

## 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, 2009. 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 \$6 billion (reported as net assets), an increase of \$320 million from the previous year. The net assets of governmental activities increased by 10% while the net assets of the business-type activities showed a decrease of 5%.

#### Fund Level:

As of the close of fiscal year 2009 the State's governmental funds reported combined ending fund balances of \$3.1 billion, an increase of \$332 million. Of this amount, \$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 \$863 million.

The enterprise funds reported net assets at year-end of \$1.6 billion, a decrease of \$92 million during the year.

#### Long-term Debt:

The State's total debt (bonds and notes payable) decreased approximately 5.8% during the fiscal year to \$1.65 billion, a decrease of \$101 million, which represents the net difference between new issuances and payments. During the year the State issued \$143 million in bonds and \$160 million in notes.

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

### 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 five (5) major enterprise funds: The Bank of North Dakota, Housing Finance, Mill and Elevator, University System, and Workforce Safety and Insurance. These five 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 \$6 billion at the end of fiscal year 2009. Net assets increased 5.6% from the prior fiscal year.

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2008	2009	2008	2009	2008	2009
Current and Other Assets	\$3,280,899	\$3,613,541	\$5,685,182	\$6,016,829	\$7,841,302	\$7,928,465
Capital Assets	1,479,571	1,542,653	792,216	835,095	2,271,787	2,377,748
Total Assets	<u>4,760,470</u>	<u>5,156,194</u>	<u>6,477,398</u>	<u>6,851,924</u>	<u>10,113,089</u>	<u>10,306,213</u>
Long-Term Liabilities						
Outstanding	349,055	326,031	2,365,176	2,249,525	2,714,231	2,575,556
Other Liabilities	432,439	441,479	2,379,563	2,959,459	1,687,223	1,699,033
Total Liabilities	<u>781,494</u>	<u>767,510</u>	<u>4,744,739</u>	<u>5,208,984</u>	<u>4,401,454</u>	<u>4,274,589</u>
Net Assets						
Invested in Capital Assets, Net of Related Debt	1,400,535	1,323,477	546,699	578,828	1,947,234	1,902,305
Restricted	1,458,565	1,502,237	532,955	500,433	1,991,520	2,002,670
Unrestricted	<u>1,119,876</u>	<u>1,562,970</u>	<u>653,005</u>	<u>563,679</u>	<u>1,772,881</u>	<u>2,126,649</u>
Total Net Assets	<u>\$3,978,976</u>	<u>\$4,388,684</u>	<u>\$1,732,659</u>	<u>\$1,642,940</u>	<u>\$5,711,635</u>	<u>\$6,031,624</u>

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 (35%) of the State's net assets is unrestricted net assets, which may be used at the State's discretion, but often have limitations on use based on State statutes. Restricted net assets make up thirty-three percent (33%) of the state's 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-one 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)

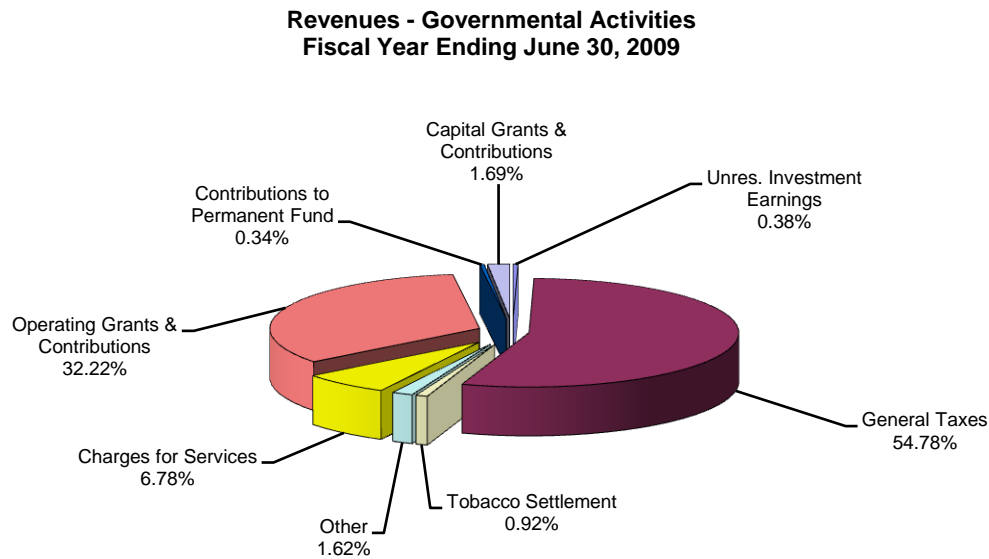
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2008	2009	2008	2009	2008	2009
<b>Revenues:</b>						
Program Revenues:						
Charges for Services	\$ 210,843	\$ 229,005	\$1,073,777	\$1,116,210	\$1,284,620	\$1,345,215
Operating Grants & Contributions	1,041,411	1,131,838	258,218	114,158	1,299,629	1,245,996
Capital Grants & Contributions	68,472	57,065	9,245	10,820	77,717	67,885
General Revenues:						
Income Taxes	473,235	503,976	-	-	473,235	503,976
Sales Taxes	797,614	857,771	-	-	797,614	857,771
Other Taxes	534,732	489,484	-	-	534,732	489,484
Investment Earnings	25,150	12,830	-	-	25,150	12,830
Tobacco Settlement	20,062	30,990	-	-	20,062	30,990
Other	42,052	54,637	-	-	42,052	54,637
<b>Total Revenues</b>	<u>3,213,571</u>	<u>3,367,596</u>	<u>1,341,240</u>	<u>1,241,188</u>	<u>4,554,811</u>	<u>4,608,784</u>
<b>Expenses</b>						
General Government	313,330	418,221	-	-	313,330	418,221
Education	537,757	564,819	-	-	537,757	564,819
Health and Human Services	960,440	1,005,299	-	-	960,440	1,005,299
Regulatory	28,265	26,582	-	-	28,265	26,582
Public Safety and Corrections	135,068	194,264	-	-	135,068	194,264
Agriculture and Commerce	67,942	68,057	-	-	67,942	68,057
Natural Resources	64,090	64,817	-	-	64,090	64,817
Transportation	318,241	382,619	-	-	318,241	382,619
Interest on Long Term Debt	13,293	12,684	-	-	13,293	12,684
Bank of North Dakota	-	-	108,078	99,090	108,078	99,090
Housing Finance	-	-	58,816	59,769	58,816	59,769
Loan Programs	-	-	9,658	6,777	9,658	6,777
Mill and Elevator	-	-	242,924	233,792	242,924	233,792
State Lottery	-	-	16,205	16,123	16,205	16,123
Unemployment Compensation	-	-	46,912	106,475	46,912	106,475
University System	-	-	835,873	894,733	835,873	894,733
Workforce Safety and Insurance	-	-	246,582	168,527	246,582	168,527
Other	-	-	23,269	15,810	23,269	15,810
<b>Total Expenses</b>	<u>2,438,426</u>	<u>2,737,362</u>	<u>1,588,317</u>	<u>1,601,096</u>	<u>4,026,743</u>	<u>4,338,458</u>
Increase (decrease) in Net Assets Before Contributions & Transfers	775,145	630,234	(247,077)	(359,908)	528,068	270,326
Contributions to Permanent Fund Principal	19,181	11,574	-	-	19,181	11,574
Special Item-Loss on Discontin. of Computer Project	-	(3,314)	-	-	-	(3,314)
Transfers	(254,648)	(229,268)	228,141	270,189	(26,507)	40,921
<b>Increase in Net Assets</b>	539,678	409,226	(18,936)	(89,719)	520,742	319,507
Net Assets - Beginning -As Restated	<u>3,439,298</u>	<u>3,979,458</u>	<u>1,751,595</u>	<u>1,732,659</u>	<u>5,190,893</u>	<u>5,712,117</u>
Net Assets- Ending	<u>\$3,978,976</u>	<u>\$4,388,684</u>	<u>\$1,732,659</u>	<u>\$1,642,940</u>	<u>\$5,711,635</u>	<u>\$6,031,624</u>

## Governmental Activities

Governmental Activities increased the State's net assets by \$409 million. The largest increases in the State's revenues for fiscal year 2009 were from the State's operating grants and contributions. The increase in operating grants and contributions of 8.9% is due to increased disaster assistance and in reimbursement for other increased federal expenditures. Oil tax revenues decreased from the prior fiscal year by 8.6%. This was due to falling prices and a decline in rig counts. Sales and use taxes increased 7.5% because of strong gains in the North Dakota economy including expansion of the retail tax base throughout the state. Income taxes increased 6.5% due to the state's strong economy. Corporate tax collections rose due to a very strong business sector, which is due in part to energy companies' profits.

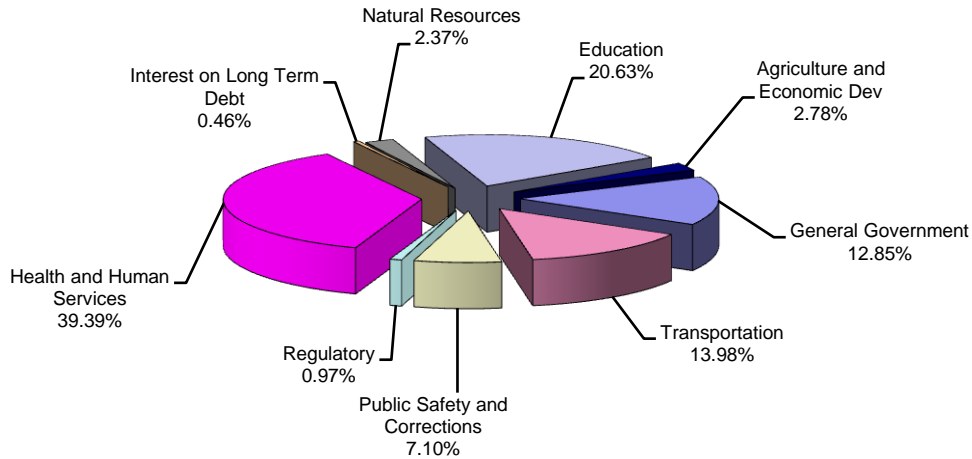
Expenses for total governmental activities increased by 12% from the prior fiscal year. General government expenses increased approximately \$104 million due to providing weather-related cost sharing funds to political subdivisions and increases in cost sharing payments to political subdivisions due to higher tax collections. Transportation expenses increased by \$64 million and public safety and corrections had an increase of \$59 million. These increases are due largely for costs relating to flood and snow disasters. In addition, Medicaid and Long Term Care grant payments increased by \$13.2 million due to an increase in both caseload and cost per case.

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, 2009**



**Business-type Activities**

Net assets of the business-type activities decreased by \$90 million during the fiscal year.

Workforce Safety and Insurance's (WSI) net assets decreased \$120 million because of underwriting loss and loss on investments.

The Mill and Elevator's net assets decreased \$9.7million, primarily due to the decrease in the value of inventories caused by the decline in wheat prices.

Other business-type activities had increases in net assets, including the Bank of North Dakota, which had an increase of \$31 million; Housing Finance with a \$7.6 million increase; and the University System with a \$28 million increase.

The Bank of North Dakota increase is attributable to continued growth in state deposits, liquidity of banks investing at the Bank and increased investment in repurchase agreements by commercial customers. The increase in Housing Finance is a result of program operations and financing activities. The University System's net asset change is from increases in tuition, housing, food service and book store revenue.

**FINANCIAL ANALYSIS OF THE STATE'S FUNDS**

**Governmental Funds**

As the State completed the year, its governmental funds reported combined fund balances of \$3.1 billion, an increase of \$332 million from the prior fiscal year. Approximately \$2.1 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 \$863 million and reserved fund balance was \$4 million. Total fund

balance rose during the fiscal year by \$79 million, due to increases in tax revenues. Sales and use taxes had the largest increase, \$60 million, followed by individual income and corporate income taxes with a \$39.5 million increase. By the end of fiscal year General Fund revenues increased 5.8% from the prior year.

The School Permanent Trust Fund balance at June 30, decreased \$68 million because of a decrease in investment income of \$93 million.

The Federal Fund balance at June 30, showed an increase of \$3.7 million because of increased inventory of donated vaccinations.

### **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, 2009, was the second year of the 2007-09 budget cycle. The original budget increased \$149.1 million.

At the beginning of the 2007-09 budget cycle, there was an increase in the original budget of \$13.4 million due to the authorized carryover of general fund appropriation authority from the 2005-07 biennium and a \$2.1 million increase for capital construction carryover. 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 Department of Public Instruction, \$6 million, Adjutant General, \$2.3 million, Office of Management and Budget, \$2.1 million, and the University System, \$1.8 million. Of the \$2.1 million in capital construction carryover dollars, \$1.8 million was for the Department of Human Services.

An additional general fund budget appropriation of \$5 million was given to the Department of Public Instruction in April of 2008 as the 2007 Legislature approved this additional amount contingent on the general fund anticipated fund balance exceeding \$30 million at that time.

The 2009 Legislature authorized various general fund adjustments for the 2007-09 budget. In a deficiency bill, \$8.4 million in additional general fund appropriation authority was given to various agencies, including \$4.8 million to Adjutant General for operating costs and \$2.8 million to the University of North Dakota for flood expenditures. In another bill, Adjutant General also received an additional \$12.5 million to defray flood related expenses. There was a \$43 million general fund adjustment for the Office of Management and Budget to be transferred to the Adjutant General's state disaster relief fund to be used for matching federal funds for expenses related to presidential-declared disasters in the state. The State Treasurers Office's general fund appropriation was increased by \$59 million for the purpose of providing weather-related cost sharing funds to political subdivisions and to the state highway fund.

The Secretary of State had \$70,654 in expenditures in excess of general fund spending authority because of costs related to a computer project.

### **CAPITAL ASSETS AND DEBT ADMINISTRATION**

Capital Assets: At the end of the fiscal year 2009, the State had invested \$2.4 billion, net of accumulated depreciation, in a broad range of capital assets. Depreciation charges for this fiscal year totaled \$117 million.



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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2008	2009	2008	2009	2008	2009
Land and Land Improvements	\$ 55,374	\$ 68,052	\$ 19,436	\$ 18,764	\$ 74,810	\$ 86,816
Building & Building Improvements	229,159	250,635	474,247	520,271	703,406	770,906
Equipment	135,669	142,964	155,199	163,713	290,868	306,677
Infrastructure	601,393	638,110	85,434	89,478	686,827	727,588
Construction in Progress	457,976	442,892	57,910	42,869	515,886	485,761
<b>Total</b>	<u>\$1,479,571</u>	<u>\$1,542,653</u>	<u>\$ 792,226</u>	<u>\$ 835,095</u>	<u>\$2,271,797</u>	<u>\$2,377,748</u>

The total increase in the State's investments in capital assets for the current fiscal year was 4.7% in terms of net book value. However, actual expenditures to purchase or construct capital assets were approximately \$378 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 3H 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, 2009.

The State does have a number of revenue bonds outstanding at June 30, 2009. 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 \$314.6 million. The advances have a fixed rate of interest, ranging from 3.27 percent to 7.35 percent.

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

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2008	2009	2008	2009	2008	2009
Revenue Bonds	\$ 265,665	\$ 251,526	\$1,197,845	\$1,051,542	\$1,463,510	\$1,303,068
Notes Payable	35,726	26,523	250,645	318,847	286,371	345,370
<b>Total</b>	<u>\$ 301,391</u>	<u>\$ 278,049</u>	<u>\$1,448,490</u>	<u>\$1,370,389</u>	<u>\$1,749,881</u>	<u>\$1,648,438</u>

The State's total debt decreased approximately 5.8% during the current fiscal year.

## **ECONOMIC CONDITION AND OUTLOOK**

North Dakota's economy grew steadily during the 2007-09 biennium, even in the midst of what has been termed the Great Recession. Many states have faced the worst budget crisis in recent history with declining sources of revenue and growing demands for social services. However, in North Dakota, we have enjoyed economic stability and expansion, with broad revenue growth across many tax types.

Although the weakness in the national economy poses a concern for North Dakota, the state has thus far been well insulated from the economic decline. The agricultural economy remains healthy – commodity prices have fallen from recent highs, but remain strong by historic standards. High oil prices have led to increased oil exploration activity and increased tax collections for both the state and political subdivisions. Oil activity has also had a positive impact on income and sales tax collections. Oil production is at a record level. The rig count is steadily increasing, up to 51 rigs in September 2009, compared to 45 the previous month. It is estimated that each oil rig represents up to 40 direct jobs and 80 indirect jobs.

The state's unemployment rate continues at an exceptionally low rate – as of October 2009, the lowest rate in the nation. The state's non-seasonally adjusted unemployment rate in October 2009 was only 3.2%, one-third the national average of 9.5%.

Moody's Economy.com noted in a September 2009 publication that "the [North Dakota] state government's prudent budgeting and a sound financial services industry coupled with rising energy prices, stable household balance sheets, and renewed business investment will usher in a recovery that will lead the nation's recovery."

## **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.