>\$ 724,328,937</u>

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STATE OF NORTH DAKOTA

NOTES TO THE FINANCIAL STATEMENTS For the Fiscal Year Ended June 30, 2007

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 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, 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 UNITS

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.

Building Authority (Debt Service Fund and Capital Projects Fund) - 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, 2007, and their report has been previously issued under a separate cover.

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 government-wide financial statements include the financial data of these entities.

MAJOR COMPONENT UNITS

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, 2006, and their report has been previously issued under a separate cover.

Public Finance Authority (Proprietary Fund Type) - The Finance Authority was created by the Legislature as a separate agency of the State. The purpose of the Finance Authority 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 Finance Authority 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, 2006, and their report 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. A board of directors consisting of eight members, all of whom are appointed by the governor, manages the corporation. 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, 2007, and their report has been previously issued under a separate cover.

The **NDSU Research and Technology Park, Inc.** is a nonprofit organization developed to promote an economic environment dedicated to applied research and technology discovery for the benefit of NDSU, its faculty and staff, students, and the citizens of North Dakota. Its facilities are located on the campus of NDSU in Fargo, North Dakota. The organization was established in 1999 and is exempt from federal and state income taxes as it is organized under Section 501(c)(3) of the Internal Revenue Code. The majority of the Park's board of directors (six of nine) consists of people who work in private industry. Vacancies are filled by a majority vote of the board. Officers of NDSU fill three of the nine positions on the Park's board. The president of NDSU serves as president of the board of directors. The status of the Park as a discretely presented component unit is primarily due to the control by the NDSU president over the final building plans for any new building at the Park. This control is based on feedback from the Legislative Budget Section and is required by the land lease between the State Board of Higher Education and the Park, as well as NDUS policy. The Park was audited by other independent auditors for the fiscal year ended June 30, 2007, and their report has been previously issued under separate cover.

The **UND Aerospace Foundation** is a North Dakota nonprofit organization organized in 1985 to encourage and develop the University of North Dakota's John D. Odegard School of Aerospace Sciences. The Foundation's principal activities consist of developing and conducting training programs, research and development, and consulting services related to the aerospace industry. The Foundation is managed by a board of directors consisting of five to seven members, including two or more persons who are active in the aerospace industry and/or graduates of UND with an interest in the aerospace industry, elected by the board; a senior manager of the Foundation, elected by the board; the dean of the Odegard School of Aerospace Sciences; and the president of the university. The Foundation benefits the university, financially and otherwise, through its promotion of the Odegard School and its programs and in the sharing of resources. The Foundation is reported as a discretely presented component unit as UND has voting members on the board of directors and because of the extent of the financial relationship between the entities. The Foundation was audited by other independent auditors for the fiscal year ended June 30, 2007, and their report has been previously issued under separate cover.

The **Bismarck State College Foundation** is a legally separate, tax-exempt organization providing support and recognition to BSC through a variety of programs. The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the college. The Foundation is managed by a 75-member

board of directors comprised of leading citizens, both alumni and friends of the college, as well as seven ex-officio members that are officers/employees of BSC. The Foundation was audited by other independent auditors for the fiscal year ended June 30, 2007, and their report has been previously issued under separate cover.

Dickinson State University Foundation, Inc. was organized in 1952 as a nonprofit corporation to provide an avenue through which alumni and friends of the university may contribute financially to the university. Gifts, grants, and bequests to the Foundation benefit present and future students by providing scholarship assistance and the funding of special projects not available through other funding sources. The Foundation is managed by a 26-member board of directors comprised of leading citizens, both alumni and friends of DSU, as well as two ex-officio members that are officers/employees of DSU. The Foundation was audited by other independent auditors for the fiscal year ended June 30, 2007, and their report has been previously issued under separate cover.

Minot State University Development Foundation was incorporated in 1978 exclusively for the benefit of Minot State University (MiSU). Its purpose is to establish, promote and stimulate voluntary financial support for the benefit of the university, especially in the building of endowment and in addressing the long-term priorities of the university. The Foundation is managed by a board of directors comprising 13 voting members, two of who are ex-officio appointments from the Board of Regents and the Alumni Association, and three ex-officio members who are employees of MiSU. The Foundation was audited by other independent auditors for the fiscal year ended June 30, 2007, and their report has been previously issued under separate cover.

North Dakota State University Development Foundation is an incorporated, nonprofit organization developed solely for the benefit of NDSU. The Foundation is approved by the IRS as a charitable, tax-exempt organization and designated by the university as the repository for private giving to the university. Their purpose is to raise, manage, and disburse contributions for the benefit of NDSU. The Foundation is managed by a 60-member board of trustees comprised of leading citizens, both alumni and friends of the university, as well as four ex-officio members: the president of NDSU, the president and vice president of the Alumni Association, and the executive director of the Development Foundation and Alumni Association. The Foundation was audited by other independent auditors for the fiscal year ended June 30, 2007, and their report has been previously issued under separate cover.

Alumni Association of the University of North Dakota and UND Foundation - The Alumni Association of the University of North Dakota was incorporated in 1915 for the purpose of (1) keeping classmates in contact with each other, (2) keeping graduates and former students informed of happenings at UND, and (3)

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involving the graduates, former students, and special friends in the ongoing growth and development of UND. UND Foundation was incorporated in 1978 to replace the Alumni Association Development Fund and is the umbrella organization for alumni and private support for the total University of North Dakota. These two legally separate nonprofit corporations have the same board of directors and the same executive vice president, but different board presidents and vice presidents. The board of directors consists of 21 voting members who are alumni of UND and three ex-officio members that are officers of UND. The Alumni Association and the Foundation were audited by other independent auditors for the fiscal year ended June 30, 2007, and their report has been previously issued under separate cover.

RE Arena, Inc., UND Arena Services, Inc., UND Sports Facilities, Inc., Arena Holdings Charitable LLC and Affiliates are related organizations with common board of directors and management organized in 2003 for the benefit of UND. These organizations operate and maintain a multipurpose sports and entertainment arena in Grand Forks, ND. The arena is used primarily for UND athletics and activities. UND Sports Facilities, Inc. is the sole member of Arena Holdings Charitable LLC. RE Arena, Inc. conducts the day-to-day operations of the arena as an agent for Arena Holdings. UND Arena Services, Inc. is the legal manager of Arena Holdings. These organizations were audited by other independent auditors for the fiscal year ended May 31, 2007, and their combined report has been previously issued under separate cover.

NONMAJOR COMPONENT UNITS

Lake Region Community College Foundation was established in 1959 to provide a permanent structure through which support for Lake Region State College could be channeled. The work and the resources of the Foundation are managed by a 27-member board of directors elected by the Foundation membership to serve three-year terms. The Foundation was audited by other independent auditors for the fiscal year ended June 30, 2007, and their report has been previously issued under separate cover.

Mayville State University Foundation was established to act primarily as a fund-raising organization to supplement the resources that are available to Mayville State University (MaSU). The Foundation is managed by a 29-member board of directors comprised of leading citizens, both alumni and friends of the university, as well as three ex-officio members that are officers/employees of MaSU. The **Comet Athletic Club**, a legally separate nonprofit organization, operates as an entity within the Foundation. The Club's purpose is to promote, support, and encourage interest and participation in MaSU sports. Their financial activity is reflected in the Foundation's financial statements.

Minot State University-Bottineau Development Foundation and Logrollers are separate legal entities that were established to act primarily as fund-raising organizations to supplement the resources that are available to MiSU-B. The Foundation and Logrollers are managed by the same eight-member board of directors comprised of leading citizens, both alumni and friends of the college, as well as one ex-officio member that is an officer of MiSU-B. However, each entity has separate committees that direct each organization's activities. The Foundation and Logrollers were audited by other independent auditors for the fiscal year ended June 30, 2007, and their combined report has been previously issued under separate cover.

The **NDSU Research Foundation** is a legally separate, nonprofit 501(c)(3) created to provide support to NDSU in its mission by enabling NDSU faculty to enhance their involvement in research, technology transfer, and business endeavors. Through linkages with public and private businesses and industries, the Foundation facilitates the commercialization of research technologies developed by NDSU faculty and staff. The Foundation is managed by an 11-member board of trustees, comprised of five NDSU employees and six individuals who are not employed by NDSU. The Foundation was audited by other independent auditors for the fiscal year ended June 30, 2007, and their report has been previously issued under a separate cover.

North Dakota State College of Science Foundation was established to act primarily as a fund-raising organization to supplement the resources that are available to NDSCS. The Foundation is managed by a 13-member board of directors comprised of leading citizens, both alumni and friends of the college, as well as three ex-officio members that are officers/employees of NDSCS. The Foundation was audited by other independent auditors for the fiscal year ended June 30, 2007, and their report has been previously issued under separate cover.

Valley City State University Foundation was established to support Valley City State University by involving alumni and friends of the university in activities and private giving that meet the university's needs and advance its welfare. The Foundation is managed by a 19-member board of directors comprised of leading citizens, both alumni and friends of the university, and one director each from the Alumni Association, V-500, Booster Board and Regents, as well as two ex-officio members that are officers of VCSU.

Williston State College Foundation was established to act primarily as a fund-raising organization to supplement the resources that are available to WSC. The Foundation is managed by an 11-member board of directors comprised of leading citizens, both alumni and friends of the college.

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 Ave., 14th Floor
Bismarck, ND 58505-0310

North Dakota State University Research Foundation
1735 NDSU Research Park Drive
Fargo, ND 58105-5014

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

Public Finance Authority
700 East Main Avenue
Bismarck, ND 58501

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

North Dakota State University Research and Technology Park, Inc.
1735 NDSU Research Park Drive
Fargo, ND 58105-5014

University of North Dakota Aerospace Foundation
PO Box 9023
Grand Forks, ND 58202-9023

Bismarck State College Foundation
PO Box 5587
Bismarck, ND 58506-5587

Minot State University Development Foundation
500 University Avenue West
Minot, ND 58707

North Dakota State University Development Foundation
PO Box 5144
Fargo, ND 58105

Alumni Association of the University of North Dakota
PO Box 8157
Grand Forks, ND 58202

Ralph Engelstad Arena, Inc., UND Arena Services, Inc., Arena Holdings Charitable LLC and Affiliates
One Ralph Engelstad Arena Drive
Grand Forks, ND 58203

Dickinson State University Foundation, Inc.
Dickinson State University
Dickinson, ND 58601

Lake Region Community College Foundation
1801 College Drive North
Devils Lake, ND 58301-1598

Mayville State University Foundation
330 3rd Street NE
Mayville, ND 58257

Minot State University-Bottineau Development Foundation and Logrollers
105 Simrall Boulevard
Bottineau, ND 58318

North Dakota State College of Science Foundation
800 Sixth Street North
Wahpeton, ND 58076-0002

Valley City State University Foundation
101 College Street SW
Valley City, ND 58072

Williston State College Foundation
PO Box 1286
Williston, ND 58802-1286

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Statement of Net Assets and Statement of Activities report information on all non-fiduciary activities of the primary government and its component units. Primary government activities are distinguished between governmental and business-type activities.

Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The Statement of Net Assets presents the reporting entity's non-fiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation. Net assets restricted by enabling legislation are subject to change by a majority vote of the Legislative Assembly.

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Unrestricted net assets consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often are designated, to indicate that management does not consider them to be available for general operations. Unrestricted net assets often have constraints on resources which are imposed by management, but can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not meeting the definition of program revenues are instead reported as general revenue.

FUND FINANCIAL STATEMENTS

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide statements. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements, with non-major funds being combined into a single column.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The government-wide statements are reported using the economic resources management focus and the accrual basis of accounting, as are the proprietary and fiduciary fund (agency funds are excluded as they have no measurement focus) financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of cash flows.

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's enterprise funds, 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.

Governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as they become susceptible to accrual; generally when they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period.

The State considers tax revenues to be available if they are collected within 60 days of the end of the current fiscal year end. Other revenues are considered to be available if received within one year after the fiscal year end. 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. 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 a liability is incurred, as under accrual accounting. However, expenditures related to debt service, compensated absences, and claims and judgments, are recorded only when payment is due and payable.

FINANCIAL STATEMENT PRESENTATION

The State reports the following major governmental funds:

The 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. Included are transactions for services such as education, general government, health services, legal and judiciary, natural resources, public safety, regulatory services, agriculture and commerce, and social services.

The Federal Fund accounts for all the financial resources from the federal government.

The School Permanent Trust Fund accounts for moneys belonging to common schools and other public institutions derived from the sale of or leasing of lands owned by the State.

The State reports the following major enterprise funds:

The Bank of North Dakota Fund finances economic development throughout the state, participates in loans with North Dakota financial institutions, and holds interest-bearing deposit accounts for state and political subdivisions of North Dakota.

The Housing Finance Agency Fund is authorized to issue bonds to make loans to mortgage lenders for qualified residential mortgage loans and to make mortgage and construction loans for multi-family housing within the State of North Dakota.

The University System Fund accounts for all financial transactions of the colleges and universities that compose the University System of North Dakota.

The Workforce Safety & Insurance Fund is financed entirely by premiums assessed to the employers of North Dakota and provides no-fault medical and disability insurance to all North Dakota employees.

Additionally, the State reports the following fund types:

GOVERNMENTAL FUND TYPES

Special Revenue Funds account for specific revenue sources that are legally restricted to expenditures for specified purposes. Examples include transportation, regulatory, and other activities.

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.

Permanent Funds report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that benefit the government or its citizenry, such as the common schools within the state.

PROPRIETARY FUND TYPES

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. The State's loan programs, Mill and Elevator, and Fair are reported in this type.

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. These goods and services include motor pool services; printing, reproduction and mailing services; information technology; and risk management services. In the government-wide statements, internal service funds are included with governmental activities.

FIDUCIARY FUND TYPES

Pension and Other Employee Benefits Trust Funds account for resources that are required to be held in trust for the members and beneficiaries of the State's defined benefit pension plans, defined contribution plan, deferred compensation plan, flexcomp plan, and other post-employment benefit plans.

Investment Trust Funds account for the transactions, assets, liabilities, and fund equity of the external pool participants (City of Bismarck, ND Association of Counties, and City of Fargo Fargodome RIO Investments). The State Investment Board (SIB) provides administrative services for 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.

Private Purpose Trust Funds account for resources of all other trust arrangements in which principal and income benefit individuals, private organizations, or other governments. Examples include student donations, the State's college savings plan, and a remediation trust.

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.

D. GENERAL BUDGETARY POLICIES AND PROCEDURES

The State operates through a biennial appropriation that 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

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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. The Legislature has also passed appropriation laws that authorize directors of certain state agencies to transfer appropriation authority among the various divisions of their specific agency, subject to the Budget Section of the North Dakota Legislative Council's approval. Unexpended appropriations lapse at the end of each biennium, except certain capital expenditures covered under the North Dakota Century Code (NDCC) section 54-44.1-11 and the University System's unexpended general fund appropriation authority.

The State's biennial budget is prepared primarily on a cash basis. The State does not use encumbrance accounting. The legal level of budgetary control is at the agency, appropriation, funding source 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 authorizes General Fund appropriation authority by agency and Other Budgeted Income appropriation authority by agency. Other budgeted income includes all budgeted resources, other than the General Fund, and includes some governmental, proprietary, and fiduciary fund activities.

During the 2005-2007 biennium, there were general, federal and special fund supplemental appropriations totaling \$234,281,661.

E. 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 on the fund balance sheets 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 fund balance sheets as "Cash Deposits at the Bank of North Dakota". For purposes of the Government-wide Statement of Net Assets, these amounts have been reclassified to internal balances.

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 Government-wide Statement of Net Assets as "Cash and Cash Equivalents".

The State had no cash overdrafts from pooled cash and investments at June 30, 2007.

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.

F. 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. The Fund's board of directors estimates these values. 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 \$1,430,965 at June 30, 2007. 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 on the fund balance sheets 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 fund balance sheets as "Investments at the Bank of North Dakota." For purposes of the Government-wide Statement of Net Assets, these amounts have been reclassified to internal balances.

Investments. State agency investments invested at financial institutions other than the Bank of North Dakota are included on the Government-wide Statement of Net Assets as "Investments."

Differences on the Fund Balance Sheets 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.

G. 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 105 days; however, the average term of loans for the Land Department is 81 days.

Cash open collateral is invested in a short-term investment pool, the Core USA Collateral Section, which had an interest sensitivity of thirty-nine 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.

H. INTERFUND ACTIVITY AND BALANCES

INTERFUND ACTIVITY

As a general rule, the effect of interfund activity has been eliminated from the government-wide statements. Exceptions to this rule are: 1) activities between funds reported as governmental activities and funds reported as business-type activities and 2) activities between funds that are reported in different functional categories in either the governmental or business-type activities column. Elimination of these activities would distort the direct costs and program revenues for the functions concerned.

In the fund financial statements, transfers represent flows of assets (such as goods or cash) without equivalent flows of assets in return or a requirement for repayment. Residual transfer amounts exist in the Government-wide Statement of Activities due to different fiscal year ends of various agencies included in business-type activities.

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INTERFUND BALANCES

Interfund receivables and payables have been eliminated from the Statement of Net Assets, except for the residual amounts due between governmental and business-type activities.

I. INVENTORIES AND PREPAID ITEMS

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. Inventories consist of food, books, and other merchandise held for resale in auxiliaries and unrestricted physical plant supplies.

Prepaid items reflect payments for costs applicable to future accounting periods.

Other government fund inventories and prepaid items are reflected as a reservation of fund balance on the balance sheet.

J. 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.

K. CAPITAL ASSETS

Capital assets, which include land, buildings, equipment, construction in progress and infrastructure assets, are valued at historical cost or at estimated historical cost if actual historical cost is not available. Donated capital 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 capital assets except for the University System.

All other capital assets with an original cost of \$5,000 (\$100,000 or more for infrastructure reported by the Department of Transportation) or more per unit and an estimated useful life in excess of one year are capitalized and reported in the applicable government or business-type activities columns in the government-wide financial statements. Capital asset costs include the purchase price or construction cost, plus the costs necessary to place the asset in its intended location and condition for use. In governmental activities, interest costs on self-constructed assets are not capitalized. In business-type activities, interest costs (if material) on self-constructed assets are also 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.

Collections of works of art and historical treasures are not capitalized if the following three criteria are met: (1) Held for public exhibition, education, or research in furtherance of public service, rather than financial gain; (2) Protected, kept unencumbered, cared for, and preserved; (3) Subject to organizational policy that requires the proceeds from sales of collection items to be used to acquire other items for collections. The State's non-capitalized collections include the historical artifacts at the various state museums and historical sites, and monuments and other art throughout the capital grounds. Assets that do not meet all three criteria, or that were capitalized as of June 30, 1999, are capitalized and included in the government-wide financial statements.

Infrastructure consists of major statewide public systems and items attached thereto such as freeways, freeway lighting systems, freeway drainage systems, freeway signs, bridges, bridge lighting systems, and sewer systems, including those infrastructure assets acquired prior to June 30, 1980. Infrastructure is reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The Department of Transportation uses the first-in first-out method to remove the capitalized cost of a replaced road along with corresponding accumulated depreciation.

Fixed assets in Governmental Funds are recorded as expenditures in the funds used to acquire or construct them in the governmental fund financial statements. Capital assets, along with accumulated depreciation and depreciation expense are reported in the applicable

governmental or business-type activities columns in the government-wide financial statements.

Land and construction in progress are not depreciated. With the exception of infrastructure reported by the Department of Transportation (which uses the composite method), other capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	10-50
Infrastructure	10-50
Furniture, Automobiles, and Equipment	3-20

L. 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 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.

M. 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.

N. CLAIMS/JUDGMENTS PAYABLE

Claims/Judgments Payable is primarily Workers Compensation Claims Incurred But Not Yet Reported (IBNR) by the claimants as well as claims related to various litigation matters.

O. 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.

The governmental fund financial statements recognize annual leave when the liability is incurred and payable from available expendable resources. The government-wide financial statements present the cost of

accumulated annual leave as a liability. Proprietary and Fiduciary 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. The governmental fund financial statements recognize sick leave as it is incurred. The government-wide financial statements present the estimated cost of sick leave as a liability after an employee has been employed by the State for six consecutive years.

P. DEPOSITS

The following two liability line items are presented in the Government-wide Statement of Net Assets and/or fund financial statements:

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 and shown on the fund financial statements. For purposes of the Government-wide Statement of Net Assets, these amounts have been reclassified to internal balances.

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 fund balance sheets 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.

Q. DEFERRED REVENUE

In the government-wide statements and proprietary fund financial statements, deferred revenue is recognized when cash, receivables, or other assets are received prior to their being earned. In the governmental fund statements, deferred revenue is recognized when revenue is unearned or unavailable.

R. REVENUES AND EXPENDITURES/EXPENSES

In the Government-wide Statement of Activities, revenues and expenses are segregated by activity (governmental or business-type), then further by function for governmental activities (e.g., general government, education, health and human services, etc.).

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Additionally, revenues are classified between program and general revenues. Program revenues include 1) charges to customers or applicants for goods or services, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues, rather than as program revenue. General revenues include all taxes. Certain indirect costs are included in the program expenses reported for individual functions.

In the government-wide financial statements, revenues are reported by source and are further classified as either "general purpose" or "restricted". General purpose revenues are available to fund any activity accounted for in the fund. Restricted revenues are, either by State law or by outside restriction (e.g., federal grants), available only for specified purposes. Unused restricted revenues at year-end are recorded as reservations of fund balance. When both general purpose and restricted funds are available for use, it is the State's policy to use restricted resources first.

In the governmental fund financial statements, expenditures are reported by character: "Current," "Intergovernmental-revenue Sharing," "Capital Outlay," or "Debt Service." Current expenditures are subclassified by function and are for items such as salaries, grants, supplies, and services.

Capital outlay includes expenditures for real property or infrastructure (e.g., highways). Intergovernmental-revenue sharing accounts for the distribution of certain

tax revenues that are shared with local units based upon constitutional and statutory requirements. Debt service includes both interest and principal outlays related to bonds and payments on capitalized leases.

Revenues and expenses of proprietary funds are classified as operating or nonoperating and are subclassified by object (e.g., salaries, depreciation, and purchases for resale). Operating revenues consist of sales of goods and services, quasi-external operating transactions with other funds, grant revenues for specific activities that are considered to be operating activities of the grantor, receipts from other agencies for reimbursement of operating transactions, and other miscellaneous revenue that should be classified as operating. Grants that would qualify as an operating activity are those that do not subsidize an existing program, rather they finance a program the agency would otherwise not undertake. For certain loan and investment programs, revenue that would normally be classified as non-operating should be classified as operating. Examples of this would include interest and investment income. All other revenues that do not meet the above criteria should be classified as non-operating.

S. NET ASSETS/FUND BALANCE

The difference between fund assets and liabilities is "Net Assets" on the government-wide, proprietary, and fiduciary fund statements, and "Fund Balance" on governmental fund statements.

NOTE 2 – RESTATEMENTS

The following changes to beginning fund equity (due to correction of errors) as previously reported, is summarized in the following table (expressed in thousands):

	Government- wide Governmental Activities	Government- wide Business-type Activities	General Fund	Federal Fund	Other Governmental Funds	Workforce Safety & Insurance	Internal Service Funds	Major Component Units
June 30, 2006, fund balance/net assets, as previously reported	\$ 2,898,152	\$ 1,727,824	\$ 414,937	\$ (2,074)	\$ 659,533	\$ 501,316	\$ 67,480	\$ 599,112
Prior period adjustment:								
Correction of error	2,980	(72,565)	6,598	-	(5,445)	(72,565)	1,827	(341)
Change in accounting policies	1,760	-	373	2,356	-	-	(970)	-
June 30, 2006, fund balance/net assets, as restated	<u>\$ 2,902,892</u>	<u>\$ 1,655,259</u>	<u>\$ 421,908</u>	<u>\$ 282</u>	<u>\$ 654,088</u>	<u>\$ 428,751</u>	<u>\$ 68,337</u>	<u>\$ 598,771</u>

CORRECTION OF ERRORS

The beginning net assets of the Government-wide Governmental Activities \$2,980,299; General Fund \$6,598,109; Other Governmental Funds Transportation \$(6,845,467) and Local Government \$1,400,547 and Information Technology Department (ITD) Internal Service Fund, \$1,827,110, were all restated. The errors consist of not reporting activity in the proper funds (General and Other Governmental) and capitalizing internally developed software, ITD.

The beginning net assets of the Government-wide Business-type Activities and Workforce Safety & Insurance were restated by \$72,564,531. An error in recording declared but unpaid dividends was recognized.

The beginning net assets of NDSU Research and Technology \$(101,825) and UND Aerospace \$(239,556) major component units, were restated. Errors consisted of not recording all activity from the previous period.

CHANGE IN ACCOUNTING POLICY

The beginning net assets of the Government-wide Governmental Activities was restated by \$1,760,468, the General Fund by \$373,425, the Federal Fund by \$2,356,808 and the Retirement and Investment Office (RIO) Internal Service Fund by \$(969,765). Vaccines and commodities inventory policy changed fund reporting from the Federal Fund to General Fund. Donated inventory is now reflected in the Federal Fund. RIO dissolved its internal service and the activity and assets are now reflected in the fiduciary funds.

NOTE 3 - DETAILED NOTES ON ACCOUNT BALANCES

A. DEPOSITS

CUSTODIAL CREDIT RISK

The State minimizes custodial credit risk by restrictions set forth in state statute. Custodial credit risk is risk associated with the failure of a depository financial institution. In the event of a depository financial institution's failure the State would not be able to recover its deposits or collateralized securities that are in the possession of the outside parties.

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 State does not have a formal policy that addresses custodial credit risk for deposits.

At June 30, 2007, the bank balance of the primary government's deposits was \$360,131,583. Of the bank amount, \$204,764,369 was uncollateralized and uninsured.

There were significant concentrations of uninsured and uncollateralized deposits in the Bank of North Dakota, Housing Finance, and University System at June 30, 2007. Their uninsured and uncollateralized deposits totaled \$165 million, \$26.5 million, and \$6.8 million, and their bank deposits totaled \$165.6 million, \$36.1 million, and \$10 million, respectively.

At June 30, 2007, the bank balance of the component units' deposits was \$47,283,081. Of the bank amount, \$11,767,197 was uncollateralized and uninsured.

Included in the internal receivable amount in the governmental activities column in the Statement of Net Assets is \$904,322,818 of Cash and Investments at the Bank of North Dakota for governmental activities. The internal payable amount in the business-type activities column includes \$1,154,045,516 of deposits the Bank has for governmental activities. Because the Bank has a different fiscal year end, these internal balances do not equal.

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, Workforce Safety & Insurance Fund, and other specific funds. The Century Code states the SIB shall apply the prudent investor rule in investing funds under its supervision. The retirement funds belonging to the teachers' fund for retirement and the public employee's retirement system must be invested exclusively for the benefit of their members and in accordance with the respective funds' investment goals and objectives.

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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.

Agency investments, of the primary government, under management of the State Investment Board are included below with the Pension and Investment Trust funds.

INTEREST RATE RISK

Interest rate risk is the risk that changes in interest rates of debt securities will adversely affect the fair value of an investment. The price of a debt security typically moves in the opposite direction of the change in interest rates. The State does not have a formal investment policy that limits investment maturities as a means of managing its exposure to potential fair value losses arising from future changes in interest rates. However, North Dakota Housing Finance's respective bond resolutions permit only investments that will not adversely affect the rating quality of the outstanding bonds. Also, the maturity date or the date on which such investment obligations may be redeemed shall coincide as nearly as practicable with the date or dates on which moneys in the funds or accounts for which the investments were made will be required. The Bank of North Dakota's investment policy provides for a duration range of one to five years, which will serve to decrease interest rate risk.

At June 30, 2007, the following table shows the debt securities of the primary government and major component units by investment type and maturity (expressed in thousands).

Notes To The Financial Statements

Primary Government (includes Pension and Investment Trust Funds)

Investment Type	Total Market Value	Less Than 1 Year	1 - 6 Years	6 - 10 Years	More Than 10 Years
Asset Backed Securities	\$ 55,586	\$ -	\$ 9,185	\$ 1,321	\$ 45,080
Commercial Mortgage-Backed	33,158	1,513	13,273	-	18,372
Corporate Bonds	862,271	28,076	425,711	180,601	227,883
Corporate Convertible Bonds	120,441	217	90,769	394	29,061
Government Agencies	234,549	85,099	118,923	15,897	14,630
Government Bonds	262,554	42,338	115,582	45,296	59,338
Government Mortgage-Backed	259,980	-	150,074	1,743	108,163
Index-Linked Government Bonds	145,983	-	47,177	45,120	53,686
Municipal/Provincial Bonds	41,959	29,755	2,480	6,353	3,371
Non-Government-Backed CMOs	72,341	-	18,422	-	53,919
Short Term Bills and Notes	26,213	26,213	-	-	-
Short Term Investment Funds	9,880	9,880	-	-	-
Pooled Investments	430,401	1,013	88,370	322,143	18,875
Total Debt Securities	<u>\$ 2,555,316</u>	<u>\$ 224,104</u>	<u>\$ 1,079,966</u>	<u>\$ 618,868</u>	<u>\$ 632,378</u>

The market values of inflation-indexed bonds are reflected in the columns above, based on their stated maturity dates. The principal balances of these bonds are adjusted every six months based on the inflation index for that period.

Some investments are more sensitive to interest rate changes than others. Variable and floating rate collateralized mortgage obligations (CMO's), asset-backed securities (ABS), interest-only and principal-only securities are examples of investments whose fair values may be highly sensitive to interest rate changes. Interest-only (IO) and principal-only (PO) strips are transactions which involve the separation of the interest and principal components of a security. They are highly sensitive to prepayments by mortgagors, which may result from a decline in interest rates. The State has no policy regarding IO or PO strips.

Major Component Units

	Total Market Value	Less Than 1 Year	1 - 6 Years	6 - 10 Years	More Than 10 Years
US Treasuries and Agencies	\$ 527	\$ 65	\$ 362	\$ 46	\$ 54
Corporate Bonds	3,735	633	2,032	785	285
State and Municipal Bonds	84	-	-	57	27
Mutual Bond Funds	39,562	1,111	23,855	-	14,596
Commercial Paper	400	400	-	-	-
FNMA	475	31	216	228	-
FHLMC	1,823	182	536	529	576
Total Debt Securities	<u>\$ 46,606</u>	<u>\$ 2,422</u>	<u>\$ 27,001</u>	<u>\$ 1,645</u>	<u>\$ 15,538</u>

CREDIT RISK

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The State does not have an investment policy that specifically addresses credit risk. The State Investment Board maintains a highly diversified portfolio of debt securities encompassing a wide range of credit ratings. Each debt securities manager is given a specific set of guidelines to invest within, based on the mandate for which it was hired. The guidelines specify in which range of credit the manager may invest. These ranges include investment grade and high yield categories. The Bank of North Dakota's investment policy provides minimum credit quality ratings for its investments and asset allocation ranges for investments as a percentage of the total portfolio.

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As of June 30, 2007, the following tables present the debt securities of the primary government and major

Primary Government (includes Pension and Investment Trust Funds) S&P Credit Rating*

	Total Market Value	AAA	AA	A	BBB
Asset Backed Securities	\$ 55,586	\$ 18,805	\$ 1,502	\$ 1,873	\$ 2,344
Commercial Mortgage Backed	31,645	28,293	605	238	-
Corporate Bonds	861,660	25,794	32,343	119,343	286,078
Corporate Convertible Bonds	120,441	1,354	4,308	25,341	18,657
Government Agencies	137,918	136,189	-	1,515	-
Government Bonds	241,263	191,296	163	27,431	7,503
Government Mortgage Backed	100,126	100,126	-	-	-
Index-Linked Government Bonds	120,741	120,741	-	-	-
Municipal/Provincial Bonds	14,876	4,128	3,745	-	5,858
Non-Government Backed CMOs	71,934	39,192	13,371	14,907	1,237
Short Term Bills and Notes	340	-	340	-	-
Pooled Investments	440,281	230,381	103,898	-	85,618
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Credit Risk Debt Securities	\$ 2,196,811	\$ 896,299	\$ 160,275	\$ 190,648	\$ 407,295
	<hr/>				
US Gov't & Agencies	358,505				
	<hr/>				
Total Debt Securities	\$ 2,555,316				
	<hr/>				

*Majority of debt securities rated by S&P, however some were determined by Moody's, Fitch or manager determined.

component units, and their respective ratings (expressed in thousands).

BB	B	CCC	Not Rated
\$ 457	\$ 2,344	\$ 120	\$ 28,141
-	-	-	2,509
114,165	116,255	22,749	144,933
22,329	16,775	4,249	27,428
214	-	-	-
10,719	959	-	3,192
-	-	-	-
-	-	-	-
1,145	-	-	-
189	98	-	2,940
-	-	-	-
3,305	6,186	-	10,893
<u>\$ 152,523</u>	<u>\$ 142,617</u>	<u>\$ 27,118</u>	<u>\$ 220,036</u>

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Component Units

S & P Credit Rating*	Total Market Value	Corporate Bonds	State and Municipal Bonds	Mutual Bond Funds	Commercial Paper	FNMA	FHLMC
AAA	\$ 1,740	\$ 435	\$ 84	\$ -	\$ -	\$ 169	\$ 1,052
AA	1,935	207	-	1,728	-	-	-
AA-	84	84	-	-	-	-	-
AA1	26	26	-	-	-	-	-
AA3	52	52	-	-	-	-	-
A+	30	30	-	-	-	-	-
A	1,058	639	-	419	-	-	-
A-	109	109	-	-	-	-	-
A1	281	74	-	207	-	-	-
A2	98	98	-	-	-	-	-
A3	25	25	-	-	-	-	-
Aa1	49	49	-	-	-	-	-
Aa2	263	24	-	239	-	-	-
Aa3	25	25	-	-	-	-	-
Aaa	306	291	-	-	-	15	-
BBB-	150	150	-	-	-	-	-
BB+	47	47	-	-	-	-	-
B1	144	144	-	-	-	-	-
Baa2	49	49	-	-	-	-	-
NR	39,608	1,177	-	36,969	400	291	771
Total Credit Risk Debt Securities	46,079	\$ 3,735	\$ 84	\$ 39,562	\$ 400	\$ 475	\$ 1,823
US Treasuries	527						
Total Debt Securities	\$ 46,606						

*Majority of debt securities rated by S&P, however some were determined by Moody's, Fitch or manager determined.

CONCENTRATION OF CREDIT RISK

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The State does not have an investment policy that specifically addresses concentrations of credit risk in a single issuer.

The Bank of North Dakota had the following concentrations at June 30, 2007 (expressed in thousands):

	Amount	Percent
Federal Agency		
Federal Home Loan Bank	\$ 36,341	16.6%
Fannie Mae	24,663	11.2%
Mortgage-backed		
Fannie Mae	30,852	14.1%
Freddie Mac	39,332	17.9%
State and Municipal		
North Dakota Student Loan Trust	17,900	8.2%
Federal Home Loan Bank Stock	14,338	6.6%

FOREIGN CURRENCY RISK

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. Although the State Investment Board does not have a formal investment policy governing foreign currency risk, the board does manage its exposure to fair value loss by requiring their international securities investment managers to maintain diversified portfolios to limit foreign currency and security risk. The Board of University and School Lands treats currency exposure in two different ways, depending on the type of investment. For the Board's international equity portfolio, the currency exposure is not hedged, as currency exposure is one of the things that add diversity to the overall portfolio. For foreign bonds, the Board fully hedges the currency exposure, as the purpose of this portfolio is to generate income for distribution to trust beneficiaries. The board does not have a formal policy regarding foreign currency risk.

At June 30, 2007, foreign currency risk exposure on investments managed by the Board of University and School Lands and State Investment Board were as follows (expressed in thousands).

Primary Government (includes Pension and Investment Trust Funds)

Currency	Short-Term	Debt	Equity	Total
Australian dollar	\$ (5,476)	\$ 10,325	\$ 28,220	\$ 33,069
Brazilian real	-	7,020	-	7,020
British pound sterling	(41,390)	7,118	123,852	89,580
Canadian dollar	(17,664)	5,952	20,008	8,296
Colombian peso	-	716	-	716
Danish krone	(991)	169	3,329	2,507
Euro	(79,468)	11,344	230,776	162,652
Hong Kong dollar	(5,581)	(6)	14,481	8,894
Hungarian forint	(330)	385	-	55
Iceland krona	-	1,017	-	1,017
Indonesian rupiah	-	4,765	-	4,765
Japanese yen	(43,841)	164	143,400	99,723
Malaysian ringgit	-	4,484	-	4,484
Mexican peso	(278)	8,504	-	8,226
New Zealand dollar	(129)	3,809	424	4,104
Norwegian krone	(1,309)	389	7,881	6,961
Polish zloty	(284)	6,995	-	6,711
Singapore dollar	(1,166)	9,979	6,438	15,251
South African rand	(1)	4,491	115	4,605
South Korean won	10	1,071	2,357	3,438
Swedish krona	(1,066)	4,717	13,313	16,964
Swiss franc	(17,707)	-	42,900	25,193
Thai baht	(2)	-	-	(2)
International commingled funds (various currencies)	-	88,139	364,280	452,419
Total international investment securities	\$ (216,673)	\$ 181,547	\$ 1,001,774	\$ 966,648

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C. SECURITIES LENDING

The following represents the balances relating to the securities lending transactions at June 30, 2007 (expressed in thousands).

Primary Government (Includes Pension and Investment Trust Funds)

Securities Lent	<u>Underlying Securities</u>	<u>Non-Cash Collateral Value</u>	<u>Cash Collateral Investment Value</u>
Lent for cash collateral:			
US agency securities	\$ 23,303	\$ -	\$ 23,728
US government securities	253,145	-	258,110
US corporate fixed income securities	150,766	-	154,313
Global government fixed income securities	15,163	-	15,869
US equities	116,937	-	119,632
Global equities	94,963	-	99,645
Lent for non-cash collateral:			
US agency securities	1,088	1,111	-
US government securities	34,224	34,950	-
US corporate fixed income securities	10,823	11,017	-
US equities	4,930	5,065	-
Global equities	3,141	3,299	-
Total	<u>\$ 708,483</u>	<u>\$ 55,442</u>	<u>\$ 671,297</u>

D. 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, 2007, the State had reverse repurchase agreements of \$26,550,000 included in securities lending collateral on the statement of net assets. The highest month end balance for the previous year was \$30,775,000, with an average daily balance of \$12,193,000. The weighted average interest rate as of year end was 5.05 percent. The weighted average interest rate paid during the year was 4.90 percent. The fair value of these securities at June 30, 2007, was \$26,500,000.

E. RECEIVABLES

Receivables at June 30, 2007, consist of the following (expressed in thousands):

	General	Federal	School Permanent Trust Fund	Other Governmental Funds	Bank of North Dakota	Housing Finance	University System
Receivables:							
Accounts	\$ 6,785	\$ 6,289	\$ 8,222	\$ 37,345	\$ -	\$ 579	\$ 17,698
Less Allowance	(1,055)	-	-	(8,771)	-	-	(2,348)
Taxes	166,452	-	693	60,322	-	-	-
Less Allowance	(11,180)	-	-	(583)	-	-	-
Interest	4	1	6,730	2,488	29,762	2,985	-
Less Allowance	-	-	-	(692)	-	-	-
Current Loans and Notes	114	19	28,477	73,648	303,287	12,556	10,303
Less Allowance	(27)	-	-	(4,225)	-	-	(1,256)
Noncurrent Loans and Notes	-	-	-	-	1,435,756	635,443	35,955
Less Allowance	-	-	-	-	(30,136)	-	(4,344)
Net Receivables	\$ 161,093	\$ 6,309	\$ 44,122	\$ 159,532	\$ 1,738,669	\$ 651,563	\$ 56,008

	Workforce Safety & Insurance	Other Enterprise Funds	Internal Service Funds	Fiduciary Funds	Major Component Units	Total
Receivables:						
Accounts	\$ 47,592	\$ 50,239	\$ 679	\$ 6,426	\$ 12,505	\$ 194,359
Less Allowance	(4,500)	(5,710)	-	-	-	(22,384)
Taxes	-	-	-	12,763	-	240,230
Less Allowance	-	-	-	(977)	-	(12,740)
Interest	8,774	4,566	55	14,404	4,188	73,957
Less Allowance	-	-	-	-	-	(692)
Current Loans and Notes	-	35,107	-	-	2,168	465,679
Less Allowance	-	-	-	-	-	(5,508)
Noncurrent Loans and Notes	-	84,456	-	-	12,057	2,203,667
Less Allowance	-	(1,077)	-	-	(6,207)	(41,764)
Net Receivables	\$ 51,866	\$ 167,581	\$ 734	\$ 32,616	\$ 24,711	\$ 3,094,804

F. INTERFUND ACCOUNTS AND TRANSFERS

DUE FROM OTHER FUNDS/DUE TO OTHER FUNDS

Interfund balances at June 30, 2007, consist of the following (expressed in thousands):

Due To General Fund From:	
Federal Fund	\$ 29,538
Nonmajor Governmental Funds	9,768
Bank of North Dakota	5,002
Nonmajor Enterprise Funds	6,300
All Others	51
Total Due To General Fund	\$ 50,659

Due To Federal Fund From:

General Fund	\$ 2,081
Nonmajor Governmental Funds	11,213
All Others	800
Total Due To Federal Fund	\$ 14,094

Due To Internal Service Funds From:

General Fund	\$ 3,273
Federal Fund	775
Nonmajor Governmental Funds	824
University System	493
All Others	298
Total Due To Internal Service Funds	\$ 5,663

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Due To School Permanent Trust Fund From:

Nonmajor Enterprise Funds	\$ 2,279
All Others	392
Total Due To School Permanent Trust Fund	<u>\$ 2,671</u>

Included in the Nonmajor Enterprise Funds is an advance from the Developmentally Disabled Fund for \$1,574,463. This is not expected to be repaid within one year.

Due To Nonmajor Governmental Funds From:

General Fund	\$ 1,558
Federal Fund	24,061
Nonmajor Governmental Funds	9,917
All Others	1,306
Total Due To Nonmajor Governmental Funds	<u>\$ 36,842</u>

Due To Bank of North Dakota From:

General Fund	\$ 2,037
Nonmajor Governmental Funds	4,549
University System	2,852
Nonmajor Enterprise Funds	7,286
All Others	1,421
Total Due To Bank of North Dakota	<u>\$ 18,145</u>

Due To University System From:

General Fund	\$ 5,245
Federal Fund	2,410
Nonmajor Governmental Funds	1,313
All Others	583
Total Due To University System	<u>\$ 9,551</u>

Due To All Other Funds From:

All Other	<u>\$ 1,087</u>
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Included in this category are all other enterprise funds and fiduciary funds.

These balances are a result of a time lag between the dates that (1) services are provided and goods received or reimbursable expenditures occur, (2) the payments are made, (3) the transactions are entered into the accounting system, and (4) because of transactions occurring between funds with a fiscal year other than June 30, 2007.

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

Due From's	\$ 138,712
Differences:	
Bank of ND/General Fund	22,930
Housing Finance/Bank of ND	576
Mill & Elevator/Bank of ND	11,000
University System/Bank of ND	201
Student Loan Trust/Bank of ND	(506)
Developmentally Disabled Loan Fund/ School Permanent Trust Fund	(292)
Guaranteed Student Loan/Bank of ND	364
Bank of ND/Governmental Agencies	1,001
Enterprise Funds/Bank of ND	345
Total Differences	35,619
Due To's	<u>\$ 174,331</u>

Notes To The Financial Statements

In addition, the total Internal Receivables and Internal Payables on the Government-wide Statement of Net Assets does not equal due to activity occurring between funds that have different fiscal year ends.

INTERFUND TRANSFERS

A summary of interfund transfers for the fiscal year ended June 30, 2007, follows (expressed in thousands):

	Transfers In						Total
	General	Federal	Non-major Governmental	Housing Finance	University System	Non-major Enterprise	
Transfers Out							
General	\$ -	\$ -	\$ 7,405	\$ -	\$ 233,415	\$ 202	\$ 241,022
Federal	54	-	16,924	234	-	-	17,212
School Permanent Trust Fund	-	-	31,891	-	1,508	-	33,399
Non-major Governmental	48,105	18,575	37,273	-	13,105	114	117,172
Bank of North Dakota	42,854	-	-	-	-	-	42,854
Housing Finance	-	-	29	-	-	-	29
University System	-	49	6,546	-	-	-	6,595
Non-major Enterprise	11,300	-	1,959	-	385	-	13,644
Total	\$ 102,313	\$ 18,624	\$ 102,027	\$ 234	\$ 248,413	\$ 316	\$ 471,927

(Transfers In do not agree to the statements due to the timing differences noted below.)

Transfers are used for the following purposes:

- Move general fund appropriation amounts to certain agencies.
- Move revenues from the fund that statute requires to collect them to the fund authorized to spend them.
- Move certain excess revenues collected in other funds to the general fund.
- Move receipts restricted for debt service from the funds collected to the debt service funds as payments become due, and move capital project funds paying the construction costs.

For the year ended June 30, 2007, transfers of excess profits of \$38.6 million and \$5 million were made from the Bank of North Dakota and Mill and Elevator respectively as well as legislatively-mandated transfers of \$8.45 million from Health Care Trust to the General Fund.

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

Transfers In	\$ 471,927
Differences:	
General Fund/Bank of ND	17,181
Industrial Commission/Bank of ND	43
Beginning Farmer/PACE	1,500
Total Differences	<u>18,724</u>
Transfers Out	\$ 490,651

The above timing differences of \$18,724,000 result from transactions between agencies that have different fiscal year ends. This difference is also the total net transfers on the Government-wide Statement of Activities.

STATE OF NORTH DAKOTA

G. CAPITAL ASSETS

PRIMARY GOVERNMENT:

The following is a summary of capital assets during the fiscal year (expressed in thousands):

<u>Description</u>	<u>Balance July 1, 2006</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2007</u>
Governmental Activities:				
Capital Assets Not Being Depreciated				
Land	\$ 47,262	\$ 4,563	\$ (406)	\$ 51,419
Construction in Progress	368,798	104,834	(90,479)	383,153
Total Capital Assets Not Being Depreciated	416,060	109,397	(90,885)	434,572
Capital Assets Being Depreciated:				
Buildings and Improvements	375,254	16,418	(194)	391,478
Equipment	224,004	38,641	(13,029)	249,616
Infrastructure	2,951,893	85,389	(245)	3,037,037
Total Capital Assets Being Depreciated	3,551,151	140,448	(13,468)	3,678,131
Less Accumulated Depreciation for:				
Buildings and Improvements	(160,476)	(8,617)	92	(169,001)
Equipment	(110,690)	(18,480)	7,840	(121,330)
Infrastructure	(2,401,935)	(33,724)	196	(2,435,463)
Total Accumulated Depreciation	(2,673,101)	(60,821)	8,128	(2,725,794)
Total Capital Assets Being Depreciated, Net	878,050	79,627	(5,340)	952,337
Governmental Activities Capital Assets, Net	\$ 1,294,110	\$ 189,024	\$ (96,225)	\$ 1,386,909

Infrastructure assets of the State Water Commission, with a carrying value of \$40,029,926 are considered temporarily impaired at June 30, 2007.

<u>Description</u>	<u>Balance July 1, 2006</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2007</u>
Business-Type Activities:				
Capital Assets Not Being Depreciated				
Land	\$ 18,117	\$ 2,054	\$ -	\$ 20,171
Construction in Progress	46,564	57,591	(33,810)	70,345
Total Capital Assets Not Being Depreciated	64,681	59,645	(33,810)	90,516
Capital Assets Being Depreciated:				
Buildings and Improvements	743,373	37,314	(435)	780,252
Equipment	361,233	31,129	(9,400)	382,962
Infrastructure	144,114	2,527	-	146,641
Total Capital Assets Being Depreciated	1,248,720	70,970	(9,835)	1,309,855
Less Accumulated Depreciation for:				
Buildings and Improvements	(341,836)	(18,267)	313	(359,790)
Equipment	(216,099)	(22,550)	7,604	(231,045)
Infrastructure	(55,919)	(5,598)	-	(61,517)
Total Accumulated Depreciation	(613,854)	(46,415)	7,917	(652,352)
Total Capital Assets Being Depreciated, Net	634,866	24,555	(1,918)	657,503
Business-Type Activities Capital Assets, Net	\$ 699,547	\$ 84,200	\$ (35,728)	\$ 748,019

Notes To The Financial Statements

<u>Description</u>	<u>Balance July 1, 2006</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2007</u>
Major Component Units:				
Capital Assets Not Being Depreciated				
Land	\$ 3,208	\$ 241	\$ (200)	\$ 3,249
Construction in Progress	1,643	8,061	(1,262)	8,442
Total Capital Assets Not Being Depreciated	4,851	8,302	(1,462)	11,691
Capital Assets Being Depreciated:				
Buildings and Improvements	115,850	3,701	(57)	119,494
Equipment	17,657	1,917	(2,732)	16,842
Infrastructure	792	896	-	1,688
Total Capital Assets Being Depreciated	134,299	6,514	(2,789)	138,024
Less Accumulated Depreciation for:				
Buildings and Improvements	(14,344)	(6,412)	-	(20,756)
Equipment	(5,921)	(1,091)	690	(6,322)
Infrastructure	(151)	(32)	-	(183)
Total Accumulated Depreciation	(20,416)	(7,535)	690	(27,261)
Total Capital Assets Being Depreciated, Net	113,883	(1,021)	(2,099)	110,763
Business-Type Activities Capital Assets, Net	\$ 118,734	\$ 7,281	\$ (3,561)	\$ 122,454

Beginning capital asset balances were adjusted for certain reclassifications.

Depreciation expense was charged to functions/programs of the primary government as follows (expressed in thousands):

Governmental Activities:	
General Government	\$ 4,625
Education	267
Health and Human Services	4,364
Regulatory	162
Public Safety & Corrections	6,181
Agriculture and Commerce	113
Natural Resources	4,865
Transportation	38,016
Total Governmental Activities Depreciation Expense	<u>\$ 58,593</u>

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

Project Description:

<u>Governmental Activities</u>	<u>Amount Authorized</u>	<u>Amount Expended Through June 30, 2007</u>	<u>Balance Authorized</u>
Office of Management and Budget	\$ 7,896	\$ 6,768	\$ 1,128
Attorney General	3,633	504	3,129
Legislative Assembly	5,692	1,781	3,911
Veterans Home	166	25	141
Department of Human Services	1,996	1,772	224
Department of Corrections	980	682	298
Adjutant General	18,528	7,023	11,505
Historical Society	7,474	5,262	2,212
Game and Fish	125	34	91
Job Service North Dakota	7,300	859	6,441
Department of Transportation	436,219	358,443	77,776
Total Governmental Activities	<u>\$ 490,009</u>	<u>\$ 383,153</u>	<u>\$ 106,856</u>

STATE OF NORTH DAKOTA

<u>Business-Type Activities</u>	<u>Amount Authorized</u>	<u>Amount Expended Through June 30, 2007</u>	<u>Balance Authorized</u>
Bank of North Dakota	\$ 9,798	\$ 1,691	\$ 8,107
Mill and Elevator	575	210	365
University System	108,756	68,444	40,312
Total Business-Type Activities	<u>\$ 119,129</u>	<u>\$ 70,345</u>	<u>\$ 48,784</u>

<u>Major Component Units</u>	<u>Amount Authorized</u>	<u>Amount Expended Through June 30, 2007</u>	<u>Balance Authorized</u>
BSC Foundation	<u>\$ 17,137</u>	<u>\$ 8,442</u>	<u>\$ 8,695</u>

H. OPERATING LEASES

PAYMENTS ON OPERATING LEASES

The State is obligated under certain leases accounted for as operating leases. Operating leases do not give rise to property rights or lease obligations, and therefore, the resulting expenditures are recognized as incurred. Lease expenditures for the year ended June 30, 2007, amounted to \$11,196,307 for governmental activities and \$7,544,247 for business-type activities.

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, 2007, for all fund types are as follows (expressed in thousands):

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2008	\$ 4,715	\$ 4,477
2009	2,588	3,847
2010	655	2,442
2011	501	1,948
2012	404	1,530
2013-2017	473	3,339
2018-2022	94	510
Total Minimum Lease Payments	<u>\$ 9,430</u>	<u>\$ 18,093</u>

I. CAPITAL LEASES

The State is obligated under certain leases accounted for as capital leases. In the government-wide and proprietary fund statements, capital assets and a corresponding liability are recorded at the inception of the lease. The liability is reduced by payments of principal, with a portion of the payment allocated to interest expense. For capital leases in governmental funds, other financing sources and expenditures are recorded at lease inception. Lease payments are recorded as debt service expenditures.

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, 2007 (expressed in thousands):

Year Ending June 30	Governmental Activities	Business- type Activities	Major Component Units
2008	\$ 1,288	\$ 7,532	\$ 184
2009	1,248	7,257	178
2010	1,204	6,043	165
2011	879	5,397	126
2012	770	3,979	126
2013-2017	765	15,114	632
2018-2022	-	9,801	632
2023-2027	-	5,966	632
2028-2032	-	1,821	632
2033-2037	-	1,821	189
2038-2042	-	1,457	-
Total Minimum Lease Payments	6,154	66,188	3,496
Less: Amount Representing Interest	(736)	(20,057)	(1,460)
Present Value of Future Minimum Lease Payments	\$ 5,418	\$ 46,131	\$ 2,036

The historical costs of assets acquired under capital leases, and included as capital assets on the government-wide statement of net assets at June 30, 2007, is as follows (expressed in thousands):

	Governmental Activities	Business- Type Activities	Major Component Units
Infrastructure	\$ -	\$ 1,160	\$ -
Buildings	-	30,531	-
Equipment	9,795	20,431	1,978
Less: Accumulated Depreciation	(2,868)	(12,052)	(167)
Total	\$ 6,927	\$ 40,070	\$ 1,811

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, 2007, consisted of bonds issued by the State and are accounted for by the respective state agencies in the government-wide financial statements that issued the bonds.

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 2002 Series C Bonds have interest payable semiannually on February 15 and August 15 of each year. The 1998 Series B and C Bonds, the 2001 Series A Bonds, the 2002 Series A, B and D Bonds, the 2003 Series A, B, and C Bonds, the 2005 Series A Bonds, and the 2006 Series A and B 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

STATE OF NORTH DAKOTA

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.

Water Commission

The Water Commission was granted authority to issue bonds to finance various flood control and pipeline projects throughout the state of North Dakota. Authorized and unissued bonds totaled \$1,426,000 at June 30, 2007. Water development projects that will benefit from the financing are as follows:

Southwest Pipeline Project	\$1,426,000
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Interest is payable semiannually on January 1 and July 1 of each year for the Series 2000 A Term Bonds and Series 2007 B, and February 1 and August 1 for the Series 2000 A, 2005 A, and 2005 B 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.

Department of Transportation

The North Dakota Department of Transportation (NDDOT) is authorized pursuant to NDCC 24-02, to issue grant and revenue anticipation bonds for the purpose of financing certain qualified federal aid transportation projects. The Series 2005 Bonds are limited obligations of NDDOT, payable solely from federal transportation funds, pledged state highway funds and other moneys.

Interest on the Series 2005 Bonds is payable on June 1 and December 1, of each year. Bonds maturing on or after June 1, 2016, are subject to redemption prior to maturity at the option of NDDOT, at any time on or after June 1, 2015, at a redemption price equal to 100% of the principal amount plus accrued interest.

State Fair

Interest on the 2001 Series Bonds is payable semi-annually on June 1 and December 1 of each year. The bonds maturing on December 1, 2011, are not subject to optional redemption prior to maturity, except under extraordinary circumstances.

Student Loan Trust

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 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 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 B Bonds at a redemption price equal to 100% of the principal amount plus accrued interest to date of redemption.

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 to the State of North Dakota Student Loan Revenue Bonds Second General Bond 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.

Interest is payable semiannually on June 1 and December 1 of each year. The 2004 Series A Bonds are variable rate bonds. The rate of interest is determined based on the one-month LIBOR plus .7%. The maximum rate of interest is 12% per annum. Details of the terms and provisions of the variable rate bonds are outlined in Section 2.4 of the Second Supplemental Resolution to the State of North Dakota Student Loan Revenue Bonds First General Bond Resolution. The Series 2004 Bonds are subject to redemption prior to maturity at the option of the Commission from any source of funds, in whole or in part, on any date at a redemption price equal to 100% of the principal amount plus accrued interest to date of redemption.

Interest is payable semiannually on June 1 and December 1 of each year. The Subordinate Series 2004 Bonds are variable rate bonds. The rate of interest is determined based on the one-month LIBOR plus .7%. The maximum rate of interest is 12% per annum. Details of the terms and provisions of the variable rate bonds are outlined in Section 3.5 of the Third Supplemental Resolution to the State of North Dakota Student Loan Revenue Bonds First General Bond Resolution. The Subordinate Series 2004 Bonds are subject to redemption prior to maturity at the option of the commission from any source of funds, in whole or in part, on any date 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.

Major Component Units

Public Finance Authority

The bonds of the Public Finance Authority 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 Public Finance Authority and are secured by municipal securities purchased under the applicable resolutions, interest earnings and certain accounts established pursuant to the applicable bond resolutions.

STATE OF NORTH DAKOTA

Revenue Bonds outstanding (expressed in thousands):

Fund Type/Fund	Maturities	Interest Rates	Balance 6/30/07
Primary Government			
<u>Governmental:</u>			
Building Authority	2008-2025	2.00-5.35	\$ 110,645
Water Commission	2008-2046	2.50-5.50	109,275
Department of Transportation	2008-2020	3.00-5.00	53,200
Information Technology Department	2008-2014	3.50-5.25	4,812
<u>Proprietary:</u>			
State Fair	2008-2012	3.50-4.60	1,335
Student Loan Trust	2008-2036	3.85-6.40	83,500
Housing Finance:			
Homeownership	2008-2038	1.45-6.15	798,085
University System:			
VCSU—Valley City	2008-2033	4.30-7.25	3,385
Williston State College	2008-2019	0-4.75	766
Lake Region State College	2008-2017	3.00-5.125	875
UND—Grand Forks	2008-2036	0-5.00	76,778
NDSU—Fargo	2008-2036	0-5.60	80,705
NDSCS—Wahpeton	2008-2016	0-5.50	1,581
MiSU—Minot	2008-2030	0-5.25	7,225
MiSU—Bottineau	2008-2012	6.25-6.9	126
MaSU—Mayville	2008-2018	3.00-5.38	2,652
DSU—Dickinson	2008-2019	3.75-5.00	730
BSC—Bismarck	2008-2030	3.4-6.1	4,335
NDUS – Univ. Sys. State Office	2008-2014	0-4.28	11,467
Total Revenue Bonds Payable— Primary Government			<u>\$ 1,351,477</u>
Major Component Units			
<u>Proprietary:</u>			
Public Finance Authority	2008-2031	2.00-10.00	\$ 162,890
NDSU Research and Technology Park, Inc.	2008-2032	3.00-6.50	26,075
NDSU Development Foundation	2008-2025	2.50-5.19	8,541
Arena Holdings Charitable LLC	2008-2031	3.93-5.33	6,852
UND Foundation	2008-2027	2.50-5.13	11,360
BSC Foundation	2008-2032	4.50-5.25	9,213
Total Revenue Bonds Payable— Major Component Units			<u>\$ 224,931</u>

Notes To The Financial Statements

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

Primary Government:

Governmental Activities

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 13,412	\$ 11,648
2009	16,754	11,357
2010	17,596	10,600
2011	17,468	9,843
2012	16,627	9,165
2013-2017	85,555	35,933
2018-2022	66,517	15,845
2023-2027	33,674	4,439
2028-2032	4,470	848
2033-2037	517	234
2038-2042	510	148
2043-2047	489	46
Bond Premium	8,282	(8,282)
Deferred Amount On Refunding	(3,939)	3,939
Total	<u>\$ 277,932</u>	<u>\$ 105,763</u>

Business-type Activities

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 24,463	\$ 47,830
2009	114,063	43,768
2010	29,934	42,598
2011	30,369	41,440
2012	31,084	40,037
2013-2017	132,393	183,781
2018-2022	125,774	177,503
2023-2027	160,360	142,979
2028-2032	190,835	94,991
2033-2037	222,950	37,592
2038-2042	6,520	141
Bond Premium	4,800	(4,800)
Total	<u>\$ 1,073,545</u>	<u>\$ 847,860</u>

Major Component Units

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 12,781	\$ 9,472
2009	13,739	8,937
2010	14,062	8,351
2011	13,858	7,768
2012	14,120	7,173
2013-2017	65,775	27,241
2018-2022	56,083	13,595
2023-2027	23,263	4,660
2028-2032	11,095	1,279
Bond Premium	155	(155)
Total	<u>\$ 224,931</u>	<u>\$ 88,321</u>

STATE OF NORTH DAKOTA

2. NOTES PAYABLE

The following is a schedule of notes payable outstanding at June 30, 2007 (expressed in thousands):

Fund Type/Fund	Maturities	Interest Rates	Balance 6/30/07
Primary Government			
<u>Governmental:</u>			
Department of Corrections	2008-2015	4.59	\$ 643
Department of Human Services	2008-2015	4.24	4,452
Department of Transportation	2008-2022	4.18	2,529
Office of Management and Budget	2008-2022	4.18	4,475
Tax Department	2008-2013	3.166	14,000
School for the Deaf	2008-2021	4.8408	285
Information Technology Department	2008-2011	3.75	6,000
<u>Proprietary:</u>			
Bank of North Dakota	2008-2022	2.98-7.35	257,209
University System	2008-2015	4.09-5.52	6,611
Major Component Units			
UND Aerospace Foundation	2008-2016	5.998-8.25	3,611
MiSU Development Foundation	2008	6.00-7.00	90
NDSU Development Foundation	2008-2013	2.77-6.86	2,368
NDSU Research & Tech Park	2008-2017	0.0-7.50	1,283
UND Foundation	2008-2012	Variable	700
RE Arena Inc.	2008	5.00	4
DSU Foundation	2008-2011	5.625-6.785	529

(1) The Bank of North Dakota issued short-term debt to fund loans on a short-term basis.

The Public Finance Authority has a note payable of \$5,507,000 due to the Bank of North Dakota which is reported in the state's financial statements as a due to primary government.

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

Primary Government:

Governmental Activities

Fiscal Year	Principal	Interest
2008	\$ 2,660	\$ 1,513
2009	3,207	1,093
2010	3,469	979
2011	9,374	836
2012	3,652	508
2013 – 2017	6,702	1,154
2018 – 2022	3,320	386
Total	\$ 32,384	\$ 6,469

Business-type Activities

Fiscal Year	Principal	Interest
2008	\$ 10,680	\$ 14,891
2009	90,698	10,367
2010	6,247	9,110
2011	1,114	8,910
2012	34,129	8,106
2013 – 2017	61,352	28,173
2018 – 2022	49,600	10,088
2023 - 2027	10,000	172
Total	\$ 263,820	\$ 89,817

Notes To The Financial Statements

Major Component Units

Fiscal Year	Principal	Interest
2008	\$ 1,553	\$ 486
2009	1,231	437
2010	2,110	339
2011	567	229
2012	565	188
2013 – 2017	2,559	412
Total	<u>\$ 8,585</u>	<u>\$ 2,091</u>

Changes in General Long-Term Liabilities

Changes in Long-Term Liabilities for the year ended June 30, 2007, are summarized as follows (expressed in thousands):

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Notes Payable	\$ 32,314	\$ 892	\$ (822)	\$ 32,384	\$ 2,658
Bonds Payable	287,016	24,712	(33,796)	277,932	13,559
Capital Leases Payable	6,356	210	(1,148)	5,418	1,056
Intergovernmental Payable	172	95	(5)	262	-
Compensated Absences	29,505	22,147	(20,452)	31,200	1,777
Claims/Judgments Payable	5,467	4,357	(3,730)	6,094	2,374
Total Long-Term Liabilities	<u>\$ 360,830</u>	<u>\$ 52,413</u>	<u>\$ (59,953)</u>	<u>\$ 353,290</u>	<u>\$ 21,424</u>
Business-Type Activities:					
Notes Payable	\$ 283,509	\$ 930,408	\$ (950,097)	\$ 263,820	\$ 10,680
Bonds Payable	1,038,233	192,835	(157,523)	1,073,545	24,463
Capital Leases Payable	45,089	7,120	(6,078)	46,131	5,188
Intergovernmental Payable	6,296	12,713	(12,380)	6,629	612
Compensated Absences	23,389	2,262	(1,394)	24,257	2,072
Dividends Payable	72,564	67,865	(47,821)	92,608	56,909
Claims/Judgments Payable	688,637	132,560	(89,392)	731,805	93,639
Total Long-Term Liabilities	<u>\$ 2,157,717</u>	<u>\$ 1,345,763</u>	<u>\$ (1,264,685)</u>	<u>\$ 2,238,795</u>	<u>\$ 193,563</u>
Major Component Units:					
Notes Payable	\$ 6,195	\$ 3,681	\$ (1,291)	\$ 8,585	\$ 1,553
Bonds Payable	223,919	34,914	(33,902)	224,931	12,781
Capital Leases Payable	1,937	135	(36)	2,036	88
Intergovernmental Payable	705	626	(319)	1,012	33
Total Long-Term Liabilities	<u>\$ 232,756</u>	<u>\$ 39,356</u>	<u>\$ (35,548)</u>	<u>\$ 236,564</u>	<u>\$ 14,455</u>

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Internal service funds predominately serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year end, \$1,387,650 of internal service fund compensated absences and \$4,929,043 of claims and judgments are included in the above amounts. Other governmental activities compensated absences generally have been liquidated by the General Fund (53%), the Highway Fund (14%), the Federal Fund (22%), and other various funds. Other governmental activities claims and judgments are generally liquidated by the Insurance Regulatory Trust Fund (78%), Highway Fund (21%), and the Petroleum Release Compensation Fund (1%).

3. DEFEASED DEBT

Primary Government

Building Authority

On February 15, 2006, the Authority issued \$10,460,000 Lease Revenue Refunding Bonds, 2006 A. The proceeds of the issue were for an advance refunding of 1998 Series A and 2000 Series A. The net proceeds were deposited in an irrevocable trust with an escrow agent to provide for all the future debt service payments on the refunded bonds. The reacquisition price exceeded the net carrying amount of the old debt by \$438,000. This amount is netted against the new debt and amortized over the life of the refunded debt, which is the same as the life of the new debt issued. The current refunding was undertaken to reduce total debt service payments over the next fourteen years by \$440,000 and resulted in an economic gain of \$288,000. As of June 30, 2007, there were bonds of \$9,315,000.

Water Commission

On September 1, 2004, the Water Commission defeased the outstanding \$1,220,000 Northwest Area Water Supply Project, Water Development Revenue Bonds, 1998 Series A, without issuing refunding bonds. A deposit was made into an irrevocable trust account with an escrow agent to provide for all the future debt service payments. As of June 30, 2007, \$1,015,000 of the 1998 Series A Bonds outstanding is considered defeased and the liability for those 1998 Series A Bonds is not reflected on the State's financial statements.

On March 17, 2005, the Water Commission issued \$21,630,000 Water Development Trust Fund, Water Development and Management Program Refunding Bonds, 2005 Series A. The proceeds of the 2005 Series A Bonds were used to establish an irrevocable escrow account to advance refund the callable maturities totaling \$20,340,000 of the Water Commission's outstanding \$32,095,000 Water Development Trust Fund, Water Development and Management Program Bonds, 2000 Series A. As of June 30, 2007, \$20,340,000 of the 2000 Series A Bonds outstanding is considered defeased, and the liability for those 2000

Series A Bonds is not reflected on the State's financial statements.

On June 27, 2007, the ND State Water Commission issued \$13,670,000 Southwest Pipeline Water Development Revenue Refunding Bonds, 2007 Series B. The proceeds of the 2007 Series B Bonds were used to establish an irrevocable escrow account to advance refund Southwest Pipeline's 1997 Series A; 1997 Series B; 1999 Series A; 2000 Series B; 2001 Series A; 2002 Series A and 2003 Series A Bonds totaling \$14,079,940. The par amount of the refunding bonds was \$409,940 less than the par amount of the refunded bonds. The refunding was undertaken to reduce total debt service payments over the next twenty five years resulting in gross savings of \$2,663,961 and net present value savings of \$692,805. As of June 30, 2007, \$5,805,000 of the 1997 Series A; \$3,143,940 of the 1997 Series B; \$941,500 of the 2000 Series B; \$379,900 of the 2000 Series B; \$479,000 of the 2001 Series A; \$1,806,600 of the 2002 Series A; and \$1,524,400 of the 2003 Series A Bonds outstanding are considered defeased and the liability for those Bonds is not reflected on the State's financial statements.

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, 2007, \$4,670,000 of bonds outstanding is 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 principal amount outstanding as of June 30, 2007, of the original bonds refunded by the advance refunding of 1998 totaled \$150,000.

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 principal amount outstanding as of June 30, 2007,

of the original bonds refunded by the advanced refunding of 1998 totaled \$11,635,000.

Housing and Auxiliary Facilities 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, 2007, of the original bonds refunded by the advance refunding of 1975 totaled \$275,000.

North Dakota State University

On May 1, 2006, North Dakota State University issued \$2,845,000 of Housing & Auxiliary Facilities Revenue Bonds, (Series 2006 B) with an average interest rate of 4.625 percent. The bonds were used to advance refund a portion (\$2,880,000) of outstanding 1999 Student Health & Wellness Center Revenue Bonds (with an average interest rate of 5.3 percent). The University advance refunded the bonds to reduce its total debt service payments over the next 13 years by approximately \$422,000 and to obtain an economic gain (difference of the present values of the debt service payments on the old and new debt) of approximately \$245,000. The principal amount outstanding as of June 30, 2007 of the original amount of the portion of the 1999 bonds refunded totaled \$2,880,000.

On December 30, 1985, the North Dakota State University issued \$4,833,813 of Housing and Auxiliary Facilities Revenue Refunding Bonds (Series 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 principal amount outstanding as of June 30, 2007, of the original bonds refunded by the advance refunding total \$705,000.

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. The principal amount outstanding as of June 30, 2007, of the original bonds refunded is \$845,000.

Component Units

Public Finance Authority Bonds

On July 27, 2005, the Finance Authority issued \$36,210,000 of revenue bonds (Series 2005 A SRF Bonds) with an average interest rate of 3.82 percent. The net proceeds of the refunding portion of the bonds were deposited in an irrevocable trust with an escrow agent to provide for all the future debt service payments on the refunded bonds. As of December 31, 2006, \$4,070,000 of bonds outstanding is considered defeased and the liability has been removed from the balance sheet.

The Finance Authority issued \$11,790,000 of revenue bonds (Series 2004 A SRF Bonds) with an average interest rate of 4.16% on October 5, 2004. The net proceeds were deposited into an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds. As of December 31, 2006, \$11,005,000 of bonds outstanding is considered defeased, and the liability has been removed from the balance sheet.

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 \$2,660,000 at June 30, 2007. These amounts are reported in the Government-wide and Proprietary Fund Type financial statements as an intergovernmental payable.

NOTE 4 – NET ASSETS

The government-wide statement of net assets reports \$1,862,431,811 of restricted net assets, of which \$373,270,411 is restricted by enabling legislation.

NOTE 5 – DEFICIT FUND EQUITY

FEDERAL FUND

At June 30, 2007, the Federal Fund had a deficit of \$3,481,650. Future federal revenues are expected to fund this deficit.

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NOTE 6 – 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, the National Guard Security Officers and Firefighters, and as of August 1, 2004, peace officers and correctional officers employed by political subdivisions. 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, 2007, the number of participating local political subdivisions in PERS was:

Cities and Park Districts	74
Counties	47
School Districts	102
Other	56
Total Participating Local Political Subdivisions	279

Death and disability benefits are set by statute. If an active employee dies with less than three years of service for the Main System and National Guard/Law Enforcement, or less than five years of service for Supreme and district court judges, 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 three

years of service for the Main System and National Guard/Law Enforcement, 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. 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 2.00% of their average monthly salary, using the highest 36 months out of the last 120 months of service, 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/Law Enforcement, 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) or the rule of 85 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 3.5% of final average monthly salary multiplied by the first 10 years of service, plus 2.80% of final average monthly salary times the second 10 years of service, plus 1.25% of final average monthly 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 2.00% multiplier. The monthly pension benefit for National Guard at normal

retirement age (55), and Law Enforcement, normal retirement age (55) or the rule of 85, is equal to 2.00 percent of their average monthly salary, using the highest 36 months out of the last 120 months of service, for each year of service.

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/Law Enforcement is set by the Board at 6.50% for the National Guard, 8.31% for Law Enforcement with previous service, and 6.43% for Law Enforcement without previous service. The required contributions are determined using an entry age normal actuarial funding method.

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 (effective August 1, 2005, the highest 36 months out of the last 120 months). The percentage is equal to the sum of the first 25 years of service multiplied by 3.60% 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.

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REFUNDS OF MEMBER CONTRIBUTIONS

Upon termination, if an employee is not vested (is not 65 or does not have three years of service for the Main System and National Guard/Law Enforcement, or five years of service for the Supreme and district court judges, 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 administered by PERS. The plan is established under NDCC 52-11-01 with benefit provisions established through the plan document, as amended. This plan document, as amended, is authorized by the Plan Administrator, who is the Executive Director of the agency.

On August 1, 2003, the administrative authority and the net assets of the Retirement Plan for Employees of Job Service North Dakota were transferred from the agency to the Public Employees Retirement System Board. This action was based on the passage of House Bill 1064 by the Fifty-eighth Legislative Assembly of North Dakota. The Retirement Plan for Employees of Job Service has an Actuarial Valuation Report produced annually. Requests to obtain or review this report should be addressed to the Executive Director, NDPERS, 400 East Broadway, Suite 505, 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 their 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 they died and elected the Contingent Annuitant Option with 55% of their retirement benefit continued to their 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 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 the frozen initial liability actuarial cost method. Benefit and contribution provisions of the JSND are administered in accordance with chapter 52-11 of the North Dakota Century Code. Effective July 1, 1999, the "scheduled contribution" will be zero as long as the Plan's actuarial value of assets exceeds the actuarial present value of projected benefits.

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, 2007, the number of participating employer units in TFFR was:

Type	Number
Special Education Units	18
Vocational Education Units	3
Public School Districts	196
County Superintendents	13
Other	14
Total	244

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 2.00% 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, ten- or twenty-year term certain annuity, partial lump sum option, 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.

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:	6,513	101	220	6,077
Special Prior Service Retirees:	37	-	-	-
Terminated Employees:				
Vested	3,003	5	5	1,439
Nonvested	1,860	3	-	142
Total Terminated Employees	4,863	8	5	1,581
Active Employees:				
Vested	13,853	68	40	8,355
Nonvested	4,699	65	-	1,244
Total Active Employees	18,552	133	40	9,599
Date of Annual Valuation	July 1, 2007	July 1, 2007	July 1, 2007	July 1, 2007

The above table includes retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits, but not yet receiving them.

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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 and NDHPRS 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.

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.

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 Gabriel, Roeder, Smith and 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, 2007	July 1, 2007	July 1, 2007
Actuarial Cost Method	Entry Age Normal	Frozen Initial Liability**	Entry Age Normal
Amortization Method	Level Percent	Level Dollar	Level Percentage
	Open	Closed	of Payroll
Remaining Amortization Period	20 years	15 years	30 years***
Asset Valuation Method	5-year smoothed market	5-year smoothed market	5-year smoothed market
Actuarial Assumptions:			
Investment rate of return	8.0%	7.5%	8.0%
Projected salary increase	4.5%*	5.0%	4.5% to 14.0%
Includes inflation at	3.5%	5.0%	3.0%
Post retirement cost-of-living	None	5.0%	None

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

** As of July 1, 2007, the actuarial value of assets exceeds the present value of projected benefits; therefore, the unfunded actuarial accrued liability is currently zero.

*** The GASB Annual Required Contribution (ARC) for this plan is defined as the larger of (a) the sum of (i) the employer normal costs, and (ii) an amount necessary to amortize the UAAL as a level percentage of payroll over an open 30-year amortization period, and (b) the 7.75% statutory employer contribution rate. Payroll is assumed to increase at 2.00% per annum.

Notes To The Financial Statements

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, 2002	\$ 1,150.0	\$ 1,103.5	\$ (46.5)	104.2%	\$ 461.3	(10.1)%
July 1, 2003	1,166.5	1,188.8	22.3	98.1%	479.5	4.7%
July 1, 2004	1,196.5	1,272.9	76.4	94.0%	501.0	15.3%
July 1, 2005	1,236.1	1,361.2	125.1	90.8%	521.1	24.0%
July 1, 2006	1,314.5	1,480.5	166.0	86.8%	547.0	30.3%
July 1, 2007	1,503.1	1,610.2	107.1	93.4%	582.3	18.4%
NDHPRS						
July 1, 2002	\$ 39.5	\$ 40.5	\$ 1.0	97.4%	\$ 5.1	19.6%
July 1, 2003	39.6	42.4	2.8	93.4%	5.4	51.9%
July 1, 2004	40.0	44.5	4.5	89.9%	5.4	83.3%
July 1, 2005	40.7	46.3	5.6	87.9%	5.3	105.7%
July 1, 2006	42.8	49.1	6.3	87.0%	5.7	110.5%
July 1, 2007	48.2	51.5	3.3	93.5%	6.1	54.1%
JSND						
July 1, 2002	\$ 67.6	N/A*	\$ -	N/A	\$ 3.2	0.0%
July 1, 2003	66.0	N/A	-	N/A	2.9	0.0%
July 1, 2004	67.5	N/A	-	N/A	2.5	0.0%
July 1, 2005	69.3	N/A	-	N/A	2.2	0.0%
July 1, 2006	70.6	N/A	-	N/A	1.9	0.0%
July 1, 2007	75.7	N/A	-	N/A	1.8	0.0%
TFFR						
July 1, 2002	\$ 1,443.5	\$ 1,575.8	\$ 132.3	91.6%	\$ 348.1	38.0%
July 1, 2003	1,438.4	1,690.3	251.9	85.1%	367.9	68.5%
July 1, 2004	1,445.6	1,800.4	354.8	80.3%	376.5	94.2%
July 1, 2005	1,469.7	1,965.2	495.5	74.8%	386.6	128.2%
July 1, 2006	1,564.0	2,073.9	509.9	75.4%	390.1	130.7%
July 1, 2007	1,750.1	2,209.3	459.2	79.2%	401.3	114.4%

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

D. CONTRIBUTIONS REQUIRED AND CONTRIBUTIONS MADE

Employer contribution rates for PERS and NDHPRS 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 (3) the amount necessary to provide for operating expenses. Contribution rates for the Job Service Retirement Plan are established in the plan document, as amended, actuarially determined using the frozen initial liability actuarial cost method.

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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.

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

Schedule of Employer Contributions

	Annual Required Contribution	Percentage Contributed
PERS		
2005	\$ 31,844,577	65.0%
2006	31,906,102	69.0%
2007	38,184,510	61.0%
TFFR		
2005	\$ 44,471,740	68.3%
2006	48,747,189	63.9%
2007	50,532,462	63.1%

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, 2007:

	NDHPRS	JSND
Annual required contributions	\$ 1,076,146	\$ -
Interest on net pension obligations	(53,959)	(124,581)
Adjustment to annual required contributions	47,072	130,833
Annual pension costs	1,069,259	6,252
Contributions made	960,487	-
Increase in net pension obligations	108,772	6,252
Net pension obligations, beginning of year	(674,484)	(1,661,084)
(Assets in excess of) net pension obligations, end of year	\$ (565,712)	\$ (1,654,832)

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			
2005	\$ 1,046,646	83%	\$ (641,545)
2006	933,347	99%	(674,484)
2007	1,082,659	89%	(565,712)
JSND			
2005	\$ 3,750	0%	\$ (1,664,826)
2006	3,742	0%	(1,661,084)
2007	6,252	0%	(1,654,832)

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 301 participants as of June 30, 2007.

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 \$551,043 and \$535,403 respectively, for the fiscal year ended June 30, 2007.

The Board, or vendors contracted by the Board, has exclusive authority to invest and manage the assets of the Defined Contribution Retirement 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.

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 employees as defined by the Board of

Higher Education in its approved TIAA-CREF retirement resolution. All benefits vest immediately to the participant. Further information can be obtained by writing to TIAA-CREF, Denver Regional Office, 1700 Broadway, Suite 770, Denver, Colorado 80290 or by calling 800-842-2009.

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%
President/ Chancellor (additional employer contribution)	0 thru 12	0.00%	8.33%*	8.33%*
	or			
	less than 3	0.00%	0.00%	0.00%
	3 to less than 6	0.00%	4.00%	4.00%
	6 yrs and over	0.00%	8.00%	8.00%

*A final contribution is made in the year the president terminates employment equal to the difference between total contributions made and the president's final annual salary in year of termination of employment.

Plan contributions are made on a tax-deferred basis 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 \$21,503,188 to TIAA-CREF during the fiscal year ending June 30, 2007.

NOTE 7 - POST-RETIREMENT BENEFITS

The Retiree Health Insurance Credit 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 for employees of 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 Insurance Credit Fund is advance-funded on an actuarially determined basis.

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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 one percent of covered compensation in order to extend this benefit to judges retired under NDCC 27-17. The employer contribution for non-teaching employees of the Office of the Superintendent of Public Instruction is 3.1 percent of covered compensation beginning in the month following the transfer under chapter 54-92-02.13 of the North Dakota Century Code and continuing thereafter for a period of eight years. Job Service North Dakota reimburses the Retiree Health Insurance Credit Fund monthly for credit received by members of the retirement program for employees of 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 Insurance Credit 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 for employees of 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 \$222,236 for the period ending June 30, 2007. The number of employees from Job Service using the credit was 154 at June 30, 2007. 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, 2007. 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 3.50 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 employee's contribution rates expressed as a percent of covered payroll, and the dollar effect on the actuarial accrued liability:

	As a Percentage of Covered Payroll	Dollar Effect
Net effect of change in actuarial assumption	-	\$ -
Changes in plan experience during the year	(0.05)%	(301,427)
	(0.05)%	\$ (301,427)

Employer contributions totaling \$5,665,071 were made for the year ended June 30, 2007. The actuarially required employer contribution of \$5,687,050 for the year ended June 30, 2007, is 0.94 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, 2007, the cost of benefits incurred for the fund was \$4,525,810.

According to the Projected Unit Credit Cost Method, the actuarial accrued liability and the unfunded actuarial accrued liability of the Retiree Health Insurance Credit Fund are as follows:

Schedule Of Funding Progress
(Dollars In Millions)

Actuarial Valuation Date	Actuarial Value Of Assets	Actuarial Accrued Liabilities AAL-Entry Age	Unfunded Value of Assets (UAA)	Ratio of Assets to AAL	Covered Payroll	UAA As A Percentage Of Covered Payroll
June 30, 2005	\$ 30.9	\$ 78.1	\$ 47.2	39.6%	\$ 538.6	8.8%
June 30, 2006	34.0	82.6	48.6	41.2%	568.0	8.6%
June 30, 2007	38.9	85.3	46.5	45.6%	602.9	7.7%

Employee membership is as follows:

Retirees receiving benefit	3,922
Active participants	18,929
Total Membership	<u>22,851</u>

The fair value of the net assets available for benefits at June 30, 2007, is \$45,278,720.

NOTE 8 - 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	\$ 20,519
Other Jurisdictions	<u>3,328</u>
Total Value	<u>\$ 23,847</u>

NOTE 9 - PERS UNIFORM GROUP INSURANCE PROGRAM

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. The system has entered into a similar contract with BCBS for the 2003-2005 biennium. In accordance with the contract, the system is to deposit a total of \$6 million with BCBS. These surplus funds are to be used to pay any claims in excess of the premiums collected. At the end of the contract period, the system receives the remaining surplus funds plus interest. This amount was determined to be \$498,616 as of June 30, 2007. The system has entered into a similar contract with BCBS for the 2005-2007 biennium. In accordance with the contract, the system deposited \$14,227,761 with BCBS. These surplus funds are to be used to pay on claims in excess of premiums collected. The accumulated surplus and other invested funds in the amount of \$1,501,026 are shown as cash on the state's financial statements. These funds are being held by BCBS.

NOTE 10 - SEGMENT INFORMATION

North Dakota Housing Finance Agency maintains three separate funds which account for general agency operations and provide loans to finance construction of rental residential housing and single-family ownership. The three funds are accounted for in a single fund, but investors in the multi-family and home ownership bonds rely solely on the revenue generated by the mortgage loans and assets acquired for repayment. Segment information for the year ended June 30, 2007, was as follows (expressed in thousands):

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	Multi-family Bond Funds	Home- Ownership Bond Funds
Condensed Statement of Net Assets		
Current assets – other	\$ -	\$ 244,189
Noncurrent assets – other	-	649,741
Total Assets	-	893,930
Current liabilities – other	-	34,891
Noncurrent liabilities – other	-	783,003
Total Liabilities	-	817,894
Net assets – restricted	-	76,036
Total Net Assets	\$ -	\$ 76,036
Condensed Statement of Revenues, Expenses and Change in Fund Net Assets		
Operating revenues	\$ 255	\$ 43,265
Operating expenses	243	37,280
Operating income (loss)	12	5,985
Change in net assets	12	5,985
Total net assets, beginning of year	262	56,636
Equity transfer in	(274)	13,415
Total net assets, end of year	\$ -	\$ 76,036
Condensed Statement of Cash Flows		
Net cash used for operating activities	\$ 283	\$ (28,927)
Net cash from noncapital financing activities	(8,223)	28,347
Net cash from investing activities	7,753	(13,035)
Net change in cash and cash equivalents	(187)	(13,615)
Cash and cash equivalents, beginning of year	187	241,346
Cash and cash equivalents, end of year	-	227,731

NOTE 11 - MAJOR COMPONENT UNIT TRANSACTIONS

BISMARCK STATE COLLEGE AND BISMARCK STATE COLLEGE FOUNDATION

On August 25, 2005, BSC through the North Dakota State Board of Higher Education entered into a lease and development agreement, whereby BSC leases a tract of land to the foundation for \$1 per year for the next twenty-five years. Per the agreement, the foundation will develop and construct the Career and Technology Institute on the leased land and an adjoining seven-acre tract owned by the foundation. At the end of the lease, the leased land will revert back to BSC and the foundation will transfer title to the seven-acre tract of land and all buildings and fixtures attached to it.

On January 25, 2007, BSC and BSC Foundation entered into a 15-year lease agreement to facilitate the construction of a Mechanical Maintenance building. Under the agreement, BSC is responsible for the payment of all rent, maintenance, and repair of the facility, maintenance of all insurance required under the

lease, and restrictions of use of the facility as set forth in the lease. The amount of the rent is tied to the debt service retirement. Upon payment of all the bonds, BSC will have the option to purchase the premises for \$100.

DICKINSON STATE UNIVERSITY AND DICKINSON STATE UNIVERSITY FOUNDATION

DSU provides personnel and other services to the foundation at no charge, as partial in-kind reimbursement for services provided by the foundation, including one-half salary and fringe benefits of foundation employees, payroll preparation services, postage, utilities and buildings and ground services. For the year ended June 30, 2007, DSU has valued these services at approximately \$113,000.

MINOT STATE UNIVERSITY AND MINOT STATE UNIVERSITY DEVELOPMENT FOUNDATION

At June 30, 2007, MSU had a receivable of \$50,410 due from the foundation for scholarships.

NORTH DAKOTA STATE UNIVERSITY AND NDSU RESEARCH AND TECHNOLOGY PARK, INC.

On December 30, 1999, North Dakota State University, through the State of North Dakota and North Dakota State Board of Higher Education, entered into a ground lease, whereby the NDSU Research and Technology Park, Inc. (component unit) leases 40 acres of land for \$1 per year for the next seventy-five years.

On November 1, 2000, NDSU Research and Technology Park, Inc. (RTP) entered into a \$6.5 million lease agreement with the City of Fargo to finance the construction of laboratory and research facilities and all equipment and furnishings located on property owned by the city. The agreement assigned to NDSU all of RTP's obligations under the lease, including but not limited to the payment of all rent, maintenance, and repair of the facility, maintenance of all insurance required under the lease, and restrictions of use of the project set forth in the lease. Upon payment of all the bonds, title to the facility will revert to RTP. On August 1, 2002, essentially the same legal and financial structure used to construct Research Building #1 was used to construct a second Research Building. The second lease agreement was for \$20,450,000.

The audited financial statements of RTP for fiscal year 2007 report these transactions as an operating lease and report the related capital assets and related debt as assets and debt of RTP. Since RTP is a discretely presented component unit of the University System and the component unit and the University System are reporting the same assets and debt for Research Buildings 1 and 2, fiscal year 2007 beginning balances are restated and an elimination entry is made to ending balances in the component unit's consolidating financial statements to avoid duplication.

NDSU and RTP have entered into an operating agreement, whereby NDSU leases Research Building #1 for an annual rent of \$628,943 and Research Building #2 for \$1,525,963 through July 2013, plus utilities and insurance. Total payments under these agreements in fiscal year 2007 were approximately \$2.2 million. These agreements are subject to funding and legislative appropriations. The agreement automatically extends for one-year periods unless cancelled by either party to the agreement.

NORTH DAKOTA STATE UNIVERSITY AND NDSU DEVELOPMENT FOUNDATION

NDSU EQUINE SCIENCE CENTER

Effective January 1, 2003, NDSU and the NDSU Development Foundation entered into a ten-year lease agreement with an option for an additional ten-year term to facilitate the construction of an Equine Science Center. Under the agreement, NDSU will pay rent to NDSU Development Foundation for use of the premises. The amount of the rent is tied to the debt service retirement plus necessary insurance and taxes incurred

by the Development Foundation. NDSU paid the Development Foundation \$313,572 in fiscal year 2007.

The facility is included in long-term investments and the debt is included in long-term liabilities on the financial reports of the NDSU Development Foundation. NDSU has also recorded a capital asset and a capital lease payable of \$3,905,000 as of June 30, 2007. Since the Development Foundation is a discretely presented component unit of the University System and the component unit and the University System are reporting the same assets and debt for the Equine Center, an elimination entry is made to ending balances in the component unit's consolidating financial statements to avoid duplication.

FARGODOME LEASE AND IMPROVEMENTS

In fiscal year 2006, the NDSU Development Foundation financed the construction and equipping of office space, locker rooms, meeting rooms, and related facilities in the Fargodome for use by NDSU through the sale of revenue bonds issued by Cass County. The Foundation has leased the space in the Fargodome from the City of Fargo and subleased the space, furniture, fixtures and equipment to NDSU. Under the agreement, NDSU will pay rent to the NDSU Development Foundation for use of the premises. The amount of the rent is tied to the debt service retirement plus the Fargodome annual space rent and all costs incurred by the Development Foundation incident to the lease, less any contributions received by the Foundation for the project. NDSU paid the Development Foundation \$57,500 in fiscal year 2007 under this agreement.

The facility is included in long-term investments and the debt is included in long-term liabilities on the financial reports of the NDSU Development Foundation. NDSU has also recorded a capital asset and a capital lease payable of \$3,252,784 as of June 30, 2007. Since the Development Foundation is a discretely presented component unit of the University System and the component unit and the University System are reporting the same assets and debt for the Fargodome improvements, an elimination entry is made to ending balances in the component unit's consolidating financial statements to avoid duplication.

NDSU DOWNTOWN CAMPUS

The former Northern School Supply building was donated to the NDSU Development Foundation by a NDSU alum in December 2001. During fiscal years 2003 and 2004, the NDSU Development Foundation renovated the building with the intent to lease the facility to NDSU beginning fall 2004. NDSU entered into an agreement with 650 NP Avenue, LLC and Kilbourne Design Group, LLC (formerly consolidated in the financial statements of the foundation) to lease the property for \$49,583 per month through August 12, 2011, with an option to renew for two five-year periods. During fiscal year 2005, the Foundation transferred nearly the entire ownership in 650 NP Avenue, LLC and Kilbourne Design, LLC; therefore, they are no longer

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consolidated in the financial statements of the foundation. When the sublease with NDSU expires, the intent is to transfer the property back to the Foundation, and a new lease between the Foundation and NDSU will be negotiated.

In fiscal years 2003 and 2004, the facility was reported on the financial statements of the NDSU Development Foundation as construction in progress and a short-term liability (for the construction loan). No asset or liability is reported in fiscal year 2005 or 2006 due to the transfer of ownership. The tax credits along with the deduction for donations bring the net cost to \$5.6 million, which is shown as a capital asset and capital lease liability on the books and financial statements of NDSU. The lease payments are recorded as interest only by NDSU until fiscal 2011, when the property is transferred back to the Development Foundation and lease revenue bonds will be issued to finance the acquisition.

AIRCRAFT

Effective June 28, 2007, NDSU and the NDSU Development Foundation entered into a \$2,348,000, ten-year, lease agreement for the purchase of an aircraft. Under the agreement, NDSU will pay rent to the NDSU Development Foundation for use of the aircraft. The amount of the rent is equal to the amount of the principal and interest payments on the loan, for the life of the loan. The University is responsible for all costs incurred in operation and maintenance of the aircraft. Upon completion of the loan payments, ownership of the aircraft will be transferred to NDSU. Since the Development Foundation is a discretely presented component unit of the University System and the component unit and the University System are reporting the same assets and debt for the leased aircraft, a reclassification entry was made to ending balances in the component unit consolidating financial statements to show the appropriate due from primary institution.

OTHER TRANSACTIONS

NDSU also has agreements in place with the Foundation for maintenance of the University's alumni records, for use and insurance on certain land and buildings and for lease of a vehicle. Amounts paid under these agreements in fiscal year 2007 were \$700,740. In addition, the Development Foundation may contract with NDSU for materials and personnel in the service and utility areas and will reimburse NDSU based on separate agreements.

UNIVERSITY OF NORTH DAKOTA AND UND AEROSPACE FOUNDATION

The Aerospace Foundation reimbursed UND for salaries, building rent, aircraft rental, and goods and services under an operating agreement aggregating approximately \$1.6 million in fiscal year 2007. This operating agreement has no specific term and is intended to memorialize various operating agreements, rate structures, duties, and obligations each party has to the other. UND reimbursed the foundation for air service

and hangar, CRJ, 360-degree tower, and aircraft rental of \$1.3 million. These expense reimbursements represent actual costs incurred.

In addition, the Aerospace Foundation may contract with UND for materials and personnel in the service and utility areas and will reimburse UND based on separate arrangements. As of June 30, 2007, the Foundation has recorded accounts payable to UND of \$102,483 for reimbursable costs and services under these arrangements.

The Aerospace Foundation entered into a sublease with UND to lease the aircraft storage hangar/ground support equipment facility. The lease term is for 20 years, commencing on July 7, 2003, until July 6, 2023. For the first 15 years of the sublease, UND will pay the Foundation monthly minimum payments of \$12,672 beginning on October 1, 2003, subject to actual cost adjustments. At the end of the 15 years of the sublease, rent will be adjusted based upon an interest rate adjustment or a refinancing of the debt incurred by the Foundation in the construction of the hangar. The audited financial statements for fiscal year 2007 of the Foundation report the capital assets and related debt for this lease. Since the Foundation is a discretely presented component unit of the University System and the component unit and the University System are reporting the same assets and debt for this transaction, an elimination entry is made to ending balances in the component unit consolidating financial statements to avoid duplication.

UNIVERSITY OF NORTH DAKOTA AND RE ARENA, INC.

RE Arena, Inc. manages, operates, and maintains an arena known as the Ralph Engelstad Arena, which was constructed in 2001 for the benefit of UND athletics. On July 1, 2004, UND and RE Arena, Inc., entered into a usage agreement with regards to the arena that sets forth facility usage, fees and services, and net income disposition. In accordance with this agreement, UND will control all ticket revenue from UND athletic events held in the arena, UND and RE Arena, Inc. will jointly utilize UND marketing staff, and UND agrees to pay RE Arena, Inc. a stated amount of the ticket revenue from hockey, football, and men's and women's basketball events.

Revenue and expenses from all other UND events held at the arena will be negotiated on an event-by-event basis. Per this agreement, UND paid approximately \$1.8 million to RE Arena, Inc. in fiscal year 2007 for event ticket revenue. Also per this agreement, RE Arena, Inc. agrees to pay a stated amount of athletic marketing revenue to UND. Accordingly, RE Arena, Inc. paid UND \$378,287 in marketing revenue in fiscal year 2007. Additionally, under the agreement, RE Arena, Inc. will annually fund a reserve for extraordinary repairs, maintenance, and building improvements in an amount up to \$350,000. And, on an annual basis, RE Arena, Inc. will remit to UND the net income after adding back

depreciation and amortization, the funded reserve and capital expenditures for the fiscal year. RE Arena, Inc. paid UND \$350,000 under this agreement in fiscal year 2007.

In addition, RE Arena, Inc. may contract with UND for materials and personnel in the service and utility areas and will reimburse UND based on separate agreements. As of June 30, 2007, RE Arena, Inc. has a payable to UND of \$359,113 for these expenditures.

UNIVERSITY OF NORTH DAKOTA AND UNIVERSITY OF NORTH DAKOTA FOUNDATION

The University of North Dakota Foundation issued through Wells Fargo Brokerage Services, LLC, tax-exempt lease revenue bonds on October 24, 2003, of \$4,400,000 to finance the land purchase and construction of the Minot Family Practice Center. The center is a component of the School of Medicine & Health Sciences at UND. Interest only is due on a semi-annual basis at a variable rate of interest with a maturity date of December 15, 2018. The interest rate is 3.7 percent at June 30, 2007. The Foundation may pay down principal in increments of \$100,000 on interest payment dates without penalty. Principal balance outstanding at June 30, 2007, is \$3,700,000. A receivable from UND and the bond payable is included on the financial reports of the Foundation, and UND has recorded a capital asset and a capital lease payable as of June 30, 2007.

On July 24, 2002, UND Foundation issued lease revenue bonds of \$8,595,000 on behalf of UND to i) finance the construction of an office building for EERC, ii) renovate the current EERC building, iii) finance capitalized interest, and iv) pay cost of issuance of the bonds. UND and UND Foundation also entered into a lease agreement on July 1, 2002, whereby the Foundation leases certain property to UND and UND will pay the Foundation basic rents which will be sufficient to cover principal and interest on the lease revenue bonds when due. The bonds bear an interest rate of 2 to 5.13 percent and mature in 2027. The lease revenue bond has a balance of \$7,660,000 at June 30, 2007. The Foundation's financial statements include this transaction as a receivable from UND and a long-term liability. UND's financial statements include the capitalized asset and a long-term liability due to UND Foundation.

UND leases office space to the UND Foundation at a cost of \$1 per year and provides some administrative services, computer services, utilities and maintenance at no cost as a partial in-kind reimbursement for services rendered by the Foundation. Lease on the office, dated November 1, 1979, has a term of two years remaining. At June 30, 2007, due to timing of receipts and payments, the UND Foundation recorded a payable of \$265,207 to UND.

NOTE 12 - 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	\$ 367,026
Financial standby letters of credit	189,337
	<u>\$ 556,363</u>

Commitments to extend credit are agreements to lend as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments 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.

STATE OF NORTH DAKOTA

COMMUNITY WATER FACILITY LOAN FUND

In the normal course of business, the Loan Fund makes various commitments that are not reflected in the financial statements. These commitments include commitments to extend credit of \$1,007,000 at December 31, 2006.

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 \$44,150,000 at June 30, 2007. 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 \$51,546,000 at June 30, 2007.

PUBLIC FINANCE AUTHORITY

In the normal course of business, the Finance Authority (a component unit) makes various commitments that are not reflected in the financial statements. These commitments include commitments to extend credit of \$19,752,000 at December 31, 2006.

NOTE 13 - INTEREST RATE SWAP

NORTH DAKOTA HOUSING FINANCE AGENCY

As a means to lower its borrowing costs, when compared against fixed-rate bonds at the time of issuance, the Agency entered into several interest rate swaps in connection with various variable-rate housing bond series. The intention of these swaps was to effectively change the Agency's interest rate on the bonds to a fixed rate.

The bonds and the related swap agreements have a stated maturity date, and the swap's notional amounts match the amount of variable-rate bonds. Under the swaps, the Agency pays the counterparty a fixed payment and receives a variable payment computed as a percent of the London Interbank Offered Rate (LIBOR) plus a fixed percentage. On the other hand, the bond's variable-rate coupons are determined by the remarketing agent. If, for any reason, the remarketing agent fails to

act, the rate shall be the lesser of (i) the TBMA (Bond Market Association) Index plus 0.25% or (ii) the Maximum rate as defined within the applicable series resolution. The Agency did not disburse any funds to enter into these swap agreements.

As of June 30, 2007, the Agency is exposed to credit risk on the swaps that have a positive fair value, which total \$3,795,143. Of the swaps with negative fair value, the Agency is not exposed to credit risk. However, the swap exposes the Agency to basis risk should the relationship between LIBOR and TBMA converge, changing the synthetic rate on the bonds. The swap counterparty has guaranteed all payments and is rated AA+/AA-/AA by Moody's Investor Services, Standard & Poor's, and Fitch, respectively. To mitigate potential credit risk, the counterparty has entered into a Credit Support Agreement with Citigroup Global Marketing as a credit enhancement.

Due to the difference among the variable rate indices, the swaps had a net positive fair value of \$2,296,775 as of June 30, 2007. The coupons on the government's variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. All valuations are as of the valuation date indicated. Mid-Market or indicative unwind valuations may be derived from broker quotations or from proprietary models that take into consideration estimates about relevant present and future market conditions as well as the size and liquidity of the position and any related actual or potential hedging transactions. Valuations based on other models or different assumptions may yield different results.

As noted above, the swap exposes the Agency to basis risk should the relationship between LIBOR and the actual variable rates converge, changing the synthetic rate on the bonds. The effect of this difference in basis is indicated by the difference between the intended synthetic rate and the synthetic rate as of June 30, 2007. If a change occurs that results in the rates moving to convergence, the expected cost savings may not be realized.

The derivative contract uses the International Swap Dealers Association Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. The Schedule to the Master Agreement includes an "additional termination event." That is, the swap may be terminated if counterparty's credit quality rating falls below "A3" as issued by Moody's Investors Service or "A-" as issued by Fitch Ratings or Standard & Poor's. The swap may be terminated at any time by the Agency or the counterparty with 30 days' written notice up to limits specified in the swap agreement. If the swap or swaps were terminated, the variable-rate bonds would no longer carry a synthetic interest rate. Also, if at the time of termination the swap has a negative fair value, the Agency would be liable to the counterparty for payment equal to the swap's fair value, but in the event the fair value is positive, the counterparty would be liable to the Agency.

Notes To The Financial Statements

1.	Bond Series	2002 B	2002 B	2003 A	2003 A
2.	Issuance Date	8/28/2002	8/28/2002	5/14/2003	5/14/2003
3.	Maturity Date	1/1/2034	7/1/2011	7/1/2034	1/1/2012
4.	Notional Amount	\$ 16,305,000	\$ 3,590,000	\$ 13,955,000	\$ 5,545,000
5.	Variable-rate Bonds	\$ 16,305,000	\$ 3,590,000	\$ 13,955,000	\$ 5,545,000
6.	Fixed Rate	4.470%	2.940%	4.035%	2.463%
7.	LIBOR Percentage	68.70%	70.60%	62.50%	62.50%
8.	Additional Percentage	0.00%	0.00%	0.44%	0.44%
9.	Bonds Variable-rate	3.81000%	3.81000%	3.81000%	3.81000%
10.	Fair Value	\$ (1,162,477)	\$ 1,367,869	\$ 549,976	\$ 180,879
11.	Percentage of LIBOR	3.65484%	3.75592%	3.76500%	3.76500%
12.	Synthetic Rate	4.62516%	2.99408%	4.08000%	2.50800%
13.	Actual Synthetic Rate	4.62531%	3.06111%	3.93432%	2.36321%

1.	Bond Series	2003 B	2003 B	2004 B	2004 B
2.	Issuance Date	8/27/2003	8/27/2003	4/1/2004	4/1/2004
3.	Maturity Date	1/1/2012	7/1/2034	1/1/2013	7/1/2035
4.	Notional Amount	\$ 5,965,000	\$14,205,000	\$ 9,555,000	\$12,990,000
5.	Variable-rate Bonds	\$ 5,965,000	\$14,205,000	\$ 9,555,000	\$12,990,000
6.	Fixed Rate	3.155%	4.530%	2.620%	3.980%
7.	LIBOR Percentage	64.00%	64.00%	63.00%	63.00%
8.	Additional Percentage	0.365%	0.365%	0.34%	0.34%
9.	Bonds Variable-rate	3.81000%	3.81000%	3.81000%	3.81000%
10.	Fair Value	\$ 92,535	\$ (15,539)	\$ 280,027	\$ 410,373
11.	Percentage of LIBOR	3.76980%	3.76980%	3.69160%	3.69160%
12.	Synthetic Rate	3.19520%	4.57020%	2.73840%	4.09840%
13.	Actual Synthetic Rate	3.09324%	4.46417%	2.61740%	3.97550%

1.	Bond Series	2004 C	2005 A	2005 C	2006 A
2.	Issuance Date	6/10/2004	4/13/2005	9/21/2005	5/4/2006
3.	Maturity Date	1/1/2035	7/1/2024	1/1/2036	7/1/2016
4.	Notional Amount	\$26,550,000	\$23,100,000	\$12,000,000	\$30,210,000
5.	Variable-rate Bonds	\$26,550,000	\$23,100,000	\$12,000,000	\$30,210,000
6.	Fixed Rate	4.095%	3.870%	3.889%	3.955%
7.	LIBOR Percentage	63.00%	62.90%	63.00%	63.00%
8.	Additional Percentage	0.34%	0.32%	0.31%	0.31%
9.	Bonds Variable-rate	3.81000%	3.81000%	3.81000%	3.81000%
10.	Fair Value	\$ 10,667	\$ 426,011	\$476,806	\$(320,352)
11.	Percentage of LIBOR	3.69160%	3.66628%	3.66160%	3.66160%
12.	Synthetic Rate	4.21340%	4.01372%	4.03740%	4.10340%
13.	Actual Synthetic Rate	4.09103%	3.86576%	3.88593%	3.95416%

STATE OF NORTH DAKOTA

Using rates as of June 30, 2007, debt service requirements of the variable-rate debt and new swap payments are as follows. Interest calculations were based on rates as of June 30, 2007. As rates vary, variable-rate bond interest payments and net swap payments will vary. (Expressed in thousands.)

Fiscal Year Ending June 30	Variable-Rate Bond		Interest Rate Swap, Net	Total
	Principal	Interest		
2008	\$ 7,020	\$ 6,427	\$ 380	\$ 13,827
2009	6,730	6,168	424	13,322
2010	6,415	5,921	466	12,802
2011	6,100	5,685	506	12,291
2012	5,195	5,479	539	11,213
2013-2017	42,530	24,853	2,591	69,974
2018-2022	17,935	17,121	2,015	37,071
2023-2027	23,655	13,290	1,657	38,602
2028-2032	34,250	7,789	925	42,964
2033-2037	24,140	1,220	122	25,482
	<u>\$ 173,970</u>	<u>\$ 93,953</u>	<u>\$ 9,625</u>	<u>\$ 277,548</u>

NOTE 14 – SIGNIFICANT CONCENTRATIONS OF CREDIT RISK

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

NOTE 15 – RISK MANAGEMENT

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

THE STATE FIRE AND TORNADO FUND

The State Fire and Tornado Fund, an Enterprise Fund, is financed by premiums charged to the participating funds of the State. All monies collected must be paid into the fund for use only for the purpose outlined in NDCC 26.1-22.02.

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

STATE BONDING FUND

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

FLEET SERVICES

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

WORKFORCE SAFETY & INSURANCE

Workforce Safety & Insurance (WSI), an Enterprise Fund, is a State insurance fund and a "no fault" insurance system, covering the State's employers and employees. WSI is financed by premiums assessed to employers. The rate of such premiums is periodically adjusted to assure the solvency of WSI. The premiums are available primarily for the payment of claims to employees injured in the course of employment. During fiscal year 2007, a total of \$129,354,538 in claims was recognized. Incurred but not reported claims of \$730,900,000 have been accrued as a liability based primarily upon actuarial estimates.

RISK MANAGEMENT FUND

Due to the loss of sovereign immunity, the 1995 Legislature established the Risk Management Fund (RMF) to pay money damages for tort claims for which the State is liable. The statutory liability of the State is limited to a total of \$250,000 per person and \$1,000,000 per occurrence. The State purchases commercial insurance for claims in excess of coverage provided by the Fund and continues to transfer liabilities for medical malpractice and aviation to private insurance carriers. Settlements have not exceeded insurance coverage in any of the past three fiscal years.

Revenues to the RMF are generated from contributions required from state agencies, boards and commissions, and the University System. The need for and amount of funding is determined using a projected cost allocation approach. The premise of this plan is that the agencies with greater expected loss costs should contribute more to the funding of the RMF than those agencies with lesser costs. The underlying logic is that contributions should roughly equal loss costs plus the expenses of administering the program over the long term.

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

The following table presents the changes in claims liabilities balance for the fiscal years ending June 30, 2006, and June 30, 2007:

Fiscal Year	Beginning Balance	Current Year Claims and Changes In Estimates	Claims Payments	Ending Balance
2006	\$ 2,538,340	\$ 1,022,938	\$ 1,333,432	\$ 2,227,846
2007	2,227,846	458,023	768,518	1,917,351

The Risk Management Workers Compensation Program (WCP) was established to consolidate all state entities under one workers compensation account, allowing for transitional duty between entities. The statutory liability of the fund is limited to \$100,000 per claim with Workforce Safety & Insurance, providing excess insurance for claims that exceed the \$100,000 cap. WCP pays separately for this coverage. Since the inception of WCP on July 1, 2001, nine claims exceeded coverage by \$1,179,638.

Revenues to WCP are generated from contributions required from state agencies, boards, commissions, and the University System. The amount contributed from each agency is actuarially determined by Workforce Safety & Insurance and based upon the number of employees, the type of work done, and claims history of each entity. Each entity also pays a deductible of \$250 per claim.

The WCP liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Because actual claims liabilities are affected by complex factors including inflation, changes in legal doctrine, and unanticipated damage awards, the process used in computing claims liabilities does not necessarily result in exact amounts. Claims liabilities will be re-evaluated periodically to take into consideration settled claims, the frequency of claims, and other economic and social factors. An actual study was performed for Workforce Safety & Insurance. The liability estimates are based on that study.

The following table presents the changes in claims liabilities balance for the fiscal year ending June 30, 2007:

Fiscal Year	Beginning Balance	Current Year Claims and Changes in Estimates	Claims Payments	Ending Balance
2006	\$ 1,520,103	\$ 2,841,427	\$ 1,688,503	\$ 2,313,027
2007	2,313,027	3,008,493	2,309,828	3,011,692

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NOTE 16 – PUBLIC ENTITY RISK POOLS

A. GENERAL

FIRE AND TORNADO AND BONDING FUND

The Fire and Tornado Fund provides property insurance to state agencies, political subdivisions, the International Peace Garden and the winter show. The Fire and Tornado Fund has issued 1,088 policies to participating entities for a total building and content coverage of \$7.9 billion. The Bonding Fund is used to provide fidelity bonding of public employees and officials. The Fund has issued 2,952 policies to participating entities. The total coverage for the Bonding Fund is \$425.9 million. 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 that 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 (excess of \$1.0 million) 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.

WORKFORCE SAFETY & INSURANCE

Workforce Safety & Insurance (WSI), an Enterprise Fund, is a state insurance fund and a "no fault" insurance system covering the State's employers and employees. At June 30, 2007, coverage extended to the following employers:

<u>Annual Premium</u>	
\$125 - \$5,000	15,631
\$5,001 - \$50,000	3,540
\$50,001 - \$100,000	279
Over \$100,000	222
Total Employers	<u>19,672</u>

WSI 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 WSI are accounted for on the accrual basis. Liability for incurred but not reported and incomplete claims and claims expense is estimated by WSI's actuary. The estimate is developed by WSI's actuary, taking into consideration past experience of WSI in paying claims, and general conditions of the environment in which WSI operates. The liability includes estimates of costs to settle individual claims that 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. WSI 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, 2007, the actuary presented an estimate in the form of a range to emphasize the uncertainty for a "long-tailed" liability insurer such as workers' compensation. These ranges are as follows (expressed in thousands):

	<u>Low</u>	<u>Expected Value</u>	<u>High</u>
Full Value Basis (undiscounted)	\$ 1,080,00	\$ 1,201,100	\$ 1,380,000
Discounted at 5% rate		\$ 730,900	\$ 840,000

*Not computed by actuary.

WSI has adjusted the estimated liability for unpaid loss and loss adjustment expense to the actuary's five percent discounted expected value of \$730.9 million at June 30, 2007.

The June 30, 2006, liability of \$686.8 million was recorded at the discounted rate of five 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.

WSI did not incur any acquisition costs that should have been capitalized at June 30, 2007.

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		Workforce Safety & Ins	
	2007	2006	2007	2006	2007	2006
Unpaid claims and claims adjustment expenses at the beginning of the year	\$ 1,191	\$ 789	\$ 646	\$ 290	\$ 686,800	\$ 680,400
Incurred claims and claims adjustment expenses:						
Provision for current fiscal year	1,537	2,851	173	392	120,109	112,044
Change in provision for prior fiscal year	-	-	-	-	3,942	(29,768)
Payments and claims and adjustment expenses attributable to:						
Current fiscal year insured events	(1,133)	(1,660)	328	254	(20,982)	(20,511)
Prior fiscal years' insured events	(1,191)	(789)	(646)	(290)	(65,769)	(62,165)
Total Payments	(2,324)	(2,449)	(318)	(36)	(86,751)	(82,676)
Change in provision for discount	-	-	-	-	6,800	6,800
Total unpaid claims and claims adjustment expenses at the end of the year	<u>\$ 404</u>	<u>\$ 1,191</u>	<u>\$ 501</u>	<u>\$ 646</u>	<u>\$ 730,900</u>	<u>\$ 686,800</u>

NOTE 17 – SCHOOL PERMANENT TRUST FUND

State law permits the permanent fund to use one-tenth of the realized gains and losses in the current and previous years to be included in its calculation of income available for distribution in the current year. When determining the amount of distribution from any of the permanent educational trusts, the board of the permanent fund must consider both preservation of trust corpus and its ability to produce income for future years and the demands for distribution of current income. Any realized gains and losses that are spent must be spent for the purposes for which the trust was established.

Any income in excess of the amount of distribution for the current year can be acted on in one of three ways by the board of the permanent fund:

1. Distribute to the fund beneficiary all or a portion of the income in excess of the previous fiscal year's distribution;
2. Retain for distribution in future years all of a portion of the income in excess of the preceding fiscal year's distribution in an amount not to exceed \$10 million; or
3. Add to the permanent fund all or a portion of the income in excess of the preceding fiscal year's distribution.

At June 30, 2007, realized gains and losses available for distribution in the current year totaled \$16,228,472 for the permanent educational trusts. This amount is included in Reserved Fund Balances—Undistributed Revenue in the governmental funds balance sheet.

NOTE 18 – BANK OF NORTH DAKOTA

GASB Statement No. 34 requires assets and liabilities of enterprise funds be presented in a classified format to distinguish between current and long-term assets and liabilities. The Bank of North Dakota is the only government-owned bank in the United States. Banks do not present a classified balance sheet because current assets are not matched with current liabilities. Presentation of a classified balance sheet would give the false impression that there is a liquidity problem at the bank. Presentation of a classified balance sheet for the Bank of North Dakota would be misleading to the extent that the financial statements may be materially misstated. Therefore, the balance sheet of the Bank of North Dakota presents assets and liabilities in order of their relative liquidity, rather than in a classified format.

NOTE 19 - COMMITMENTS AND CONTINGENCIES

A. LONG-TERM COMMITMENTS

BANK OF NORTH DAKOTA

Chapter 6-09.7 provides that the Bank of North Dakota may guarantee the loan of money by banks, credit unions, lending institutions that are part of the farm credit system, and savings and loan associations in this state to eligible persons for the purchase of agricultural real estate or the restructuring of agricultural real estate loans, provided the transactions do not exceed a loan-to-value ratio of 80%, and further provided that no single loan exceeds \$400,000. The Bank of North Dakota may have no more than \$5,000,000 in outstanding loan

STATE OF NORTH DAKOTA

guarantees under this program. The Bank of North Dakota may guarantee up to 75% of the amount of principal due the lender. The guarantee term may not exceed five years. As of December 31, 2006, the Bank of North Dakota has provided guarantees totaling \$1,391,000. There were no guarantee commitments outstanding under this program.

Chapter 6-09.15 provides that the Bank of North Dakota establish a Beginning Entrepreneur Loan Guarantee Program. The program allows the Bank of North Dakota to enter into an agreement with a lender that, in the event of default by a beginning entrepreneur under a note and mortgage or other loan or financing agreement, the Bank of North Dakota shall pay the lender the amount agreed upon, which is 85 percent of the amount of principal due the lender on a loan at the time the claim is approved. A lender may apply to the Bank of North Dakota for a loan guarantee for a loan of up to \$100,000. The term of the loan guarantee may not exceed five years. The Bank may provide guarantees totaling \$3,400,000. As of December 31, 2006, the Bank has provided guarantees totaling \$2,970,000 and has guarantee commitments of \$174,000 included in commitments to extend credit.

Chapter 6-09-41 provides that the Bank of North Dakota establish and administer a livestock loan guarantee program that is designed to expand the livestock feeding industry in the State of North Dakota. This program is effective through June 30, 2029. The Bank may guarantee loans made by the bank, credit union, a savings and loan association, or any other lending institution in this state to the owner of a commercial feedlot that backgrounds or feeds cattle to harvest-ready weight. In the event of a default, the Bank shall pay to the lender the amount agreed upon, provided that the amount may not exceed 85% of the principal due the lender at the time the claim is approved. As of December 31, 2006, the Bank has guaranteed outstanding totaling \$1,258,000, and has no guarantee commitments outstanding.

STUDENT LOAN TRUST

The 2003 North Dakota Legislature also passed Senate Bill 2335, which permits the Bank of North Dakota to request from the Commission a transfer from the Trust to reimburse the Bank of North Dakota for any losses incurred from investments in North Dakota alternative and venture capital investments and early-stage capital funds up to \$5,000,000. The 2005 North Dakota Legislature passed Senate Bill 2032, which increases the amount up to \$10,000,000. As of June 30, 2007, approximately \$2,669,000 has been funded and \$825,000 committed, with no request for reimbursement anticipated.

RETIREMENT AND INVESTMENT OFFICE (RIO)

The State Investment Board has at June 30, 2007, committed to fund certain alternative private equity partnerships for an amount of \$554.6 million. Funding of

\$329.0 million has been provided leaving an unfunded commitment of \$225.6 million.

MANDAN REMEDIATION TRUST

As of November 23, 2004, the North Dakota Department of Health entered into a quick start contract with Legette, Brashears & Graham, Inc. (LBG) for the performance of remediation services. The amount of the contract was \$149,262. A master services agreement was signed on January 18, 2005, between LBG and the North Dakota Department of Health for the performance of remediation services. Mandan Remediation Trust agrees to pay LBG for services rendered under the quick start contract and the master services agreement pursuant to the Mandan Remediation Trust Agreement. The master services agreement provides a fee schedule for consulting services and equipment use. LBG was reimbursed \$7,632,170 during 2006 for services rendered under the contract.

INDUSTRIAL COMMISSION

In September 2001, the Industrial Commission, as part of the Lignite Research, Marketing and Development Program - Vision21 - entered into a contract with Montana-Dakota Utilities Co. and Westmoreland Power Inc. (MDU). Under this contract the Industrial Commission will provide up to \$10,000,000 to assist in the development and construction of a state-of-the-art electric power generating plant fueled primarily with North Dakota lignite. The funding will be provided as matching funds in three phases. Phases I and II involves the completion of detailed feasibility and permitting studies, electric power market analysis, transmission outlet and permitting study, lignite mine costing study, environmental and socioeconomic impact studies and initial generating plan and lignite combustion product utilization plant design activities. The Commission's commitment to Phases I and II on a matching basis is \$2,850,000. Phase III involves the design, construction and operation of a \pm 65% of 500,000 kw class North Dakota lignite-fired base-loaded electric generating station. The Commission's commitment to Phase III is \$7,150,000. Should MDU determine that they would not proceed with Phase III, the Commission's commitment to Phases I and II is reduced by \$500,000. MDU has agreed that should Phases I, II and III be completed and a new power plant has been built and is operational, after the first year of commercial operation MDU will repay the Commission \$4.5 million in annual payments of \$225,000 for 20 years. On April 30, 2007, MDU withdrew from the Gascoyne Project contract and returned \$562,500. The Commission and Westmoreland are currently reviewing amendments to the contract providing for Westmoreland to be the sole contractor on the project. The current balance on the Phase I and Phase II portion of the contract is \$2,287,500.

Under the Lignite Visions 21 Program, the Commission has entered into an amended contract for the amount of \$10,000,000 with American Lignited Energy. The purpose of the amended contract is for conducting the

FEED process for a coal-to-liquids plant in McClean County. The balance outstanding at June 30, 2007, is \$9,717,052. In addition, the Commission has entered into a contract with Great River Energy for the construction of a power plant at Spiritwood, ND. The balance outstanding at June 30, 2007, is \$1,350,000.

The Commission also has various significant commitments at June 30, 2007, for the purchase of various types of services and other goods totaling \$4,308,768.

Futures Positions:

Month	Contracts		Avg. Price	Fair Value
	Long	Short		
September	-	446	\$ 5.629	\$ 6.243
December	-	118	5.442	6.320

As of June 30, 2007, the Mill had commitments to purchase 2,108,216 bushels of spring wheat and 9,701 bushels of durum.

BUILDING AUTHORITY

The Authority has committed funds to complete various construction and modernization programs at June 30, 2007, totaling \$13,517,000.

PUBLIC FINANCE AUTHORITY

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 Finance Authority 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.

The Finance Authority purchased letters of credit from the Bank of North Dakota in order to fund the reserves for the Capital Financing Program Bonds. As of December 31, 2006, \$3,641,000 of credit was available through these letters of credit and no funds have been advanced.

JOB SERVICE NORTH DAKOTA

As of June 30, 2007, Job Service has commitments to pay \$1,136,574 for purchase orders and contracts awarded for goods, services, software licenses, software support, and software server hosting to be provided in future periods.

MILL AND ELEVATOR

The Mill has entered into futures contracts for spring wheat to lock in a price for a future delivery or settlement period. These contracts are entered into to protect the Mill against price fluctuations of the commodity and are not reflected on the face of the financial statements. The price protection is needed to cover any long or short positions compared to flour sales. All trades are completed using two different national brokerage firms on the Minneapolis Grain Exchange. The following table shows the Mill's futures positions at June 30, 2007. One contract equals 5,000 bushels.

DEPARTMENT OF HUMAN SERVICES

As of June 30, 2007, the Department of Human Services had significant commitments for the purchase of various types of services totaling \$41,864,710.

PUBLIC SERVICE COMMISSION

As of June 30, 2007, the Public Service Commission had significant commitments of \$911,174. This amount consists primarily of contractor charges associated with the Abandoned Mine Lands.

AERONAUTICS COMMISSION

As of June 30, 2007, the Aeronautics Commission had significant commitments of \$1,797,856. This amount consists of grants to political subdivisions for maintenance and improvements of their airports.

DAIRY PRODUCTS PROMOTION COMMISSION

As of June 30, 2007, the Dairy Products Commission had significant commitments of \$220,250. 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, 2007, the North Dakota Soybean Council had significant commitments of \$744,929. This amount mainly consists of grants for the research and development of soybeans.

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NORTH DAKOTA BEEF COMMISSION

As of June 30, 2007, the North Dakota Beef Commission had significant commitments of \$200,000. This amount consists of a grant to NDSU for research purposes.

STATE WATER COMMISSION

As of June 30, 2007, the State Water Commission had long-term commitments of \$31,215,979 for various water projects.

NORTH DAKOTA DEPARTMENT OF TRANSPORTATION

At June 30, 2007, the North Dakota Department of Transportation (Special Revenue Fund) had non-construction contract commitments of approximately \$13.2 million of which \$12.3 million represents federal programs which are cost reimbursable.

Construction commitments at June 30, 2007, totaled approximately \$116.2 million, of which \$90.9 million represents federal programs which are cost reimbursable. These commitments will be funded with future appropriations as work is performed.

UNIVERSITY SYSTEMS

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

	Original Issue	Paid To Date	Amount To Be Paid
BSC	\$ 5,141	\$ 618	\$ 4,523
DSU	3,301	3,096	205
MiSU	118	112	6
MiSU-B	2,613	2,416	197
NDSCS	2,239	378	1,861
NDSU	39,666	27,743	11,922
UND	58,125	51,403	6,723
WSC	85	78	7

NORTH DAKOTA DEVELOPMENT FUND

The board of directors has approved equity investments, loans, grants, and guaranty of collections at June 30, 2007, for which funds have not been disbursed or written agreements entered into in the amount of \$4,594,000.

OTHER CONSTRUCTION COMMITMENTS

Management and Budget	\$ 909
Legislative Assembly	3,911
Human Services	224
Corrections	279
Adjutant General	11,505
Historical Society	2,342
Transportation	77,776
Game and Fish	66

B. LITIGATION

The estimated loss in all of the litigation against the State in which a loss to the State is probable is estimated at zero. Litigation that is reasonably possible to result in an unfavorable outcome is estimated at \$321,000 to \$25,500,000.

The estimated gain in all the litigation brought by the State in which a gain is probable is estimated at \$326,500. This amount was not accrued in these financial statements.

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

The State had not settled any cases before June 30, 2007, in which the settlement had not been paid as of June 30, 2007.

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, 2006, was completed and issued in March of 2007. As a result of this audit, approximately \$660,000 of identifiable questioned costs was 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

WATER COMMISSION

Subsequent to June 30, 2007, the Commission issued additional bonds for the Southwest Pipeline Project. U.S. Department of Agriculture 2007 Series A Bonds were issued totaling \$1,396,537.

HOUSING FINANCE

Subsequent to June 30, 2007, the Agency has begun the process for the issuance of 2007 Series C and Series D Housing Finance Program Bonds. The 2007 Series C and Series D bond issuance will be in the amount of \$170,000,000.

PUBLIC EMPLOYEE RETIREMENT SYSTEM

In August 2007, the System entered into an agreement for the development of a new benefits administration system. The contract is for \$7.7 million and the total appropriation for the project is approximately \$9.6 million, which is anticipated to be fully completed by September 2010.

WORKFORCE SAFETY & INSURANCE

In August 2007, the North Dakota Supreme Court issued Tedford vs. WSI, 2007 ND 142. This decision determined that the Social Security Retirement offset could not be applied to claims experiencing a loss of earnings prior to June 30, 1989. This action has been pending for several years and WSI has built contingencies into its reserve liability, to offset possible effects of this ruling.

MANDAN REMEDIATION TRUST

Subsequent to June 30, 2007, the City of Mandan requested reimbursement from the Trust of \$350,195 for various remediation costs that have been incurred by the City of Mandan. Subsequent contracts with Leggette, Brashears & Graham, Inc for various remediation efforts have been signed totaling \$5,143,729.

BSC AND BSC FOUNDATION

Subsequent to June 30, 2007, BSC and BSC Foundation entered into a 25 year lease agreement to facilitate the construction of the Bismarck State College Career and Technology Institute. Under the agreement, BSC is responsible for payment of all rent, maintenance and repair of this facility, insurance required under the lease, and restrictions of use of the facility as set forth in the lease. The amount of the rent is tied to the debt service retirement. Upon payment of all the bonds, BSC will have the option to purchase the premises for \$100.

NDSU

Subsequent to June 30, 2007, NDSU issued \$12 million of Series 2007 Revenue Bonds for the construction of a new residence hall and renovation of Ceres Hall.

NOTE 21 – NEW PRONOUNCEMENTS

The State implemented the following new pronouncement for fiscal year 2007:

The State implemented GASB Statement No. 43, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans," which was issued in April 2004. This statement established financial reporting standards for other postemployment benefit plans.

The State will implement the following new pronouncements for fiscal years ending after 2007:

GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions," was issued in June 2004. This statement establishes standards for the measurement, recognition, and display of OPEB expenses/expenditures and related liabilities and assets, note disclosures, and, if applicable, required supplementary information in the financial reports of state and local government employers. The provisions of this statement are effective for periods beginning after December 15, 2006.

GASB Statement No. 48, "Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues," was issued in September 2006. This statement establishes criteria that governments will use to ascertain whether certain transactions should be regarded as sales or collateralized borrowings. The statement also includes disclosure requirements for future revenues that are pledged or sold. The provisions of this statement are effective for periods beginning after December 15, 2006.

GASB Statement No. 49, "Accounting and Financial Reporting for Pollution Remediation Obligations," was issued in November 2006. This statement provides guidance on how to calculate and report the costs and obligations associated with pollution cleanup efforts. The provisions of this statement are effective for periods beginning after December 15, 2007.

GASB Statement No. 50, "Pension Disclosures-an amendment of GASB Statements No. 25 and 27," was issued in May 2007. This statement modifies the financial reporting requirements for pensions and enhances information disclosed in the notes to the financial statements or presented as required supplementary information.

GASB Statement No. 51, "Accounting and Financial Reporting for Intangible Assets," was issued in June 2007. This statement establishes criteria that governments will use to establish accounting and financial reporting requirements for intangible assets. The provisions of this statement are effective for periods beginning after June 15, 2009.

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GASB Statement No. 52, "Land and Other Real Estate Held as Investments by Endowments," was issued in November 2007. This statement establishes consistent standards for the reporting of land and other real estate held as investments by essentially similar entities. The statement will require endowments to report their land and other real estate investments at fair value. The provisions of this statement are effective for periods beginning after June 15, 2008.



North Dakota Tourism/Dawn Charging

The legacy of Lewis and Clark can be found deep along the length of the Missouri River, particularly in North Dakota, where the Corps of Discovery spent more time than at any other location on its journey to the Pacific Ocean and back.

Required Supplementary Information - Budgetary Schedule

STATE OF NORTH DAKOTA

Required Supplemental Information Budgetary Comparison Schedule General Fund June 30, 2007

	Approved Budget 2005-2007 Biennium	Appropriation Adjustments 2005-2007 Biennium	Adjusted Budget 2005-2007 Biennium	Actual Biennium To Date Thru 6-30-07	Difference Uncollected/ Unspent Thru 6-30-07
Budgetary Fund Balance, July 1	\$ 65,000,000	\$ 8,164,616	\$ 73,164,616	\$ 75,862,696	\$ 2,698,080
Resources (Inflows):					
Sales and Use Tax	762,724,000	\$ 87,015,753	849,739,753	\$ 841,930,866	(7,808,887)
Income Tax	548,166,000	194,255,539	742,421,539	819,953,687	77,532,148
Business Privilege Tax	5,166,400	3,205,920	8,372,320	9,702,362	1,330,042
Oil And Gas Production Tax	39,838,800	5,935,319	45,774,119	45,970,447	196,328
Oil Extraction Tax	31,161,200	(5,935,319)	25,225,881	25,029,553	(196,328)
Insurance Premium Tax	63,637,000	(9,752,124)	53,884,876	52,873,010	(1,011,866)
Cigarette, Cigar and Tobacco Tax	37,147,000	8,844,081	45,991,081	44,683,370	(1,307,711)
Wholesale Liquor Tax	12,300,000	346,589	12,646,589	12,787,869	141,280
Coal Conversion Tax	48,833,000	(310,953)	48,522,047	49,217,864	695,817
Gaming Tax	20,130,000	(1,702,835)	18,427,165	17,986,019	(441,146)
Lottery	10,000,000	2,600,000	12,600,000	12,600,000	-
Department Fees and Collections	48,545,021	5,913,493	54,458,514	54,024,228	(434,286)
Mineral Leasing Fees	5,996,333	8,875,560	14,871,893	13,960,279	(911,614)
Motor Vehicle Excise Tax	136,133,400	(14,527,841)	121,605,559	125,722,268	4,116,709
Interest on Public Funds	10,470,000	21,655,070	32,125,070	36,507,217	4,382,147
Gas Tax Administration	1,400,000	-	1,400,000	1,400,000	-
Transfers In	153,100,000	-	153,100,000	153,310,132	210,132
Total Revenue Inflows	1,934,748,154	306,418,252	2,241,166,406	2,317,659,171	76,492,765
Amounts Available for Appropriation	1,999,748,154	314,582,868	2,314,331,022	2,393,521,867	(79,190,845)
Charges to Appropriations (Outflows):					
General Government:					
Governor's Office	2,598,137	-	2,598,137	2,473,566	124,571
Secretary of State	4,489,363	105,000	4,594,363	4,510,752	83,611
Office of Management and Budget	20,156,011	640,230	20,796,241	18,324,690	2,471,551
Information Technology	9,972,837	-	9,972,837	9,955,113	17,724
State Auditor	5,126,005	-	5,126,005	4,929,653	196,352
State Treasurer	2,344,547	-	2,344,547	2,217,441	127,106
Attorney General	19,212,156	279,170	19,491,326	19,491,244	82
Tax Department	22,485,152	-	22,485,152	21,542,625	942,527
Legislative Assembly	9,492,225	805,171	10,297,396	9,409,259	888,137
Legislative Council	7,788,941	1,431,212	9,220,153	7,943,409	1,276,744
Supreme Court	65,168,362	(6,627,512)	58,540,850	56,905,523	1,635,327
Legal Counsel for Indigents	-	6,877,590	6,877,590	6,418,749	458,841
Public Employees Retirement System	19,000	-	19,000	-	19,000
Education:					
Public Instruction	636,443,587	275,000	636,718,587	629,768,486	6,950,101
Education Practices & Standards Board	-	-	-	-	-
State Library	3,507,082	-	3,507,082	3,505,651	1,431
School for the Deaf	5,365,097	-	5,365,097	5,245,938	119,159
School for the Blind	2,524,609	-	2,524,609	2,524,524	85
Vocational Education	16,840,786	-	16,840,786	16,840,786	-
Health & Human Services:					
Dept. of Health	13,468,904	-	13,468,904	13,201,038	267,866
Veteran's Home	4,329,092	265,700	4,594,792	4,276,535	318,257
Indian Affairs Commission	387,297	-	387,297	384,760	2,537
Veteran's Affairs	653,668	-	653,668	651,496	2,172
Dept. of Human Services-Management	19,526,461	1,345,400	20,871,861	20,549,693	322,168
Dept. of Human Services-Program and Policy	366,718,185	(10,939,855)	355,778,330	353,115,813	2,662,517
Dept. of Human Services-Centers	98,176,828	9,927,955	108,104,783	105,517,013	2,587,770
Protection and Advocacy	812,093	-	812,093	811,161	932
Job Service	1,501,012	-	1,501,012	1,367,835	133,177
Regulatory:					
Insurance Commission	-	-	-	-	-
Industrial Commission	6,878,658	-	6,878,658	6,872,109	6,549
Labor Commission	961,239	-	961,239	949,622	11,617
Public Service Commission	4,362,837	(60,000)	4,302,837	4,272,654	30,183
Securities Commissioner	1,459,244	-	1,459,244	1,371,637	87,607
Public Safety and Corrections:					
Highway Patrol	20,080,862	-	20,080,862	19,816,996	263,866
Division of Emergency Management	5,115,672	276,238	5,391,910	5,384,331	7,579
Corrections & Rehab	101,135,684	4,091,766	105,227,450	103,540,994	1,686,456
Adjutant General	16,445,229	4,100,000	20,545,229	18,189,316	2,355,913
Agriculture & Commerce:					
Department of Commerce	19,180,781	1,026,120	20,206,901	18,447,644	1,759,257
Department of Agriculture	4,523,112	311,840	4,834,952	4,732,284	102,668
State Fair	615,000	-	615,000	615,000	-
Racing Commission	117,479	-	117,479	117,476	3
Natural Resources:					
Historical Society	8,094,058	170,000	8,264,058	7,900,434	363,624
Council on the Arts	999,691	-	999,691	976,421	23,270
Parks and Recreation	8,144,153	215,616	8,359,769	8,132,833	226,936
Water Commission	1,011,220	-	1,011,220	1,008,130	3,090
Transportation:					
Aeronautics Commission	550,187	-	550,187	550,187	-
Transfers Out	450,670,080	5,362,762	456,032,842	455,967,989	64,853
Total Charges to Appropriations	1,989,452,623	19,879,403	2,009,332,026	1,980,728,810	28,603,216
Ending Budgetary Fund Balance	\$ 10,295,531	\$ 294,703,465	\$ 304,998,996	\$ 412,793,057	\$ 107,794,061

STATE OF NORTH DAKOTA

Required Supplemental Information
Budgetary Comparison Schedule
Budget to GAAP Reconciliation
General Fund
June 30, 2007

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and for the General Fund Expenditures

Sources/Inflows of resources

Actual Amounts (budgetary basis) "total revenue inflows" from the budgetary comparison schedule	2,317,659,171
Back-out revenue from FY 2006	(1,093,497,346)
Differences-Budget to GAAP:	
The period of availability for revenue recognition for budget purposes differs from the GAAP basis.	7,035,433
Repayment received on loans receivable are revenue for Budget not GAAP	(34,588)
Proceeds are recorded for new capital leases on GAAP, but not for Budget	34,660
Total revenues and transfers as reported on the statement of revenues, expenditures, and changes in fund balance-governmental funds	<u><u>\$ 1,231,197,330</u></u>

Uses/Outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	1,980,728,810
Back-Out Expenditures from FY 2006	(976,846,303)
Differences-Budget to GAAP:	
Estimated liabilities are recorded as expenditures for GAAP but not for Budget	8,565,559
New Loans issued are expenditures for Budget but not for GAAP	(758,417)
Certain capital outlay expenditures are funded with bond proceeds and not in Budget	3,806,700
GAAP, but not Budget expenditures are reduced by year end inventory balances	374,468
New capital leases are recorded as expenditures for GAAP, but not for Budget	34,660
Certain due to other funds are recorded under GAAP, but not for Budget	(336,714)
Total expenditures and transfers as reported on the statement of revenues, expenditures, and changes in fund balance-governmental funds	<u><u>\$ 1,015,568,763</u></u>

STATE OF NORTH DAKOTA

Required Supplemental Information Budgetary Comparison Schedule Other Funds June 30, 2007

	Approved Budget 2005-2007 Biennium	Appropriation Adjustments 2005-2007 Biennium	Adjusted Budget 2005-2007 Biennium	Actual Biennium To Date Thru 6-30-07	Difference Uncollected/ Unspent Thru 6-30-07
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -	\$ -
Resources (Inflows):					
Other Budgeted Income	3,904,671,167	214,402,258	4,119,073,425	3,503,859,716	(615,213,709)
Total Revenue Inflows	3,904,671,167	214,402,258	4,119,073,425	3,503,859,716	(615,213,709)
Amounts Available for Appropriation	3,904,671,167	214,402,258	4,119,073,425	3,503,859,716	615,213,709
Charges to Appropriations (Outflows):					
General Government:					
Governor's Office	2,560,000	1,812,850	4,372,850	3,372,719	1,000,131
Secretary of State	9,944,028	25,012	9,969,040	5,985,605	3,983,435
Office of Management & Budget	46,655,319	5,400,000	52,055,319	48,464,630	3,590,689
Information Technology	98,934,390	500,000	99,434,390	81,841,994	17,592,396
State Auditor	2,435,141	-	2,435,141	2,075,020	360,121
Attorney General	24,488,401	-	24,488,401	12,826,977	11,661,424
Tax Department	14,120,000	-	14,120,000	12,166,954	1,953,046
Legislative Assembly	20,000	-	20,000	20,000	-
Supreme Court	2,729,978	(815,457)	1,914,521	1,839,753	74,768
Legal Counsel for Indigents	-	1,220,000	1,220,000	404,518	815,482
Public Employees Retirement System	4,700,237	-	4,700,237	4,045,650	654,587
Education:					
Public Instruction	295,899,635	38,950,300	334,849,935	309,675,591	25,174,344
State Library	1,659,272	-	1,659,272	1,532,199	127,073
School for the Deaf	1,327,265	-	1,327,265	677,135	650,130
School for the Blind	846,447	-	846,447	571,802	274,645
Vocational Education	11,291,197	-	11,291,197	9,983,975	1,307,222
Health & Human Services:					
Dept. of Health	112,270,220	21,251,000	133,521,220	111,471,087	22,050,133
Veteran's Home	6,974,833	413,200	7,388,033	7,384,332	3,701
Indian Affairs	20,000	-	20,000	1,093	18,907
Dept. of Human Services-Management	52,153,741	1,004,155	53,157,896	31,212,053	21,945,843
Dept. of Human Services-Program and Policy	1,035,138,447	1,744,318	1,036,882,765	967,042,731	69,840,034
Dept. of Human Services-Centers	108,348,645	(2,748,473)	105,600,172	101,683,652	3,916,520
Protection and Advocacy	2,908,886	1,000,000	3,908,886	3,473,143	435,743
Job Service	58,270,259	-	58,270,259	48,169,281	10,100,978
Regulatory:					
Insurance Department	13,679,655	15,000	13,694,655	12,303,852	1,390,803
Industrial Commission	43,903,138	(556,919)	43,346,219	34,645,259	8,700,960
Labor Commission	498,965	-	498,965	389,688	109,277
Public Service Commission	6,937,151	-	6,937,151	4,062,597	2,874,554
Securities Commission	217,199	-	217,199	182,558	34,641
Public Safety and Corrections:					
Highway Patrol	14,738,746	-	14,738,746	12,500,622	2,238,124
Division of Emergency Management	57,870,280	29,749,389	87,619,669	72,618,965	15,000,704
Corrections & Rehab	27,765,147	516,367	28,281,514	23,603,707	4,677,807
Adjutant General	31,433,798	25,350,000	56,783,798	42,232,528	14,551,270
Agriculture & Commerce:					
Department of Commerce	57,434,283	718,485	58,152,768	39,983,314	18,169,454
Department of Agriculture	9,486,532	403,215	9,889,747	8,399,425	1,490,322
Racing Commission	249,666	-	249,666	201,762	47,904
Natural Resources:					
Historical Society	9,927,165	933,425	10,860,590	6,704,083	4,156,507
Council on the Arts	1,268,318	-	1,268,318	1,151,519	116,799
Game and Fish	51,201,059	928,943	52,130,002	47,633,532	4,496,470
Parks and Recreation	13,427,583	-	13,427,583	7,778,194	5,649,389
Water Commission	125,059,718	-	125,059,718	74,904,601	50,155,117
Transportation:					
Aeronautics Commission	5,240,118	600,000	5,840,118	3,681,719	2,158,399
Department of Transportation	955,008,348	15,580,148	970,588,496	875,485,786	95,102,710
Total Charges to Appropriations	3,319,043,210	143,994,958	3,463,038,168	3,034,385,605	428,652,563
Ending Budgetary Fund Balance	\$ 585,627,957	\$ 70,407,300	\$ 656,035,257	\$ 469,474,111	\$ (186,561,146)

STATE OF NORTH DAKOTA

Required Supplemental Information Budgetary Comparison Schedule Budget to GAAP Reconciliation Federal Fund June 30, 2007

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and for the Federal Fund Expenditures

Sources/Inflows of resources

Actual Amounts (budgetary basis) "total revenue inflows" from the budgetary comparison schedule	3,503,859,716
Perspective difference: Non-Federal fund revenues	(2,433,447,419)
Differences-Budget to GAAP:	
The period of availability for revenue recognition for budget purposes differs from the GAAP basis.	2,847,142
Donated Commodities and Vaccines received recorded under GAAP but not for Budget	14,274,149
Intrafund activity eliminated for GAAP	(18,455,652)
Certain due from other funds are recorded under GAAP but not for Budget	165,562
Total revenues and transfers as reported on the statement of revenues, expenditures, and changes in fund balance-governmental funds	<u>\$ 1,069,243,498</u>

Uses/Outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	3,034,385,605
Perspective difference: Non-Federal fund expenditures and prior FY federal expenditures	(1,963,954,157)
Differences-Budget to GAAP:	
Estimated liabilities are recorded as expenditures for GAAP but not for Budget	(8,626,395)
New Loans issued are expenditures for Budget but not for GAAP	(1,533,526)
Donated Commodities and Vaccines distributed recorded under GAAP but not for Budget	14,947,219
Intrafund activity eliminated for GAAP	(18,455,652)
Non-appropriated transfers are expenditures for GAAP but not for Budget	16,290,261
Total expenditures and transfers as reported on the statement of revenues, expenditures, and changes in fund balance-governmental funds	<u>\$ 1,073,053,355</u>

STATE OF NORTH DAKOTA

Note To Required Supplemental Information - Budgetary Reporting June 30, 2007

The Budgetary Comparison Schedules present comparisons of the original and revised legally adopted budgets with actual data on a budgetary basis for major funds. The only major fund with a legally adopted budget is the General Fund. All other funds are budgeted together as "Other Budgeted Funds." A budgetary schedule has been done for these other funds because they include budgeted amounts for the Federal Fund, which is a major special revenue fund. These amounts are reported on the schedule entitled "Other Funds." Only the agencies with federal funds are listed here along with any of their non-federal fund budgeted amounts.

North Dakota's Appropriation Acts include a dual legal level of budgetary control - one at the General Fund versus Other Budget Income level for each agency and one at the line item level for each agency. Line items are not separate between General Fund and Other Budgeted Income so that control is not presented in our budgetary comparison schedule for major funds. The legal level of control for all agencies is reported in a publication titled "State of North Dakota 2005-2007 Biennium Budget and Actual Detail (Budgetary Basis) For the Biennium Ended June 30, 2007." This budget information is available through the Office of Management and Budget, 600 East Boulevard Ave Dept. 110, Bismarck, ND 58505. For the 2005-2007 biennium there were general and federal fund supplemental appropriations of \$131,125,792

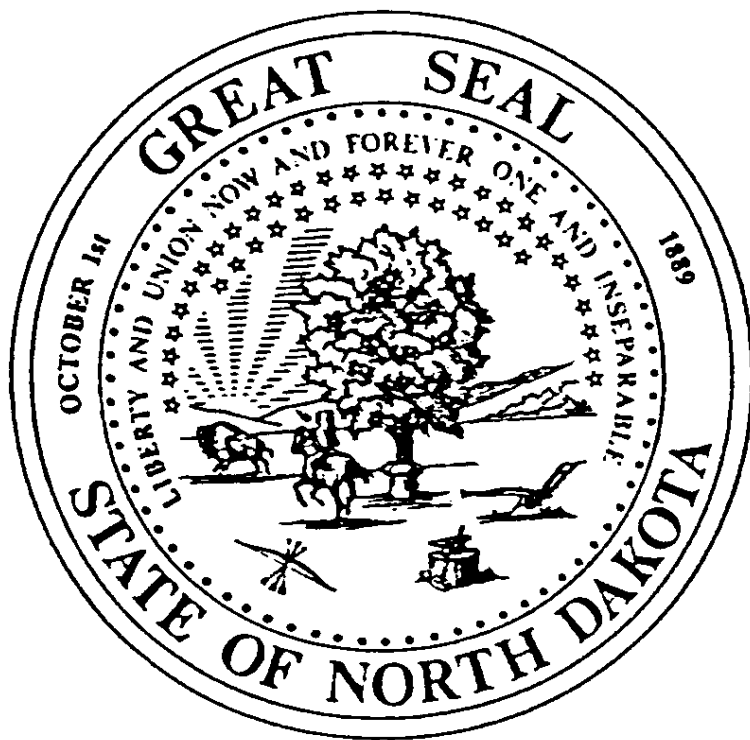
The Budgetary Comparison Schedule reports expenditures on a budgetary basis. The accounting principles applied for purposes of developing data on a budgetary basis differ from those used to present the financial statements in accordance with GAAP. Reconciliations of the two for the fiscal year ended June 30, 2007, for the General Fund and the Federal Fund is on the previous pages. On the reconciliation of Federal Fund, the non-federal fund amounts are also backed out.



North Dakota Tourism/Bruce Wendt

Dusk settles over the rugged beauty of the North Dakota Badlands.

Combining Financial Statements



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STATE OF NORTH DAKOTA

Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

AGRICULTURE

219 - Milk Marketing Fund

Accounts for revenues and expenditures associated with the general operation of the department. (NDCC 4-18.1)

224 - Alcohol Motor Vehicle Fuel Fund

Funds used for the enhancement of agricultural research, development, processing, and marketing. (NDCC 4-14.1)

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)

376 - Environment and Rangeland Protection Fund

To be used for rangeland improvement projects. (NDCC 19-18)

447 - Ethanol Production Incentive Fund

Funds are used for paying ethanol production incentives. (NDCC 4-14.1)

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)

COMMERCE

278 - Breeders Fund

Accounts for revenues that are used to award racehorse breeders. (NDCC 53-06.2)

STATE OF NORTH DAKOTA

290 - Purse Fund

Revenues are used to supplement and improve purses offered at racetracks within the state. (NDCC 56-06.2)

330 - Economic Development Commission Fund

Accounts for revenues and expenditures associated with the general operation of the economic development division. (NDCC 54-34)

334 - Horse Racing Operating Fund

Accounts for the revenues and expenditures for the general operation of the horse racing commission. (NDCC 53-06.2)

339 - Promotion Fund

Revenues are used for the promotion of racing and for the operating expenses of the Racing Commission. (NDCC 53-06.2)

342 - Community Services Fund

Accounts for revenues and expenditures associated with the general operation of the division of community services. (NDCC 54-44.5)

443 - Tourism Fund

Accounts for revenues and expenditures associated with the general operation of the tourism division. (NDCC 54-34.4)

CULTURAL AND 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)

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)

236 - State Waterbank Fund

Funds used for the purpose and implementation of wetland conservation and development plans. (NDCC 61-31)

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)

267 - Water Development Trust Fund

To be used to address the long-term water development and management needs of the state. (NDCC 55-02)

286 - Pipeline Authority Administrative Fund

Funds are to be used for the administrative costs of the Pipeline Authority. (NDCC 54-17.7)

314 - Lignite Research Fund

Funds used for contracts for land reclamation research projects and for research, development, and marketing

of lignite and products derived from lignite. (NDCC 57-61)

317 - Oil and Gas Reservoir Data Fund

Funds used for defraying the costs of providing reservoir data compiled by the Industrial Commission to state, federal, and county departments and agencies, and members of the general public. (NDCC 38-08)

319 - Geologic Data Preservation Fund

Funds are used to defray the expenses of preserving geologic data and disseminating the data. (NDCC 54-17.4)

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)

397 - Water Commission Fund

Accounts for revenues and expenditures associated with the general operation of the department. (NDCC 61-02)

399 - Arts and Humanities Fund

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

413 - NAWS Project Reserve Fund

To be used for the replacement and extraordinary maintenance of the northwest area water supply project. (NDCC 61-24.6-08)

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)

428 - Geophysical, Geothermal, Subsurface Minerals and Coal Exploration Fund

Used to satisfy unfulfilled reclamation obligations incurred from mineral and coal exploration. (NDCC 38-21-01)

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)

EDUCATION206 (959) - Land 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)

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)

274 - Independent Study Operating Fund

Accounts for the revenues and expenditures associated with the general operations of the Division of Independent Study. (NDCC 15-19)

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 - Career & Technical 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)

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)

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)

HEALTH AND HUMAN SERVICES215 - 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)

285 - Compulsive Gambling Prevention and Treatment Fund

Funds are used for gambling prevention and treatment services. (NDCC 50-06)

313 - Environmental Health Practitioners License Administrators Fund

Accounts for revenues and expenditures associated with advisory board duties. (NDCC 43-43)

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)

355 - Provider Assessment Fund

Accounts for an assessment on intermediate care facilities for the mentally retarded. (NDCC 57-63)

360 - Human Services Department Fund

Accounts for revenues and expenditures associated with the general operation of the department. (NDCC 50-06)

364 - Indian Affairs Printing Revolving Fund

Accounts for the revenues and expenses relating to the sale of publications produced and distributed by the Indian Affairs Commission. (NDCC 54-36)

STATE OF NORTH DAKOTA

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)

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)

JUDICIAL AND LEGAL

204 - Attorney General Asset Forfeiture Fund

Funds obtained from the authorized sale of assets seized and forfeited from narcotics investigations and arrests. (NDCC 54-12)

237 - Indigent Civil Legal Services Fund

Funds to provide legal services to persons unable to afford private counsel. (NDCC 54-06)

250 - Attorney General Refund Fund

Accounts for financial resources of the consumer fraud division. (NDCC 54-12)

268 - Restitution Collection Assistance Fund

Accounts for restitution received and used for defraying expenses related to collection of restitution. (NDCC 12.1-32)

279 - Court Facilities Improvement Fund

Used to provide grants to counties for court facilities improvement and maintenance projects. (NDCC 27-05.2)

282 - Indigent Defense Administration Fund

Funds are used to contract for indigent defense services in the state. (NDCC 29-26)

295 - Electronic Filing Administration Fund

Used by the Judicial Branch to cover the costs of maintaining an electronic filing system and managing electronic documents. (NDCC 27-03)

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 COAL AND MINERAL

493 (955) - Land and Minerals Trust:

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)

515 (956) - Coal Development Trust

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 political subdivisions. (NDCC 57-62)

LOCAL GOVERNMENT

238 (925) - Energy Development Impact

Accounts for monies to be distributed through grants to coal impacted political subdivisions. (NDCC 57-62)

240 - Insurance Tax Distribution Fund

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

255 - Senior Citizens Services & Programs

Accounts for a portion of sales, use and motor vehicle excise taxes to be granted to counties for senior citizens services and programs. (NDCC 57-39.2)

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)

446 - Gaming and Excise Tax Allocation Fund

Accounts for a portion of gaming and excise taxes that are deposited in this fund for distribution to cities and counties. (NDCC 53-06.1)

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)

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)

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)

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)

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)

283 - Election Fund

Funds are to be used for the exclusive purpose of carrying out the activities of the Help America Vote Act of 2002. (NDCC 16.1-01)

287 - Integrated Tax System Fund

Accounts for the costs to establish an integrated tax processing system. (2005 Session Laws, HB 1006)

STATE OF NORTH DAKOTA

298 - OMB Debt Financing Fund

Used for capital expenditures paid with debt and used to provide payments to the university System's Centers of Excellence from loan proceeds. (2005 Session Laws, SB 2018 & 2023)

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. (2003 S.L. ch. 22, Sec. 2.)

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)

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)

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)

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)

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)

968 - Job Service - Special Revenue

Accounts for revenues and expenditures associated with the general operation of the department. (NDCC 52-02)

997 - 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)

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 CORRECTIONS

214 - National Guard Emergency Fund

Funds used for costs of the national guard in performing emergency State services. (NDCC 37-01)

311 - Special Operations Team Reimbursement Fund

Funds are used to reimburse city and county governments that provide special operations team services to rural areas. (NDCC 54-12)

321 - Probationer Violation Transportation Fund

Funds are used to defray the costs of returning to the state probationers who violate their conditions of supervision. (2003 S.L., SB 2339)

361 - Highway Patrol Special Fund

Used for distributions from the state highway tax distribution fund to be used for the expenses of the department. (2003 HB 1011).

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)

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)

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)

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)

REGULATORY

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)

242 - Financial Institution Regulatory Fund

Accounts for revenues and expenditures associated with the general operation of the department. (NDCC 6-01)

244 - Investor Education and Technology Fund

Funds provide education services to the public regarding the financial services industry and for the technology needs of the Securities Department. (NDCC 10-04)

247 - Oil and Gas Research Fund

Funds are to be used for oil and gas research activities. (NDCC 57-51.1)

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)

280 - Performance Assurance Fund

Revenues received under the performance assurance plan are to be used to monitor the operation and effect of the plan. (NDCC 49-21)

301 - Siting Process Recovery Fund

Deposits in this fund are to pay for expenses incurred in the energy conversion facility siting process. (NDCC 49-22)

305 - Industrial Commission Fund

Accounts for revenues and expenditures associated with the general operation of the department. (NDCC 4-36)

STATE OF NORTH DAKOTA

395 - Credit Sale Contract Indemnity Fund

Accounts for an assessment on grain sold under a credit-sale contract to be used to reimburse persons selling grain under a credit sale contract upon insolvency of a grain buyer. (NDCC 60-10)

TRANSPORTATION

200,201,277 - Highway Fund

Accounts for revenues and expenditures associated with the general operation of the department. (NDCC 24-02)

202 - Abandoned Vehicle Fund

Funds used to dispose abandoned motor vehicles and other forms of scrap metal. (NDCC 39-26)

205 - Motorcycle Safety Fund

Motorcycle safety education fees used for promoting motorcycle safety. (NDCC 39-28)

217 – Dealer Enforcement Fund

Fees from dealer registrations are to be deposited in this fund. (NDCC 39-22)

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)

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)

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)

941 - Commandant's 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)

Capital Projects Funds

A capital projects fund is used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

BUILDING AUTHORITY

960 - Building Authority Capital Projects Fund

Account for the acquisition or construction of buildings primarily for use by the State and making any improvements connected to those buildings. (NDCC 54-17.2)

WATER COMMISSION

961 - Water Commission - Capital Projects Fund

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

Debt Service Funds

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

BUILDING AUTHORITY

919 - Building Authority Debt Service Fund

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

WATER COMMISSION

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)

DEPARTMENT OF TRANSPORTATION

949 - Department of Transportation Debt Service Fund

Account for accumulation of resources for, and the payment of principal and interest on bonds issued by the Department of Transportation. (NDCC 24-02-40.1)

STATE OF NORTH DAKOTA

Combining Balance Sheet Nonmajor Governmental Funds June 30, 2007

	Special Revenue Funds					
	Agriculture	Commodity Promotion	Commerce	Cultural and Natural Resources	Education	Health and Human Services
ASSETS						
Cash Deposits at the Bank of ND	\$ 7,277,590	\$ 4,249,577	\$ 8,783,530	\$ 25,663,214	\$ 32,776,215	\$ 37,544,080
Cash and Cash Equivalents	114,653	679,775	46,413	2,295	308,606	709,823
Restricted Cash and Cash Equivalents	-	-	-	-	-	-
Investments at the Bank of ND	2,779,406	-	1,550,000	2,596,037	-	224,000
Investments	84,000	2,842,000	-	370,316	-	250,000
Accounts Receivable - Net	114,196	2,143,908	6,712	8,244,889	4,020,234	7,818,063
Taxes Receivable - Net	18,376	-	18,391	51,144	698,483	151,470
Interest Receivable - Net	1,008	2,729	288,966	56,328	-	209,484
Intergovernmental Receivable - Net	-	-	-	107,750	-	968,940
Due from Other Funds	134,695	2,723	278,734	8,306,485	85,950	4,793,295
Prepaid Items	-	-	-	317,350	-	-
Inventory	-	-	41,365	-	120,837	-
Loans and Notes Receivable - Net	-	-	8,760,124	2,972,962	-	9,718,977
Total Assets	\$ 10,523,924	\$ 9,920,712	\$ 19,774,235	\$ 48,688,770	\$ 38,010,325	\$ 62,388,132
LIABILITIES AND FUND BALANCE						
Liabilities:						
Accounts Payable	\$ 412,318	\$ 1,737,409	\$ 206,584	\$ 3,341,582	\$ 139,336	\$ 1,583,715
Accrued Payroll	190,330	89,645	41,313	418,779	363,781	992,222
Securities Lending Collateral	-	-	-	29,587	-	-
Intergovernmental Payable	2,473	-	-	-	-	-
Tax Refunds Payable	-	-	-	-	-	-
Due to Other Funds	125,612	94,923	15,486	6,498,939	584,535	12,157,407
Contracts Payable	-	-	-	-	-	-
Deferred Revenue	36,414	-	-	-	1,423,900	-
Total Liabilities	767,147	1,921,977	263,383	10,288,887	2,511,552	14,733,344
Fund Balances:						
Reserved For:						
Inventory	-	-	41,365	-	120,837	-
Long - Term Receivables	-	-	7,492,731	2,972,962	-	9,240,539
Capital Projects	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-
Prepaid Expenditures	-	-	-	317,350	-	-
Legal Requirements	-	-	-	-	-	-
Unreserved:						
Designated for:						
Fund Activities	-	-	-	-	-	-
Patients Welfare	-	-	-	-	-	387,765
Other	-	-	-	-	-	-
Unreserved, Reported in:						
Special Revenue Funds	9,756,777	7,998,735	11,976,756	35,109,571	35,377,936	38,026,484
Total Fund Balances	9,756,777	7,998,735	19,510,852	38,399,883	35,498,773	47,654,788
Total Liabilities and Fund Balances	\$ 10,523,924	\$ 9,920,712	\$ 19,774,235	\$ 48,688,770	\$ 38,010,325	\$ 62,388,132

Special Revenue Funds							
Judicial and Legal	Land Department Coal and Mineral	Local Government	Oil Tax Resources	Other Special	PACE Fund	Permanent Oil Tax Trust	
\$ 7,437,634	\$ 278,030	\$ 32,905,890	\$ 3,780,914	\$ 2,995,092	\$ 14,296,653	\$ 143,283,499	
176,181	-	67,777	-	24,070	-	-	
-	-	-	-	2,349,296	-	-	
17,003	-	-	28,850,000	1,372,179	-	-	
-	39,197,006	-	-	883,919	-	-	
1,165,964	-	200,933	36	804,449	-	-	
-	264,641	48,611,436	1,396,967	662,364	-	-	
-	446,300	-	37,438	226,155	-	-	
12,138	-	-	3,944	180,182	-	-	
283,114	179,522	-	35,643	568,610	-	-	
86,904	-	-	-	-	1,968,042	-	
-	-	-	-	334,261	-	-	
-	37,117,281	-	4,318,928	-	-	-	
<u>\$ 9,178,938</u>	<u>\$ 77,482,780</u>	<u>\$ 81,786,036</u>	<u>\$ 38,423,870</u>	<u>\$ 10,400,577</u>	<u>\$ 16,264,695</u>	<u>\$ 143,283,499</u>	
\$ 346,082	\$ 7,798	\$ -	\$ -	\$ 1,433,390	\$ -	\$ -	
20,953	-	-	-	116,787	-	158	
-	3,399,967	-	-	-	-	-	
-	-	29,558,797	-	-	-	-	
-	-	156	-	-	-	-	
283,655	483,032	55,950	-	47,425	-	12,679	
-	-	-	-	185,499	-	-	
393,012	-	31,957,333	-	174,317	-	-	
<u>1,043,702</u>	<u>3,890,797</u>	<u>61,572,236</u>	<u>-</u>	<u>1,957,418</u>	<u>-</u>	<u>12,837</u>	
-	-	-	-	334,261	-	-	
-	34,237,709	-	3,985,695	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
86,904	-	-	-	-	1,968,042	-	
-	-	-	-	-	12,673,544	-	
17,482	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	1,623,109	-	
8,030,850	39,354,274	20,213,800	34,438,175	8,108,898	-	143,270,662	
<u>8,135,236</u>	<u>73,591,983</u>	<u>20,213,800</u>	<u>38,423,870</u>	<u>8,443,159</u>	<u>16,264,695</u>	<u>143,270,662</u>	
<u>\$ 9,178,938</u>	<u>\$ 77,482,780</u>	<u>\$ 81,786,036</u>	<u>\$ 38,423,870</u>	<u>\$ 10,400,577</u>	<u>\$ 16,264,695</u>	<u>\$ 143,283,499</u>	

STATE OF NORTH DAKOTA

Combining Balance Sheet Nonmajor Governmental Funds (Continued) June 30, 2007

	Special Revenue Funds					
	Public Safety and Corrections	Recreation	Regulatory	Transportation	Veterans	Total
ASSETS						
Cash Deposits at the Bank of ND	\$ 3,142,220	\$ 4,166,711	\$ 12,629,459	\$ 108,962,885	\$ 966,826	\$ 451,140,019
Cash and Cash Equivalents	12,948	247,380	364	193,820	466,473	3,050,578
Restricted Cash and Cash Equivalents	-	-	-	1,703,995	-	4,053,291
Investments at the Bank of ND	-	25,374,501	-	-	-	62,763,126
Investments	-	-	12,599,694	-	4,922,390	61,149,325
Accounts Receivable - Net	1,005,562	31,816	561,803	1,766,241	689,386	28,574,192
Taxes Receivable - Net	-	-	-	7,865,714	-	59,738,986
Interest Receivable - Net	-	11,876	66,654	244,759	10,416	1,602,113
Intergovernmental Receivable - Net	96,928	-	-	4,862,038	-	6,231,920
Due from Other Funds	760,024	1,007,052	3,394	20,302,940	7,631	36,749,812
Prepaid Items	-	-	-	254,332	-	2,626,628
Inventory	-	108,190	175,469	3,567,627	62,149	4,409,898
Loans and Notes Receivable - Net	-	-	-	6,303,495	231,128	69,422,895
Total Assets	\$ 5,017,682	\$ 30,947,526	\$ 26,036,837	\$ 156,027,846	\$ 7,356,399	\$ 791,512,783
LIABILITIES AND FUND BALANCE						
Liabilities:						
Accounts Payable	\$ 587,220	\$ 553,885	\$ 220,646	\$ 9,505,241	\$ 52,312	\$ 20,127,518
Accrued Payroll	89,781	504,259	330,073	3,873,561	52,706	7,084,348
Securities Lending Collateral	-	-	1,569,806	-	-	4,999,360
Intergovernmental Payable	11,771	-	-	3,469	-	29,576,510
Tax Refunds Payable	-	-	-	256,242	-	256,398
Due to Other Funds	577,796	301,930	3,706,176	2,716,359	10,026	27,671,930
Contracts Payable	-	-	-	1,040,562	-	1,226,061
Deferred Revenue	-	-	43,433	345,834	3,171	34,377,414
Total Liabilities	1,266,568	1,360,074	5,870,134	17,741,268	118,215	125,319,539
Fund Balances:						
Reserved For:						
Inventory	-	108,190	175,469	3,567,627	62,149	4,409,898
Long - Term Receivables	-	-	-	5,430,055	91,828	63,451,519
Capital Projects	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-
Prepaid Expenditures	-	-	-	254,332	-	2,626,628
Legal Requirements	-	-	-	-	-	12,673,544
Unreserved:						
Designated for:						
Fund Activities	-	-	-	-	-	17,482
Patients Welfare	-	-	-	-	43,650	431,415
Other	-	-	-	-	-	1,623,109
Unreserved, Reported in:						
Special Revenue Funds	3,751,114	29,479,262	19,991,234	129,034,564	7,040,557	580,959,649
Total Fund Balances	3,751,114	29,587,452	20,166,703	138,286,578	7,238,184	666,193,244
Total Liabilities and Fund Balances	\$ 5,017,682	\$ 30,947,526	\$ 26,036,837	\$ 156,027,846	\$ 7,356,399	\$ 791,512,783

Debt Service Funds				Capital Projects Funds			Total Nonmajor Governmental Funds
Building Authority	Department of Transportation	Water Commission	Total	Building Authority	Water Commission	Total	
\$ 1,678,000	\$ 21,332,880	\$ 8,831,049	\$ 31,841,929	\$ 18,063,000	\$ -	\$ 18,063,000	\$ 501,044,948
-	-	1,369,473	1,369,473	-	662	662	4,420,713
-	-	-	-	-	-	-	4,053,291
12,956,000	-	-	12,956,000	-	-	-	75,719,126
-	-	-	-	-	-	-	61,149,325
-	-	-	-	-	-	-	28,574,192
-	-	-	-	-	-	-	59,738,986
-	-	193,612	193,612	-	-	-	1,795,725
-	-	-	-	-	-	-	6,231,920
92,000	-	-	92,000	-	-	-	36,841,812
-	-	-	-	-	-	-	2,626,628
-	-	-	-	-	-	-	4,409,898
-	-	-	-	-	-	-	69,422,895
<u>\$ 14,726,000</u>	<u>\$ 21,332,880</u>	<u>\$ 10,394,134</u>	<u>\$ 46,453,014</u>	<u>\$ 18,063,000</u>	<u>\$ 662</u>	<u>\$ 18,063,662</u>	<u>\$ 856,029,459</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,127,518
-	-	-	-	-	-	-	7,084,348
-	-	-	-	-	-	-	4,999,360
-	-	-	-	-	-	-	29,576,510
-	-	-	-	-	-	-	256,398
-	3,571,291	-	3,571,291	3,021,000	-	3,021,000	34,264,221
-	-	-	-	-	-	-	1,226,061
-	-	-	-	-	-	-	34,377,414
<u>-</u>	<u>3,571,291</u>	<u>-</u>	<u>3,571,291</u>	<u>3,021,000</u>	<u>-</u>	<u>3,021,000</u>	<u>131,911,830</u>
-	-	-	-	-	-	-	4,409,898
-	-	-	-	-	-	-	63,451,519
-	-	-	-	15,042,000	662	15,042,662	15,042,662
14,726,000	17,761,589	10,394,134	42,881,723	-	-	-	42,881,723
-	-	-	-	-	-	-	2,626,628
-	-	-	-	-	-	-	12,673,544
-	-	-	-	-	-	-	17,482
-	-	-	-	-	-	-	431,415
-	-	-	-	-	-	-	1,623,109
-	-	-	-	-	-	-	580,959,649
<u>14,726,000</u>	<u>17,761,589</u>	<u>10,394,134</u>	<u>42,881,723</u>	<u>15,042,000</u>	<u>662</u>	<u>15,042,662</u>	<u>724,117,629</u>
<u>\$ 14,726,000</u>	<u>\$ 21,332,880</u>	<u>\$ 10,394,134</u>	<u>\$ 46,453,014</u>	<u>\$ 18,063,000</u>	<u>\$ 662</u>	<u>\$ 18,063,662</u>	<u>\$ 856,029,459</u>

STATE OF NORTH DAKOTA

Combining Statement of Revenues, Expenditures and Changes in Fund Balance Nonmajor Governmental Funds For the Fiscal Year Ended June 30, 2007

	Special Revenue Funds					
	Agriculture	Commodity Promotion	Commerce	Cultural and Natural Resources	Education	Health and Human Services
REVENUES						
Individual and Corporate Income Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,599
Sales and Use Taxes	1,951,350	-	616	-	-	-
Oil, Gas, and Coal Taxes	-	-	-	607,720	6,852,842	-
Business and Other Taxes	200,832	-	208,656	-	-	3,706,575
Licenses, Permits and Fees	1,378,830	17,909	67,681	1,830,685	7,250	2,273,306
Intergovernmental	5,700	-	180,532	2,964,417	36,800	2,327,424
Sales and Services	2,447,231	9,011	88,560	102,966	4,407,178	16,861,291
Royalties and Rents	-	-	-	-	260,345	207,130
Fines and Forfeits	-	1,312	-	75,499	4,809,278	53,907
Interest and Investment Income	107,783	204,113	519,912	2,052,264	37	771,685
Tobacco Settlement	-	-	-	13,171,040	-	2,926,898
Commodity Assessments	64,978	13,736,262	-	-	-	-
Miscellaneous	3,580	132,439	398,641	728,584	110,229	3,244,829
Total Revenues	6,160,284	14,101,046	1,464,598	21,533,175	16,483,959	32,387,644
EXPENDITURES						
Current:						
General Government	-	-	-	10,000	-	-
Education	-	-	-	-	41,313,473	-
Health and Human Services	133,256	-	-	-	-	48,366,050
Regulatory	-	-	-	214,652	-	-
Public Safety and Corrections	-	-	-	-	-	-
Agriculture and Commerce	6,113,656	10,624,880	3,481,340	3,783,373	-	-
Natural Resources	-	-	-	22,168,582	-	-
Transportation	-	-	-	-	-	-
Intergovernmental - Revenue Sharing	-	-	-	-	-	-
Capital Outlay	7,203	25,074	-	9,573,221	-	159,209
Debt Service:						
Principal	2,895	2,740	-	-	8,671	1,354
Interest and Other Charges	-	-	-	-	8,278	-
Total Expenditures	6,257,010	10,652,694	3,481,340	35,749,828	41,330,422	48,526,613
Revenues over (under) Expenditures	(96,726)	3,448,352	(2,016,742)	(14,216,653)	(24,846,463)	(16,138,969)
OTHER FINANCING SOURCES (USES)						
Bonds and Notes Issued	-	-	-	-	-	-
Refunding Bonds Issued	-	-	-	-	-	-
Payment to Refund Bond Escrow Agent	-	-	-	-	-	-
Capital Lease Acquisitions	-	12,548	-	-	-	-
Sale of Capital Assets	-	-	-	-	-	-
Transfers In	132,534	-	367,343	19,764,981	31,411,800	16,286,804
Transfers Out	(403,722)	(765,727)	(36,426)	(6,353,012)	(7,000)	(8,894,634)
Total Other Financing Sources (Uses)	(271,188)	(753,179)	330,917	13,411,969	31,404,800	7,392,170
Net Change in Fund Balances	(367,914)	2,695,173	(1,685,825)	(804,684)	6,558,337	(8,746,799)
Fund Balances - Beginning of Year, as Adjusted	10,124,691	5,303,562	21,196,677	39,204,567	28,940,436	56,401,587
Fund Balances - End of Year	\$ 9,756,777	\$ 7,998,735	\$ 19,510,852	\$ 38,399,883	\$ 35,498,773	\$ 47,654,788

Special Revenue Funds						
Judicial and Legal	Land Department Coal and Mineral	Local Government	Oil Tax Resources	Other Special	PACE Fund	Permanent Oil Tax Trust
\$ -	\$ -	\$ 10,646,609	\$ -	\$ 2,382,649	\$ -	\$ -
-	-	97,189,500	-	-	-	-
-	3,418,424	39,849,652	13,705,685	-	-	118,752,733
-	-	12,347,068	-	-	-	-
126,031	-	16,530,560	-	27,440	-	-
17,881	-	111,116	856,597	4,600	-	-
1,202,802	-	-	-	2,516,558	-	-
-	7,337,555	-	10,555	133,048	-	-
2,221,856	-	88	-	-	-	-
564	2,717,794	-	1,210,605	398,747	352,541	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
59,086	-	-	28,068	657,956	-	-
3,628,220	13,473,773	176,674,593	15,811,510	6,120,998	352,541	118,752,733
1,141,257	489,675	-	-	5,200,978	-	116,457
-	-	-	-	134,221	-	-
-	-	-	-	544,085	-	962,729
226,540	-	-	-	124	-	-
254,668	-	-	-	9,706	-	-
-	-	-	-	143,767	3,863,867	-
-	-	-	-	399,723	-	350,000
-	-	-	-	99,548	-	-
-	-	181,498,302	-	-	-	-
115,703	-	-	-	5,905,732	-	-
2,719	-	-	-	-	-	354
-	-	-	-	-	-	-
1,740,887	489,675	181,498,302	-	12,437,884	3,863,867	1,429,540
1,887,333	12,984,098	(4,823,709)	15,811,510	(6,316,886)	(3,511,326)	117,323,193
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
133,000	-	1,074,863	-	6,992,754	3,225,000	-
(5,222)	(11,066,913)	-	(9,700,000)	(4,765,442)	(800,000)	(29,950,000)
127,778	(11,066,913)	1,074,863	(9,700,000)	2,253,845	2,425,000	(29,950,000)
2,015,111	1,917,185	(3,748,846)	6,111,510	(4,063,041)	(1,086,326)	87,373,193
6,120,125	71,674,798	23,962,646	32,312,360	12,506,200	17,351,021	55,897,469
\$ 8,135,236	\$ 73,591,983	\$ 20,213,800	\$ 38,423,870	\$ 8,443,159	\$ 16,264,695	\$ 143,270,662

STATE OF NORTH DAKOTA

Combining Statement of Revenues, Expenditures and Changes in Fund Balance Nonmajor Governmental Funds (Continued) For the Fiscal Year Ended June 30, 2007

	Special Revenue Funds					
	Public Safety and Corrections	Recreation	Regulatory	Transportation	Veterans	Total
REVENUES						
Individual and Corporate Income Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,043,857
Sales and Use Taxes	3,863,548	2,891	-	82,497,179	-	185,505,084
Oil, Gas, and Coal Taxes	-	-	-	-	-	183,187,056
Business and Other Taxes	-	-	6,738	-	-	16,469,869
Licenses, Permits and Fees	1,714,195	13,360,943	6,474,958	59,389,066	26,075	103,224,929
Intergovernmental	719,396	13,816	-	773,953	3,064,512	11,076,744
Sales and Services	165,582	1,906,339	3,525,943	666,317	2,638,013	36,537,791
Royalties and Rents	176,988	70,010	50,000	219,646	3,084	8,468,361
Fines and Forfeits	-	11,524	324,976	-	-	7,498,440
Interest and Investment Income	-	38,208	1,593,334	2,240,971	448,215	12,656,773
Tobacco Settlement	-	-	-	-	-	16,097,938
Commodity Assessments	-	-	-	-	-	13,801,240
Miscellaneous	1,078,776	173,472	7,050	470,777	56,310	7,149,797
Total Revenues	7,718,485	15,577,203	11,982,999	146,257,909	6,236,209	614,717,879
EXPENDITURES						
Current:						
General Government	6,257	-	-	-	47,231	7,011,855
Education	-	-	-	-	-	41,447,694
Health and Human Services	-	-	-	98,273	4,208,420	54,312,813
Regulatory	-	-	6,007,278	-	-	6,448,594
Public Safety and Corrections	12,316,632	-	-	-	-	12,581,006
Agriculture and Commerce	-	-	-	-	-	28,010,883
Natural Resources	-	12,266,289	-	-	-	35,184,594
Transportation	-	-	-	104,786,756	-	104,886,304
Intergovernmental - Revenue Sharing	-	-	-	-	-	181,498,302
Capital Outlay	508,954	1,427,466	3,312	23,406,598	1,501,519	42,633,991
Debt Service:						
Principal	-	-	-	142,641	-	161,374
Interest and Other Charges	-	-	-	120,487	-	128,765
Total Expenditures	12,831,843	13,693,755	6,010,590	128,554,755	5,757,170	514,306,175
Revenues over (under) Expenditures	(5,113,358)	1,883,448	5,972,409	17,703,154	479,039	100,411,704
OTHER FINANCING SOURCES (USES)						
Bonds and Notes Issued	-	-	-	-	-	-
Refunding Bonds Issued	-	-	-	-	-	-
Payment to Refund Bond Escrow Agent	-	-	-	-	-	-
Capital Lease Acquisitions	-	-	-	109,746	-	122,294
Sale of Capital Assets	21,169	75	-	182,751	-	230,528
Transfers In	4,341,532	310,934	188,379	3,948,971	152,838	88,331,733
Transfers Out	(2,277,087)	(2,900,000)	(3,757,953)	(584,059)	(133,073)	(82,400,270)
Total Other Financing Sources (Uses)	2,085,614	(2,588,991)	(3,569,574)	3,657,409	19,765	6,284,285
Net Change in Fund Balances	(3,027,744)	(705,543)	2,402,835	21,360,563	498,804	106,695,989
Fund Balances - Beginning of Year, as Adjusted	6,778,858	30,292,995	17,763,868	116,926,015	6,739,380	559,497,255
Fund Balances - End of Year	\$ 3,751,114	\$ 29,587,452	\$ 20,166,703	\$ 138,286,578	\$ 7,238,184	\$ 666,193,244

Debt Service Funds				Capital Projects Funds			Total Nonmajor Governmental Funds
Building Authority	Department of Transportation	Water Commission	Total	Building Authority	Water Commission	Total	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,043,857
-	-	-	-	-	-	-	185,505,084
-	-	-	-	-	-	-	183,187,056
-	-	-	-	-	-	-	16,469,869
-	-	-	-	-	-	-	103,224,929
-	-	-	-	-	-	-	11,076,744
-	-	1,269,608	1,269,608	-	-	-	37,807,399
-	-	-	-	-	-	-	8,468,361
-	-	-	-	-	-	-	7,498,440
701,000	1,416,161	533,755	2,650,916	910,000	282	910,282	16,217,971
-	-	-	-	-	-	-	16,097,938
-	-	-	-	-	-	-	13,801,240
15,000	-	-	15,000	-	-	-	7,164,797
716,000	1,416,161	1,803,363	3,935,524	910,000	282	910,282	619,563,685
-	-	-	-	-	-	-	7,011,855
-	-	-	-	-	-	-	41,447,694
-	-	-	-	-	-	-	54,312,813
-	-	-	-	-	-	-	6,448,594
-	-	-	-	-	-	-	12,581,006
-	-	-	-	-	-	-	28,010,883
-	-	-	-	-	-	-	35,184,594
-	-	-	-	-	-	-	104,886,304
-	-	-	-	-	-	-	181,498,302
-	-	-	-	-	936,466	936,466	43,570,457
6,649,000	161,125	1,813,098	8,623,223	-	-	-	8,784,597
5,541,000	2,001,689	4,999,564	12,542,253	-	-	-	12,671,018
12,190,000	2,162,814	6,812,662	21,165,476	-	936,466	936,466	536,408,117
(11,474,000)	(746,653)	(5,009,299)	(17,229,952)	910,000	(936,184)	(26,184)	83,155,568
-	-	-	-	-	936,466	936,466	936,466
9,799,000	-	13,976,068	23,775,068	-	-	-	23,775,068
(9,888,000)	-	(14,700,018)	(24,588,018)	-	-	-	(24,588,018)
-	-	-	-	-	-	-	122,294
-	-	-	-	-	-	-	230,528
9,763,000	85,341	5,389,560	15,237,901	-	-	-	103,569,634
-	(21,989,839)	-	(21,989,839)	(12,782,000)	-	(12,782,000)	(117,172,109)
9,674,000	(21,904,498)	4,665,610	(7,564,888)	(12,782,000)	936,466	(11,845,534)	(13,126,137)
(1,800,000)	(22,651,151)	(343,689)	(24,794,840)	(11,872,000)	282	(11,871,718)	70,029,431
16,526,000	40,412,740	10,737,823	67,676,563	26,914,000	380	26,914,380	654,088,198
\$ 14,726,000	\$ 17,761,589	\$ 10,394,134	\$ 42,881,723	\$ 15,042,000	\$ 662	\$ 15,042,662	\$ 724,117,629



North Dakota Tourism/Bruce Wendt

This 26-room, two-story frame building was built in 1883 as the summer residence of the Marquis' family. The chateau is now a historic house museum.

STATE OF NORTH DAKOTA

Nonmajor 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.

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)

MILL AND ELEVATOR

970 - North Dakota Mill and Elevator

Accounts for the financial resources of the ND Mill and Elevator Association. (NDCC 54-18)

PERS UNIFORM GROUP INSURANCE

980 - Public Employees Retirement System Group Insurance

Accounts for the administrative revenues and expenses associated with this insurance purchasing pool. (NDCC 54-52)

ROUGH RIDER INDUSTRIES

926 - Roughrider Industries

Accounts for the revenues and expenses associated with the operation, manufacture and sale of products made by the prison inmates. (NDCC 12-48)

STATE FAIR

601 (977) - State Fair

Accounts for revenues and expenditures associated with the operation of the State Fair. (NDCC 4-02.1)

STATE LOTTERY FUND

966 (292/296) - State Lottery Fund

Accounts for operations of the North Dakota lottery. (NDCC 53-12)

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)

UNEMPLOYMENT COMPENSATION FUND

967 - Job Service-Expendable Trust Fund

Accounts for State unemployment taxes collected from employers for the purpose of paying unemployment benefits. (NDCC 52-09)

STATE OF NORTH DAKOTA

Combining Statement of Net Assets Nonmajor Enterprise Funds June 30, 2007

	Beginning Farmer Revolving Loan	Bonding	Community Water Facility Loan	Developmentally Disabled Facility Loan	Fire and Tornado	Guaranteed Student Loan
ASSETS						
Current Assets:						
Cash Deposits at the Bank of ND	\$ 7,658,083	\$ 279,906	\$ 2,280,790	\$ 85,683	\$ 2,818,216	\$ 1,367,949
Cash and Cash Equivalents	-	-	-	-	-	-
Investments at the Bank of ND	-	-	-	-	-	5,962,689
Investments	-	2,784,204	-	-	29,372,487	-
Accounts Receivable - Net	-	68,478	-	-	19,064	272
Interest Receivable - Net	289,985	28,996	162,892	7,756	122,185	-
Intergovernmental Receivable - Net	-	-	-	-	-	2,079,477
Due from Other Funds	-	-	-	-	-	452,731
Due from Fiduciary Funds	-	-	-	-	-	-
Prepaid Items	930,923	-	-	-	119,330	-
Inventory	-	-	-	-	-	-
Loans and Notes Receivable - Net	1,500,531	-	577,410	406,333	-	-
Restricted Cash at the Bank of ND	-	-	-	-	-	2,478,912
Restricted Investments at the Bank of ND	-	-	-	-	-	2,372,666
Restricted Interest Receivable - Net	-	-	-	-	-	-
Restricted Loans Receivable - Net	-	-	-	-	-	-
Total Current Assets	10,379,522	3,161,584	3,021,092	499,772	32,451,282	14,714,696
Noncurrent Assets:						
Restricted Cash at the Bank of ND	-	-	-	-	-	-
Restricted Investments	-	-	-	-	-	-
Loans and Notes Receivable - Net	6,236,835	-	16,892,891	1,489,815	-	-
Restricted Loans Receivable - Net	-	-	-	-	-	-
Unamortized Bond Issuance Costs	-	-	-	-	-	-
Other Noncurrent Assets	1,450,472	-	-	-	-	-
Capital Assets:						
Land and Construction in Progress	-	-	-	-	-	-
Infrastructure - Net	-	-	-	-	-	-
Buildings and Equipment - Net	-	-	-	-	-	-
Total Noncurrent Assets	7,687,307	-	16,892,891	1,489,815	-	-
Total Assets	18,066,829	3,161,584	19,913,983	1,989,587	32,451,282	14,714,696
LIABILITIES						
Current Liabilities:						
Accounts Payable	-	243	-	-	155	116,004
Accrued Payroll	-	978	-	-	32,587	-
Securities Lending Collateral	-	351,653	-	-	3,712,159	-
Interest Payable	-	1,997	-	-	20,727	-
Intergovernmental Payable	-	-	-	-	-	1,197,286
Due to Other Funds	10,633	-	22,304	1,989,587	15,321	1,225,600
Amounts Held in Custody for Others	-	-	-	-	-	-
Claims/Judgments Payable	-	275,549	-	-	363,216	-
Compensated Absences Payable	-	2,909	-	-	1,703	-
Capital Leases Payable	-	-	-	-	-	-
Bonds Payable	-	-	-	-	-	-
Deferred Revenue	-	-	-	-	-	620,000
Other Current Liabilities	-	-	-	-	10,458	-
Total Current Liabilities	10,633	633,329	22,304	1,989,587	4,156,326	3,158,890
Noncurrent Liabilities:						
Intergovernmental Payable	-	-	-	-	-	2,380,920
Claims/Judgments Payable	-	225,449	-	-	40,357	-
Compensated Absences Payable	-	-	-	-	32,363	-
Capital Leases Payable	-	-	-	-	-	-
Bonds Payable	-	-	-	-	-	-
Other Noncurrent Liabilities	-	-	-	-	-	4,049,554
Total Noncurrent Liabilities	-	225,449	-	-	72,720	6,430,474
Total Liabilities	10,633	858,778	22,304	1,989,587	4,229,046	9,589,364
Net Assets						
Invested in Capital Assets, Net of Related Debt	-	-	-	-	-	-
Restricted for:						
Debt Service	-	-	-	-	-	-
Loan Purposes	-	-	-	-	-	777,559
Unemployment Compensation	-	-	-	-	-	-
Other	-	-	-	-	-	-
Unrestricted	18,056,196	2,302,806	19,891,679	-	28,222,236	4,347,773
Total Net Assets	\$ 18,056,196	\$ 2,302,806	\$ 19,891,679	\$ -	\$ 28,222,236	\$ 5,125,332

Mill and Elevator	PERS Uniform Group Insurance	Roughrider Industries	State Fair	State Lottery Fund	Student Loan	Unemployment Compensation	Total
\$ -	\$ 5,778,242	\$ 160,567	\$ 1,597,637	\$ 7,056,920	\$ 875,000	\$ 3,583	\$ 29,962,576
-	1,501,027	700	-	-	-	115,008,962	116,510,689
-	-	-	-	-	-	-	5,962,689
-	-	-	-	-	-	-	32,156,691
26,243,207	577,819	484,318	75,947	385,379	-	16,674,771	44,529,255
-	-	-	-	-	874,000	1,365,091	2,850,905
-	-	-	-	-	271,000	249,450	2,599,927
-	7,213	22,266	-	7	286,000	-	768,217
-	35,375	-	-	-	-	-	35,375
555,022	-	11,980	40,634	3,199	52,000	-	1,713,088
15,517,070	-	947,035	-	-	-	-	16,464,105
-	-	-	-	-	11,305,000	-	13,789,274
-	-	-	-	-	641,000	-	3,119,912
-	-	-	-	-	36,826,000	-	39,198,666
-	-	-	-	-	1,715,000	-	1,715,000
-	-	-	-	-	21,318,000	-	21,318,000
42,315,299	7,899,676	1,626,866	1,714,218	7,445,505	74,163,000	133,301,857	332,694,369
-	-	-	266,117	-	-	-	266,117
-	-	-	214,630	-	-	-	214,630
-	-	-	-	-	7,968,000	-	32,587,541
-	-	-	-	-	50,791,000	-	50,791,000
-	-	-	17,231	-	703,000	-	720,231
211,663	-	-	-	884,477	-	-	2,546,612
431,601	-	-	390,816	-	-	-	822,417
133,010	-	-	926,203	-	-	-	1,059,213
34,954,960	-	739,456	10,500,553	37,197	-	-	46,232,166
35,731,234	-	739,456	12,315,550	921,674	59,462,000	-	135,239,927
78,046,533	7,899,676	2,366,322	14,029,768	8,367,179	133,625,000	133,301,857	467,934,296
4,750,562	24,212	252,436	36,963	603,996	37,000	907,781	6,729,352
472,180	36,526	122,299	-	43,243	-	-	707,813
-	-	-	-	-	-	-	4,063,812
-	-	506	21,555	-	441,000	-	485,785
-	-	-	-	-	-	1,133,877	2,331,163
17,000,000	7,004	184,405	-	6,318,334	428,000	358,368	27,559,556
-	4,214,307	-	-	-	-	-	4,214,307
-	-	-	-	-	-	-	638,765
34,354	2,169	4,166	34,149	9,077	-	-	88,527
-	-	27,162	-	-	-	-	27,162
-	-	-	200,000	-	300,000	-	500,000
-	2,647,509	-	-	130,781	-	-	3,398,290
-	-	-	-	-	-	-	10,458
22,257,096	6,931,727	590,974	292,667	7,105,431	1,206,000	2,400,026	50,754,990
-	-	-	-	-	710,000	-	3,090,920
-	-	-	-	-	-	-	265,806
652,720	39,621	121,123	3,786	75,468	-	-	925,081
-	-	22,834	-	-	-	-	22,834
-	-	-	1,134,769	-	83,200,000	-	84,334,769
-	-	-	-	-	-	-	4,049,554
652,720	39,621	143,957	1,138,555	75,468	83,910,000	-	92,688,964
22,909,816	6,971,348	734,931	1,431,222	7,180,899	85,116,000	2,400,026	143,443,954
35,513,586	-	510,386	10,482,803	37,197	-	-	46,543,972
-	-	-	480,747	-	27,215,000	-	27,695,747
-	-	-	-	-	-	-	777,559
-	-	-	-	-	-	130,901,831	130,901,831
-	-	-	-	884,477	-	-	884,477
19,623,131	928,328	1,121,005	1,634,996	264,606	21,294,000	-	117,686,756
\$ 55,136,717	\$ 928,328	\$ 1,631,391	\$ 12,598,546	\$ 1,186,280	\$ 48,509,000	\$ 130,901,831	\$ 324,490,342

STATE OF NORTH DAKOTA

Combining Statement of Revenues, Expenses and Changes in Fund Net Assets Nonmajor Enterprise Funds For the Fiscal Year Ended June 30, 2007

	Beginning Farmer Revolving Loan	Bonding	Community Water Facility Loan	Developmentally Disabled Facility Loan	Fire and Tornado	Guaranteed Student Loan
OPERATING REVENUES						
Sales and Services	\$ -	\$ 43,995	\$ -	\$ -	\$ 5,041,475	\$ 4,021,626
Royalties and Rents	-	-	-	-	-	-
Interest and Investment Income	424,914	-	509,202	112,263	-	-
Miscellaneous	-	-	-	-	-	66
Total Operating Revenues	424,914	43,995	509,202	112,263	5,041,475	4,021,692
OPERATING EXPENSES						
Cost of Sales and Services	-	-	-	-	-	-
Salaries and Benefits	-	11,977	-	-	356,004	-
Operating	906,619	14,604	92,564	13,959	1,793,798	1,276,528
Claims	-	172,502	-	-	1,536,209	-
Interest	-	-	-	100,078	-	-
Depreciation	-	-	-	-	-	476,325
Miscellaneous	3,381	-	-	-	-	-
Total Operating Expenses	910,000	199,083	92,564	114,037	3,686,011	1,752,853
Operating Income (Loss)	(485,086)	(155,088)	416,638	(1,774)	1,355,464	2,268,839
NONOPERATING REVENUES (EXPENSES)						
Grants and Contracts	-	-	-	-	-	-
Interest and Investment Income	175,911	357,180	37,269	1,774	3,527,963	237,570
Interest Expense	-	(30,910)	-	-	(299,937)	-
Loss on Sale of Capital Assets	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total Nonoperating Revenues (Expenses)	175,911	326,270	37,269	1,774	3,228,026	237,570
Income (Loss) Before Contributions and Transfers	(309,175)	171,182	453,907	-	4,583,490	2,506,409
Transfers In	-	-	-	-	113,829	-
Transfer Out	(1,725,000)	-	-	-	-	(385,496)
Change in Net Assets	(2,034,175)	171,182	453,907	-	4,697,319	2,120,913
Total Net Assets - Beginning of Year	20,090,371	2,131,624	19,437,772	-	23,524,917	3,004,419
Total Net Assets - End of Year	\$ 18,056,196	\$ 2,302,806	\$ 19,891,679	\$ -	\$ 28,222,236	\$ 5,125,332

Mill and Elevator	PERS Uniform Group Insurance	Roughrider Industries	State Fair	State Lottery Fund	Student Loan	Unemployment Compensation	Total
\$ 131,951,349	\$ 901,860	\$ 3,531,156	\$ 3,779,101	\$ 22,772,976	\$ -	\$ 56,855,823	\$ 228,899,361
-	-	56,570	-	-	-	-	56,570
-	-	-	-	-	7,467,000	-	8,513,379
-	-	16,255	-	-	-	-	16,321
131,951,349	901,860	3,603,981	3,779,101	22,772,976	7,467,000	56,855,823	237,485,631
121,731,969	-	2,122,665	-	-	-	-	123,854,634
1,696,229	425,967	1,387,326	936,699	533,428	-	-	5,347,630
729,705	3,201,224	210,547	3,140,517	15,534,632	2,296,000	-	29,210,697
-	-	-	-	-	-	47,524,928	49,233,639
-	-	-	-	-	4,288,000	-	4,388,078
2,213,121	-	63,669	840,664	-	-	-	3,593,779
-	-	-	-	-	-	-	3,381
126,371,024	3,627,191	3,784,207	4,917,880	16,068,060	6,584,000	47,524,928	215,631,838
5,580,325	(2,725,331)	(180,226)	(1,138,779)	6,704,916	883,000	9,330,895	21,853,793
-	-	-	897,158	-	-	-	897,158
25,357	314,712	-	35,838	96,538	1,727,000	5,410,315	11,947,427
(547,402)	-	(12,385)	(64,231)	-	-	-	(954,865)
-	-	(2,734)	-	-	-	-	(2,734)
56,185	-	-	(12,089)	-	-	-	44,096
(465,860)	314,712	(15,119)	856,676	96,538	1,727,000	5,410,315	11,931,082
5,114,465	(2,410,619)	(195,345)	(282,103)	6,801,454	2,610,000	14,741,210	33,784,875
-	-	-	202,500	-	-	-	316,329
(5,033,193)	-	-	-	(6,500,000)	-	-	(13,643,689)
81,272	(2,410,619)	(195,345)	(79,603)	301,454	2,610,000	14,741,210	20,457,515
55,055,445	3,338,947	1,826,736	12,678,149	884,826	45,899,000	116,160,621	304,032,827
\$ 55,136,717	\$ 928,328	\$ 1,631,391	\$ 12,598,546	\$ 1,186,280	\$ 48,509,000	\$ 130,901,831	\$ 324,490,342

STATE OF NORTH DAKOTA

Combining Statement of Cash Flows Nonmajor Enterprise Funds For the Fiscal Year Ended June 30, 2007

	Beginning Farmer Revolving Loan	Bonding	Community Water Facility Loan	Develop- mentally Disabled Facility Loan	Fire and Tornado	Guaranteed Student Loan
Cash Flows from Operating Activities:						
Receipts from Customers and Users	\$ 815	\$ 34,131	\$ -	\$ -	\$ 5,050,096	\$ 1,778,014
Interest Income on Loans	390,631	-	-	-	-	-
Receipts from Loan Principal Repayments	1,957,609	-	-	-	-	11,744,154
Receipts from Federal and Local Agencies	-	-	-	-	8,221	-
Receipts from Other Funds	119,765	-	-	-	1,456	-
Receipts from Others	-	-	-	-	-	-
Payments to Other Funds	(44,316)	(15)	-	-	-	-
Payments for Loan Funds	(1,623,662)	-	-	-	-	(10,270,560)
Payments to Suppliers	(808,577)	(15,941)	(92,850)	(15,502)	(1,807,940)	(2,959,938)
Payments to Employees	-	(10,848)	-	-	(354,383)	-
Claim Payments	-	(317,751)	-	-	(2,323,735)	-
Payments to Others	(3,381)	-	-	-	-	-
Net Cash Provided by (Used for) Operating Activities	(11,116)	(310,424)	(92,850)	(15,502)	573,715	291,670
Cash Flows from Noncapital Financing Activities:						
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	-	-	-	(110,167)	-	-
Transfers In	-	-	-	-	113,829	-
Transfers Out	(1,725,000)	-	-	-	-	(385,496)
Principal Payments on Due To Other Funds	-	-	-	(423,032)	-	-
Disbursements for Loans and Loan Purchases	-	-	-	-	-	-
Grants Received	-	-	-	-	-	-
Other	-	-	-	-	-	-
Net Cash Provided by (Used for) Noncapital Financing Activities	(1,725,000)	-	-	(533,199)	113,829	(385,496)
Cash Flows from Capital and Related Financing Activities:						
Acquisition and Construction of Capital 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	-	-	-	-	-	-
Cash Flows from Investing Activities:						
Proceeds from Sale and Maturities of Investment Securities	-	75,461	-	-	-	10,018,407
Purchase of Investment Securities	-	-	-	-	(2,604,505)	(9,610,317)
Interest and Dividends on Investments	175,911	232,298	37,269	1,774	2,331,892	354,176
Disbursements for Loans and Loan Purchases	-	-	(290,000)	-	-	-
Receipt of Loan Principal Repayments	-	-	535,393	392,036	-	-
Loan Income Received	-	-	522,878	110,782	-	-
Net Cash Provided by (Used for) Investing Activities	175,911	307,759	805,540	504,592	(272,613)	762,266
Net Change in Cash:						
Net Increase (Decrease) in Cash and Cash Equivalents	(1,560,205)	(2,665)	712,690	(44,109)	414,931	668,440
Cash and Cash Equivalents at June 30, 2006	9,218,288	282,571	1,568,100	129,792	2,403,285	3,178,421
Cash and Cash Equivalents at June 30, 2007	<u>\$ 7,658,083</u>	<u>\$ 279,906</u>	<u>\$ 2,280,790</u>	<u>\$ 85,683</u>	<u>\$ 2,818,216</u>	<u>\$ 3,846,861</u>
Reconciliation:						
Current:						
Cash Deposits at the Bank of North Dakota	\$ 7,658,083	\$ 279,906	\$ 2,280,790	\$ 85,683	\$ 2,818,216	\$ 1,367,949
Cash and Cash Equivalents	-	-	-	-	-	-
Restricted Cash Deposits at the Bank of North Dakota	-	-	-	-	-	2,478,912
Noncurrent:						
Restricted Cash and Cash Equivalents	-	-	-	-	-	-
Cash and Cash Equivalents	<u>\$ 7,658,083</u>	<u>\$ 279,906</u>	<u>\$ 2,280,790</u>	<u>\$ 85,683</u>	<u>\$ 2,818,216</u>	<u>\$ 3,846,861</u>

Mill and Elevator	PERS Uniform Group Insurance	Roughrider Industries	State Fair	State Lottery Fund	Student Loan	Unemployment Compensation	Total
\$ 158,690,240	\$ 147,471,911	\$ 3,342,977	\$ 3,764,816	\$ 16,454,117	\$ 41,902,000	\$ 57,108,334	\$ 435,597,451
-	-	-	-	-	-	-	390,631
-	-	-	-	-	-	-	13,701,763
-	-	-	-	-	-	-	8,221
-	-	-	-	-	-	-	121,221
-	-	-	-	-	-	69,425	69,425
-	-	(31,950)	-	-	-	-	(76,281)
-	-	-	-	-	-	-	(11,894,222)
(155,291,365)	(150,145,862)	(2,224,635)	(3,124,141)	(8,768,883)	(3,085,000)	(5,985,866)	(334,326,500)
(8,641,001)	(432,184)	(1,354,456)	(1,008,683)	(543,455)	-	-	(12,345,010)
-	-	-	-	-	-	(40,327,628)	(42,969,114)
-	-	(287)	-	(164,449)	-	-	(168,117)
(5,242,126)	(3,106,135)	(268,351)	(368,008)	6,977,330	38,817,000	10,864,265	48,109,468
21,900,000	-	-	-	-	-	-	21,900,000
-	-	-	-	-	(8,000,000)	-	(8,000,000)
(9,500,000)	-	-	-	-	-	-	(9,500,000)
-	-	-	-	-	(3,917,000)	-	(3,917,000)
(547,402)	-	-	-	-	-	-	(657,569)
-	-	-	202,500	-	-	-	316,329
(5,033,193)	-	-	-	(6,500,000)	(9,263,000)	-	(22,906,689)
-	-	-	-	-	-	-	(423,032)
295,100	-	-	-	-	-	-	295,100
-	-	-	897,158	-	-	-	897,158
1,563,850	-	-	-	-	-	-	1,563,850
8,678,355	-	-	1,099,658	(6,500,000)	(21,180,000)	-	(20,431,853)
(3,539,442)	-	(28,444)	(896,398)	-	-	-	(4,464,284)
-	-	200,000	-	-	-	-	200,000
-	-	-	(205,000)	-	-	-	(205,000)
-	-	(18,956)	-	-	-	-	(18,956)
-	-	-	(65,410)	-	-	-	(65,410)
-	-	(8,537)	-	-	-	-	(8,537)
-	-	(40,328)	-	-	-	-	(40,328)
(3,539,442)	-	103,735	(1,166,808)	(47,519)	-	-	(4,650,034)
-	-	-	213,739	-	61,977,000	-	72,284,607
-	-	-	(213,589)	-	(82,173,000)	-	(94,601,411)
25,357	314,712	-	35,538	87,394	1,532,000	5,184,392	10,312,713
-	-	-	-	-	-	-	(290,000)
-	-	-	-	-	-	-	927,429
-	-	-	-	-	-	-	633,660
25,357	314,712	-	35,688	87,394	(18,664,000)	5,184,392	(10,733,002)
(77,856)	(2,791,423)	(164,616)	(399,470)	517,205	(1,027,000)	16,048,657	12,294,579
77,856	10,070,692	325,883	2,263,224	6,539,715	2,543,000	98,963,888	137,564,715
\$ -	\$ 7,279,269	\$ 161,267	\$ 1,863,754	\$ 7,056,920	\$ 1,516,000	\$ 115,012,545	\$ 149,859,294
\$ -	\$ 5,778,242	\$ 160,567	\$ 1,597,637	\$ 7,056,920	\$ 875,000	\$ 3,583	\$ 29,962,576
-	1,501,027	700	-	-	-	115,008,962	116,510,689
-	-	-	-	-	641,000	-	3,119,912
-	-	-	266,117	-	-	-	266,117
\$ -	\$ 7,279,269	\$ 161,267	\$ 1,863,754	\$ 7,056,920	\$ 1,516,000	\$ 115,012,545	\$ 149,859,294

STATE OF NORTH DAKOTA

Combining Statement of Cash Flows Nonmajor Enterprise Funds (Continued) For the Fiscal Year Ended June 30, 2007

	Beginning Farmer Revolving Loan	Bonding	Community Water Facility Loan	Develop- mentally Disabled Facility Loan	Fire and Tornado	Guaranteed Student Loan
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used for) Operating Activities:						
Operating Income (Loss)	\$ (485,086)	\$ (155,088)	\$ 416,638	\$ (1,774)	\$ 1,355,464	\$ 2,268,839
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:						
Depreciation	-	-	-	-	-	476,325
Amortization\Accretion	-	-	-	-	-	-
Reclassification of Interest Revenue\Expense	-	-	(509,202)	(12,185)	-	-
Interest Received on Program Loans	-	-	-	-	-	-
Disbursements for Loans and Loan Purchases	-	-	-	-	-	-
Receipt of Loan Principal Repayments	-	-	-	-	-	-
Provision for Losses	-	-	-	-	-	(1,557,000)
Premiums Collected	-	-	-	-	-	-
Premiums Paid	-	-	-	-	-	-
Other	-	-	-	-	-	101,912
Change in Assets and Liabilities:						
(Increase) Decrease in Accounts Receivable	-	(9,864)	-	-	8,621	(59,402)
Increase in Interest Receivable	(33,468)	-	-	-	-	-
(Increase) Decrease in Due From	119,765	-	-	4,941	8,221	202
Decrease in Due From Fiduciary Funds	-	-	-	-	-	-
(Increase) Decrease in Intergovernmental Receivable	-	-	-	-	-	(512,960)
Decrease in Notes Receivable	333,947	-	-	-	-	-
(Increase) Decrease in Prepaid Items	98,665	-	-	-	(9,120)	-
Increase in inventories	-	-	-	-	-	-
Increase in Other Assets	-	-	-	-	-	-
Increase (Decrease) in Accounts Payable	-	(1,337)	-	-	(14,149)	13,782
Decrease in Claims\Judgments Payable	-	(145,249)	-	-	(787,526)	-
Increase (Decrease) in Intergovernmental Payable	-	-	-	-	-	(574,479)
Increase (Decrease) in Accrued Payroll	-	109	-	-	2,248	-
Increase (Decrease) in Compensated Absences Payable	-	1,020	-	-	(627)	-
Decrease in Amounts Held for Others	-	-	-	-	-	-
Increase (Decrease) in Due To	(44,939)	(15)	(286)	(6,484)	1,456	(389,921)
Increase in Deferred Revenue	-	-	-	-	-	525,877
Increase (Decrease) in Other Liabilities	-	-	-	-	9,127	(1,505)
Total Adjustments	473,970	(155,336)	(509,488)	(13,728)	(781,749)	(1,977,169)
Net Cash Provided by (Used for) Operating Activities	\$ (11,116)	\$ (310,424)	\$ (92,850)	\$ (15,502)	\$ 573,715	\$ 291,670
Noncash Transactions:						
Net Increase in Fair Value of investments	\$ -	\$ 97,574	\$ -	\$ -	\$ 932,072	\$ -
Change in Securities Lending Collateral	-	(198,943)	-	-	(1,306,230)	-
Amortization of Bond Discount	-	-	-	-	-	-
Amortization of Bond Issuance Costs	-	-	-	-	-	-
Interest Revenue on Prize Reserves	-	-	-	-	-	-
Total Noncash Transactions	\$ -	\$ (101,369)	\$ -	\$ -	\$ (374,158)	\$ -

Mill and Elevator	PERS Uniform Group Insurance	Roughrider Industries	State Fair	State Lottery Fund	Student Loan	Unemployment Compensation	Total
\$ 5,580,325	\$ (2,725,331)	\$ (180,226)	\$ (1,138,779)	\$ 6,704,916	\$ 883,000	\$ 9,330,895	\$ 21,853,793
2,213,121	-	63,669	840,664	10,323	-	-	3,604,102
-	-	-	-	-	383,000	-	383,000
-	-	-	-	-	(3,607,000)	-	(4,128,387)
-	-	-	-	-	7,463,000	-	7,463,000
-	-	-	-	-	(348,000)	-	(348,000)
-	-	-	-	-	34,438,000	-	34,438,000
-	-	-	-	-	119,000	-	(1,438,000)
-	149,794,391	-	-	-	-	-	149,794,391
-	(149,794,391)	-	-	-	-	-	(149,794,391)
-	-	-	-	-	-	-	101,912
(6,225,360)	1,331,043	(261,004)	(14,285)	377,620	-	1,596,367	(3,256,264)
-	-	-	-	-	-	-	(33,468)
-	-	(17,732)	-	365	-	-	115,762
-	2,338	-	-	-	-	-	2,338
-	11,681	-	-	-	-	(5,655)	(506,934)
-	-	-	-	-	-	-	333,947
(102,873)	-	11,475	(14,329)	3,861	-	-	(12,321)
(5,913,855)	-	(24,475)	-	-	-	-	(5,938,330)
(86,115)	-	-	-	(134,137)	-	-	(220,252)
(718,088)	(2,355)	121,577	30,705	61,310	-	(77,431)	(585,986)
-	-	-	-	-	-	-	(932,775)
-	1,691	-	-	-	11,000	11,529	(550,259)
(4,098)	1,230	8,998	(64,106)	(8,632)	-	-	(64,251)
14,817	(7,447)	23,872	(7,878)	(1,395)	-	-	22,362
-	(1,913,853)	-	-	-	-	-	(1,913,853)
-	(4,263)	(14,505)	-	15,226	(525,000)	8,560	(960,171)
-	199,131	-	-	(52,127)	-	-	672,881
-	-	-	-	-	-	-	7,622
(10,822,451)	(380,804)	(88,125)	770,771	272,414	37,934,000	1,533,370	26,255,675
\$ (5,242,126)	\$ (3,106,135)	\$ (268,351)	\$ (368,008)	\$ 6,977,330	\$ 38,817,000	\$ 10,864,265	\$ 48,109,468
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,029,646
-	-	-	-	-	-	-	(1,505,173)
-	-	-	8,754	-	-	-	8,754
-	-	-	3,335	-	-	-	3,335
-	-	-	-	6,722	-	-	6,722
\$ -	\$ -	\$ -	\$ 12,089	\$ 6,722	\$ -	\$ -	\$ (456,716)

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 for tort liability and employee injury claims. Coverage is provided using an optional combination of self-insurance and private excess insurance. (NDCC 32-12.2)

STATE OF NORTH DAKOTA

Combining Statement of Net Assets Internal Service Funds June 30, 2007

	Central Services	Fleet Services	Information Technology Department	Risk Management	Total
ASSETS					
Current Assets:					
Cash Deposits at the Bank of ND	\$ 401,846	\$ 5,354,631	\$ 3,198,104	\$ 785,080	\$ 9,739,661
Cash and Cash Equivalents	100	-	-	6,199	6,299
Investments	-	-	-	8,598,915	8,598,915
Accounts Receivable - Net	14,754	48,092	616,467	-	679,313
Interest Receivable - Net	-	-	-	55,147	55,147
Intergovernmental Receivable - Net	14,878	-	51,464	-	66,342
Due from Other Funds	200,318	1,378,498	4,073,472	10,834	5,663,122
Prepaid Items	3,361	-	1,580,044	459,141	2,042,546
Inventory	108,237	-	-	-	108,237
Restricted Cash at the Bank of ND	-	-	5,997,582	-	5,997,582
Total Current Assets	743,494	6,781,221	15,517,133	9,915,316	32,957,164
Noncurrent Assets:					
Unamortized Bond Issuance Costs	-	-	53,196	-	53,196
Capital Assets:					
Buildings and Equipment - Net	37,218	55,224,856	9,649,100	173,269	65,084,443
Total Noncurrent Assets	37,218	55,224,856	9,702,296	173,269	65,137,639
Total Assets	780,712	62,006,077	25,219,429	10,088,585	98,094,803
LIABILITIES					
Current Liabilities:					
Accounts Payable	53,499	1,745,226	738,716	4,066	2,541,507
Accrued Payroll	61,719	69,820	1,220,833	24,772	1,377,144
Securities Lending Collateral	-	-	-	1,043,469	1,043,469
Interest Payable	859	-	303,451	3,160	307,470
Intergovernmental Payable	-	-	450	-	450
Due to Other Funds	4,801	222,558	24,627	19,078	271,064
Claims/Judgments Payable	-	-	-	1,604,751	1,604,751
Compensated Absences Payable	2,348	42,892	66,198	-	111,438
Capital Leases Payable	15,227	-	-	1,251	16,478
Bonds Payable	-	-	606,258	-	606,258
Deferred Revenue	-	-	-	7,917	7,917
Total Current Liabilities	138,453	2,080,496	2,960,533	2,708,464	7,887,946
Noncurrent Liabilities:					
Claims/Judgments Payable	-	-	-	3,324,292	3,324,292
Compensated Absences Payable	44,619	-	1,209,285	22,308	1,276,212
Notes Payable	-	-	6,000,000	-	6,000,000
Capital Leases Payable	-	-	-	5,955	5,955
Bonds Payable	-	-	4,206,103	-	4,206,103
Total Noncurrent Liabilities	44,619	-	11,415,388	3,352,555	14,812,562
Total Liabilities	183,072	2,080,496	14,375,921	6,061,019	22,700,508
NET ASSETS					
Invested in Capital Assets, Net of Related Debt	37,218	55,224,856	9,649,100	166,063	65,077,237
Unrestricted	560,422	4,700,725	1,194,408	3,861,503	10,317,058
Total Net Assets	\$ 597,640	\$ 59,925,581	\$ 10,843,508	\$ 4,027,566	\$ 75,394,295

STATE OF NORTH DAKOTA

Combining Statement of Revenues, Expenses and Changes in Fund Net Assets Internal Service Funds For the Fiscal Year Ended June 30, 2007

	Central Services	Fleet Services	Information Technology Department	Risk Management	Total
OPERATING REVENUES					
Sales and Services	\$ 2,269,494	\$ 23,146,909	\$ 38,239,041	\$ 4,151,421	\$ 67,806,865
Miscellaneous	-	33,186	-	-	33,186
Total Operating Revenues	2,269,494	23,180,095	38,239,041	4,151,421	67,840,051
OPERATING EXPENSES					
Cost of Sales and Services	974,244	-	-	-	974,244
Salaries and Benefits	687,770	1,436,878	14,604,840	295,150	17,024,638
Operating	487,978	11,815,728	17,404,753	617,231	30,325,690
Claims	-	-	-	3,466,516	3,466,516
Depreciation	29,817	6,471,879	2,697,725	38,626	9,238,047
Total Operating Expenses	2,179,809	19,724,485	34,707,318	4,417,523	61,029,135
Operating Income (Loss)	89,685	3,455,610	3,531,723	(266,102)	6,810,916
NONOPERATING REVENUES (EXPENSES)					
Interest and Investment Income	-	-	31,694	908,033	939,727
Interest Expense	(17,167)	-	(213,507)	(43,531)	(274,205)
Loss on Sale of Capital Assets	-	(433,933)	(9,729)	(1,714)	(445,376)
Other	95	-	16,108	-	16,203
Total Nonoperating Revenues (Expenses)	(17,072)	(433,933)	(175,434)	862,788	236,349
Income Before Contributions and Transfers	72,613	3,021,677	3,356,289	596,686	7,047,265
Capital Grants and Contributions	-	9,795	-	-	9,795
Changes in Net Assets	72,613	3,031,472	3,356,289	596,686	7,057,060
Total Net Assets - Beginning of Year, as Adjusted	525,027	56,894,109	7,487,219	3,430,880	68,337,235
Total Net Assets - End of Year	\$ 597,640	\$ 59,925,581	\$ 10,843,508	\$ 4,027,566	\$ 75,394,295

STATE OF NORTH DAKOTA

Combining Statement of Cash Flows Internal Service Funds For the Fiscal Year Ended June 30, 2007

	Central Services	Fleet Services	Information Technology	Risk Management	Total
Cash Flows from Operating Activities:					
Receipts from Customers and Users	\$ 2,235,003	\$ 23,153,060	\$ 35,401,763	\$ 4,158,213	\$ 64,948,039
Payments to Other Funds	-	(360,881)	-	-	(360,881)
Payments to Suppliers	(1,435,892)	(10,953,923)	(17,166,592)	(1,039,427)	(30,595,834)
Payments to Employees	(703,860)	(1,423,913)	(14,407,306)	(293,907)	(16,828,986)
Claim Payments	-	-	-	(761,746)	(761,746)
Payments to Others	-	-	-	(2,422,723)	(2,422,723)
Net Cash Provided by (Used for) Operating Activities	95,251	10,414,343	3,827,865	(359,590)	13,977,869
Cash Flows from Noncapital Financing Activities:					
Interest Payments - Notes and Other Borrowings	(15,432)	-	-	-	(15,432)
Other	349	-	-	-	349
Net Cash Used for Noncapital Financing Activities	(15,083)	-	-	-	(15,083)
Cash Flows from Capital and Related Financing Activities:					
Acquisition and Construction of Capital Assets	-	(10,802,626)	(2,666,712)	(30)	(13,469,368)
Proceeds from Sale of Capital Assets	-	1,958,459	-	-	1,958,459
Proceeds from Bonds	-	-	-	-	-
Principal Payments - Notes and Other Borrowings	-	-	(568,400)	-	(568,400)
Interest Payments - Notes and Other Borrowings	-	-	(213,506)	-	(213,506)
Payment on Capital Leases	(23,457)	-	-	(1,682)	(25,139)
Interest Payments - Capital Leases	(2,808)	-	-	(94)	(2,902)
Net Cash Used for Capital and Related Financing Activities	(26,265)	(8,844,167)	(3,448,618)	(1,806)	(12,320,856)
Cash Flows from Investing Activities:					
Purchase of Investment Securities	-	-	-	(540,800)	(540,800)
Interest and Dividends on Investments	-	-	263,425	675,192	938,617
Net Cash Provided by Investing Activities	-	-	263,425	134,392	397,817
Net Change in Cash:					
Net Increase (Decrease) in Cash and Cash Equivalents	53,903	1,570,176	642,672	(227,004)	2,039,747
Cash and Cash Equivalents at June 30, 2006	348,043	3,784,455	8,553,014	1,018,283	13,703,795
Cash and Cash Equivalents at June 30, 2007	\$ 401,946	\$ 5,354,631	\$ 9,195,686	\$ 791,279	\$ 15,743,542
Reconciliation:					
Cash Deposits at the Bank of North Dakota	\$ 401,846	\$ 5,354,631	\$ 3,198,104	\$ 785,080	\$ 9,739,661
Cash and Cash Equivalents	100	-	-	6,199	6,299
Restricted Cash Deposits at the Bank of North Dakota	-	-	5,997,582	-	5,997,582
Cash and Cash Equivalents	\$ 401,946	\$ 5,354,631	\$ 9,195,686	\$ 791,279	\$ 15,743,542
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used for) Operating Activities:					
Operating Income (Loss)	\$ 89,685	\$ 3,455,610	\$ 3,531,724	\$ (266,102)	\$ 6,810,917
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:					
Depreciation	29,817	6,471,879	2,691,075	38,626	9,231,397
Amortization\Accretion	-	-	6,649	-	6,649
Other	(254)	-	-	(351)	(605)
Change in Assets and Liabilities:					
(Increase) Decrease in Accounts Receivable	9,153	(27,036)	(36,120)	-	(54,003)
Increase in Due From	(45,897)	(59,067)	(1,217,499)	(1,674)	(1,324,137)
(Increase) Decrease in Intergovernmental Receivable	2,253	-	(3,614)	-	(1,361)
(Increase) Decrease in Prepaid Items	1,964	-	(1,580,044)	(410,475)	(1,988,555)
Decrease in Inventories	10,914	-	-	-	10,914
Increase (Decrease) in Accounts Payable	15,206	861,806	306,136	(6,762)	1,176,386
Increase in Claims/Judgments Payable	-	-	-	388,170	388,170
Decrease In Intergovernmental Payable	-	-	(22)	-	(22)
Increase in Accrued Payroll	3,982	7,457	68,398	460	80,297
Increase (Decrease) in Compensated Absences Payable	(20,072)	5,508	129,135	783	115,354
Decrease in Due To	(1,500)	(301,814)	(67,953)	(109,402)	(480,669)
Increase In Deferred Revenue	-	-	-	7,137	7,137
Total Adjustments	5,566	6,958,733	296,141	(93,488)	7,166,952
Net Cash Provided by (Used For) Operating Activities	\$ 95,251	\$ 10,414,343	\$ 3,827,865	\$ (359,590)	\$ 13,977,869
Noncash Transactions:					
Net Increase in Fair Value of investments	\$ -	\$ -	\$ -	\$ 196,616	\$ 196,616
Acquisition of Equipment Under Capital Lease	-	-	-	7,276	7,276
Change in Securities Lending Collateral	-	-	-	(479,324)	(479,324)
Total Noncash Transactions	\$ -	\$ -	\$ -	\$ (275,432)	\$ (275,432)

STATE OF NORTH DAKOTA

Fiduciary Funds

Fiduciary funds account for assets held by the State in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental organizations.

Pension and Other Employee-Related Benefit Trust Funds

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)

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)

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)

Investment Trust Funds

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)

950 - City of Fargo RIO Investments

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

Private Purpose Trust Funds

STUDENT DONATIONS

937 - Department of Public Instruction Thordarson Scholarship 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 Scholarship Trust Fund

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

989 - School for the Deaf Student Trust Funds

Accounts for funds donated to the School for the Deaf for the benefit of the students. (NDCC 25-01.1)

COLLEGE SAVE

940 - College SAVE

Program established by the State of North Dakota to encourage the investment of funds to be used for

qualified higher education expenses at institutions of higher education. (NDCC 6-09-38)

MANDAN REMEDIATION TRUST

943 - Mandan Remediation Trust

Accounts for the funds obtained from a lawsuit settlement for the remediation efforts of the North Dakota Health Department and the City of Mandan.

Agency Funds

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)

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 employers and employees payroll taxes and other deductions such as, insurance and credit union deductions, etc. (NDCC 54-44)

CHILD SUPPORT

463 - Child Support Disbursement Unit Fund

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

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)

946 - District Court Collection Fund

Accounts for collections for third parties. (NDCC 27-05.2)

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)

437 - City Motor Vehicle Rental Tax

Accounts for city motor vehicle rental tax collected by the state tax commissioner. (NDCC 40-57.3)

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)

STATE OF NORTH DAKOTA

Combining Statement of Fiduciary Net Assets Pension, Investment and Private-Purpose Trust Funds June 30, 2007

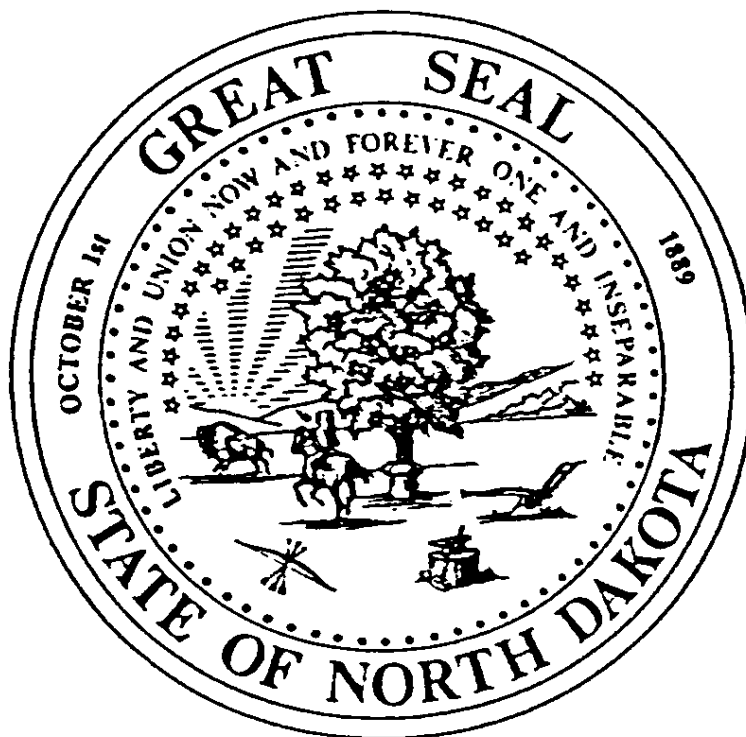
	Pension and Other Employee Benefit Trust Funds					
	Deferred Compensation	Defined Contribution Retirement	Highway Patrolmen's Retirement	Job Service Retirement	PERS Flexcomp	Prefunded Retiree Health Program
ASSETS						
Cash Deposits at the Bank of ND	\$ 73,311	\$ 2,401	\$ -	\$ 5,548	\$ 1,028,297	\$ 97,246
Cash and Cash Equivalents	-	-	-	-	-	-
Receivables:						
Contributions Receivable	-	88,611	-	10,551	447,124	411,542
Accounts Receivable - Net	-	-	-	-	-	-
Interest Receivable - Net	-	-	140,319	301,154	-	420,924
Due from Other Funds	-	-	-	-	-	-
Due from Fiduciary Funds	16,243	-	-	-	9,800	-
Total Receivables	16,243	88,611	140,319	311,705	456,924	832,466
Investments, at Fair Value:						
Investments at the Bank of ND	-	-	-	-	-	-
Equity Pool	-	-	34,425,476	38,820,490	-	29,149,500
Fixed Income	-	2,278,187	-	-	-	-
Fixed Income Pool	-	-	18,896,969	55,378,242	-	15,383,953
Cash and Cash Pool	-	-	610,506	339,234	-	-
Real Estate Pool	-	-	3,553,789	-	-	-
Alternative Investments	-	-	2,651,135	-	-	-
Annuities	141,030	-	-	-	-	-
Mutual Funds	23,706,450	15,557,155	-	-	-	-
Total Investments	23,847,480	17,835,342	60,137,875	94,537,966	-	44,533,453
Invested Securities Lending Collateral	-	-	4,984,671	12,773,349	-	-
Capital Assets (Net of Depreciation)	-	-	-	-	-	-
Total Assets	23,937,034	17,926,354	65,262,865	107,628,568	1,485,221	45,463,165
LIABILITIES						
Accounts Payable	7,681	-	-	127,537	4,451	37,747
Accrued Payroll	20,818	-	-	-	15,274	-
Securities Lending Collateral	-	-	4,984,671	12,773,349	-	-
Due to Other Funds	1,648	17	-	1,864	722	28,041
Due to Fiduciary Funds	-	-	68,302	14,432	-	88,214
Deferred Revenue	17,699	-	-	-	-	-
Compensated Absences Payable	31,131	-	-	-	19,019	-
Capital Leases Payable	-	-	-	-	-	-
Total Liabilities	78,977	17	5,052,973	12,917,182	39,466	154,002
NET ASSETS						
Net Assets Held in Trust for:						
Pension Benefits	23,858,057	17,926,337	60,209,892	94,711,386	-	45,309,163
Other Employee Benefits	-	-	-	-	1,445,755	-
External Investment Pool Participants	-	-	-	-	-	-
Other Purposes	-	-	-	-	-	-
Total Net Assets	\$ 23,858,057	\$ 17,926,337	\$ 60,209,892	\$ 94,711,386	\$ 1,445,755	\$ 45,309,163

Pension and Other Employee Benefit Trust Funds				Investment Trust Funds			
Public Employees Retirement	Teachers Retirement	Total		City of Bismarck	ND Association of Counties	City of Fargo	Total
\$ 1,808,037	\$ 9,950,883	\$ 12,965,723		\$ 40,584	\$ 103,980	\$ 125,061	\$ 269,625
-	-	-		-	-	-	-
3,454,973	8,061,387	12,474,188		-	-	-	-
2,692	-	2,692		-	-	-	-
4,369,557	8,366,495	13,598,449		162,524	1,472	8,286	172,282
394	112	506		-	-	-	-
144,905	-	170,948		-	-	-	-
7,972,521	16,427,994	26,246,783		162,524	1,472	8,286	172,282
-	-	-		-	-	-	-
1,072,015,602	1,260,494,121	2,434,905,189		37,224,325	1,068,676	6,151,429	44,444,430
-	-	2,278,187		-	-	-	-
588,455,088	429,624,787	1,107,739,039		30,675,261	896,493	5,827,987	37,399,741
19,011,260	16,588,981	36,549,981		617,337	-	-	617,337
110,665,643	212,437,075	326,656,507		7,140,882	-	-	7,140,882
82,556,805	87,610,571	172,818,511		690,160	-	-	690,160
-	-	141,030		-	-	-	-
-	-	39,263,605		-	-	-	-
1,872,704,398	2,006,755,535	4,120,352,049		76,347,965	1,965,169	11,979,416	90,292,550
155,223,560	143,933,101	316,914,681		7,127,128	248,623	1,404,741	8,780,492
5,076	789,382	794,458		-	-	-	-
2,037,713,592	2,177,856,895	4,477,273,694		83,678,201	2,319,244	13,517,504	99,514,949
3,434,293	4,136,291	7,748,000		118,683	2,213	10,201	131,097
50,588	-	86,680		-	-	-	-
155,223,560	143,933,101	316,914,681		7,127,128	248,623	1,404,741	8,780,492
15,524	8,881	56,697		-	-	-	-
-	-	170,948		-	-	-	-
-	-	17,699		-	-	-	-
64,760	-	114,910		-	-	-	-
-	1,210	1,210		-	-	-	-
158,788,725	148,079,483	325,110,825		7,245,811	250,836	1,414,942	8,911,589
1,878,924,867	2,029,777,412	4,150,717,114		-	-	-	-
-	-	1,445,755		-	-	-	-
-	-	-		76,432,390	2,068,408	12,102,562	90,603,360
-	-	-		-	-	-	-
\$ 1,878,924,867	\$ 2,029,777,412	\$ 4,152,162,869		\$ 76,432,390	\$ 2,068,408	\$ 12,102,562	\$ 90,603,360

STATE OF NORTH DAKOTA

Combining Statement of Fiduciary Net Assets Pension, Investment and Private-Purpose Trust Funds (Continued) June 30, 2007

	Private-Purpose Trust Funds			
	Student Donations	Mandan Remediation Trust	College SAVE	Total
ASSETS				
Cash Deposits at the Bank of ND	\$ 106,476	\$ 14,339,723	\$ -	\$ 14,446,199
Cash and Cash Equivalents	8,833	608,536	601,773	1,219,142
Receivables:				
Contributions Receivable	-	-	-	-
Accounts Receivable - Net	-	-	79,766	79,766
Interest Receivable - Net	-	1,709	631,603	633,312
Due from Other Funds	54	-	-	54
Due from Fiduciary Funds	-	-	-	-
Total Receivables	54	1,709	711,369	713,132
Investments, at Fair Value:				
Investments at the Bank of ND	19,942	-	-	19,942
Equity Pool	-	-	-	-
Fixed Income	-	-	-	-
Fixed Income Pool	34,804	2,065,285	-	2,100,089
Cash and Cash Pool	-	-	-	-
Real Estate Pool	-	-	-	-
Alternative Investments	-	-	-	-
Annuities	-	-	-	-
Mutual Funds	-	-	319,422,187	319,422,187
Total Investments	54,746	2,065,285	319,422,187	321,542,218
Invested Securities Lending Collateral	-	-	-	-
Capital Assets (Net of Depreciation)	-	-	-	-
Total Assets	170,109	17,015,253	320,735,329	337,920,691
LIABILITIES				
Accounts Payable	-	139,773	720,886	860,659
Accrued Payroll	-	-	-	-
Securities Lending Collateral	-	-	-	-
Due to Other Funds	-	-	-	-
Due to Fiduciary Funds	-	-	-	-
Deferred Revenue	-	-	-	-
Compensated Absences Payable	-	-	-	-
Capital Leases Payable	-	-	-	-
Total Liabilities	-	139,773	720,886	860,659
NET ASSETS				
Net Assets Held in Trust for:				
Pension Benefits	-	-	-	-
Other Employee Benefits	-	-	-	-
External Investment Pool Participants	-	-	-	-
Other Purposes	170,109	16,875,480	320,014,443	337,060,032
Total Net Assets	\$ 170,109	\$ 16,875,480	\$ 320,014,443	\$ 337,060,032



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STATE OF NORTH DAKOTA

Combining Statement of Changes in Fiduciary Net Assets Pension, Investment and Private-Purpose Trust Funds For the Fiscal Year Ended June 30, 2007

Pension and Other Employee Benefit Trust Funds

	Deferred Compensation	Defined Contribution Retirement	Highway Patrolmen's Retirement	Job Service Retirement	PERS Flexcomp	Prefunded Retiree Health Program
ADDITIONS						
Contributions:						
Employer	\$ -	\$ 551,043	\$ 960,487	\$ -	\$ -	\$ 5,665,071
Employee	2,712,945	535,403	592,398	132,564	5,156,770	7,959
From Participants	-	-	-	-	-	-
Transfers from Other Funds	435,000	39,829	-	-	-	-
Transfers from Other Plans	130,797	-	-	-	-	-
Donations	-	-	-	-	-	-
Total Contributions	3,278,742	1,126,275	1,552,885	132,564	5,156,770	5,673,030
Investment Income:						
Net Increase in Fair Value of Investments	2,192,352	1,618,224	8,937,992	11,691,612	-	4,926,308
Interest and Dividends	1,286,063	856,222	1,375,836	2,326,409	34,620	1,331,047
Less Investment Expense	49,155	11,876	297,446	416,599	-	128,097
Net Investment Income	3,429,260	2,462,570	10,016,382	13,601,422	34,620	6,129,258
Securities Lending Activity:						
Securities Lending Income	-	-	258,295	679,120	-	-
Less Securities Lending Expense	-	-	247,955	660,454	-	-
Net Securities Lending Income	-	-	10,340	18,666	-	-
Repurchase Service Credit	-	-	-	-	-	204,758
Miscellaneous Income	-	9,407	44	-	530,816	-
Total Additions	6,708,002	3,598,252	11,579,651	13,752,652	5,722,206	12,007,046
DEDUCTIONS						
Benefits Paid to Participants	1,046,105	370,052	2,892,964	3,410,137	5,041,599	20,136
Refunds	-	-	85,812	-	-	2,798
Prefunded Credit Applied	-	-	-	-	-	4,525,810
Transfer to Other Plans	-	-	-	-	435,000	-
Payments in Accordance with Trust Agreements	-	-	-	-	-	-
Administrative Expenses	418,426	7,900	19,410	24,143	261,447	104,953
Total Deductions	1,464,531	377,952	2,998,186	3,434,280	5,738,046	4,653,697
Purchase of Units at Net Asset Value of \$1.00 Per Unit	-	-	-	-	-	-
Change in Net Assets Held in Trust for:						
Pension Benefits	5,243,471	3,220,300	8,581,465	10,318,372	-	7,353,349
Other Employee Benefits	-	-	-	-	(15,840)	-
External Investment Pool Participants	-	-	-	-	-	-
Other Purposes	-	-	-	-	-	-
Net Assets - Beginning of Year, as Adjusted	18,614,586	14,706,037	51,628,427	84,393,014	1,461,595	37,955,814
Net Assets - End of Year	\$ 23,858,057	\$ 17,926,337	\$ 60,209,892	\$ 94,711,386	\$ 1,445,755	\$ 45,309,163

Pension and Other Employee Benefit Trust Funds			Investment Trust Funds			
Public Employees Retirement	Teachers Retirement	Total	City of Bismarck	ND Association of Counties	City of Fargo	Total
\$ 23,140,767	\$ 31,865,466	\$ 62,182,834	\$ -	\$ -	\$ -	\$ -
21,883,581	31,865,772	62,887,392	-	-	-	-
-	-	-	-	-	-	-
-	-	474,829	-	-	-	-
-	-	130,797	-	-	-	-
-	-	-	-	-	-	-
45,024,348	63,731,238	125,675,852	-	-	-	-
276,093,445	308,580,419	614,040,352	9,654,053	155,788	1,043,035	10,852,876
42,495,993	48,309,521	98,015,711	2,012,717	50,985	339,243	2,402,945
9,181,888	10,547,809	20,632,870	378,294	6,618	29,827	414,739
309,407,550	346,342,131	691,423,193	11,288,476	200,155	1,352,451	12,841,082
7,978,713	7,254,776	16,170,904	370,217	11,581	76,355	458,153
7,659,310	6,830,921	15,398,640	355,821	11,145	74,278	441,244
319,403	423,855	772,264	14,396	436	2,077	16,909
3,679,036	2,629,006	6,512,800	-	-	-	-
4,759	1,855	546,881	-	-	-	-
358,435,096	413,128,085	824,930,990	11,302,872	200,591	1,354,528	12,857,991
60,469,904	99,737,905	172,988,802	-	-	-	-
5,131,324	3,328,931	8,548,865	-	-	-	-
-	-	4,525,810	-	-	-	-
39,829	-	474,829	-	-	-	-
-	-	-	-	-	-	-
1,109,260	1,592,060	3,537,599	-	-	-	-
66,750,317	104,658,896	190,075,905	-	-	-	-
-	-	-	-	550,000	1,000,000	1,550,000
291,684,779	308,469,189	634,870,925	-	-	-	-
-	-	(15,840)	-	-	-	-
-	-	-	11,302,872	750,591	2,354,528	14,407,991
-	-	-	-	-	-	-
1,587,240,088	1,721,308,223	3,517,307,784	65,129,518	1,317,817	9,748,034	76,195,369
\$ 1,878,924,867	\$ 2,029,777,412	\$ 4,152,162,869	\$ 76,432,390	\$ 2,068,408	\$ 12,102,562	\$ 90,603,360

STATE OF NORTH DAKOTA

Combining Statement of Changes in Fiduciary Net Assets Pension, Investment and Private-Purpose Trust Funds (Continued) For the Fiscal Year Ended June 30, 2007

	Private-Purpose Trust Funds			
	Student Donations	Mandan Remediation Trust	College SAVE	Total
ADDITIONS				
Contributions:				
Employer	\$ -	\$ -	\$ -	\$ -
Employee	-	-	-	-
From Participants	-	-	100,086,619	100,086,619
Transfers from Other Funds	-	-	-	-
Transfers from Other Plans	-	-	-	-
Donations	9,243	-	-	9,243
Total Contributions	9,243	-	100,086,619	100,095,862
Investment Income:				
Net Increase in Fair Value of Investments	-	-	18,928,814	18,928,814
Interest and Dividends	3,325	779,430	6,391,830	7,174,585
Less Investment Expense	-	-	-	-
Net Investment Income	3,325	779,430	25,320,644	26,103,399
Securities Lending Activity:				
Securities Lending Income	-	-	-	-
Less Securities Lending Expense	-	-	-	-
Net Securities Lending Income	-	-	-	-
Repurchase Service Credit	-	-	-	-
Miscellaneous Income	-	-	-	-
Total Additions	12,568	779,430	125,407,263	126,199,261
DEDUCTIONS				
Benefits Paid to Participants	-	-	-	-
Refunds	-	-	-	-
Prefunded Credit Applied	-	-	-	-
Transfer to Other Plans	-	-	-	-
Payments in Accordance with Trust Agreements	16,840	7,995,351	94,126,956	102,139,147
Administrative Expenses	-	50,763	380,950	431,713
Total Deductions	16,840	8,046,114	94,507,906	102,570,860
Purchase of Units at Net Asset Value of \$1.00 Per Unit	-	-	-	-
Change in Net Assets Held in Trust for:				
Pension Benefits	-	-	-	-
Other Employee Benefits	-	-	-	-
External Investment Pool Participants	-	-	-	-
Other Purposes	(4,272)	(7,266,684)	30,899,357	23,628,401
Net Assets - Beginning of Year, as Adjusted	174,381	24,142,164	289,115,086	313,431,631
Net Assets - End of Year	\$ 170,109	\$ 16,875,480	\$ 320,014,443	\$ 337,060,032

STATE OF NORTH DAKOTA

Combining Statement of Fiduciary Assets and Liabilities

Agency Funds

June 30, 2007

	Bonding	Payroll	Child Support	Student and Other	Tax Collection	Total
ASSETS						
Cash Deposits at the Bank of ND	\$ 1,449,732	\$ 130,458	\$ 3,073,943	\$ 831,000	\$ 9,414,357	\$ 14,899,490
Cash and Cash Equivalents	2,049,678	-	240,675	497,904	49,678	2,837,935
Investments at the Bank of ND	13,096,488	-	-	50,000	-	13,146,488
Investments	2,336,894	-	-	16,019	-	2,352,913
Accounts Receivable - Net	-	6,343,040	-	77	-	6,343,117
Taxes Receivable - Net	-	-	-	-	11,785,805	11,785,805
Interest Receivable - Net	-	-	-	930	-	930
Other Assets	-	-	-	618	-	618
Total Assets	\$ 18,932,792	\$ 6,473,498	\$ 3,314,618	\$ 1,396,548	\$ 21,249,840	\$ 51,367,296
LIABILITIES						
Intergovernmental Payable	\$ -	\$ 6,364,142	\$ -	\$ -	\$ 21,248,649	\$ 27,612,791
Tax Refunds Payable	-	-	-	-	1,191	1,191
Amounts Held in Custody for Others	18,932,792	109,356	3,314,618	1,396,548	-	23,753,314
Total Liabilities	\$ 18,932,792	\$ 6,473,498	\$ 3,314,618	\$ 1,396,548	\$ 21,249,840	\$ 51,367,296

STATE OF NORTH DAKOTA

Combining Statement of Changes in Assets and Liabilities

Agency Funds

For the Fiscal Year Ended June 30, 2007

	June 30 2006	Additions	Deductions	June 30 2007
Bonding				
ASSETS				
Cash Deposits at the Bank of ND	\$ 1,178,076	\$ 390,417	\$ 118,761	\$ 1,449,732
Cash and Cash Equivalents	1,994,897	7,120,489	7,065,708	2,049,678
Investments at the Bank of ND	10,926,900	2,480,818	311,230	13,096,488
Investments	2,346,894	-	10,000	2,336,894
Accounts Receivable - Net	5,000	-	5,000	-
Total Assets	<u>\$ 16,451,767</u>	<u>\$ 9,991,724</u>	<u>\$ 7,510,699</u>	<u>\$ 18,932,792</u>
LIABILITIES				
Amounts Held in Custody for Others	\$ 16,451,767	\$ 9,983,724	\$ 7,502,699	\$ 18,932,792
Total Liabilities	<u>\$ 16,451,767</u>	<u>\$ 9,983,724</u>	<u>\$ 7,502,699</u>	<u>\$ 18,932,792</u>
Payroll				
ASSETS				
Cash Deposits at the Bank of ND	\$ 100,927	\$ 79,873,699	\$ 79,844,168	\$ 130,458
Accounts Receivable - Net	6,087,958	6,343,040	6,087,958	6,343,040
Total Assets	<u>\$ 6,188,885</u>	<u>\$ 86,216,739</u>	<u>\$ 85,932,126</u>	<u>\$ 6,473,498</u>
LIABILITIES				
Accounts Payable				
Intergovernmental Payable	\$ 5,961,423	\$ 6,364,142	\$ 5,961,423	\$ 6,364,142
Amounts Held in Custody for Others	227,462	77,978,738	78,096,844	109,356
Total Liabilities	<u>\$ 6,188,885</u>	<u>\$ 84,342,880</u>	<u>\$ 84,058,267</u>	<u>\$ 6,473,498</u>
Child Support				
ASSETS				
Cash Deposits at the Bank of ND	\$ 2,774,695	\$ 100,604,014	\$ 100,305,766	\$ 3,072,943
Cash and Cash Equivalents	314,813	-	74,138	240,675
Accounts Receivable - Net	353,644	-	353,644	-
Total Assets	<u>\$ 3,443,152</u>	<u>\$ 100,604,014</u>	<u>\$ 100,733,548</u>	<u>\$ 3,313,618</u>
LIABILITIES				
Amounts Held in Custody for Others	\$ 3,443,152	\$ 100,489,745	\$ 100,618,279	\$ 3,314,618
Total Liabilities	<u>\$ 3,443,152</u>	<u>\$ 100,489,745</u>	<u>\$ 100,618,279</u>	<u>\$ 3,314,618</u>

	June 30 2006	Additions	Deductions	June 30 2007
Student and Other				
ASSETS				
Cash Deposits at the Bank of ND	\$ 728,870	\$ 1,669,839	\$ 1,567,709	\$ 831,000
Cash and Cash Equivalents	367,425	2,641,822	2,511,343	497,904
Investments at the Bank of ND	50,000	-	-	50,000
Investments	56,019	-	40,000	16,019
Accounts Receivable - Net	-	77	-	77
Interest Receivable - Net	760	930	760	930
Other Assets	15,515	666,897	681,794	618
Total Assets	<u>\$ 1,218,589</u>	<u>\$ 4,979,565</u>	<u>\$ 4,801,606</u>	<u>\$ 1,396,548</u>
LIABILITIES				
Amounts Held in Custody for Others	\$ 1,218,589	\$ 4,979,564	\$ 4,801,605	\$ 1,396,548
Total Liabilities	<u>\$ 1,218,589</u>	<u>\$ 4,979,564</u>	<u>\$ 4,801,605</u>	<u>\$ 1,396,548</u>
Tax Collection				
ASSETS				
Cash Deposits at the Bank of ND	\$ 6,020,686	\$ 107,963,851	\$ 104,570,180	\$ 9,414,357
Cash and Cash Equivalents	1,031,988	60	982,370	49,678
Taxes Receivable - Net	14,123,295	13,376,893	15,714,383	11,785,805
Total Assets	<u>\$ 21,175,969</u>	<u>\$ 121,340,804</u>	<u>\$ 121,266,933</u>	<u>\$ 21,249,840</u>
LIABILITIES				
Tax Refunds Payable	\$ 4,000	\$ 1,191	\$ 4,000	\$ 1,191
Intergovernmental Payable	21,171,969	105,626,421	105,549,741	21,248,649
Total Liabilities	<u>\$ 21,175,969</u>	<u>\$ 105,627,612</u>	<u>\$ 105,553,741</u>	<u>\$ 21,249,840</u>
Total -All Agency Funds				
ASSETS				
Cash Deposits at the Bank of ND	\$ 10,803,254	\$ 290,501,820	\$ 286,406,584	\$ 14,898,490
Cash and Cash Equivalents	3,709,123	9,762,371	10,633,559	2,837,935
Investments at the Bank of ND	10,976,900	2,480,818	311,230	13,146,488
Investments	2,402,913	-	50,000	2,352,913
Accounts Receivable - Net	6,446,602	6,343,117	6,446,602	6,343,117
Taxes Receivable - Net	14,123,295	13,376,893	15,714,383	11,785,805
Interest Receivable - Net	760	930	760	930
Other Assets	15,515	666,897	681,794	618
Total Assets	<u>\$ 48,478,362</u>	<u>\$ 323,132,846</u>	<u>\$ 320,244,912</u>	<u>\$ 51,366,296</u>
LIABILITIES				
Intergovernmental Payable	\$ 27,133,392	\$ 111,990,563	\$ 111,511,164	\$ 27,612,791
Tax Refunds Payable	4,000	1,191	4,000	1,191
Amounts Held in Custody for Others	21,340,970	193,431,771	191,019,427	23,753,314
Total Liabilities	<u>\$ 48,478,362</u>	<u>\$ 305,423,525</u>	<u>\$ 302,534,591</u>	<u>\$ 51,367,296</u>

Nonmajor 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.

906 - Lake Region Community College Foundation

Established in 1959 to provide a permanent, nonprofit structure through which support for Lake Region State College could be channeled.

907 - Mayville State University Foundation

Established to act primarily as a fund-raising organization to supplement the resources that are available to Mayville State University (MaSU). The Comet Athletic Club, a legally separate nonprofit organization, operates as an entity within the Foundation. The Club's purpose is to promote, support, and encourage interest and participation in MaSU sports.

908 - Minot State University-Bottineau Development Foundation and Logrollers

The Foundation and Logrollers are separate legal entities that were established to act primarily as fund-raising organizations to supplement the resources that are available to MiSU-B.

909 - North Dakota State College of Science Development Foundation

A nonprofit organization established to act primarily as a fund-raising organization to supplement the resources that are available to NDSCS.

914 - Valley City State University Foundation

Established to support Valley City State University by involving alumni and friends of the university in activities and private giving that meet the university's needs and advance its welfare.

951 - Williston State College Foundation

A nonprofit organization established to act primarily as a fund-raising organization to supplement the resources that are available to WSC.

984 - NDSU Research Foundation

A non-profit organization created to provide support to NDSU in its mission by enabling NDSU faculty to enhance their involvement in research, technology transfer, and business endeavors.

STATE OF NORTH DAKOTA
Combining Statement of Net Assets
Nonmajor Component Units - Proprietary Funds
 June 30, 2007

	Lake Region Community College Foundation	MaSU Alumni Foundation	MISU-B Development Foundation	NDSCS Development Foundation	NDSU Research Foundation	VCSU Foundation	WSC Foundation	Total
ASSETS								
Current Assets								
Cash and Cash Equivalents	\$ -	\$ 130,698	\$ 47,218	\$ 2,193,505	\$ 273,233	\$ 1,037,217	\$ 2,453,857	\$ 6,135,728
Accounts Receivable - Net	25,479	47,364	-	-	-	116,967	222,661	412,471
Other Assets	-	139,602	-	-	1,906	4,842	5,921	152,271
Total Current Assets	25,479	317,664	47,218	2,193,505	275,139	1,159,026	2,682,439	6,700,470
Noncurrent Assets:								
Restricted Cash and Cash Equivalents	-	-	-	-	1,184,363	-	-	1,184,363
Restricted Investments	3,845,165	2,876,523	1,674,857	7,107,925	3,924,910	4,304,241	6,915,289	30,648,910
Other Noncurrent Assets	-	-	-	-	-	171,133	225,197	396,330
Capital Assets:								
Land and Construction in Progress	-	-	-	279,560	-	-	7,890	287,450
Buildings and Equipment - Net	-	95,722	-	25,632	11,592	1,564	210,443	344,953
Total Noncurrent Assets	3,845,165	2,972,245	1,674,857	7,413,117	5,120,865	4,476,938	7,358,819	32,862,006
Total Assets	3,870,644	3,289,909	1,722,075	9,606,622	5,396,004	5,635,964	10,041,258	39,562,476
LIABILITIES								
Current Liabilities:								
Accounts Payable	-	7,710	-	8,021	15,413	8,426	35,700	75,270
Due to Primary Government	-	12,979	-	-	-	33,553	360,000	406,532
Other Deposits	-	-	-	350	-	-	-	350
Notes Payable	-	28,752	-	4,000	20,000	-	-	52,752
Total Current Liabilities	-	49,441	-	12,371	35,413	41,979	395,700	534,904
Noncurrent Liabilities:								
Notes Payable	-	89,288	-	47,250	60,000	48,029	17,185	261,752
Total Noncurrent Liabilities	-	89,288	-	47,250	60,000	48,029	17,185	261,752
Total Liabilities	-	138,729	-	59,621	95,413	90,008	412,885	796,656
NET ASSETS								
Invested in Capital Assets, Net of Related Debt	-	95,722	-	253,942	-	1,564	218,333	569,561
Restricted for:								
Other	3,481,117	3,237,695	1,687,909	8,875,958	966,106	5,565,273	5,167,899	28,981,957
Unrestricted	389,527	(182,237)	34,166	417,101	4,334,485	(20,881)	4,242,141	9,214,302
Total Net Assets	\$ 3,870,644	\$ 3,151,180	\$ 1,722,075	\$ 9,547,001	\$ 5,300,591	\$ 5,545,956	\$ 9,628,373	\$ 38,765,820

STATE OF NORTH DAKOTA

Combining Statement of Activities Nonmajor Component Units - Proprietary Funds For the Fiscal Year Ended June 30, 2007

Functions/Programs	Program Revenues			Net (Expense) Revenue	Additions to Permanent Endowments	Change in Net Assets	Net Assets Beginning of Year, as Adjusted	Net Assets End of Year
	Expenses	Charges for Services	Operating Grants and Contributions					
Lake Region Community College	\$ 326,405	\$ 82,291	\$ 529,661	\$ 285,547	\$ 149,893	\$ 435,440	\$ 3,435,204	\$ 3,870,644
MaSU Alumni Foundation	903,309	788,798	1,171,634	1,057,123	80,558	1,137,681	2,013,499	3,151,180
MISU-B Development Foundation	471,045	65,463	210,382	(195,200)	113,872	(81,328)	1,803,403	1,722,075
NDSCS Development Foundation	993,992	146,575	1,879,483	1,032,066	-	1,032,066	8,514,935	9,547,001
NDSU Research Foundation	1,691,676	1,335,738	691,538	335,600	-	335,600	4,964,991	5,300,591
VCSU Foundation	901,527	116,175	1,682,446	897,094	558,346	1,455,440	4,090,516	5,545,956
WSC Foundation	4,890,890	4,082,826	1,621,871	813,807	286,207	1,100,014	8,528,359	9,628,373
Total Nonmajor Component Units	<u>\$ 10,178,844</u>	<u>\$ 6,617,866</u>	<u>\$ 7,787,015</u>	<u>\$ 4,226,037</u>	<u>\$ 1,188,876</u>	<u>\$ 5,414,913</u>	<u>\$ 33,350,907</u>	<u>\$ 38,765,820</u>

Statistical Information



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STATE OF NORTH DAKOTA

Schedule 1 -- Net Assets by Component Last Six Fiscal Years

(accrual basis of accounting)

	2002	2003
Governmental Activities		
Invested in Capital Assets, Net of Related Debt	\$ 1,066,084,756	\$ 1,049,297,664
Restricted	833,944,103	856,159,519
Unrestricted	318,778,093	291,089,526
Total Governmental Activities Net Assets	\$ 2,218,806,952	\$ 2,196,546,709
Business-Type Activities		
Invested in Capital Assets, Net of Related Debt	\$ 459,592,422	\$ 462,653,314
Restricted	310,456,870	336,630,733
Unrestricted	688,828,021	670,890,468
Total Business-Type Activities Net Assets	\$ 1,458,877,313	\$ 1,470,174,515
Primary Government		
Invested in Capital Assets, Net of Related Debt	\$ 1,525,677,178	\$ 1,511,950,978
Restricted	1,144,400,973	1,192,790,252
Unrestricted	1,007,606,114	961,979,994
Total Primary Government Net Assets	\$ 3,677,684,265	\$ 3,666,721,224

NOTE: The State implemented Governmental Accounting Standards Board Statement No. 34 in fiscal year 2002; the relevant government-wide schedules are effective beginning in fiscal year 2002.

2004	2005	2006	2007
\$ 1,027,252,008	\$ 1,094,550,779	\$ 1,077,843,107	\$ 1,151,716,486
927,324,320	1,046,115,113	1,281,416,598	1,384,212,299
353,193,506	437,010,686	538,891,416	894,967,295
\$ 2,307,769,834	\$ 2,577,676,578	\$ 2,898,151,121	\$ 3,430,896,080
\$ 499,222,000	\$ 505,915,735	\$ 516,243,464	\$ 527,402,572
366,936,437	393,237,729	391,312,218	478,219,512
711,777,176	737,348,941	820,268,283	745,972,838
\$ 1,577,935,613	\$ 1,636,502,405	\$ 1,727,823,965	\$ 1,751,594,922
\$ 1,526,474,008	\$ 1,600,466,514	\$ 1,594,086,571	\$ 1,679,119,058
1,294,260,757	1,439,352,842	1,672,728,816	1,862,431,811
1,064,970,682	1,174,359,627	1,359,159,699	1,640,940,133
\$ 3,885,705,447	\$ 4,214,178,983	\$ 4,625,975,086	\$ 5,182,491,002

STATE OF NORTH DAKOTA

Schedule 2 -- Changes in Net Assets

Last Six Fiscal Years

(accrual basis of accounting)

	2002	2003	2004
Expenses			
Governmental Activities:			
General Governmental	\$ 212,412,396	\$ 226,150,473	\$ 233,633,735
Education	421,031,864	453,869,441	469,333,531
Health and Human Services	730,285,413	776,275,467	803,600,511
Regulatory	17,757,644	18,141,782	17,756,651
Public Safety and Corrections	129,220,216	99,876,170	107,036,068
Agriculture and Commerce	51,344,782	53,050,858	57,532,612
Natural Resources	44,326,140	58,940,584	63,117,591
Transportation	320,773,349	352,535,072	360,231,121
Interest on Long Term Debt	8,335,096	7,602,467	7,372,042
Total Governmental Activities Expenses	1,935,486,900	2,046,442,314	2,119,613,862
Business-Type Activities:			
Bank of North Dakota	90,103,458	67,919,991	58,865,964
Housing Finance	59,502,532	55,744,846	49,646,082
Loan Programs	13,768,752	12,708,660	13,846,154
Mill and Elevator	79,009,119	90,834,520	92,261,275
State Lottery	-	-	5,943,739
Unemployment Compensation	50,485,399	56,753,361	49,327,620
University System	587,778,460	614,871,996	656,811,533
Workers Compensation	78,051,165	171,406,004	125,727,859
Other	15,667,981	10,959,458	9,511,724
Total Business-Type Activities Expenses	974,366,866	1,081,198,836	1,061,941,950
Total Primary Government Expenses	\$ 2,909,853,766	\$ 3,127,641,150	\$ 3,181,555,812
Program Revenues			
Governmental Activities:			
Charges for Services:			
General Governmental	\$ 20,113,433	\$ 19,420,980	\$ 21,798,406
Education	2,890,417	2,727,406	3,443,449
Health and Human Services	19,868,736	11,491,268	19,339,252
Regulatory	14,309,927	14,567,967	19,476,543
Public Safety and Corrections	2,626,650	2,834,399	5,460,128
Agriculture and Commerce	17,223,430	20,349,207	20,260,986
Natural Resources	14,728,718	19,966,065	20,873,885
Transportation	60,347,992	60,534,100	64,565,890
Operating Grants and Contributions	838,814,709	917,576,293	1,050,657,720
Capital Grants and Contributions	103,012,904	102,682,160	73,412,734
Total Governmental Activities Program Revenues	1,093,936,916	1,172,149,845	1,299,288,993
Business-Type Activities:			
Charges for Services:			
Bank of North Dakota	123,315,000	100,995,000	88,549,000
Housing Finance	51,350,000	46,837,000	39,327,000
Loan Programs	10,724,770	14,054,083	16,980,295
Mill and Elevator	80,960,600	92,785,165	97,914,279
State Lottery	-	-	6,039,180
Unemployment Compensation	48,361,519	60,058,581	64,644,433
University System	229,915,020	237,138,708	270,650,811
Workers Compensation	94,167,427	90,747,299	99,083,053
Other	10,702,036	12,215,700	12,432,831
Operating Grants and Contributions	180,077,823	285,158,222	309,148,951
Capital Grants and Contributions	6,483,747	7,929,417	9,405,153
Total Business-Type Activities Program Revenues	836,057,942	947,919,175	1,014,174,986
Total Primary Government Program Revenues	\$ 1,929,994,858	\$ 2,120,069,020	\$ 2,313,463,979
Net (Expense)/Revenue			
Governmental Activities	\$ (841,549,984)	\$ (874,292,469)	\$ (820,324,869)
Business-Type Activities	(138,308,924)	(133,279,661)	(47,766,964)
Total Primary Government Net Expense	\$ (979,858,908)	\$ (1,007,572,130)	\$ (868,091,833)
General Revenues and Other Changes in Net Assets			
Governmental Activities:			
Taxes:			
Individual and Corporate Income Taxes	\$ 233,288,277	\$ 248,068,344	\$ 266,252,580
Sales and Use Taxes	567,901,369	550,220,785	599,064,637
Oil, Gas and Coal Taxes	90,976,331	107,448,761	112,454,541
Business and Other Taxes	59,284,332	62,991,361	61,395,792
Unrestricted Investment Earnings	5,213,490	2,539,604	1,103,625
Tobacco Settlement	14,729,391	14,770,608	12,640,791
Miscellaneous	6,858,007	9,646,690	10,528,733
Contributions to Permanent Fund Principal	13,665,257	13,126,756	11,262,038
Transfers	(170,233,044)	(159,389,462)	(152,421,836)
Total Governmental Activities	821,683,410	849,423,447	922,280,901
Business-Type Activities:			
Transfers	188,309,895	155,306,013	155,342,786
Total Primary Government	1,009,993,305	1,004,729,460	1,077,623,687
Change in Net Assets			
Governmental Activities	(19,866,574)	(24,869,022)	101,956,032
Business-Type Activities	50,000,971	22,026,352	107,575,822
Total Primary Government	\$ 30,134,397	\$ (2,842,670)	\$ 209,531,854

NOTE: The State implemented Governmental Accounting Standards Board Statement No. 34 in fiscal year 2002; the relevant government-wide schedules are effective beginning in fiscal year 2002.

The State Lottery became effective beginning in fiscal year 2004.

	2005		2006		2007
\$	243,437,116	\$	264,911,163	\$	275,242,149
	486,221,447		496,821,495		507,384,841
	826,832,059		854,450,025		874,003,750
	17,966,367		19,676,826		21,180,817
	132,996,669		145,479,620		135,581,887
	55,795,473		54,457,817		58,591,473
	53,440,349		62,430,892		57,850,544
	300,321,693		372,245,432		321,278,940
	8,103,849		12,880,933		14,438,858
	2,125,115,022		2,283,354,203		2,265,553,259
	57,501,500	\$	71,263,587	\$	91,261,449
	45,922,148		46,579,809		51,178,023
	13,889,079		17,235,546		9,453,454
	95,222,870		101,198,217		126,968,527
	18,917,023		15,622,027		16,068,060
	43,393,675		43,314,505		47,524,928
	696,918,168		743,271,216		775,600,118
	183,465,747		116,020,938		231,787,346
	6,436,187		14,922,322		16,621,718
	1,161,666,397		1,169,428,167		1,366,463,623
\$	3,286,781,419	\$	3,452,782,370	\$	3,632,016,882
\$	24,128,539	\$	23,186,427	\$	22,288,219
	4,082,785		3,675,283		3,616,003
	18,744,551		29,134,050		24,970,751
	16,700,094		17,072,857		20,267,416
	6,931,898		7,189,302		7,307,975
	16,234,145		22,935,699		19,593,774
	23,899,425		20,685,820		22,678,382
	61,057,805		77,967,969		74,146,958
	1,084,731,432		1,144,749,200		1,148,061,678
	81,850,194		56,556,872		71,115,382
	1,338,360,868		1,403,153,479		1,414,046,538
	90,838,000		107,518,000		135,843,000
	36,643,000		39,209,000		45,137,000
	17,051,963		17,406,328		12,535,071
	101,050,302		107,379,916		132,056,652
	19,283,424		22,413,359		22,772,976
	60,969,669		60,709,015		56,855,823
	296,896,978		331,584,391		351,789,074
	106,195,254		94,383,040		130,586,004
	12,242,970		13,467,869		13,370,412
	304,001,326		283,315,181		368,697,788
	5,997,781		577,251		7,314,326
	1,051,170,667		1,077,963,350		1,276,958,126
\$	2,389,531,535	\$	2,481,116,829	\$	2,691,004,664
\$	(786,754,154)	\$	(880,200,724)	\$	(851,506,721)
	(110,495,730)		(91,464,817)		(89,505,497)
\$	(897,249,884)	\$	(971,665,541)	\$	(941,012,218)
\$	320,048,741	\$	432,071,872	\$	449,064,105
	630,178,563		678,820,618		726,913,003
	162,919,498		210,169,616		230,118,178
	57,831,733		66,601,785		54,780,147
	4,105,864		12,408,573		25,822,610
	12,829,714		11,712,175		16,097,938
	22,337,630		23,696,003		27,836,295
	13,635,693		11,156,063		15,995,440
	(170,925,314)		(215,088,572)		(167,116,902)
	1,052,962,122		1,231,548,133		1,379,510,814
	167,349,759		188,108,694		185,840,985
	1,220,311,881		1,419,656,827		1,565,351,799
	266,207,968		351,347,409		528,004,093
	56,854,029		96,643,877		96,335,488
\$	323,061,997	\$	447,991,286	\$	624,339,581

STATE OF NORTH DAKOTA

Schedule 3 -- Fund Balances, Governmental Funds Last Six Fiscal Years

(modified accrual basis of accounting)

	2002	2003
General Fund		
Reserved	\$ 770,922	\$ 1,202,632
Unreserved	114,717,188	125,713,572
Total General Fund	115,488,110	126,916,204
All Other Governmental Funds		
Reserved	675,669,784	699,229,225
Unreserved, Reported in:		
Special Revenue Funds	392,936,521	365,135,360
Total All Other Governmental Funds	1,068,606,305	1,064,364,585
Total Fund Balances, Governmental Funds	\$ 1,184,094,415	\$ 1,191,280,789

NOTE: Due to changes in the State's fund structure initiated when Governmental Accounting Standards Board Statement No. 34 was implemented; the fund balance information is available only beginning in fiscal year 2002.

2004		2005		2006		2007	
\$	1,108,857	\$	1,532,133	\$	2,050,599	\$	1,690,187
	195,646,056		280,287,601		412,886,296		636,773,228
	196,754,913		281,819,734		414,936,895		638,463,415
	772,703,412		846,154,741		999,818,758		1,094,599,293
	344,890,456		440,941,175		475,496,357		576,408,347
	1,117,593,868		1,287,095,916		1,475,315,115		1,671,007,640
\$	1,314,348,781	\$	1,568,915,650	\$	1,890,252,010	\$	2,309,471,055

STATE OF NORTH DAKOTA

Schedule 4 -- Changes in Fund Balances, Governmental Funds

Last Six Fiscal Years

(modified accrual basis of accounting)

	2002	2003	2004
Revenues			
Individual and Corporate Income Taxes	\$ 234,812,455	\$ 248,810,178	\$ 265,907,357
Sales and Use Taxes	567,465,059	550,220,785	599,407,365
Oil, Gas, and Coal Taxes	90,976,331	107,448,761	112,454,541
Business and Other Taxes	59,284,332	62,959,218	61,395,792
Licenses, Permits and Fees	90,297,704	89,763,132	100,502,495
Intergovernmental	918,931,998	969,097,381	1,011,333,930
Sales and Services	39,297,051	38,360,653	44,429,465
Royalties and Rents	17,917,887	21,203,780	25,480,076
Fines and Forfeits	10,892,091	10,745,861	15,355,746
Interest and Investment Income	4,289,399	32,457,723	84,295,367
Tobacco Settlement	26,780,711	26,855,651	22,983,256
Commodity Assessments	9,443,805	10,221,202	11,897,001
Miscellaneous	3,091,525	4,190,226	5,411,013
Total Revenues	2,073,480,348	2,172,334,551	2,360,853,404
Expenditures			
Current:			
General Government	70,248,362	76,538,930	74,212,740
Education	413,416,472	446,273,895	461,791,383
Health and Human Services	728,510,901	771,907,427	795,012,587
Regulatory	14,662,032	16,180,944	14,948,304
Public Safety and Corrections	135,591,016	95,264,315	102,275,243
Agriculture and Commerce	51,263,030	52,921,944	57,476,139
Natural Resources	46,958,824	52,405,276	57,536,974
Transportation	324,821,384	233,089,215	240,043,640
Intergovernmental - Revenue Sharing	142,778,046	148,181,078	157,200,675
Capital Outlay	9,147,424	115,190,590	125,531,217
Debt Service:			
Principal	6,374,010	7,738,353	8,381,770
Interest and Other Charges	7,327,477	8,403,267	6,962,225
Total Expenditures	1,951,098,978	2,024,095,234	2,101,372,897
Revenue over (under) Expenditures	122,381,370	148,239,317	259,480,507
Other Financing Sources (Uses)			
Bonds and Notes Issued	11,368,445	16,121,023	5,871,011
Refunding Bonds Issued	-	43,374,000	187,283
Payment to Refund Bond Escrow Agent	-	(16,224,000)	-
Payment on Refunded Bonds	-	(28,100,000)	-
Capital Lease Acquisitions	160,415	1,775,805	-
Sale of Capital Assets	439,396	234,029	581,050
Other	3,813	(14,621)	(7,862)
Transfers In	132,083,095	177,213,969	207,479,994
Transfers Out	(302,916,415)	(336,603,431)	(360,337,994)
Total Other Financing Sources (Uses)	(158,861,251)	(142,223,226)	(146,226,518)
Net Changes in Fund Balances	\$ (36,479,881)	\$ 6,016,091	\$ 113,253,989
Debt Service as a Percentage of Noncapital Expenditures	<1%	<1%	<1%

NOTE: Due to changes in the State's fund structure initiated when Governmental Accounting Standards Board Statement No. 34 was implemented; the fund balance information is available only beginning in fiscal year 2002.

2005	2006	2007
\$ 319,862,263	\$ 409,691,305	\$ 443,215,760
630,178,563	674,235,802	725,523,596
162,919,498	210,157,778	230,124,520
57,286,643	57,386,606	54,742,121
99,655,471	122,528,304	116,236,397
1,060,896,574	1,079,689,531	1,061,075,404
39,036,704	45,603,895	41,134,852
54,937,603	64,279,399	64,580,931
14,460,365	12,396,632	14,834,336
69,224,302	82,674,439	147,584,215
23,326,753	21,348,506	29,215,336
10,820,676	12,673,677	13,801,240
5,728,587	6,115,395	10,327,474
2,548,334,002	2,798,781,269	2,952,396,182
84,287,121	92,726,091	94,139,748
478,725,082	489,130,108	506,528,869
822,941,681	843,779,436	873,992,858
15,364,493	16,039,593	16,987,513
128,185,075	139,043,860	129,458,229
55,747,507	54,658,099	58,249,503
49,843,758	55,557,993	52,990,134
234,262,747	342,590,896	290,317,792
157,867,895	171,942,576	181,498,302
156,323,725	121,433,926	143,672,671
9,586,080	11,235,110	10,215,343
7,836,683	11,799,333	13,341,252
2,200,971,847	2,349,937,021	2,371,392,214
347,362,155	448,844,248	581,003,968
69,013,223	115,130,668	1,828,225
21,630,000	10,516,000	23,775,068
(22,281,509)	(10,388,000)	(24,588,018)
-	-	-
5,211,960	1,946,086	202,754
1,313,753	1,248,797	230,528
-	-	-
303,157,108	195,454,840	241,687,946
(474,082,423)	(410,543,412)	(408,804,848)
(96,037,888)	(96,635,021)	(165,668,345)
\$ 251,324,267	\$ 352,209,227	\$ 415,335,623

<1%

<1%

<1%

STATE OF NORTH DAKOTA

Schedule 5 Taxable Sales by Industry Last Ten Calendar Years

	Calendar Year			
	1997	1998	1999	2000
Mining and Oil Extraction	\$ 44,382,562	\$ 40,007,667	\$ 31,086,570	\$ 43,752,876
Construction	181,640,174	223,518,538	410,728,462	223,613,918
Manufacturing	297,909,870	327,239,222	341,365,107	312,269,137
Transportation, Communications, And Public Utilities	481,029,003	514,217,026	515,035,737	557,613,208
Wholesale	1,376,982,026	1,279,105,219	1,327,812,333	1,395,500,133
Retail	3,336,527,107	3,378,172,312	3,519,004,905	3,562,239,018
Services	644,890,835	661,323,260	673,331,758	686,301,315
Miscellaneous	40,183,936	52,528,621	45,492,709	45,098,067
Total	<u>\$6,403,545,513</u>	<u>\$ 6,476,111,865</u>	<u>\$ 6,863,857,581</u>	<u>\$ 6,826,387,672</u>
Effective Tax Rate	4.89%	4.94%	4.86%	4.91%

Source: ND State Tax Department

Schedule 6 Sales Tax Revenue Payers by Industry Calendar Years 1997 and 2006 (Dollars are in Millions)

	Calendar Year 1997			
	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
Retail Trade	13,055	46.7%	175.75	56.1%
Wholesale Trade	4,743	16.9%	57.20	18.2%
Services	6,797	24.3%	32.66	10.4%
Transportation, Communications, And Public Utilities	510	1.8%	21.06	6.7%
Manufacturing	957	3.4%	13.95	4.5%
Construction	1,289	4.6%	8.59	2.7%
Miscellaneous	478	1.7%	2.35	0.7%
Mining and Oil Extraction	155	0.6%	1.88	0.6%
Total	27,984	100.0%	313.42	100.0%

Source: ND State Tax Department

Calendar Year					
2001	2002	2003	2004	2005	2006
\$ 47,349,516	\$ 50,329,809	\$ 58,538,788	\$ 97,973,056	\$ 131,849,866	\$ 191,615,942
178,134,203	180,975,424	193,399,184	240,018,916	294,678,543	352,454,828
324,493,651	301,919,383	307,802,595	341,688,027	494,987,751	543,692,333
663,599,972	597,154,517	721,601,734	790,441,560	915,437,434	954,523,004
1,486,187,871	1,338,621,392	1,293,684,071	1,455,025,213	1,446,044,209	1,612,369,604
3,678,040,583	3,804,865,413	3,963,823,988	4,221,825,146	3,677,485,817	3,892,914,208
709,196,225	709,805,170	744,082,659	787,170,817	1,558,601,437	1,688,764,982
60,126,069	61,072,167	64,525,223	66,126,921	47,865,825	47,955,072
<u>\$ 7,147,128,090</u>	<u>\$ 7,044,743,275</u>	<u>\$ 7,347,458,242</u>	<u>\$ 8,000,269,656</u>	<u>\$ 8,566,950,882</u>	<u>\$9,284,289,973</u>
4.84%	4.98%	4.95%	4.84%	4.92%	4.95%

Calendar Year 2006			
Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
9,383	32.3%	192.15	41.8%
4,605	15.8%	79.81	17.4%
9,719	33.4%	83.72	18.2%
1,297	4.5%	47.59	10.4%
1,973	6.8%	26.95	5.9%
1,325	4.6%	17.49	3.8%
537	1.8%	2.44	0.5%
231	0.8%	9.40	2.0%
29,067	100.0%	459.56	100.0%

STATE OF NORTH DAKOTA

Schedule 7

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

(dollars in thousands)

	Fiscal Year			
	1998	1999	2000	2001
Governmental Activities				
Revenue bonds	\$ 93,116	\$ 94,898	\$ 126,782	\$ 135,167
Capital leases	13,462	9,974	6,145	3,275
Notes Payable	2,991	3,576	827	2,987
Total Governmental Activities	<u>109,569</u>	<u>108,448</u>	<u>133,754</u>	<u>141,429</u>
Business-type Activities				
Revenue bonds	1,014,697	964,679	997,551	1,117,828
Capital leases	27,083	26,775	24,375	24,291
Notes payable	57,233	205,573	366,656	264,744
Total Business-Type Activities	<u>1,099,013</u>	<u>1,197,027</u>	<u>1,388,582</u>	<u>1,406,863</u>
Total Primary Government	<u>\$ 1,208,582</u>	<u>\$ 1,305,475</u>	<u>\$ 1,522,336</u>	<u>\$ 1,548,292</u>
Debt as a Percentage of Personal Income ¹	9.0%	8.8%	10.2%	9.6%
Amount of Debt per Capita ¹	\$ 1,886	\$ 2,047	\$ 2,402	\$ 2,411

¹ These ratios are calculated using personal income and population for the prior calendar year. See Schedule 10 for personal income and population data.

Details regarding the state's debt can be found in Note 3-J of the financial statements.

Fiscal Year					
2002	2003	2004	2005	2006	2007
\$ 140,161	\$ 146,795	\$ 146,384	\$ 204,240	\$ 287,016	\$ 277,932
1,403	2,240	1,132	5,941	6,361	5,418
507	5,671	5,455	5,613	32,314	32,384
142,071	154,706	152,971	215,794	325,691	315,734
965,243	886,185	835,535	887,350	1,038,233	1,073,545
30,341	31,798	34,130	38,746	45,088	46,131
403,860	427,683	535,253	445,080	283,509	263,820
1,399,444	1,345,666	1,404,918	1,371,176	1,366,830	1,383,496
\$ 1,541,515	\$ 1,500,372	\$ 1,557,889	\$ 1,586,970	\$ 1,692,521	\$ 1,699,230
9.4%	9.0%	8.6%	8.5%	8.3%	8.1%
\$ 2,422	\$ 2,368	\$ 2,463	\$ 2,496	\$ 2,667	\$ 2,672

STATE OF NORTH DAKOTA

Schedule 8 Pledged-Revenue Coverage Last Ten Fiscal Years

Fiscal Year	Gross Revenues	Less:	Net	Debt Service Requirements		
		Operating Expenses (1)	Available Revenues	Principal	Interest	Coverage
BUILDING AUTHORITY BONDS						
1998	\$ 8,750,000	-	\$ 8,750,000	4,535,000	4,694,000	0.95
1999	7,189,000	-	7,189,000	4,399,000	4,670,000	0.79
2000	8,204,000	-	8,204,000	3,906,000	4,501,000	0.98
2001	7,136,000	-	7,136,000	3,733,000	4,575,000	0.86
2002	7,197,000	-	7,197,000	4,471,000	4,539,000	0.80
2003	8,603,000	-	8,603,000	4,655,000	5,725,000	0.83
2004	9,247,000	-	9,247,000	5,540,000	4,381,000	0.93
2005	9,468,000	-	9,468,000	5,618,000	3,985,000	0.99
2006	10,650,000	-	10,650,000	6,711,000	5,270,000	0.89
2007	10,479,000	-	10,479,000	6,649,000	5,541,000	0.86

Pledged revenues include interest and lease payments.

LIGNITE RESEARCH BONDS (4)						
1998	\$ 1,045,246	-	\$ 1,045,246	645,000	397,521	1.00
1999	1,051,713	-	1,051,713	680,000	371,590	1.00
2000	1,060,332	-	1,060,332	720,000	340,430	1.00
2001	1,066,890	-	1,066,890	760,000	306,750	1.00
2002	1,070,330	-	1,070,330	800,000	301,690	0.97
2003	1,076,320	-	1,076,320	845,000	200,170	1.03
2004	1,057,418	-	1,057,418	895,000	162,585	1.00
2005	1,089,157	-	1,089,157	950,000	138,998	1.00
2006	1,079,038	-	1,079,038	1,910,000	53,503	0.55
2007	-	-	-	-	-	-

Pledged revenues include interest and royalties.

WATER COMMISSION BONDS (1)						
1998	\$ 621,443	\$ -	\$ 621,443	\$ -	\$ 253,820	2.45
1999	637,709	-	637,709	40,000	437,715	1.33
2000	939,944	-	939,944	105,000	578,971	1.37
2001	1,187,776	-	1,187,776	167,010	2,165,826	0.51
2002	3,731,579	-	3,731,579	1,103,010	2,486,787	1.04
2003	4,530,982	-	4,530,982	1,353,210	2,478,097	1.18
2004	3,919,690	-	3,919,690	1,311,210	2,418,640	1.05
2005	4,894,238	-	4,894,238	2,472,910	3,482,849	0.82
2006	5,608,843	-	5,608,843	1,420,600	3,881,643	1.06
2007	7,192,923	-	7,192,923	1,813,098	4,999,564	1.06

Pledged revenues include user fees, interest, and Tobacco Settlement funds.

INFORMATION TECHNOLOGY BONDS (1)						
2004	\$ 30,579,344	\$ 29,457,699	\$ 1,121,645	\$ -	\$ 163,723	6.85
2005	31,228,224	28,388,559	2,839,665	-	248,790	11.41
2006	34,555,908	34,557,209	(1,301)	549,000	307,789	0.00
2007	38,270,735	32,009,593	6,261,142	568,400	213,506	8.01

Pledged revenues include user fees.

DEPARTMENT OF TRANSPORTATION BONDS (1)						
2006	\$ 1,717,002	\$ -	\$ 1,717,002	\$ -	\$ 2,144,269	0.80
2007	1,416,161	-	1,416,161	161,125	2,001,689	0.65

Pledged revenues include interest and federal and highway fund appropriations.

Fiscal Year	Gross Revenues	Less:	Net	Debt Service Requirements		
		Operating Expenses	Available Revenues	Principal	Interest	Coverage
STUDENT LOAN TRUST						
1998	\$ 17,923,460	4,097,138	\$ 13,826,322	68,048,100	8,989,815	0.18
1999	16,380,006	4,636,162	11,743,844	57,909,900	7,433,534	0.18
2000	15,835,171	6,374,651	9,460,520	1,496,326	4,933,589	1.47
2001	17,732,535	5,936,696	11,795,839	1,749,449	7,594,712	1.26
2002	12,646,000	3,808,000	8,838,000	27,082,000	5,430,000	0.27
2003	10,663,000	4,583,000	6,080,000	63,855,000	2,629,000	0.09
2004	12,460,000	6,406,000	6,054,000	1,000,000	1,750,000	2.20
2005	13,455,000	5,309,000	8,146,000	-	2,998,000	2.72
2006	13,641,000	4,759,000	8,882,000	-	5,010,000	1.77
2007	9,194,000	2,296,000	6,898,000	-	3,917,000	1.76

Pledged revenues include federal revenues, and loan and investment interest.

HOUSING FINANCE AGENCY						
1998	\$ 53,699,000	16,232,000	\$ 37,467,000	122,684,000	31,520,000	0.24
1999	56,512,000	13,577,000	42,935,000	149,683,000	38,980,000	0.23
2000	60,068,000	14,636,000	45,432,000	176,339,000	38,963,000	0.21
2001	69,613,000	17,526,000	52,087,000	173,550,000	43,121,000	0.24
2002	66,734,000	13,000,000	53,734,000	207,465,000	46,450,000	0.21
2003	63,697,000	16,376,000	47,321,000	140,411,000	39,337,000	0.26
2004	52,016,000	16,512,000	35,504,000	177,594,000	33,115,000	0.17
2005	51,152,000	18,048,000	33,104,000	120,539,000	27,859,000	0.22
2006	51,472,000	20,736,000	30,736,000	98,501,000	25,839,000	0.25
2007	58,632,000	18,080,000	40,552,000	133,527,000	31,809,000	0.25

Pledged revenues include income and proceeds from mortgage loan activity.

STATE FAIR ASSOCIATION (2)						
1997	\$ 3,408,989	2,758,476	\$ 650,513	195,000	167,460	1.79
1998	3,749,664	2,752,836	996,828	195,000	159,660	2.81
1999	3,609,161	2,908,303	700,858	195,000	151,372	2.02
2000	3,475,814	3,020,232	455,582	195,000	142,598	1.35
2001	3,221,683	3,030,092	191,591	195,000	127,796	0.59
2002	3,448,061	3,150,042	298,019	-	93,010	3.20
2003	3,511,582	3,362,756	148,826	210,000	74,843	0.52
2004	3,735,261	3,585,269	149,992	205,000	77,149	0.53
2005	4,415,435	3,847,415	568,020	205,000	71,766	2.05
2006	4,712,097	4,089,305	622,792	205,000	64,231	2.31

Pledged revenues include state appropriations and State Fair net revenue.

UNIVERSITY SYSTEM (3)						
2002	\$ 398,935,980	\$ 552,709,442	\$ (153,773,462)	\$ 15,509,175	\$ 3,249,608	(8.20)
2003	430,941,780	579,083,257	(148,141,477)	22,090,280	4,838,767	(5.50)
2004	484,761,680	619,035,327	(134,273,647)	12,689,507	5,508,951	(7.38)
2005	490,990,656	655,641,086	(164,650,430)	12,506,875	7,344,029	(8.29)
2006	539,484,282	650,271,318	(110,787,036)	15,717,500	9,532,867	(4.39)
2007	557,498,821	665,012,168	(107,513,347)	29,385,066	12,325,577	(2.58)

Pledged revenues include student fees, auxiliary revenues, and debt service grants.

- (1) First year reported is first year Agency held bonds.
- (2) Information presented for the Fiscal Year Ended September 30.
- (3) Information not available prior to Implementation of GASB 34 for FY2002.
- (4) The bonds were redeemed during 2007 and the fund no longer exists.

NOTE: Gross revenues include nonoperating interest income. Operating expenses do not include bond interest or depreciation expenses.

Schedule 9**Legal Debt Limit****Fiscal Year Ending June 30, 2007**

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.

The State of North Dakota has had no General Obligation Bonded Debt since Fiscal Year 1998. No Schedule of Ratios of General Bonded Debt is being presented.

Schedule 10
Demographic and Economic Indicators
Last Ten Calendar Years

<u>Year</u>	<u>Population</u>	<u>Total Personal Income (000's)</u>	<u>Per Capita Personal Income</u>	<u>ND Unemployment Rate</u>	<u>Annual Average UI Covered Employment</u>
1997	640,945	\$ 13,439,930	\$ 20,969	2.9%	296,519
1998	637,808	14,810,400	23,221	3.0%	301,488
1999	633,666	14,933,720	23,567	3.2%	306,207
2000	642,200	16,096,687	25,065	2.9%	309,223
2001	636,349	16,465,318	25,875	2.8%	311,632
2002	633,649	16,743,211	26,423	3.5%	311,808
2003	632,620	18,179,042	28,736	3.6%	314,273
2004	635,848	18,674,433	29,369	3.5%	321,108
2005	634,605	20,340,705	32,053	3.4%	328,121
2006	635,867	21,005,256	33,034	3.2%	335,718

Source: ND Job Service

Schedule 11 Principal Employers

North Dakota Century Code 52-01-02 and 52-01-03 prohibits Job Service North Dakota from disclosing information provided to them by employers, including the employer name and number of employees, unless authorized by the employer. Sufficient permission has not been received to allow for presentation of this schedule.

The following schedule is being presented as an alternative to the principal employer schedule:

Schedule 12 Employment by Industry Current Year and Nine Years Ago

<u>Industry</u>	2006			1997		
	Number of Employees	Rank	Percent of Total Noagricultural Wage and Salary Employment	Number of Employees	Rank	Percent of Total Noagricultural Wage and Salary Employment
Government	75,600	1	21.41%	70,700	1	22.52%
Educational and Health Services	49,800	2	14.10%	43,900	2	13.98%
Retail Trade	43,300	3	12.26%	40,350	3	12.85%
Leisure and Hospitality Professional and Business Services	31,600	4	8.95%	29,200	4	9.30%
Manufacturing	28,800	5	8.16%	20,950	6	6.67%
Financial Activities*	26,100	6	7.39%	22,100	5	7.04%
Wholesale Trade*	19,300	7	5.47%	14,950	10	4.76%
Construction	19,100	8	5.41%	18,250	7	5.81%
Other Services	18,500	9	5.24%	15,000	9	4.78%
Transportation, Ware- housing and Utilities	15,000	10	4.25%	15,250	8	4.86%
Information	13,800	11	3.91%	12,300	11	3.92%
Natural Resources & Mining	7,500	12	2.12%	7,300	12	2.33%
	4,700	13	1.33%	3,700	13	1.18%
Total	<u>353,100</u>		<u>100%</u>	<u>313,950</u>		<u>100%</u>

Source: Job Service North Dakota: Nonagriculture wage and salary employees by industry.

Schedule 13
Education Enrollment
Last Ten Academic Years

Public School Enrollment

	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
Kindergarten	8,177	7,917	7,559	7,144	7,057	7,012	6,890	6,641	6,578	6,648
Grades 1-3	25,204	24,546	23,930	22,999	22,108	21,473	21,229	21,115	20,736	20,358
Grades 4-6	26,037	25,411	24,989	24,289	23,652	23,241	22,645	22,109	21,390	21,060
Grades 7-8	18,740	18,318	17,652	17,099	16,880	16,514	16,287	16,148	15,864	15,333
Grades 9-12	37,945	37,737	37,575	36,563	35,517	34,773	34,086	33,311	32,552	32,201
Total Enrollment	116,103	113,929	111,705	108,094	105,214	103,013	101,137	99,324	97,120	95,600
Special Education Students	12,858	13,138	13,572	13,650	13,630	13,901	13,868	14,681	13,883	13,825

Source: Department of Public Instruction

University System Full-Time Equivalent Student Enrollment

	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
Bismarck State College	2,219	2,326	2,267	2,473	2,543	2,747	2,800	2,603	2,651	2,793
Dickinson State University	1,583	1,638	1,698	1,746	1,939	1,991	2,034	2,031	2,059	2,158
Lake Region State College	525	506	524	664	683	739	738	738	750	764
Mayville State University	685	692	686	662	657	701	761	722	652	586
Minot State University	2,762	2,753	2,647	2,911	2,975	3,029	3,034	3,011	2,928	2,729
MiSU - Bottineau	437	498	419	416	477	473	447	386	399	401
ND State College Of Science	2,598	2,503	2,428	2,247	2,253	2,322	2,271	2,223	2,171	2,097
North Dakota State University	8,656	8,775	9,003	9,621	9,993	10,348	10,745	10,807	10,890	11,221
University of North Dakota	9,177	9,417	9,837	10,466	11,155	11,811	11,931	11,155	11,381	10,967
Valley City State University	966	956	969	896	922	879	956	899	844	807
Williston State College	633	656	585	614	652	703	709	702	648	551
Total	30,241	30,720	31,063	32,716	34,249	35,743	36,426	35,277	35,373	35,074

Note: Full-Time Equivalent Enrollment is based upon student credit hours.

In August 2006, the SBHE changed the definition of undergraduate FTE to 15 credit hours from 16, and first professional to 1 for full-time students and 1/2 for part-time students. In order to provide a consistent basis for comparing enrollments to prior years, prior year FTE's have been recalculate based on the new definition, which is compatible with National Integrated Post-Secondary Education Data System (IPEDS) reporting requirements.

Source: North Dakota University System, Fall Enrollment Reports

Schedule 14
State Employees by State Agency
Last Ten Fiscal Years

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
EXECUTIVE BRANCH										
Adjutant General	117	121	122	127	128	125	133	132	158	169
Aeronautics Commission	5	5	5	5	5	5	5	5	5	5
Bank of North Dakota	169	174	173	173	172	170	171	169	167	181
Barley Council	3	3	2	2	3	4	4	2	2	5
Beef Commission	2	2	2	2	2	2	2	2	2	2
Career and Technical Education	30	27	27	28	28	25	26	26	25	33
Corn Council	0	1	1	1	1	1	1	2	1	2
Council on the Arts	5	4	4	6	5	5	5	4	5	5
Department of Agriculture	46	45	49	54	56	57	56	54	58	64
Department of Commerce	36	36	29	33	55	55	54	54	56	67
Department of Corrections and Rehabilitation	470	483	513	531	553	581	590	602	627	664
Department of Emergency Services	21	19	21	20	20	20	22	19	53	54
Department of Financial Institutions	21	19	22	20	21	21	21	23	24	26
Department of Human Services	2,162	2,160	2,153	2,156	2,145	2,095	1,951	1,946	1,938	2,133
Department of Public Instruction	133	129	129	130	85	90	90	88	89	95
Department of Transportation	1,007	1,020	1,014	1,010	1,027	1,017	1,015	1,014	1,021	1,054
Game and Fish Department	126	129	128	129	137	140	138	139	139	154
Highway Patrol	188	188	190	191	190	187	192	171	176	186
Historical Society	50	50	51	53	54	55	56	56	56	58
Indian Affairs Commission	3	2	3	4	4	4	3	3	3	3
Industrial Commission	58	57	57	58	59	58	55	48	48	53
Information Technology Department	151	156	166	168	243	243	245	244	240	313
Job Service North Dakota	389	377	387	379	371	357	357	333	286	352
Milk Marketing Board	5	5	5	5	5	4	4	4	4	6
ND Department of Health	291	299	298	294	303	316	318	295	292	324
ND Horse Racing Commission	0	0	0	0	0	0	0	0	2	2
ND Housing Finance Agency	29	30	32	33	36	38	38	40	37	38
ND Mill and Elevator Association	120	121	117	114	116	117	118	117	121	127
ND Vision Services/School for the Blind	24	25	28	26	26	28	30	26	26	30
North Dakota University System	NA	6,523	6,393	6,378	6,858	7,093	7,351	7,543	7,336	6,015
Office of Administrative Hearings	6	6	5	6	5	5	5	6	7	7
Office of Management and Budget	141	146	147	148	128	129	129	129	120	133
Office of the Attorney General	142	139	143	138	145	143	139	164	174	177

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
EXECUTIVE BRANCH, Continued										
Office of the Governor	16	17	16	17	18	18	17	18	16	18
Office of the Insurance Commissioner	45	41	43	42	40	38	43	40	40	46
Office of the Labor Commissioner	8	6	9	9	10	10	10	10	10	12
Office of the State Auditor	47	50	53	53	52	52	51	50	53	56
Office of the State Tax Commissioner	138	138	136	134	132	133	129	125	123	133
Office of the State Treasurer	6	7	7	7	6	6	6	6	5	7
Oilseed Council	1	1	1	1	1	1	1	1	1	1
Parks and Recreation Department	39	39	39	38	43	44	44	44	42	50
Protection and Advocacy	22	21	22	21	22	25	26	24	24	25
Public Employees Retirement System	23	23	26	26	27	25	28	27	28	33
Public Service Commission	42	42	41	40	41	41	41	41	39	43
Retirement and Investment Office	17	17	16	17	17	17	18	17	16	17
School for the Deaf	58	59	63	61	60	60	55	50	49	49
Secretary of State	25	24	26	24	26	26	26	26	26	27
Securities Department	6	8	8	8	8	8	8	8	8	9
Seed Department	30	27	23	25	25	24	25	23	22	32
Soybean Council	2	3	3	3	3	3	3	3	3	5
State Fair Association	5	5	12	13	12	12	16	15	15	24
State Land Department	18	17	18	16	18	18	19	17	17	21
State Library	27	28	28	27	27	27	27	29	28	30
State Radio	31	31	31	30	31	29	28	28	0	0
Veteran's Affairs Department	6	6	6	6	6	6	6	6	6	6
Veterans Home	79	84	83	84	86	84	84	82	86	88
Water Commission	79	77	79	79	81	82	80	77	77	84
Wheat Commission	6	7	7	7	6	6	6	6	5	8
Workforce Safety and Insurance	163	162	173	187	229	226	223	219	216	239
LEGISLATIVE BRANCH										
Legislative Council	32	32	32	30	31	31	30	31	31	33
JUDICIAL BRANCH										
Judiciary Branch	237	233	235	327	335	329	323	323	339	352
Total State Employees	7,158	13,706	13,652	13,754	14,379	14,571	14,697	14,806	14,623	13,985

NA - Not Available

NOTE: Fulltime employees are reported as of fiscal year end. ND University System employees based on annual budgets.
 Certain agencies have been reorganized, eliminated or created over the fiscal years resulting in fluctuations.
 Agencies are being displayed based on the organizational structure of the State.

Sources: Office of Management and Budget, ND University System, Bank of North Dakota, Mill and Elevator, Housing Finance Agency

Schedule 15
Operating Indicators by Function
Last Ten Fiscal Years

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General Government										
Office of the Tax Commissioner										
Number of returns filed electronically ¹	NA	13,822	28,589	50,685	78,932	103,910	129,509	147,683	166,733	186,329
Education										
Department of Public Instruction										
Public School Enrollment ²	116,103	113,929	111,705	108,094	105,214	103,013	101,137	99,324	97,120	95,600
North Dakota University System										
Full Time Equivalent Student Enrollment ³	30,241	30,720	31,063	32,716	34,249	35,743	36,426	35,277	35,373	35,074
Health and Human Services										
North Dakota Department of Health										
Number of Autopsies Performed in ND ⁴	185	197	196	172	225	226	195	221	240	NA
Air Quality - Percent of Facilities in Compliance ⁴	99	100	99	99	100	99	100	100	100	NA
Public Water Systems - Percent of Facilities in Compliance ⁴	94	95	94	94	96	97	92	92	94	NA
Department of Human Services										
Number of TANF Caseloads	NA	6,926	5,581	5,612	NA	5,988	5,887	5,524	5,259	NA
Number of Medicaid Recipients	62,509	61,989	61,781	62,492	NA	76,377	77,378	77,018	77,799	NA
Regulatory										
Office of the Insurance Commissioner										
Licensed Insurance Agents ⁴	14,250	15,101	17,680	20,905	23,372	25,856	31,645	33,323	39,230	47,437
Public Service Commission										
Weighting and Measuring Devices Inspected	NA	14,564	12,407	15,321	13,853	14,971	14,605	13,944	12,414	13,183
Gas Pipeline Safety Inspections	NA	NA	NA	NA	18	70	67	45	53	56
Public Safety and Corrections										
Department of Corrections and Rehabilitation										
Average Daily Adult Prison Population ⁴	902	931	1,016	1,099	1,160	1,198	1,299	1,366	1,409	NA
Office of the Attorney General-Bureau of Investigations										
Criminal Cases Opened ⁴	208	218	222	296	302	302	286	319	351	NA
Drug Cases Opened ³	264	282	313	363	573	549	623	553	472	NA
Office of the Attorney General-Crime Laboratory										
Toxicology Alcohol Blood and Breath Analyses ⁴	5,021	5,068	4,434	4,552	4,847	5,646	6,411	6,378	6,517	NA
Methamphetamine/Amphetamine Samples Processed ⁴	413	494	1,218	1,505	2,419	1,990	2,813	2,779	1,552	NA
Office of the Adjutant General										
Assigned National Guard ⁵	NA	4,381	4,363	4,366	4,269	4,241	4,106	4,043	4,243	4,211
Agriculture and Commerce										
Department of Agriculture										
Pounds of Pesticide Waste Collected	174,275	131,676	158,938	166,949	147,857	190,759	155,158	129,994	172,791	170,817
Department of Commerce										
Net Job Growth from Nonfarm Employment ⁴	5,400	4,400	3,900	1,950	150	2,800	5,250	6,850	8,200	NA
New Private Sector Businesses ⁴	105	162	204	46	57	526	459	334	429	NA
Natural Resources										
Game and Fish Department										
Registered Boats ⁴	47,458	41,591	46,819	51,483	45,076	49,249	52,961	44,499	49,641	NA
Hunting and Fishing Licenses Issued	273,125	289,998	294,967	312,853	322,728	321,304	323,479	314,465	332,644	NA
Department of Parks and Recreation										
Park Visitations ⁴	1,111,409	1,135,156	1,091,257	1,052,399	1,051,752	1,045,390	972,151	923,181	940,113	NA
Camping Nights ⁴	42,682	44,382	43,046	44,168	47,489	49,533	47,484	48,599	51,945	NA
Snowmobile Registrations ⁴	17,343	4,308	17,563	4,134	17,459	2,649	15,961	2,223	14,198	NA
Transportation										
Department of Transportation										
Registered Vehicles ⁴	NA	NA	NA	790,933	809,459	815,042	836,927	843,054	878,443	NA
Licensed Drivers	452,163	455,027	457,890	456,055	455,921	457,743	459,566	466,701	468,711	470,731
Unemployment Compensation- Job Service North Dakota										
Number of Covered Workers ⁴	301,488	306,207	309,223	311,632	311,808	314,273	321,108	328,121	335,718	NA
Workforce Safety and Insurance										
Number of Claims Filed	20,683	20,034	20,045	20,320	19,950	18,753	19,184	19,887	21,588	21,309
Number of Covered Workers	287,801	292,868	296,663	299,714	301,913	301,777	304,287	311,200	318,240	326,100

NA-Not Available

¹ Calendar Year Received² Academic Year End Enrollment³ Academic Year Enrollment⁴ Statistics on a Calendar Year Basis⁵ National Guard member count is at September 30 of each year

Sources: The State agencies listed above provided the statistics for their agency

Schedule 16
Capital Assets by Function
Last Ten Fiscal Years

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<u>General Government</u>										
Office of Management and Budget										
Capital Complex Buildings	7	7	7	7	7	7	7	7	7	7
<u>Education</u>										
Department of Land										
Common Schools Trust										
Land Acreage	635,522	635,522	635,682	635,695	635,703	635,534	635,529	635,574	632,408	632,248
ND University System										
Buildings	494	494	501	501	512	512	527	527	516	516
Buildings Square Footage	12,912,934	12,912,934	13,014,194	13,014,194	13,056,392	13,056,392	13,440,708	13,491,510	13,491,510	13,491,510
<u>Health and Human Services</u>										
Dept. of Human Services										
Buildings	80	80	78	77	77	74	74	74	74	74
<u>Public Safety and Corrections</u>										
Department of Corrections and Rehabilitation										
Buildings	NA	NA	NA	NA	64	70	70	71	71	71
Office of the Adjutant General										
Headquarters, Camp and Armory Buildings	516	518	524	524	528	530	539	551	567	475
<u>Natural Resources</u>										
Game and Fish Department										
Wildlife Management Areas	NA	NA	NA	NA	NA	183	183	185	186	186
Boats, ATV's, Snowmobiles, Tractors, Other	NA	NA	NA	NA	NA	NA	344	364	393	397
Dept. of Parks and Recreation										
Park/Recreational Sites	16	16	16	16	16	16	15	15	15	20
Park Maintenance Vehicles/Equipment	NA	NA	NA	NA	NA	NA	196	207	222	230
<u>Transportation</u>										
Department of Transportation										
Lane Miles Maintained	8,394	8,394	8,394	8,402	8,410	8,412	8,414	8,450	8,469	8,479
Fleet Vehicles	NA	NA	2,933	2,879	2,943	2,988	3,097	3,137	3,220	3,316
Heavy Equipment	599	595	598	593	589	577	565	552	527	359
Buildings	77	77	77	77	77	77	77	77	77	79

NA-Not Available

Sources: The State agencies listed above provided the data for their agency

Schedule 17
Agricultural Production

Value of Export Shares of Agricultural Commodities - 2005-2006 (1)

	<u>2005</u> <u>Dollars</u> (Mil.)	<u>2005</u> <u>% of U.S.</u>	<u>2006</u> <u>Dollars</u> (Mil.)	<u>2006</u> <u>% of U.S.</u>
Wheat and Products	646.8	11.0	698.9	11.3
Soybeans and Products	307.4	3.5	312.2	3.8
Vegetables and Preparations	154.1	2.7	206.7	5.3
Feeds Grains and Products	130.8	1.9	150.3	1.7
Feeds and Fodder	68.6	3.1	71.7	2.9
Sunflower Seed and Oil	62.3	43.6	99.7	52.0
Seeds	55.0	6.0	56.4	6.4
Live Animals and Meats Excluding Poultry	5.4	0.1	5.6	0.1
Dairy Products	5.1	0.3	4.6	0.3
Poultry and Products	1.5	0.0	1.7	0.1
Hides and Skins	0.6	0.0	0.6	0.0
Fats, Oils and Greases	0.2	0.0	0.2	0.0
Other (2)	529.5	2.7	273.7	2.7
Total (3)	<u>\$ 1,967.6</u>	3.2	<u>\$ 1,882.4</u>	2.7

Sources: Foreign Agricultural Trade of U.S. - E.R.S.
 North Dakota Agricultural Statistics 2007

- (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.
- (2) Sugar and tropical products, minor oilseeds, essential oils, beverages other than juice, nursery and greenhouse, wine, and misc. vegetable products.
- (3) Totals may not add due to rounding.

2006 Crop Rank Among States

<u>North Dakota</u> <u>Ranks</u>	<u>Crop Description</u>	<u>North Dakota</u> <u>Produces</u>
1st	Flaxseed	94%
	Canola	92%
	Dry Edible Peas	71%
	Durum Wheat	59%
	Pinto Beans	52%
	Oil Sunflowers	52%
	All Sunflowers	52%
	Non-oil Sunflowers	51%
	Spring Wheat	46%
	Lentils	37%
	Navy Beans	36%
	All Dry Edible Beans	32%
	Barley	27%
	Honey	17%
2nd	Sugarbeets	19%
	All Wheat	14%

Source: North Dakota Agricultural Statistics 2007