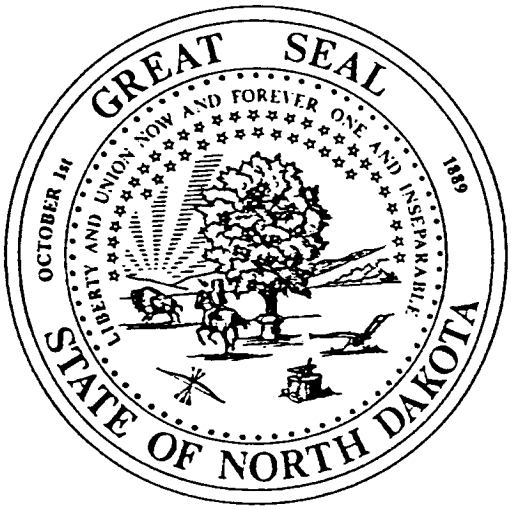
North Dakota



Single Audit Report

Fiscal Years Ended June 30, 2010 and 2009

Prepared by the Office of the State Auditor
Robert R. Peterson, State Auditor

STATE OF NORTH DAKOTA
SINGLE AUDIT

For the Fiscal Years Ended June 30, 2010 and 2009

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March 28, 2011

Honorable Jack Dalrymple
Governor, State of North Dakota

Members of the Legislative Assembly
of the State of North Dakota

We are pleased to submit the single audit of the State of North Dakota, covering the fiscal years ended June 30, 2010 and 2009.

This report complies with the State's audit requirements, including those placed upon the State as a condition for the receipt of federal funds for fiscal years 2010 and 2009. The audit meets the requirements of Chapter 54-10 of the North Dakota Century Code, the Single Audit Act Amendments of 1996, and the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*.

We issued separate reports on the State of North Dakota's financial statements for fiscal years 2010 and 2009. These reports are included in the State of North Dakota's *Comprehensive Annual Financial Report* issued under separate cover for each of the two fiscal years ended June 30, 2010 and 2009, and are available upon request.

We would like to take this opportunity to express our appreciation to the State's lead cognizant audit agency, the U.S. Department of Health and Human Services, and to the state agencies for their assistance in the single audit process.

Respectfully submitted,

Robert R. Peterson
State Auditor

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Honorable Jack Dalrymple
Governor, State of North Dakota

Members of the Legislative Assembly
of the State of North Dakota

We have audited the 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 years ended June 30, 2010 and 2009, which collectively comprise the State of North Dakota's basic financial statements and have issued our reports thereon dated December 15, 2010 and December 17, 2009, respectively. Those reports make reference to our reliance on the reports of other auditors as described therein. We conducted our audits 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.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the State of North Dakota's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the State of North Dakota's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the State of North Dakota's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying schedule of financial statement findings, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of financial statement findings as items F09-1, F09-2 and F09-3 to be material weaknesses.

A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of financial statement findings as items F09-1, F09-2, F09-3, F09-4, F09-5, F09-6 and F10-1 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the State of North Dakota's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

We noted certain matters that we reported to management of the State of North Dakota, in a separate letter dated December 15, 2010.

The State of North Dakota's responses to the findings identified in our audit are described in the accompanying schedule of financial statement findings. We did not audit the State of North Dakota's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Legislative Audit and Fiscal Review Committee, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Robert R. Peterson
State Auditor

Edwin J. Nagel, Jr., CPA
Director

December 15, 2010

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Honorable Jack Dalrymple
Governor, State of North Dakota

Members of the Legislative Assembly
of the State of North Dakota

Compliance

We have audited the compliance of the State of North Dakota with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the State of North Dakota's major federal programs for the years ended June 30, 2010 and 2009. The State of North Dakota's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the State of North Dakota's management. Our responsibility is to express an opinion on the State of North Dakota's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the State of North Dakota's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the State of North Dakota's compliance with those requirements.

In our opinion, the State of North Dakota complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the years ended June 30, 2010 and 2009. However, the results of our auditing procedures also disclosed instances of noncompliance with those requirements which

are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 10-1, 10-2, 10-3, 10-4, 10-5, 10-6, 10-7, 10-8, 10-9, 10-11, 10-12, 10-13, 10-14, 10-15, 10-16, 10-17, 10-18, 10-19, 10-20, 10-21, 10-22, 10-23, 10-24, 10-25, 10-26, 10-27, 10-28, 10-29, 10-30, 10-31, 10-32, 10-33, 10-34, 10-35, 10-36, 10-38, 10-39, 10-40, and 10-41.

Internal Control Over Compliance

Management of the State of North Dakota is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the State of North Dakota's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance but not for the purpose of expressing our opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the State of North Dakota's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness* in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we considered to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying section of findings and questioned costs as items 10-1, 10-2, 10-3, 10-4, 10-5, 10-6, 10-9, 10-10, 10-11, 10-13, 10-14, 10-16, 10-17, 10-18, 10-20, 10-21, 10-22, 10-23, 10-24, 10-25, 10-26, 10-29, 10-32, 10-33, 10-34, 10-35, 10-37, 10-39, 10-40, and 10-41. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of control deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

The State of North Dakota's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the State of North Dakota's responses and, accordingly, we express no opinion on the responses.

Schedule of Expenditures of Federal Awards

We have audited the 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 each of the two

fiscal years ended June 30, 2010 and 2009, and have issued our reports thereon dated December 15, 2010 and December 17, 2009, respectively. As described in our report on the State of North Dakota's financial statements, other auditors audited the financial statements of the following entities:

- 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

This report does not include the results of the other auditors' testing of internal control or compliance and other matters that are reported on separately by those auditors. Further, any Federal financial assistance received by those entities is reported separately and is not included in the State of North Dakota's schedule of expenditures of federal awards.

Our audits were performed for the purpose of forming our opinions on the financial statements that collectively comprise the State of North Dakota's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the State's management, the Legislative Audit and Fiscal Review Committee, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Robert R. Peterson
State Auditor

Edwin J. Nagel, Jr., CPA
Director

March 28, 2011, except the Schedule of Expenditures of Federal Awards as to which the date is December 15, 2010.

STATE OF NORTH DAKOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

CFDA NUMBER	PROGRAM TITLE	STATE AGENCY	PASS THROUGH ENTITY	IDENTIFYING NUMBER	EXPENDITURES 2009	EXPENDITURES 2010
Corporation For National And Community Service						
Unclustered						
Direct Programs:						
94.002	Retired and Senior Volunteer Program	NDSU1			336,418	338,733
94.003	State Commissions	60100			87,378	115,100
94.004	Learn and Serve America - School and Community Based Programs	20100			41,865	20,944
94.004	Learn and Serve America - School and Community Based Programs	60100				3,800
94.006	AmeriCorps	60100			463,104	421,020
94.007	Planning and Program Development Grants	60100			34,538	26,990
94.009	Training and Technical Assistance	60100			51,935	52,908
94.013	Volunteers in Service to America	NDSU1			94,180	45,542
Total for Unclustered					*$ 1,109,418*	*$ 1,025,038*
Foster Grandparent/Senior Companion Cluster						
Direct Programs:						
94.011	Foster Grandparent Program	32500			358,183	325,378
Total for Foster Grandparent/Senior Companion Cluster					*$ 358,183*	*$ 325,378*
Total For Corporation For National And Community Service					**$ 1,467,601**	**$ 1,350,416**

STATE OF NORTH DAKOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

CFDA NUMBER	PROGRAM TITLE	STATE AGENCY	PASS THROUGH ENTITY	IDENTIFYING NUMBER	EXPENDITURES 2009	EXPENDITURES 2010
Department Of Commerce						
Unclustered						
Direct Programs:						
11.302	Economic Development - Support for Planning Organizations	DSU01			12,713	23,996
11.302	Economic Development - Support for Planning Organizations	MISUB			131,881	142,794
11.468	Applied Meteorological Research	54000			94,041	18,062
11.555	Public Safety Interoperable Communications Grant Program	54000			3,360,426	1,882,663
11.558	ARRA - State Broadband Data and Development Grant Program	11200				406,710
11.XXX	2010 Count Review Program	NDSU1		N/A		9,593
Total for Unclustered					*$ 3,599,061*	*$ 2,483,818*
Public Works and Economic Development Cluster						
Direct Programs:						
11.307	Economic Adjustment Assistance	UND01			217,781	143,481
Pass Through Non-State Entity:						
11.307	Economic Adjustment Assistance	UND01	City of Stanley	N/A	1,535	
Total for Public Works and Economic Development Cluster					*$ 219,316*	*$ 143,481*
Research and Development Cluster						
Direct Programs:						
11.452	Unallied Industry Projects	UND01			195,459	310,617
Pass Through Non-State Entity:						
11.452	Unallied Industry Projects	UND01	PacMar, Inc.	N/A	19,503	45,437
Total for Research and Development Cluster					*$ 214,961*	*$ 356,054*
Total For Department Of Commerce					**$ 4,033,339**	**$ 2,983,354**

STATE OF NORTH DAKOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

CFDA NUMBER	PROGRAM TITLE	STATE AGENCY	PASS THROUGH ENTITY	IDENTIFYING NUMBER	EXPENDITURES 2009	EXPENDITURES 2010
Department Of Defense						
Unclustered						
Direct Programs:						
12.401	National Guard Military Operations and Maintenance (O&M) Projects	54000			37,984,535	27,910,978
12.401	ARRA - National Guard Military Operations and Maintenance (O&M) Projects	54000			33,181	
12.XXX	Educational Service Agreement - Air Force	UND01		F33600-99-A-0080	23,752	24,568
12.XXX	Educational Service Agreement - Navy	UND01		N00140-98-G2501	47,829	51,791
12.XXX	Educational Service Agreement - Army	UND01		W81K04-08-H-0080	67,164	68,966
12.XXX	Army ROTC	NDSU1		N/A	890	1,154
Pass Through Non-State Entity:						
12.901	Mathematical Sciences Grants Program	NDSU1	Association for Women in Mathematics	DOD/AWM	2,400	
12.XXX	Predator Pilots/Instructor Pilots and or Senior Pilots to Support DHS-CBP Predator Operations and Training Flights	UND01	General Atomics	SC0901402	150,853	246,200
Total for Unclustered					*$ 38,310,604*	*$ 28,303,657*

STATE OF NORTH DAKOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

CFDA NUMBER	PROGRAM TITLE	STATE AGENCY	PASS THROUGH ENTITY	IDENTIFYING NUMBER	EXPENDITURES 2009	EXPENDITURES 2010
Research and Development Cluster						
Direct Programs:						
12.300	Basic and Applied Scientific Research	NDSU1			4,612,918	2,523,940
12.300	Basic and Applied Scientific Research	UND01			271,335	111,278
12.351	Basic Scientific Research - Combating Weapons of Mass Destruction	NDSU1			20,702	188,354
12.401	National Guard Military Operations and Maintenance (O&M) Projects	NDSU1			101,189	
12.420	Military Medical Research and Development	NDSU1				66,892
12.420	Military Medical Research and Development	UND01			29,706	127,199
12.431	Basic Scientific Research	UND01			187,218	110,828
12.431	Basic Scientific Research	NDSU1			218,683	226,765
12.800	Air Force Defense Research Sciences Program	UND01			137,537	243,744
12.800	Air Force Defense Research Sciences Program	NDSU1			2,200,015	1,198,592
12.901	Mathematical Sciences Grants Program	NDSU1			9,354	6,327
12.910	Research and Technology Development	NDSU1			142,521	100,020
12.XXX	High Performance Tunable Materials	NDSU1		H94003-10-2-1001		579,866
12.XXX	Production of JP-8 Based Hydrogen and Advanced Tactical Fuels for the U.S. Military	UND01		W9132T-08-2-0014	1,154,451	3,261,137
12.XXX	No-Crack Pathway to Renewable Domestic JP-8	UND01		W911NF-07-C-0046	1,736,426	
12.XXX	Military Fuel Cell Electric Hybrid Vehicles	UND01		W9132T-05-2-0024	1,772,497	529
12.XXX	Tunable MicroRadio	NDSU1		H94003-09-2-0903		3,375,425
12.XXX	Technology Base Center of Excellence	NDSU1		H94003-08-2-0804	1,896,989	121,718
12.XXX	Small Trailer Corrosion Prevention	NDSU1		W911NF-04-20029	631,209	473,510
12.XXX	Rapid Prototyping of Miniature Sensors	NDSU1		H94003-09-C-0904	289,532	2,134,371
12.XXX	Organic/Organometallic Hybrids as Broadband Nonlinear	NDSU1		W911NF-06-2-0032	119,778	112,234
12.XXX	Unmanned Aerial System Remote Sense and Avoid System and Airborne Payload Analysis and Investigation	UND01		FA4861-07-C-C003	1,581,847	2,943,121
12.XXX	Lightweight Composite Solutions for the Sparton SCOUT	NDSU1		N66604-07-C-3299	118,674	139,831
12.XXX	Electronics and Materials for Flexible Substrates	NDSU1		H94003-08-2-0805	2,352,320	372,010

STATE OF NORTH DAKOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

CFDA NUMBER	PROGRAM TITLE	STATE AGENCY	PASS THROUGH ENTITY	IDENTIFYING NUMBER	EXPENDITURES 2009	EXPENDITURES 2010
12.XXX	Electronics and Materials for Flexible Sensors	NDSU1		H94003-09-2-0905		1,950,832
12.XXX	Binder System for High Flexibility Primers	NDSU1		FA9550-09-C-0150		188,743
12.XXX	A Direct Conversion Alphavoltaic Boron Carbide Diode	NDSU1		HR0011-06-C-0143	701,463	8,437
12.XXX	Micro Peltier Pixel	NDSU1		W31P4Q-09-C-0156		32,943
12.XXX	Aircraft Lightning Simulator Device	NDSU1		N00421-99-M5175	311	
12.XXX	Conformal Computing, Phase II	NDSU1		H94003-07-2-0707	411,803	
12.XXX	Detecting and Eradicating Army Corrosion	NDSU1		W911NF-09-2-0014		422,797
12.XXX	Demonstration, Test and Evaluation	NDSU1		D140989	37,663	337
Pass Through Non-State Entity:						
12.110	Planning Assistance to States	NDSU1	Marshall University	209088	48,885	5
12.110	Planning Assistance to States	NDSU1	Marshall University	209089	52,830	33
12.110	Planning Assistance to States	NDSU1	Marshall University	MURC15943		79,470
12.300	Basic and Applied Scientific Research	NDSU1	University of Missouri-Kansas City	N00014-10-1-0419		41,022
12.420	Military Medical Research and Development	UND01	University of Missouri - Columbia	W81XWH-07-1-0559	13,475	111,942
12.XXX	Protype Passive RFID Reader System with Extended	NDSU1	3M	USMMM51V85	56,429	
12.XXX	Engineered Surfaces Center	UND01	Alion Science and Technologies	AT-07-0004/0014	1,061,965	650,593
12.XXX	Support for Decision Vulnerability Analysis	NDSU1	Ball Aerospace & Technologies Corp.	S10130C		30,195
12.XXX	Gasification Project Assistance	UND01	Biomass Energy Solutions Inc	N/A	177	
12.XXX	Demonstration Product Development for Micro-Sentinel	NDSU1	Crane Aerospace and Electronics	D138752	195,397	
12.XXX	Crane Demo TE	NDSU1	Crane Aerospace and Electronics	D141099	140	
12.XXX	MicroSensor System (MSS) Phase VI	NDSU1	Crane Aerospace and Electronics	H94003-07-C-0705	106,289	
12.XXX	Development of Fluorescent Liposomes to Detect Biological Toxins Using Fluorescence Resonance Enemy Transfer	NDSU1	Dakota Technologies Inc.	SCDAAD1902C0069		1
12.XXX	Gun Barrel Coatings	NDSU1	International Technology Center	W911QX-07-C-0001	86,100	35
12.XXX	Electrical Engineering	UND01	Laserlith Corporation	W911QX-07-C-0091	122,377	
12.XXX	MEMS Antenna for Wireless Communications Supporting UAVs in the Battlefield	UND01	Laserlith Corporation	W911QX-07-C-0091		340,736
12.XXX	MEMS Antenna for Wireless Communications Supporting UAVs in the Battlefield	UND01	Laserlith Corporation	FA8650-09-C1600	41,009	119,877

STATE OF NORTH DAKOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

CFDA NUMBER	PROGRAM TITLE	STATE AGENCY	PASS THROUGH ENTITY	IDENTIFYING NUMBER	EXPENDITURES 2009	EXPENDITURES 2010
12.XXX	Non-Toxic Rapid Cure Liquid Shim for Aerospace	NDSU1	Luna Innovations Inc.	1717-NVY-1S	81	
12.XXX	Synthesis and Characterization of Novel Flexible	NDSU1	Luna Innovations Inc.	FA9550-07-C-0112	8,274	
12.XXX	Mixture of Zn and Mg Particles for Anticorrosion Primers	NDSU1	PPG Industries	DOD/PPG Zn Mg		8,893
12.XXX	DARPA Biofules Program BAA08-07	UND01	Science Application International Corp.	4400163139	90,323	394,507
12.XXX	Ultrahydrophobic Coatings	NDSU1	Sea Shell Technologies, LLC	FA9550-06-C-0042	57,088	597
12.XXX	Applications of Thermo-lite Material to Unmanned Surface	NDSU1	Space Age Synthetics Inc.	N66604-07-C-3299	146,193	97,351
Total for Research and Development Cluster					*$ 22,823,172*	*$ 22,897,038*
Total For Department Of Defense					$ **61,133,776**	$ **51,200,694**

STATE OF NORTH DAKOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

CFDA NUMBER	PROGRAM TITLE	STATE AGENCY	PASS THROUGH ENTITY	IDENTIFYING NUMBER	EXPENDITURES 2009	EXPENDITURES 2010
Department Of Education						
Unclustered						
Direct Programs:						
84.002	Adult Education - Basic Grants to States	20100			1,498,845	1,114,528
84.011	Migrant Education - State Grant Program	20100			356,112	379,387
84.013	Title I Program for Neglected and Delinquent Children	20100			87,669	80,195
84.031	Higher Education - Institutional Aid	MASU1			384,028	445,984
84.031	Higher Education - Institutional Aid	NDSCS			351,474	175,547
84.031	Higher Education - Institutional Aid	MISU1				175,592
84.048	Career and Technical Education - Basic Grants to States	27000			4,109,674	4,212,315
84.069	Leveraging Educational Assistance Partnership (LEAP)	NDUSO			172,577	174,389
84.116	Fund for the Improvement of Postsecondary Education	NDSCS			675,864	282,103
84.116	Fund for the Improvement of Postsecondary Education	VCSU1				148,194
84.116	Fund for the Improvement of Postsecondary Education	NDSU1			32,108	58,191
84.129	Rehabilitation Long-Term Training	32500			20,240	19,159
84.144	Migrant Education - Coordination Program	20100			9,064	22,504
84.161	Rehabilitation Services - Client Assistance Program	32500			110,383	101,811
84.184	Safe and Drug-Free Schools and Communities - National Programs	NDSU1				175,323
84.185	Byrd Honors Scholarships	20100			78,750	71,250
84.186	Safe and Drug-Free Schools and Communities - State Grants	32500			168,422	108,783
84.186	Safe and Drug-Free Schools and Communities - State Grants	20100			1,259,601	1,166,956
84.187	Supported Employment Services for Individuals with Significant Disabilities	32500			399,777	344,987
84.200	Graduate Assistance in Areas of National Need	UND01			11,797	
84.213	Even Start - State Educational Agencies	20100			397,260	360,283
84.224	Assistive Technology	32500			206,105	329,157
84.240	Program of Protection and Advocacy of Individual Rights	36000			206,519	157,410

STATE OF NORTH DAKOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

CFDA NUMBER	PROGRAM TITLE	STATE AGENCY	PASS THROUGH ENTITY	IDENTIFYING NUMBER	EXPENDITURES 2009	EXPENDITURES 2010
84.243	Tech-Prep Education	27000			279,925	328,691
84.287	Twenty-First Century Community Learning Centers	20100			4,297,057	5,529,016
84.298	State Grants for Innovative Programs	20100			132,929	6,390
84.323	Special Education - State Personnel Development	20100			537,925	471,099
84.325	Special Education - Personnel Development to Improve Services and Results for Children with Disabilities	MISU1				163,230
84.326	Special Education - Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities	20100			75,733	58,443
84.331	Grants to States for Workplace and Community Transition Training for Incarcerated Individuals	53000			21,963	34,901
84.335	Child Care Access Means Parents in School	NDSU1			70,738	5,184
84.343	Assistive Technology - State Grants for Protection and Advocacy	36000			51,905	67,584
84.357	Reading First State Grants	20100			1,418,869	995,500
84.358	Rural Education	20100			34,148	55,270
84.359	Early Reading First	20100			471,098	1,058,341
84.365	English Language Acquisition Grants	20100			425,093	551,363
84.366	Mathematics and Science Partnerships	20100			535,353	699,350
84.367	Improving Teacher Quality State Grants	NDUSO			470,138	276,340
84.367	Improving Teacher Quality State Grants	20100			14,255,240	13,457,663
84.369	Grants for State Assessments and Related Activities	20100			3,482,099	4,835,644
84.378	College Access Challenge Grant Program	NDUSO			97,543	204,465
84.XXX	National Center for Education Statistics	20100		ED-08-CO-0075	82,716	119,297
Nonmonetary Assistance:						
84.XXX	American Printing House for the Blind	25300		948	61,257	103,113
Pass Through Non-State Entity:						
84.048	Career and Technical Education - Basic Grants to States	WSC01	Carl Perkins Grant	WSC0001009		84,880
84.048	Career and Technical Education - Basic Grants to States	WSC01	Carl Perkins Grant	WSC0000909	85,746	450
84.048	Career and Technical Education - Basic Grants to States	WSC01	Discovering Careers	WSC0000941	3,230	

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CFDA NUMBER	PROGRAM TITLE	STATE AGENCY	PASS THROUGH ENTITY	IDENTIFYING NUMBER	EXPENDITURES 2009	EXPENDITURES 2010
84.048	Career and Technical Education - Basic Grants to States	WSC01	DIVA Tech Camp	WSC0000925	3,606	
84.116	Fund for the Improvement of Postsecondary Education	NDSCS	Weld-Ed	703018		41,039
84.120	Minority Science and Engineering Improvement	VCSU1	Turtle Mountain Community College	N/A	16,755	17,941
84.215	Fund for the Improvement of Education	NDSU1	National Council on Economic Education	TT-0700823	2,435	
84.229	Language Resource Centers	UND01	United Tribes Technical College	B299B05005	25,797	
84.243	Tech-Prep Education	WSC01	NW Region Career Resources	WSC0001011		66,734
84.243	Tech-Prep Education	WSC01	NW Region Career Resources	WSC0000911	68,130	416
84.287	Twenty-First Century Community Learning Centers	WSC01	ND Adult Education Resource	WSC0001026		46,687
84.287	Twenty-First Century Community Learning Centers	WSC01	ND Adult Education Resource	WSC0000926	72,312	207
84.287	Twenty-First Century Community Learning Centers	NDSU1	Richland County School District	DOE/RCC	66	
84.299	Indian Education - Special Programs	UND01	United Tribes Technical College	N/A	53,455	553
84.304	Civic Education - We the People and the Cooperative Education Exchange Program	UND01	Center for Civic Education	CC 09-10 5805 ND		1,700
84.304	Civic Education - We the People and the Cooperative Education Exchange Program	UND01	Center for Civic Education	CC 09-10 5801 ND		18,260
84.304	Civic Education - We the People and the Cooperative Education Exchange Program	UND01	Center for Civic Education	CC 08-09 5801 ND	25,902	7,282
84.325	Special Education - Personnel Development to Improve Services and Results for Children with Disabilities	MISU1	University Of Montana	PG08-26012-01	145,188	79,288
84.928	National Writing Project	MISU1	National Writing Project Corp	04-ND03	22,111	81,073
84.XXX	Gearing Up for Kindergarten Control Study	NDSU1	Cass County Extension	NDPIRC		6,298
84.XXX	Project Citizen Year 3	UND01	Center for Civic Education	CC 09-10 5804 ND		2,313
84.XXX	Analysis of In Situ Observations of Cloud Microphysics from M-Pace	UND01	Center for Civic Education	CC 07-08 5804 OK	6,420	
84.XXX	Red River Valley Writing Project 2010-2011	UND01	University of California Berkeley	99-ND02		1,856
84.XXX	Red River Valley Writing Program	UND01	University of California Berkeley	99-ND02		53,630
Total for Unclustered					*$ 37,869,151*	*$ 39,635,537*

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CFDA NUMBER	PROGRAM TITLE	STATE AGENCY	PASS THROUGH ENTITY	IDENTIFYING NUMBER	EXPENDITURES 2009	EXPENDITURES 2010
Early Intervention Services (IDEA) Cluster						
Direct Programs:						
84.181	Special Education - Grants for Infants and Families	32500			2,189,503	2,059,281
84.393	ARRA - Special Education - Grants for Infants and Families, Recovery Act	32500				44,636
Total for Early Intervention Services (IDEA) Cluster					*$ 2,189,503*	*$ 2,103,917*
Education of Homeless Children and Youth Cluster						
Direct Programs:						
84.196	Education for Homeless Children and Youth	20100			168,856	80,291
84.387	ARRA - Education for Homeless Children and Youth, Recovery Act	20100				87,843
Total for Education of Homeless Children and Youth Cluster					*$ 168,856*	*$ 168,134*
Educational Technology State Grants Cluster						
Direct Programs:						
84.318	Education Technology State Grants	20100			1,216,106	1,248,033
84.386	ARRA - Education Technology State Grants, Recovery Act	20100				626,753
Total for Educational Technology State Grants Cluster					*$ 1,216,106*	*$ 1,874,786*

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CFDA NUMBER	PROGRAM TITLE	STATE AGENCY	PASS THROUGH ENTITY	IDENTIFYING NUMBER	EXPENDITURES 2009	EXPENDITURES 2010
Federal Student Aid Cluster						
Direct Programs:						
84.007	Federal Supplemental Educational Opportunity Grants	DSU01			92,600	103,200
84.007	Federal Supplemental Educational Opportunity Grants	LRSC1			22,900	25,900
84.007	Federal Supplemental Educational Opportunity Grants	UND01			790,058	795,621
84.007	Federal Supplemental Educational Opportunity Grants	MISU1			122,255	119,050
84.007	Federal Supplemental Educational Opportunity Grants	WSC01			23,150	20,850
84.007	Federal Supplemental Educational Opportunity Grants	MASU1			71,950	72,530
84.007	Federal Supplemental Educational Opportunity Grants	NDSCS			182,341	183,739
84.007	Federal Supplemental Educational Opportunity Grants	NDSU1			753,273	768,600
84.007	Federal Supplemental Educational Opportunity Grants	MISUB			37,668	41,093
84.007	Federal Supplemental Educational Opportunity Grants	BSC01			77,588	85,203
84.007	Federal Supplemental Educational Opportunity Grants	VCSU1			80,080	82,257
84.033	ARRA - Federal Work-Study Program	MISU1				29,314
84.033	Federal Work-Study Program	BSC01			71,373	112,228
84.033	Federal Work-Study Program	MISU1			156,569	131,654
84.033	Federal Work-Study Program	MASU1			88,291	84,078
84.033	Federal Work-Study Program	LRSC1			41,451	44,051
84.033	Federal Work-Study Program	DSU01			211,922	199,585
84.033	ARRA - Federal Work-Study Program	DSU01				41,355
84.033	Federal Work-Study Program	VCSU1			74,230	74,230
84.033	Federal Work-Study Program	MISUB			37,936	34,458
84.033	Federal Work-Study Program	NDSCS			113,527	106,240
84.033	Federal Work-Study Program	NDSU1			458,446	420,340
84.033	Federal Work-Study Program	WSC01			21,383	25,052
84.033	ARRA - Federal Work-Study Program	UND01				182,210
84.033	Federal Work-Study Program	UND01			892,829	962,722
84.038	Federal Perkins Loan Program - Federal Capital Contributions	NDSU1			95,141	128,633

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CFDA NUMBER	PROGRAM TITLE	STATE AGENCY	PASS THROUGH ENTITY	IDENTIFYING NUMBER	EXPENDITURES 2009	EXPENDITURES 2010
84.038	Federal Perkins Loan Program - Federal Capital Contributions	LRSC1			21,506	22,100
84.038	Federal Perkins Loan Program - Federal Capital Contributions	DSU01			23,028	15,422
84.038	Federal Perkins Loan Program - Federal Capital Contributions	WSC01			7,870	6,571
84.038	Federal Perkins Loan Program - Federal Capital Contributions	BSC01			11,811	12,323
84.038	Federal Perkins Loan Program - Federal Capital Contributions	MASU1			23,951	22,712
84.038	Federal Perkins Loan Program - Federal Capital Contributions	MISU1			90,384	118,288
84.038	Federal Perkins Loan Program - Federal Capital Contributions	NDSCS			13,163	28,431
84.038	Federal Perkins Loan Program - Federal Capital Contributions	VCSU1			10,997	17,040
84.038	Federal Perkins Loan Program - Federal Capital Contributions	UND01			563,613	575,409
84.038	Federal Perkins Loan Program - Federal Capital Contributions	MISUB			8,659	5,249
84.063	Federal Pell Grant Program	NDSU1			6,681,010	10,125,737
84.063	Federal Pell Grant Program	MASU1			615,446	1,194,939
84.063	Federal Pell Grant Program	DSU01			1,854,663	2,540,478
84.063	Federal Pell Grant Program	LRSC1			865,470	1,381,332
84.063	Federal Pell Grant Program	VCSU1			77,869	1,061,455
84.063	Federal Pell Grant Program	NDSCS			2,122,353	3,036,987
84.063	Federal Pell Grant Program	MISU1			2,747,853	3,886,843
84.063	Federal Pell Grant Program	UND01			5,791,910	8,870,931
84.063	Federal Pell Grant Program	WSC01			830,392	999,813
84.063	Federal Pell Grant Program	MISUB			774,766	1,082,745
84.063	Federal Pell Grant Program	BSC01			2,954,690	4,453,930
84.375	Academic Competitiveness Grants	VCSU1			30,818	38,745
84.375	Academic Competitiveness Grants	BSC01			90,425	97,396
84.375	Academic Competitiveness Grants	MISU1			60,850	46,569
84.375	Academic Competitiveness Grants	DSU01			40,025	52,330
84.375	Academic Competitiveness Grants	NDSCS			28,275	50,290
84.375	Academic Competitiveness Grants	WSC01			15,839	9,625

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CFDA NUMBER	PROGRAM TITLE	STATE AGENCY	PASS THROUGH ENTITY	IDENTIFYING NUMBER	EXPENDITURES 2009	EXPENDITURES 2010
84.375	Academic Competitiveness Grants	MASU1			16,175	35,438
84.375	Academic Competitiveness Grants	MISUB			10,375	13,675
84.375	Academic Competitiveness Grants	LRSC1			23,275	29,000
84.375	Academic Competitiveness Grants	NDSU1			232,993	603,725
84.376	National Science and Mathematics Access to Retain Talent (SMART) Grants	VCSU1			4,000	16,000
84.376	National Science and Mathematics Access to Retain Talent (SMART) Grants	MASU1			14,000	18,660
84.376	National Science and Mathematics Access to Retain Talent (SMART) Grants	UND01			470,475	661,841
84.376	National Science and Mathematics Access to Retain Talent (SMART) Grants	DSU01			39,415	68,750
84.376	National Science and Mathematics Access to Retain Talent (SMART) Grants	MISU1			22,000	61,500
84.376	National Science and Mathematics Access to Retain Talent (SMART) Grants	NDSU1			103,633	509,100
84.379	Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)	NDSU1			12,500	41,500
84.379	Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)	DSU01			8,000	4,000
84.379	Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)	UND01			85,500	137,760
84.379	Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)	MASU1			4,000	8,000
84.379	Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)	MISU1			140,500	123,110
84.379	Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)	VCSU1			14,000	12,000
Total for Federal Student Aid Cluster					*$ 32,075,438*	*$ 46,971,943*

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CFDA NUMBER	PROGRAM TITLE	STATE AGENCY	PASS THROUGH ENTITY	IDENTIFYING NUMBER	EXPENDITURES 2009	EXPENDITURES 2010
Independent Living Services for Older Individuals Who Are Blind Cluster						
Direct Programs:						
84.177	Rehabilitation Services - Independent Living Services for Older Individuals Who are Blind	32500			213,351	269,424
84.399	ARRA - Independent Living Services for Older Individuals Who are Blind, Recovery Act	32500				3,170
Total for Independent Living Services for Older Individuals Who Are Blind Cluster					*$ 213,351*	*$ 272,594*
Independent Living State Grants Cluster						
Direct Programs:						
84.169	Independent Living - State Grants	32500			412,907	220,348
Total for Independent Living State Grants Cluster					*$ 412,907*	*$ 220,348*
Research and Development Cluster						
Pass Through Non-State Entity:						
84.215	Fund for the Improvement of Education	NDSU1	Fargo Public Schools	10012005	9,456	6,248
84.367	Improving Teacher Quality State Grants	NDSU1	University of Idaho	SA367B070047A	5,029	977
84.XXX	Bench Scale Testing of Biosolids Gasification	UND01	University of California Berkeley	99-ND02	48,459	
Total for Research and Development Cluster					*$ 62,944*	*$ 7,226*
School Improvement Grants Cluster						
Direct Programs:						
84.388	ARRA - School Improvement Grants, Recovery Act	20100				258
Total for School Improvement Grants Cluster					*$*	*$ 258*

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CFDA NUMBER	PROGRAM TITLE	STATE AGENCY	PASS THROUGH ENTITY	IDENTIFYING NUMBER	EXPENDITURES 2009	EXPENDITURES 2010
Special Education Cluster (IDEA)						
Direct Programs:						
84.027	Special Education - Grants to States	20100			24,851,752	26,357,626
84.027	Special Education - Grants to States	LRSC1			17,850	11,576
84.027	Special Education - Grants to States	WSC01			13,416	10,320
84.173	Special Education - Preschool Grants	20100			769,665	759,318
84.391	ARRA - Special Education - Grants to States, Recovery Act	20100				12,408,273
84.392	ARRA - Special Education - Preschool Grants, Recovery Act	20100				303,742
Pass Through Non-State Entity:						
84.027	Special Education - Grants to States	UND01	Grand Forks Public Schools	N/A		4,250
84.027	Special Education - Grants to States	UND01	Multisponsor	N/A	272,719	278,999
84.391	ARRA - Special Education - Grants to States, Recovery Act	UND01	Multisponsor	N/A		70,416
Total for Special Education Cluster (IDEA)					*$ 25,925,402*	*$ 40,204,520*
State Fiscal Stabilization Fund Cluster						
Direct Programs:						
84.394	ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	10100				85,644,337
84.397	ARRA - State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act	10100			31,796	6,470,624
Total for State Fiscal Stabilization Fund Cluster					*$ 31,796*	*$ 92,114,961*
Statewide Data Systems Cluster						
Direct Programs:						
84.372	Statewide Data Systems	20100				449,664
Total for Statewide Data Systems Cluster					*$*	*$ 449,664*

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CFDA NUMBER	PROGRAM TITLE	STATE AGENCY	PASS THROUGH ENTITY	IDENTIFYING NUMBER	EXPENDITURES 2009	EXPENDITURES 2010
Title I, Part A Cluster						
Direct Programs:						
84.010	Title I Grants to Local Educational Agencies	20100			31,225,426	32,964,377
84.389	ARRA - Title I Grants to Local Educational Agencies, Recovery Act	20100				8,035,831
Total for Title I, Part A Cluster					*$ 31,225,426*	*$ 41,000,208*
TRIO Cluster						
Direct Programs:						
84.042	TRIO - Student Support Services	DSU01			336,360	311,948
84.042	TRIO - Student Support Services	NDSU1			338,314	534,156
84.042	TRIO - Student Support Services	UND01			334,730	339,180
84.042	TRIO - Student Support Services	LRSC1			238,560	250,214
84.044	TRIO - Talent Search	UND01			483,099	432,828
84.047	TRIO - Upward Bound	UND01			392,373	330,709
84.047	TRIO - Upward Bound	NDSU1			492,126	543,199
84.066	TRIO - Educational Opportunity Centers	UND01			398,614	375,275
84.217	TRIO - McNair Post-Baccalaureate Achievement	NDSU1			226,134	269,663
84.217	TRIO - McNair Post-Baccalaureate Achievement	UND01			245,919	247,747
Total for TRIO Cluster					*$ 3,486,228*	*$ 3,634,920*
Vocational Rehabilitation Cluster						
Direct Programs:						
84.126	Rehabilitation Services - Vocational Rehabilitation Grants to States	32500			10,532,973	11,182,912
84.390	ARRA - Rehabilitation Services-Vocational Rehabilitation Grants to States, Recovery Act	32500			8,013	456,766
Total for Vocational Rehabilitation Cluster					*$ 10,540,986*	*$ 11,639,678*
Total For Department Of Education					**$ 145,418,095**	**$ 280,298,693**

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CFDA NUMBER	PROGRAM TITLE	STATE AGENCY	PASS THROUGH ENTITY	IDENTIFYING NUMBER	EXPENDITURES 2009	EXPENDITURES 2010
Department Of Energy						
Unclustered						
Direct Programs:						
81.041	State Energy Program	60100			525,785	377,161
81.041	ARRA - State Energy Program	60100			36,602	589,901
81.042	Weatherization Assistance for Low-Income Persons	60100			3,990,266	1,376,171
81.042	ARRA - Weatherization Assistance for Low-Income Persons	60100			771,508	8,879,936
81.117	Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance	60100			15,278	2,180
81.122	ARRA - Electricity Delivery and Energy Reliability, Research, Development and Analysis	60100				26,805
81.122	Electricity Delivery and Energy Reliability, Research, Development and Analysis	BSC01			4,811,536	1,015,349
81.122	ARRA - Electricity Delivery and Energy Reliability, Research, Development and Analysis	40800				4,689
81.127	ARRA - Energy Efficient Appliance Rebate Program (EEARP)	60100				610,448
81.128	ARRA - Energy Efficiency and Conservation Block Grant Program (EECBG)	60100				285,044
81.XXX	Case Management-Stripper Well	60100		N/A	17,427	14,778
81.XXX	Direct Restitution	60100		N/A	3,000	50,000
81.XXX	State Heating Oil & Propane (SHOPP)	60100		DE-FC01-06EI38100	363	548
Pass Through Non-State Entity:						
81.117	Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance	NDSU1	NASULGC	01182006	4,495	
Total for Unclustered					*$ 10,176,260*	*$ 13,233,010*

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CFDA NUMBER	PROGRAM TITLE	STATE AGENCY	PASS THROUGH ENTITY	IDENTIFYING NUMBER	EXPENDITURES 2009	EXPENDITURES 2010
Research and Development Cluster						
Direct Programs:						
81.049	Office of Science Financial Assistance Program	NDSU1			163,628	793,158
81.049	Office of Science Financial Assistance Program	UND01			679,948	689
81.087	Renewable Energy Research and Development	NDSU1			1,237,871	3,216,205
81.087	Renewable Energy Research and Development	UND01			275,160	1,221,314
81.087	ARRA - Renewable Energy Research and Development	UND01				24,128
81.089	Fossil Energy Research and Development	UND01			17,435,603	18,091,481
81.133	ARRA - Geologic Sequestration Training and Research Grant Program	UND01				30,413
81.133	Geologic Sequestration Training and Research Grant Program	NDSU1				67,013
81.502	Miscellaneous Federal Activities	NDSU1			709,451	2,200,089
81.XXX	Contribution to the Development of DOE ARM Climate Best Estimate Data(CMBE) Products	UND01		DE-AC52-07NA27344		14,314
81.XXX	Development of Biometric Membranes for Near-Zero PC Power Plant Emissions	UND01		DE-FG02-06ER64168	12,381	
Pass Through Non-State Entity:						
81.049	Office of Science Financial Assistance Program	UND01	Diversified Energy	DE-FG02-07ER84665	17,702	4,477
81.049	Office of Science Financial Assistance Program	UND01	Edenspace Systems Corporation	N/A	32,418	
81.049	Office of Science Financial Assistance Program	UND01	TDA Research, Inc.	DE-FC26-05NT42460	18,348	
81.049	Office of Science Financial Assistance Program	NDSU1	US Automotive Materials	08-1934	35,069	7,098
81.079	Regional Biomass Energy Programs	NDSU1	South Dakota State University	DE-FG36-08GO88073	17,689	25,038
81.079	Regional Biomass Energy Programs	NDSU1	South Dakota State University	3TR160 - DE-FG36-08G		9,477
81.079	Regional Biomass Energy Programs	NDSU1	South Dakota State University	3TN160 - DE-FG36-08G		35,293
81.079	Regional Biomass Energy Programs	NDSU1	South Dakota State University	3TG147	25,646	23,140
81.087	Renewable Energy Research and Development	NDSU1	Basin Electric Power Cooperative	DOE/BEPC	2,161	
81.087	Renewable Energy Research and Development	UND01	Basin Electric Power Cooperative	500842	10,444	245
81.087	Renewable Energy Research and Development	NDSU1	Consortium for Plant Biotechnology	G012026-293 - DE-FG3		20,904
81.087	Renewable Energy Research and Development	NDSU1	Consortium for Plant Biotechnology	GO12026-246	15,637	43,926

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81.087	Renewable Energy Research and Development	UND01	United Technologies Research Center	DE-FG36-05GO15042	83,845	78,544
81.089	Fossil Energy Research and Development	UND01	Clemson University	CURF 05-01-SR119	26,716	
81.089	Fossil Energy Research and Development	NDSU1	Ducks Unlimited, Inc.	DOE/DU04232007	112,709	
81.089	Fossil Energy Research and Development	UND01	Research Triangle Institute	1-340-0210150	1,104	
81.089	Fossil Energy Research and Development	UND01	Siemens Power Generation Inc.	DE-FC26-050NT42644	36,319	60,809
81.089	Fossil Energy Research and Development	UND01	The Boeing Company	4410000409	100,040	195,791
81.089	ARRA - Fossil Energy Research and Development	UND01	University of Utah	10015126		101,828
81.089	Fossil Energy Research and Development	UND01	West Virginia Research Corp.	50001223	12,932	
81.089	Fossil Energy Research and Development	UND01	Western Research Institute	DE-FC26-98FT40323	174,969	
81.117	Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance	UND01	National Association of State Energy Office	DE-FC36-03GO13026	84,974	
81.XXX	Nanomaterial Based Electrochemical Sensors and Biosensor	NDSU1	Battelle	110172		19,797
81.XXX	Nanomaterial based Electrochemical Sensors and Biosensor	NDSU1	Battelle	56428 Rev 1	39,743	
81.XXX	RF Anechoic Chamber Support	NDSU1	Battelle	69039	32,558	62
81.XXX	Pipeline Integrity Studies	NDSU1	Battelle	66972	59,519	140,481
81.XXX	VA Office of Rural Health Policy and Planning Group	UND01	Carbozyme, Inc.	N/A	109,581	
81.XXX	PAH and PCB Pore Water Determinations for Buffalo River Area of Concern	UND01	CH2M Hill	925430	9,524	
81.XXX	The Development of Structure, Process, Property Relation	NDSU1	Sandia National Laboratories	825031	48,539	
81.XXX	Development of Novel Porous Nanocomposites for National	NDSU1	Sandia National Laboratories	933812, 0		32,051
81.XXX	Novel Routes to Silicon Solar Cells	NDSU1	Sandia National Laboratories	10729	23,888	
81.XXX	Avian Diagnostic and Therapeutic Antibodies to Viral Emerging Pathogens	UND01	UND Research Foundation	N/A		248,163
Total for Research and Development Cluster					*$ 21,646,116*	*$ 26,705,925*
Total For Department Of Energy					**$ 31,822,376**	**$ 39,938,935**

STATE OF NORTH DAKOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

CFDA NUMBER	PROGRAM TITLE	STATE AGENCY	PASS THROUGH ENTITY	IDENTIFYING NUMBER	EXPENDITURES 2009	EXPENDITURES 2010
Department Of Health And Human Services						
Unclustered						
Direct Programs:						
93.003	Public Health and Social Services Emergency Fund	30100			2,013,427	
93.041	Special Programs for the Aging - Title VII, Chapter 3 - Programs for Prevention of Elder Abuse, Neglect, and Exploitation	32500			25,603	59,996
93.042	Special Programs for the Aging - Title VII, Chapter 2 - Long Term Care Ombudsman Services for Older Individuals	32500			38,291	120,514
93.043	Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services	32500			196,270	120,843
93.047	Special Programs for the Aging - Title VI, Part A, Grants to Indian Tribes - Part B, Grants to Native Hawaiians	UND01			305,047	29,730
93.048	Special Programs for the Aging - Title IV - and Title II - Discretionary Projects	32500			90,179	88,875
93.048	Special Programs for the Aging - Title IV - and Title II - Discretionary Projects	UND01			4,877	274,587
93.048	Special Programs for the Aging - Title IV - and Title II - Discretionary Projects	MISU1			165,966	169,559
93.051	Alzheimer's Disease Demonstration Grants to States	32500			95,547	
93.052	National Family Caregiver Support	32500			895,310	943,581
93.069	Public Heatlh Emergency Preparedness	30100			6,250,961	7,634,817
93.089	Emergency System for Advance Registration of Volunteer Health Professionals	30100				178
93.110	Maternal and Child Health Federal Consolidated Programs	30100			271,007	207,558
93.110	Maternal and Child Health Federal Consolidated Programs	MISU1			225,776	364,441
93.113	Environmental Health	UND01			68,326	35,521
93.116	Project Grants and Cooperative Agreements for Tuberculosis Control Programs	30100			160,750	150,236
93.124	Nurse Anesthetist Traineeships	UND01				2,459
93.127	Emergency Medical Services for Children	30100			114,465	122,858
93.130	Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices	30100			149,730	152,309

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CFDA NUMBER	PROGRAM TITLE	STATE AGENCY	PASS THROUGH ENTITY	IDENTIFYING NUMBER	EXPENDITURES 2009	EXPENDITURES 2010
93.136	Injury Prevention and Control Research and State and Community Based Programs	30100			189,858	184,998
93.137	Community Programs to Improve Minority Health Grant Program	30100			135,532	
93.138	Protection and Advocacy for Individuals with Mental Illness	36000			470,683	428,630
93.150	Projects for Assistance in Transition from Homelessness (PATH)	32500			232,280	300,000
93.155	Rural Health Research Centers	UND01			105,743	124,278
93.162	National Health Service Corps Loan Repayment Program	30100			17,500	
93.178	Nursing Workforce Diversity	UND01			342,578	287,162
93.184	Disabilities Prevention	MISU1			200,094	217,275
93.210	Tribal Self-Governance Program: IHS Compacts/Funding Agreements	UND01			258,858	232,566
93.217	Family Planning - Services	30100			1,098,587	1,112,212
93.223	Development and Coordination of Rural Health Services	UND01			812,547	753,378
93.234	Traumatic Brain Injury State Demonstration Grant Program	32500			135,609	81,676
93.235	Abstinence Education Program	30100			132,390	
93.241	State Rural Hospital Flexibility Program	UND01			1,453,340	592,309
93.243	Substance Abuse and Mental Health Services - Projects of Regional and National Significance	30100			456,854	243,221
93.243	Substance Abuse and Mental Health Services - Projects of Regional and National Significance	UND01			59,012	26,931
93.243	Substance Abuse and Mental Health Services - Projects of Regional and National Significance	32500			50,000	46,114
93.247	Advanced Education Nursing Grant Program	UND01			588,331	550,923
93.251	Universal Newborn Hearing Screening	MISU1			162,066	151,975
93.264	Nurse Faculty Loan Program (NFLP)	UND01			1,778	1,778
93.267	State Grants for Protection and Advocacy Services	36000			58,014	53,827
93.283	Centers for Disease Control and Prevention - Investigations and Technical Assistance	MISU1			98,992	126,911
93.283	Centers for Disease Control and Prevention - Investigations and Technical Assistance	30100			4,237,760	5,006,793
93.296	State Partnership Grant Program to Improve Minority Health	30100				124,269

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CFDA NUMBER	PROGRAM TITLE	STATE AGENCY	PASS THROUGH ENTITY	IDENTIFYING NUMBER	EXPENDITURES 2009	EXPENDITURES 2010
93.300	National Center for Health Workforce Analysis	UND01			487,640	693,639
93.301	Small Rural Hospital Improvement Grant Program	UND01			321,938	347,741
93.358	Advanced Education Nursing Traineeships	UND01				35,662
93.389	National Center for Research Resources	UND01			48,942	6,787
93.407	ARRA - Scholarships for Disadvantaged Students	UND01				31,825
93.414	ARRA - State Primary Care Offices	30100				12,077
93.556	Promoting Safe and Stable Families	32500			694,035	595,549
93.563	Child Support Enforcement	32500			6,571,165	5,820,951
93.563	ARRA - Child Support Enforcement	32500			3,201,784	4,484,614
93.564	Child Support Enforcement Research	32500			45,239	72,099
93.566	Refugee and Entrant Assistance - State Administered Programs	32500			1,244,675	1,354,469
93.568	Low-Income Home Energy Assistance	32500			17,697,702	17,493,209
93.576	Refugee and Entrant Assistance - Discretionary Grants	20100			154,024	
93.576	Refugee and Entrant Assistance - Discretionary Grants	32500			197,355	193,112
93.583	Refugee and Entrant Assistance - Wilson/Fish Program	NDSCS				34,457
93.583	Refugee and Entrant Assistance - Wilson/Fish Program	32500			795,563	900,155
93.584	Refugee and Entrant Assistance - Targeted Assistance Grants	32500			194,505	167,108
93.586	State Court Improvement Program	18000			298,721	251,695
93.590	Community-Based Child Abuse Prevention Grants	32500			311,239	339,124
93.597	Grants to States for Access and Visitation Programs	32500			85,363	114,934
93.599	Chafee Education and Training Vouchers Program (ETV)	32500			111,744	123,794
93.603	Adoption Incentive Payments	32500			40,000	
93.617	Voting Access for Individuals with Disabilities - Grants to States	10800			4,056	11,142
93.618	Voting Access for Individuals with Disabilities-Grants for Protection and Advocacy Systems	36000			67,706	41,058
93.630	Developmental Disabilities Basic Support and Advocacy Grants	32500			544,008	505,418
93.630	Developmental Disabilities Basic Support and Advocacy Grants	36000			391,050	407,793

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CFDA NUMBER	PROGRAM TITLE	STATE AGENCY	PASS THROUGH ENTITY	IDENTIFYING NUMBER	EXPENDITURES 2009	EXPENDITURES 2010
93.632	University Centers for Excellence in Developmental Disabilities Education, Research, and Service	MISU1			517,887	525,689
93.643	Children's Justice Grants to States	32500			36,728	24,888
93.645	Child Welfare Services - State Grants	32500			321,645	850,983
93.647	Social Services Research and Demonstration	MISU1				366,631
93.658	ARRA - Foster Care - Title IV-E	32500			462,452	653,357
93.658	Foster Care - Title IV-E	32500			10,610,850	11,462,343
93.659	ARRA - Adoption Assistance	32500			278,531	400,204
93.659	Adoption Assistance	32500			4,110,789	4,399,903
93.667	Social Services Block Grant	32500			4,242,550	3,580,281
93.669	Child Abuse and Neglect State Grants	32500			119,954	103,075
93.671	Family Violence Prevention and Services/Grants for Battered Women's Shelters - Grants to States and Indian Tribes	30100			729,025	638,864
93.674	Chafee Foster Care Independence Program	32500			552,023	587,064
93.701	ARRA - Trans-NIH Recovery Act Research Support	UND01				27,781
93.717	ARRA - Preventing Healthcare-Associated Infections	30100				32,135
93.719	ARRA - State Grants to Promote Health Information Technology	11200				168,313
93.720	ARRA - Survey and Certification Ambulatory Surgical Center Healthcare-Associated Infection (ASC-HAI) Prevention Initiative	30100				5,942
93.723	ARRA - Prevention and Wellness--State, Territories and Pacific Islands	30100				26,738
93.767	Children's Health Insurance Program	32500			7,159,931	7,493,359
93.768	Medicaid Infrastructure Grants To Support the Competitive Employment of People with Disabilities	MISU1			568,557	734,013
93.779	Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	40100			273,119	230,562
93.790	Alternate Non-Emergency Service Providers or Networks	32500				79,575
93.791	Money Follows the Person Rebalancing Demonstration	32500			279,105	816,886
93.793	Medicaid Transformation Grants	32500			22,645	
93.824	Area Health Education Centers Infrastructure Development Awards	UND01			64,279	380,410

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CFDA NUMBER	PROGRAM TITLE	STATE AGENCY	PASS THROUGH ENTITY	IDENTIFYING NUMBER	EXPENDITURES 2009	EXPENDITURES 2010
93.859	Biomedical Research and Research Training	UND01			43,215	
93.879	Medical Library Assistance	UND01				8,130
93.884	Grants for Training in Primary Care Medicine and Dentistry	UND01			106,215	192,909
93.888	Specially Selected Health Projects	NDSU1			94,466	469,643
93.888	Specially Selected Health Projects	MISU1			300,851	96,985
93.889	National Bioterrorism Hospital Preparedness Program	30100				2,041,522
93.912	Rural Health Care Services Outreach, Rural Health Network Development and Small Health Care Provider Quality Improvement Program	MISU1			173,007	183,130
93.913	Grants to States for Operation of Offices of Rural Health	UND01			147,132	166,357
93.917	HIV Care Formula Grants	30100			553,370	636,116
93.938	Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems	20100			597,811	579,733
93.940	HIV Prevention Activities - Health Department Based	30100			657,957	767,650
93.944	Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	30100			51,970	60,273
93.945	Assistance Programs for Chronic Disease Prevention and Control	30100			199,928	
93.958	Block Grants for Community Mental Health Services	32500			657,048	834,120
93.959	Block Grants for Prevention and Treatment of Substance Abuse	32500			5,600,031	5,434,744
93.970	Health Professions Recruitment Program for Indians	UND01			907,442	999,262
93.977	Preventive Health Services - Sexually Transmitted Diseases Control Grants	30100			178,277	330,319
93.988	Cooperative Agreements for State-Based Diabetes Control Programs and Evaluation of Surveillance Systems	30100			237,213	54
93.991	Preventive Health and Health Services Block Grant	30100			223,089	273,255
93.994	Maternal and Child Health Services Block Grant to the States	30100			1,787,687	2,073,678
93.XXX	Tissue Inspections	60200		HHSF223200840004I		4,667
93.XXX	Outreach Express Award	UND01		OUTR205	4,859	
93.XXX	Mammography Inspections	30100			56,770	

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CFDA NUMBER	PROGRAM TITLE	STATE AGENCY	PASS THROUGH ENTITY	IDENTIFYING NUMBER	EXPENDITURES 2009	EXPENDITURES 2010
93.XXX	Mammography Inspections	30100		HHSF223200840132C		36,790
93.XXX	Feed Inspections	60200		HHSF223200840213P	2,471	58,898
93.XXX	Outreach Library Memorandum	UND01		2006-00167-46-00	2,821	
93.XXX	Feed Inspections	60200		HHSF223200940351P		47,754
93.XXX	Tissue Inspections	60200		HHSF223200540064P		1,606
Nonmonetary Assistance:						
93.069	Public Heatlh Emergency Preparedness	30100		H1N1 vaccine		568,635
Pass Through Non-State Entity:						
93.010	Community-Based Abstinence Education (CBAE)	NDSU1	First Choice Clinic	HHS/FCC	56,262	48,876
93.064	Laboratory Training, Evaluation, and Quality Assurance Programs	30100	MT Dept of Public HHS	HM06-605	14,974	
93.100	Health Disparities in Minority Health	UND01	University of South Dakota	SR-2009-02	50,118	
93.136	Injury Prevention and Control Research and State and Community Based Programs	UND01	North Dakota Council on Abused Women	N/A	5,947	15,234
93.155	Rural Health Research Centers	UND01	University of Minnesota	S6656604101	22,662	
93.211	Telehealth Network Grants	NDSU1	Avera Health Center	HHS/AHC	749	4,625
93.211	Telehealth Network Grants	NDSU1	University of Minnesota	P001007401		8,727
93.243	Substance Abuse and Mental Health Services - Projects of Regional and National Significance	UND01	Cankdeska Cikana Community College	N/A	6,648	50,227
93.283	Centers for Disease Control and Prevention - Investigations and Technical Assistance	UND01	Association of American Medical Colleges	N/A	41,924	59,881
93.283	Centers for Disease Control and Prevention - Investigations and Technical Assistance	NDSU1	Fargo Cass Public Health	HHS/FCPH	4,609	
93.283	Centers for Disease Control and Prevention - Investigations and Technical Assistance	UND01	University of South Dakota	usd-07-15	9,393	1,251
93.307	Minority Health and Health Disparities Research	UND01	University of South Dakota	SR-2010-8		17,644
93.399	Cancer Control	UND01	Mayo Clinic	N/A		2,441
93.632	University Centers for Excellence in Developmental Disabilities Education, Research, and Service	MISU1	Association of University Centers on Dis	890		4,150
93.648	Child Welfare Research Training or Demonstration	MISU1	University of Denver	SC36551A-03-00		36,200
93.648	Child Welfare Research Training or Demonstration	MISU1	University of Denver	N/A	60	

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CFDA NUMBER	PROGRAM TITLE	STATE AGENCY	PASS THROUGH ENTITY	IDENTIFYING NUMBER	EXPENDITURES 2009	EXPENDITURES 2010
93.648	Child Welfare Research Training or Demonstration	UND01	University of Denver	0096038		38,288
93.648	Child Welfare Research Training or Demonstration	MISU1	University of Denver	SC36669A-02-00		7,068
93.648	Child Welfare Research Training or Demonstration	UND01	University of Denver Butler Institute	SC36551-05-00	2,078	39,576
93.701	ARRA - Trans-NIH Recovery Act Research Support	UND01	University of South Dakota	SR2010-21		6,280
93.721	ARRA - ARRA - Health Information Technology Professionals in Health Care	LRSC1	Bellevue College, Bellevue, WA	90CC007701		55
93.865	Child Health and Human Development Extramural Research	UND01	University of South Dakota	SR2010-16		251,505
93.865	Child Health and Human Development Extramural Research	UND01	University of South Dakota	SDHRF_2007-06	21,681	
93.865	Child Health and Human Development Extramural Research	UND01	University of South Dakota	SR-2009-03	243,845	33,294
93.912	Rural Health Care Services Outreach, Rural Health Network Development and Small Health Care Provider Quality Improvement Program	UND01	Nelson County Health System	2009-001	6,263	50,949
93.945	Assistance Programs for Chronic Disease Prevention and Control	NDSU1	Ehrens Consulting	05-054	15	
93.XXX	American Indian Health Website	UND01	Center for Public Service Communications	N/A	2,947	
93.XXX	Laboratory Training, Evaluation, and Quality Assurance Programs	30100	MT Dept of Public HHS	HM06-605		8,922
93.XXX	Go Local North Dakota	UND01	National Network of Libraries	612	4,436	
93.XXX	Empowerment Evaluation Project	UND01	North Dakota Council on Abused Women	N/A	43,830	
Total for Unclustered					*$ 99,350,533*	*$ 105,304,115*
Aging Cluster						
Direct Programs:						
93.044	Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	32500			1,520,975	1,671,134
93.045	Special Programs for the Aging - Title III, Part C - Nutrition Services	32500			3,416,241	2,789,616
93.053	Nutrition Services Incentive Program	32500			899,721	795,296
93.705	ARRA - Aging Home-Delivered Nutrition Services for States	32500				160,000
93.707	ARRA - Aging Congregate Nutrition Services for States	32500				325,000
Total for Aging Cluster					*$ 5,836,937*	*$ 5,741,046*

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CFDA NUMBER	PROGRAM TITLE	STATE AGENCY	PASS THROUGH ENTITY	IDENTIFYING NUMBER	EXPENDITURES 2009	EXPENDITURES 2010
CCDF Cluster						
Direct Programs:						
93.575	Child Care and Development Block Grant	32500			5,715,976	5,966,615
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	32500			5,867,029	4,315,032
93.713	ARRA - Child Care And Development Block Grant	32500				504,611
Total for CCDF Cluster					*$ 11,583,005*	*$ 10,786,258*
CSBG Cluster						
Direct Programs:						
93.569	Community Services Block Grant	60100			3,190,184	3,160,369
93.710	ARRA - Community Services Block Grant	60100			98,157	3,662,537
Total for CSBG Cluster					*$ 3,288,342*	*$ 6,822,906*
Federal Student Aid Cluster						
Direct Programs:						
93.342	Health Professions Student Loans, Including Primary Care Loans/Loans for Disadvantaged Students	UND01			18,992	53,646
93.925	Scholarships for Health Professions Students from Disadvantaged Backgrounds	UND01			96,409	74,542
Pass Through Non-State Entity:						
93.342	Health Professions Student Loans, Including Primary Care Loans/Loans for Disadvantaged Students	UND01	Johns Hopkins University	2000312971	6,194	
Total for Federal Student Aid Cluster					*$ 121,595*	*$ 128,188*
Head Start Cluster						
Direct Programs:						
93.600	Head Start	32500			108,714	121,723
93.600	Head Start	MASU1			1,029,033	1,246,379
93.708	ARRA - Head Start	MASU1				59,791
93.709	ARRA - Early Head Start	MASU1				24,694
Total for Head Start Cluster					*$ 1,137,747*	*$ 1,452,587*

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Immunization Cluster						
Direct Programs:						
93.268	Immunization Grants	30100			1,381,142	1,860,748
93.712	ARRA - Immunization	30100				101,030
Total for Immunization Cluster					*$ 1,381,142*	*$ 1,961,778*
Medicaid Cluster						
Direct Programs:						
93.777	State Survey and Certification of Health Care Providers and Suppliers	32500			723,413	804,777
93.777	State Survey and Certification of Health Care Providers and Suppliers	30100			1,251,419	1,279,684
93.778	Medical Assistance Program	32500			382,181,729	444,423,016
93.778	ARRA - Medical Assistance Program	32500			31,167,301	44,704,678
Total for Medicaid Cluster					*$ 415,323,862*	*$ 491,212,155*

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Research and Development Cluster						
Direct Programs:						
93.113	Environmental Health	UND01			1,039,893	576,644
93.113	Environmental Health	NDSU1			84,273	63,932
93.121	Oral Diseases and Disorders Research	UND01			269,177	194,070
93.155	Rural Health Research Centers	UND01				170,882
93.226	Research on Healthcare Costs, Quality and Outcomes	UND01			86,595	
93.233	National Center on Sleep Disorders Research	UND01			301,101	2,206
93.242	Mental Health Research Grants	UND01			316,226	222,189
93.242	Mental Health Research Grants	NDSU1			301,517	158,303
93.262	Occupational Safety and Health Program	NDSU1			17,218	
93.273	Alcohol Research Programs	NDSU1			89,210	20,077
93.273	Alcohol Research Programs	UND01			790,963	778,394
93.273	Alcohol Research Programs	MISU1			95,092	66,526
93.279	Drug Abuse and Addiction Research Programs	UND01			93,881	193,035
93.389	National Center for Research Resources	NDSU1			3,685,223	2,305,002
93.389	National Center for Research Resources	UND01			4,807,701	5,368,550
93.393	Cancer Cause and Prevention Research	NDSU1			59,003	59,725
93.393	Cancer Cause and Prevention Research	UND01			26,487	108,513
93.394	Cancer Detection and Diagnosis Research	NDSU1				32,679
93.394	Cancer Detection and Diagnosis Research	UND01			159,551	99,924
93.395	Cancer Treatment Research	NDSU1			417,633	425,477
93.395	Cancer Treatment Research	UND01			32,540	79,101
93.396	Cancer Biology Research	NDSU1			105	
93.701	Trans-NIH Recovery Act Research Support	NDSU1			2,743	70,970
93.701	ARRA - Trans-NIH Recovery Act Research Support	UND01				426,817
93.701	ARRA - Trans-NIH Recovery Act Research Support	NDSU1				929,830
93.837	Cardiovascular Diseases Research	NDSU1			46,969	

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CFDA NUMBER	PROGRAM TITLE	STATE AGENCY	PASS THROUGH ENTITY	IDENTIFYING NUMBER	EXPENDITURES 2009	EXPENDITURES 2010
93.849	Kidney Diseases, Urology and Hematology Research	NDSU1			112,831	32,160
93.853	Extramural Research Programs in the Neurosciences and Neurological Disorders	UND01			443,279	238,212
93.853	Extramural Research Programs in the Neurosciences and Neurological Disorders	NDSU1			43,310	35,133
93.855	Allergy, Immunology and Transplantation Research	UND01			22,924	48,171
93.855	Allergy, Immunology and Transplantation Research	NDSU1			182,786	37,233
93.859	Biomedical Research and Research Training	UND01			219,139	64,146
93.859	Biomedical Research and Research Training	NDSU1			71,054	32,663
93.865	Child Health and Human Development Extramural Research	NDSU1			284,392	335,107
93.866	Aging Research	UND01			174,536	151,071
93.887	Health Care and Other Facilities	UND01				27,985
Pass Through Non-State Entity:						
93.070	Environmental Public Health and Emergency Response	UND01	Montana Dept of Pub Health and Human Svc	08-07-3-01-058-0		3,088
93.100	Health Disparities in Minority Health	UND01	University of South Dakota	SDHRF-2007-01	1,123	
93.155	Rural Health Research Centers	UND01	University of Minnesota	P000590401	122,270	124,859
93.242	Mental Health Research Grants	UND01	Johns Hopkins University	2000312971		70,706
93.242	Mental Health Research Grants	UND01	University of Denver	RR01MH065431-01	7,265	
93.273	Alcohol Research Programs	UND01	Johns Hopkins University	2000312992		50,340
93.273	Alcohol Research Programs	UND01	University of Illinois - Chicago	N/A		58,622
93.283	Centers for Disease Control and Prevention - Investigations and Technical Assistance	UND01	Montana Dept of Pub Health and Human Svc	N/A	66,850	76,772
93.389	National Center for Research Resources	NDSU1	WOWIWE Instruction Company	RR024779-NDSU	31,386	
93.701	ARRA - Trans-NIH Recovery Act Research Support	UND01	Duquesne University	G1000008		37,160
93.846	Arthritis, Musculoskeletal and Skin Diseases Research	UND01	University of Iowa	1000651765	83,430	
93.847	Diabetes, Digestive, and Kidney Diseases Extramural Research	UND01	University of Pittsburgh	115090-1		24,218
93.856	Microbiology and Infectious Diseases Research	NDSU1	Lynntech, Inc.	2010-NIH73811-0003		16,507
93.XXX	National Center for Drug Discovery in Neurodegeneration	UND01	Harvard University	156611	34,323	5,018
93.XXX	DELTA and EMPOWER Program Evaluation Reports	UND01	SciMetrika, LLC	200-2008-25437	4,377	20,014

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CFDA NUMBER	PROGRAM TITLE	STATE AGENCY	PASS THROUGH ENTITY	IDENTIFYING NUMBER	EXPENDITURES 2009	EXPENDITURES 2010
93.XXX	Rural People, Rural Policy Initiative	UND01	W.K. Kellogg Foundation	P3002879	10,026	8,508
Total for Research and Development Cluster					*$ 14,638,401*	*$ 13,850,539*
TANF Cluster						
Direct Programs:						
93.558	Temporary Assistance for Needy Families	32500			29,553,450	26,871,070
93.714	ARRA - Emergency Contingency Fund For Temporary Assistance For Needy Families (TANF) State Programs	32500				786,900
Total for TANF Cluster					*$ 29,553,450*	*$ 27,657,970*
Total For Department Of Health And Human Services					**$ 582,215,014**	**$ 664,917,542**

STATE OF NORTH DAKOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

CFDA NUMBER	PROGRAM TITLE	STATE AGENCY	PASS THROUGH ENTITY	IDENTIFYING NUMBER	EXPENDITURES 2009	EXPENDITURES 2010
Department Of Homeland Security						
Unclustered						
Direct Programs:						
97.001	Pilot Demonstration or Earmarked Projects	54000			11,000	85,711
97.012	Boating Safety Financial Assistance	72000			512,024	543,225
97.021	Hazardous Materials Assistance Program	54000			15,397	
97.023	Community Assistance Program State Support Services Element (CAP-SSSE)	77000			93,353	117,739
97.029	Flood Mitigation Assistance	77000			2,616	1,885
97.029	Flood Mitigation Assistance	54000				6,426,903
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	72000				80,065
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	54000			11,563,369	85,945,965
97.039	Hazard Mitigation Grant	54000			353,827	5,571,121
97.041	National Dam Safety Program	77000			46,917	62,313
97.042	Emergency Management Performance Grants	54000			1,811,000	2,202,628
97.045	Cooperating Technical Partners	77000			657,177	1,158,725
97.047	Pre-Disaster Mitigation	54000			303,178	19,267
97.070	Map Modernization Management Support	77000			113,024	110,522
97.073	State Homeland Security Program (SHSP)	54000			3,185,960	2,287,214
97.074	Law Enforcement Terrorism Prevention Program (LETPP)	54000			1,601,793	1,455,995
97.078	Buffer Zone Protection Program (BZPP)	54000			91,834	715
97.078	Buffer Zone Protection Program (BZPP)	72000			5,503	
97.089	Real ID Program	80100				511,399
97.107	National Incident Management System (NIMS)	54000			27,101	
97.XXX	Emergency Management Theory Course Treatment	NDSU1		HSFEEM-07-MP-6350456	2,500	
Total for Unclustered					*$ 20,397,574*	*$ 106,581,392*

STATE OF NORTH DAKOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

CFDA NUMBER	PROGRAM TITLE	STATE AGENCY	PASS THROUGH ENTITY	IDENTIFYING NUMBER	EXPENDITURES 2009	EXPENDITURES 2010
Homeland Security Cluster						
Direct Programs:						
97.053	Citizen Corps	54000			144,240	
97.067	Homeland Security Grant Program	54000			56,048	3,817,011
Total for Homeland Security Cluster					*$ 200,288*	*$ 3,817,011*
Research and Development Cluster						
Pass Through Non-State Entity:						
97.061	Centers for Homeland Security	NDSU1	University of Minnesota	X9106025115	89,257	7,056
97.061	Centers for Homeland Security	NDSU1	University of Minnesota	0910602532		34,893
Total for Research and Development Cluster					*$ 89,257*	*$ 41,949*
Total For Department Of Homeland Security					**$ 20,687,119**	**$ 110,440,352**

STATE OF NORTH DAKOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

CFDA NUMBER	PROGRAM TITLE	STATE AGENCY	PASS THROUGH ENTITY	IDENTIFYING NUMBER	EXPENDITURES 2009	EXPENDITURES 2010
Department Of Housing And Urban Development						
Unclustered						
Direct Programs:						
14.171	Manufactured Home Construction and Safety Standards	60100			40	
14.231	Emergency Shelter Grants Program	60100			282,892	224,654
14.235	Supportive Housing Program	60100			56,528	772
14.238	Shelter Plus Care	60100			198,559	155,753
14.239	HOME Investment Partnerships Program	60100			2,153,260	1,951,059
14.251	Economic Development Initiative-Special Project, Neighborhood Initiative and Miscellaneous Grants	DSU01				17,561
14.257	ARRA - Homelessness Prevention and Rapid Re-Housing Program (Recovery Act Funded)	60100			7,907	720,475
14.401	Fair Housing Assistance Program - State and Local	40600			13,700	157,080
14.XXX	Interest Subsidy Grant	VCSU1		DEN-032	23,714	23,714
14.XXX	Interest Subsidy Grant	LRSC1		CH-ND-AK60(DS)	23,170	23,170
14.XXX	Interest Subsidy Grant	NDSU1		N/A	24,408	24,408
14.XXX	Interest Subsidy Grant	UND01		DEN-028	16,404	32,808
Pass Through Non-State Entity:						
14.251	Economic Development Initiative-Special Project, Neighborhood Initiative and Miscellaneous Grants	DSU01	REAP	N/A	2,558	
Total for Unclustered					*$ 2,803,140*	*$ 3,331,454*
CDBG - Entitlement Grants Cluster						
Direct Programs:						
14.254	ARRA - Community Development Block Grants/Special Purpose Grants/Insular Areas - (Recovery Act Funded)	60100			9,724	
Total for CDBG - Entitlement Grants Cluster					*$ 9,724*	*$*

STATE OF NORTH DAKOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

CFDA NUMBER	PROGRAM TITLE	STATE AGENCY	PASS THROUGH ENTITY	IDENTIFYING NUMBER	EXPENDITURES 2009	EXPENDITURES 2010
CDBG - State-Administered Small Cities Program Cluster						
Direct Programs:						
14.228	Community Development Block Grants/State's Program	60100			6,735,653	11,980,575
14.255	ARRA - Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii - (Recovery Act Funded)	60100				373,494
Total for CDBG - State-Administered Small Cities Program Cluster					*$ 6,735,653*	*$ 12,354,069*
Total For Department Of Housing And Urban Development					**$ 9,548,518**	**$ 15,685,523**

STATE OF NORTH DAKOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

CFDA NUMBER	PROGRAM TITLE	STATE AGENCY	PASS THROUGH ENTITY	IDENTIFYING NUMBER	EXPENDITURES 2009	EXPENDITURES 2010
Department Of Justice						
Unclustered						
Direct Programs:						
16.017	Sexual Assault Services Program	30100				39,168
16.523	Juvenile Accountability Block Grants	53000			272,600	20,122
16.527	Supervised Visitation, Safe Havens for Children	30100			304,119	221,158
16.540	Juvenile Justice and Delinquency Prevention - Allocation to States	53000			550,000	400,000
16.543	Missing Children's Assistance	12500			116,423	160,394
16.546	Investigation and Prosecution of Child Abuse Through the Criminal Justice System	53000			36,659	11,701
16.550	State Justice Statistics Program for Statistical Analysis Centers	12500				9,246
16.554	National Criminal History Improvement Program (NCHIP)	12500			6,956	492,054
16.575	Crime Victim Assistance	53000			1,090,000	929,000
16.575	ARRA - Crime Victim Assistance	53000				542,000
16.576	Crime Victim Compensation	53000			156,000	300,000
16.576	ARRA - Crime Victim Compensation	53000				78,313
16.579	Edward Byrne Memorial Formula Grant Program	12500			106,830	
16.580	Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	80100				58,493
16.580	Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	12500			38,389	215,706
16.580	Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	UND01			128,458	131,382
16.580	Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	32500			206,694	
16.582	Crime Victim Assistance/Discretionary Grants	MISU1			65,048	69,423
16.582	Crime Victim Assistance/Discretionary Grants	UND01				62,740
16.588	ARRA - Violence Against Women Formula Grants	30100			7,149	347,015
16.588	Violence Against Women Formula Grants	30100			960,320	774,897

STATE OF NORTH DAKOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

CFDA NUMBER	PROGRAM TITLE	STATE AGENCY	PASS THROUGH ENTITY	IDENTIFYING NUMBER	EXPENDITURES 2009	EXPENDITURES 2010
16.590	Grants to Encourage Arrest Policies and Enforcement of Protection Orders	30100			321,252	279,919
16.593	Residential Substance Abuse Treatment for State Prisoners	12500			45,788	36,336
16.603	Corrections - Technical Assistance/Clearinghouse	53000			292,522	
16.606	State Criminal Alien Assistance Program	53000			20,338	25,046
16.607	Bulletproof Vest Partnership Program	12500			997	592
16.608	Tribal Court Assistance Program	UND01			1,019,654	1,017,496
16.609	Community Prosecution and Project Safe Neighborhoods	12500			178,463	58,444
16.710	Public Safety Partnership and Community Policing Grants	MISU1			415,286	417,802
16.710	Public Safety Partnership and Community Policing Grants	12500			63,000	56,308
16.727	Enforcing Underage Drinking Laws Program	32500			350,000	350,505
16.738	Edward Byrne Memorial Justice Assistance Grant Program	12500			415,330	482,627
16.740	Statewide Automated Victim Information Notification (SAVIN) Program	11200			438,653	368,682
16.741	Forensic DNA Backlog Reduction Program	12500			157,996	79,858
16.742	Paul Coverdell Forensic Sciences Improvement Grant Program	12500			114,267	22,904
16.748	Convicted Offender and/or Arrestee DNA Backlog Reduction Program (In-House Analysis and Data Review)	12500			24,587	41,139
16.753	Congressionally Recommended Awards	UND01				73,187
16.800	ARRA - Recovery Act - Internet Crimes against Children Task Force Program (ICAC)	12500				127,465
16.803	ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program / Grants To States And Territories	12500				888,537
16.810	ARRA - Recovery Act - Assistance to Rural Law Enforcement to Combat Crime and Drugs Competitive Grant Program	12500				62,501
16.XXX	Midwest High Intensity Drug Trafficking Area	12500		G10MW0006A		74,074
16.XXX	Midwest High Intensity Drug Trafficking Area	12500		I8PMWP592Z	373,967	70,125
16.XXX	Midwest High Intensity Drug Trafficking Area	12500		17PMWP592Z	29,911	
16.XXX	Midwest High Intensity Drug Trafficking Area	12500		G09MW0006A	97,470	375,572
16.XXX	Juvenile Inmate Housing	53000		IGA-755-8		90,328

STATE OF NORTH DAKOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

CFDA NUMBER	PROGRAM TITLE	STATE AGENCY	PASS THROUGH ENTITY	IDENTIFYING NUMBER	EXPENDITURES 2009	EXPENDITURES 2010
16.XXX	Juvenile Detention	53000		N/A		1,341
16.XXX	Adult Inmate Housing	53000		IGA-0059-5		10,313
Pass Through Non-State Entity:						
16.203	Comprehensive Approaches to Sex Offender Management Discretionary Grant (CASOM)	UND01	Fox Valley Technical College	2008-WP-BX-K006	1,851	60,697
16.585	Drug Court Discretionary Grant Program	18000	Community Violence Intervention Center	2004-WE-AX-0048	21,921	11,383
16.590	Grants to Encourage Arrest Policies and Enforcement of Protection Orders	UND01	North Dakota Council on Abused Women	N/A	2,027	
16.616	Indian Country Alcohol and Drug Prevention	UND01	Fox Valley Technical College	2009-AC-BX-KO34		6,966
16.808	Recovery Act - Edward Byrne Memorial Competitive Grant Program	NDSU1	Public/Private Venture	10137		35,063
Total for Unclustered					*$ 8,430,924*	*$ 9,988,019*
Research and Development Cluster						
Direct Programs:						
16.560	National Institute of Justice Research, Evaluation, and Development Project Grants	NDSU1			886,528	167,215
Pass Through Non-State Entity:						
16.579	Edward Byrne Memorial Formula Grant Program	NDSU1	Clay County Joint Powers Collobarative	N/A	11,750	5,875
Total for Research and Development Cluster					*$ 898,278*	*$ 173,091*
Total For Department Of Justice					$ **9,329,202**	$ **10,161,110**

STATE OF NORTH DAKOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

CFDA NUMBER	PROGRAM TITLE	STATE AGENCY	PASS THROUGH ENTITY	IDENTIFYING NUMBER	EXPENDITURES 2009	EXPENDITURES 2010
Department Of Labor						
Unclustered						
Direct Programs:						
17.235	ARRA - Senior Community Service Employment Program	32500				63,594
17.235	Senior Community Service Employment Program	32500			598,136	547,542
17.261	WIA Pilots, Demonstrations, and Research Projects	BSC01			397,029	527,474
17.261	WIA Pilots, Demonstrations, and Research Projects	MISU1			364,763	548,351
17.261	WIA Pilots, Demonstrations, and Research Projects	NDSCS			2,251	
17.261	WIA Pilots, Demonstrations, and Research Projects	MASU1			4,064	
17.504	Consultation Agreements	BSC01			282,741	326,871
17.600	Mine Health and Safety Grants	27000			82,856	47,724
Total for Unclustered					*$ 1,731,840*	*$ 2,061,556*
Total For Department Of Labor					**$ 1,731,840**	**$ 2,061,556**
Department Of State						
Unclustered						
Pass Through Non-State Entity:						
19.402	Professional and Cultural Exchange Programs - International Visitor Leadership Program	MISU1	National Council 4 International Visitors	N/A	3,496	3,372
19.XXX	Teaching Excellence and Achievement Program (TEA)	UND01	International Research & Exchanges Board	FY09-TEA-UND-01		152,907
19.XXX	IREX Cultural Ambassadors Program FY10	UND01	International Research & Exchanges Board	UGRAD-UND09		543
Total for Unclustered					*$ 3,496*	*$ 156,822*
Total For Department Of State					**$ 3,496**	**$ 156,822**

STATE OF NORTH DAKOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

CFDA NUMBER	PROGRAM TITLE	STATE AGENCY	PASS THROUGH ENTITY	IDENTIFYING NUMBER	EXPENDITURES 2009	EXPENDITURES 2010
Department Of The Interior						
Unclustered						
Direct Programs:						
15.020	Aid To Tribal Governments	NDSU1			13,029	
15.224	Cultural Resource Management	NDSU1			5,500	
15.224	Cultural Resource Management	MISU1			15,307	40,951
15.224	Cultural Resource Management	70100			85,977	12,307
15.228	National Fire Plan - Wildland Urban Interface Community Fire Assistance	NDSU1			248,871	8,134
15.231	Fish, Wildlife and Plant Conservation Resource Management	NDSU1			12,111	27,776
15.233	Forests and Woodlands Resource Management	NDSU1			4,899	5,279
15.242	National Fire Plan - Rural Fire Assistance	NDSU1				111,906
15.250	Regulation of Surface Coal Mining and Surface Effects of Underground Coal Mining	40800			611,184	654,786
15.252	Abandoned Mine Land Reclamation (AMLR) Program	40800			2,806,551	2,407,001
15.427	Federal Oil and Gas Royalty Management	11700				385,575
15.504	Water Reclamation and Reuse Program	NDSU1			4,731	25,507
15.518	Garrison Diversion Unit	72000				710,711
15.518	Garrison Diversion Unit	40500			958	
15.608	Fish and Wildlife Management Assistance	72000			43,134	34,677
15.615	Cooperative Endangered Species Conservation Fund	75000			13,980	18,109
15.616	Clean Vessel Act	72000				10,376
15.617	Wildlife Conservation and Appreciation	72000			48,528	20,803
15.618	Administrative Grants for Federal Aid in Sport Fish and Wildlife Restoration	72000				12,396
15.631	Partners for Fish and Wildlife	72000			4,500	
15.633	Landowner Incentive	72000			25,729	45,927
15.634	State Wildlife Grants	72000			831,493	325,985
15.637	Migratory Bird Joint Ventures	72000				30,030

STATE OF NORTH DAKOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

CFDA NUMBER	PROGRAM TITLE	STATE AGENCY	PASS THROUGH ENTITY	IDENTIFYING NUMBER	EXPENDITURES 2009	EXPENDITURES 2010
15.642	Challenge Cost Share	75000			14	871
15.808	U.S. Geological Survey - Research and Data Collection	11200			7,565	
15.808	U.S. Geological Survey - Research and Data Collection	40500				18,315
15.810	National Cooperative Geologic Mapping Program	40500			27,284	26,057
15.904	Historic Preservation Fund Grants-In-Aid	70100			680,481	670,714
15.916	Outdoor Recreation - Acquisition, Development and Planning	75000			261,014	239,868
15.929	Save America's Treasures	70100			227,779	55,987
15.XXX	Management of Lands Acquired for Mitigation of Impacts to Audubon Wildlife Management Area	72000		08FC602270	14,098	
15.XXX	Royalty Audit Program	11700		1435-02-99-CA-40304	363,442	
15.XXX	Management of the Lonetree Wildlife Management Area	72000		08FC602268	687,464	
15.XXX	Juvenile Detention	53000		CMK0L070021	101,299	105,881
15.XXX	Migratory Bird Harvest Information Program	72000		HIP-1-1	10,171	
15.XXX	Praire Pothole Joint Venture	72000		PPJV	20,294	
Pass Through Non-State Entity:						
15.406	National Park Service Centennial Challenge.	DSU01	Theodore Roosevelt National Park	H1541080018		15,973
15.518	ARRA - Garrison Diversion Unit	77000	Garrison Diversion Unit	6-FC-60-00210	39,481	379,239
15.518	Garrison Diversion Unit	77000	Garrison Diversion Unit	6-FC-60-00210	10,957,360	9,880,450
15.815	National Land Remote Sensing_Education Outreach and Research	UND01	America View	AV08-ND01	21,294	20,217
15.XXX	National Park Service - Mandan Language & Oral Traditions Preservation Project	MISU1	ND Lewis & Clark Bicentennial	FY 02-96	414	
15.XXX	The Centennial Challenge Cooperative Agreement	DSU01	Theodore Roosevelt National Park	H1541080018	5,234	
Total for Unclustered					*$ 18,201,169*	*$ 16,301,809*

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

CFDA NUMBER	PROGRAM TITLE	STATE AGENCY	PASS THROUGH ENTITY	IDENTIFYING NUMBER	EXPENDITURES 2009	EXPENDITURES 2010
Fish and Wildlife Cluster						
Direct Programs:						
15.605	Sport Fish Restoration	72000			4,139,075	4,671,704
15.611	Wildlife Restoration	72000			4,304,388	6,593,247
Total for Fish and Wildlife Cluster					*$ 8,443,463*	*$ 11,264,952*

STATE OF NORTH DAKOTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

CFDA NUMBER	PROGRAM TITLE	STATE AGENCY	PASS THROUGH ENTITY	IDENTIFYING NUMBER	EXPENDITURES 2009	EXPENDITURES 2010
Research and Development Cluster						
Direct Programs:						
15.507	WaterSMART (Sustaining and Manage America's Resources for Tomorrow)	UND01			59,258	15,927
15.518	Garrison Diversion Unit	UND01			238,254	55,924
15.623	North American Wetlands Conservation Fund	UND01			3,113	
15.642	Challenge Cost Share	UND01			337	
15.642	Challenge Cost Share	NDSU1			1,110	9,170
15.805	Assistance to State Water Resources Research Institutes	NDSU1			135,697	107,737
15.805	Assistance to State Water Resources Research Institutes	UND01				5,352
15.808	U.S. Geological Survey - Research and Data Collection	NDSU1			21,130	5,707
15.808	U.S. Geological Survey - Research and Data Collection	UND01			19,211	27,322
15.FFB	Fish and Wildlife Enhancemnt	NDSU1			454	
15.XXX	Double-crested Cormorant Movement Ecology in Voyageurs	NDSU1		J6820081403	3,495	1,518
15.XXX	Characterization of Water and Sediment Quality of Lake Alice National Wildlife Refuge	UND01		601818j414	2,795	4,051
15.XXX	Effects of Iron Bacteria on Subsurface Tile Drains	NDSU1		08FC602281	44,170	9,237
15.XXX	Archeological Site Mapping - Elkhorn Ranch	UND01		J6115090366	3,131	1,865
15.XXX	Archeological Data Recovery at Elbee/Karishta Sites Knife River Indian Village	UND01		J6115100302		13,865
15.XXX	Lake Ecology and Population Dynamics of Mohave Tui Chub	NDSU1		J8380060075	25,622	24,766
15.XXX	Golden Eagle Nest Monitoring	DSU01	United States Forest Service	09-CS-11011800-033		27,051
Pass Through Non-State Entity:						
15.608	Fish and Wildlife Management Assistance	UND01	Red Lake Watershed District	N/A	11,073	4,895
15.634	State Wildlife Grants	NDSU1	Ducks Unlimited, Inc.	PP-37-1		3,537
15.808	U.S. Geological Survey - Research and Data Collection	UND01	America View	AV05-ND01	4,392	
15.XXX	Gasifier Demonstation Project - Fond du Lac	UND01	Fond du Lac Development Corporation	N/A	33,247	14,650
Total for Research and Development Cluster					*$ 606,488*	*$ 332,574*
Total For Department Of The Interior					**$ 27,251,120**	**$ 27,899,334**

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

CFDA NUMBER	PROGRAM TITLE	STATE AGENCY	PASS THROUGH ENTITY	IDENTIFYING NUMBER	EXPENDITURES 2009	EXPENDITURES 2010
Department Of Transportation						
Unclustered						
Direct Programs:						
20.106	Airport Improvement Program	41200			1,468,460	488,915
20.214	Highway Beautification-Control of Outdoor Advertising, and Control of Junkyards	80100			533	250
20.218	National Motor Carrier Safety	50400			1,560,256	1,811,727
20.231	Performance and Registration Information Systems Management	80100				111
20.237	Safety Data Improvement Program	80100			12,400	
20.238	Commercial Drivers License Information System	80100				353
20.505	Federal Transit - Metropolitan Planning Grants	80100			2,092,529	2,168,688
20.509	Formula Grants for Other Than Urbanized Areas	80100			3,440,694	3,662,428
20.509	ARRA - Formula Grants for Other Than Urbanized Areas	80100				164,398
20.615	E-911 Grant Program	11200				9,018
20.700	Pipeline Safety	40800			58,470	54,831
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	54000			163,531	220,846
20.762	Research Grants	NDSU1			377,241	85,811
20.XXX	Midwest Region Motor Fuel Project	12700		N/A		4,361
20.XXX	Repeat Offender	80100		DTNH22-07-H-00142	18,022	19,833
Pass Through Non-State Entity:						
20.701	University Transportation Centers Program	NDSU1	Rutgers, The State Univ of New Jersey	NJ-26-7067-01		25,676
20.XXX	Travel Support for Center for General Aviation Research Meeting	UND01	Embry-Riddle University	15199-UND		5,000
20.XXX	Center of Excellence Research Grant - CGAR Website Administrative Services	UND01	Embry-Riddle University	01-C-ERAU-1E	39,419	37,353
Total for Unclustered					*$ 9,231,555*	*$ 8,759,598*

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CFDA NUMBER	PROGRAM TITLE	STATE AGENCY	PASS THROUGH ENTITY	IDENTIFYING NUMBER	EXPENDITURES 2009	EXPENDITURES 2010
Federal Transit Cluster						
Direct Programs:						
20.500	Federal Transit - Capital Investment Grants	80100			384,007	955,515
Total for Federal Transit Cluster					*$ 384,007*	*$ 955,515*
Highway Planning and Construction Cluster						
Direct Programs:						
20.205	Highway Planning and Construction	80100			240,290,165	216,282,680
20.205	ARRA - Highway Planning and Construction	80100				105,026,136
20.205	Highway Planning and Construction	75000				5,303
20.219	Recreational Trails Program	75000			538,542	899,810
Pass Through Non-State Entity:						
20.205	Highway Planning and Construction	NDSU1	American Road & Transportation Builders	DTFH61-06-C-0032	14,917	92,260
20.205	Highway Planning and Construction	UND01	Iowa Department of Transportation	PC00399	231	
Total for Highway Planning and Construction Cluster					*$ 240,843,855*	*$ 322,306,189*
Highway Safety Cluster						
Direct Programs:						
20.600	State and Community Highway Safety	80100			1,548,750	1,732,318
20.601	Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	80100			1,365,130	1,375,240
20.610	State Traffic Safety Information System Improvement Grants	80100			712,451	545,577
20.612	Incentive Grant Program to Increase Motorcyclist Safety	80100			111,351	90,342
Total for Highway Safety Cluster					*$ 3,737,682*	*$ 3,743,477*

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CFDA NUMBER	PROGRAM TITLE	STATE AGENCY	PASS THROUGH ENTITY	IDENTIFYING NUMBER	EXPENDITURES 2009	EXPENDITURES 2010
Research and Development Cluster						
Direct Programs:						
20.205	Highway Planning and Construction	NDSU1			68,386	4,869
20.233	Border Enforcement Grants	NDSU1			36,809	20,911
20.514	Public Transportation Research	NDSU1			778,756	772,153
20.701	University Transportation Centers Program	NDSU1			1,776,256	2,210,375
20.XXX	Operational Loads Monitoring	UND01		07-C-GA-UND Amend. 1	127,744	
20.XXX	Weather Technology in the Cockpit Program	UND01		07-C-GA-UND Amend. 8		60,294
20.XXX	Subject Matter Export Support for FAA Simulator Workstation	UND01		07-C-GA-UND Amend. 9		53,945
20.XXX	General Aviation System Safety Management Research	UND01		07-C-GA-UND Amend. 4		26,474
20.XXX	Helipad Lighting System	UND01		07-C-GA-UND 10, 11		85,866
20.XXX	Development of UAS Operational Data Collection Concept	UND01		07-C-GA-UND Amend. 2		69,152
20.XXX	Evaluating the Benefits of Technology on Participation	NDSU1		ND-26-1000		2,077
20.XXX	Development of Roadside Software	NDSU1		DTMC75-03C00013	1,850,790	160,808
20.XXX	Friction Study	UND01		07-C-GA-UND Amend. 3		48,852
Pass Through Non-State Entity:						
20.100	Aviation Education	NDSU1	University of Idaho	BAK462-NDSU(P0014150	10	
20.512	Federal Transit Technical Assistance	NDSU1	Northland Healthcare Alliance	ND-26-7011	20,992	8
20.515	State Planning and Research	UND01	Iowa Department of Transportation	11954		4,708
20.701	University Transportation Centers Program	NDSU1	Bismarck-Mandan Metro. Planning Org.	DOT/Bis-Man MPO	16,724	11,525
20.701	University Transportation Centers Program	NDSU1	FM Metropolitan Council of Governments	DOT/F-M MPO	17,954	25,425
20.701	University Transportation Centers Program	NDSU1	GF/EGF Metro. Planning Org.	DOT/GF-EFG MPO	12,974	10,654
20.XXX	Development of FMCSA Field Systems Software	NDSU1	Computer Sciences Corporation	S500033 TO 6		1,233,825
20.XXX	FMCSA - Task Order 7	NDSU1	Computer Sciences Corporation	S50000331 TO 7		275,977
20.XXX	Inspection Selection System Support	NDSU1	Computer Sciences Corporation	Agreement: S5000331	56	
20.XXX	Develop a Drive Safely History Indicator	NDSU1	Computer Sciences Corporation	S8000045	1,424	
20.XXX	Analysis of 14 CFR Parts 91 & 43 for UAS Applications	UND01	Embry-Riddle University	61070-UND		3,661

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CFDA NUMBER	PROGRAM TITLE	STATE AGENCY	PASS THROUGH ENTITY	IDENTIFYING NUMBER	EXPENDITURES 2009	EXPENDITURES 2010
20.XXX	Analysis of 14 CFR Part 61 for Pilot, Flight Instructor and Ground Instructor Certifications for Unmanned Aerial Systems	UND01	Embry-Riddle University	61075	30,604	19,395
20.XXX	Analysis of 14 CFR Parts 91	UND01	Embry-Riddle University	61070-UND	42,695	
20.XXX	Operational Loads Monitoring of Business Jet Aircraft	UND01	Embry-Riddle University	61053-UND	35,219	16,829
20.XXX	Helicopter Terrain Awareness Warning Systems (TAWS) and Enhanced Vision Systems Flight Testing	UND01	Embry-Riddle University	61060-UND	194,906	96,256
20.XXX	Evaluating the Effectiveness of ADS-B in the Collegiate Flight Training Environment	UND01	Embry-Riddle University	61061-UND	3,073	
20.XXX	Octane Enhancers from Crop Oil	UND01	Embry-Riddle University	61047-UND	48,966	144,354
20.XXX	Remote Airport Landing Systems	UND01	Embry-Riddle University	61046-UND	522	
20.XXX	Helicopter Advanced Navigation Research Flight Training	UND01	Embry-Riddle University	61050-UND	38,541	382
20.XXX	Training Standards Development for New Technology	UND01	Embry-Riddle University	61054-UND	56,153	2,418
20.XXX	Development and Demonstration	UND01	Iowa Department of Transportation	PC00680	17,427	
20.XXX	Aurora 2007-04: Development	UND01	Iowa Department of Transportation	PC00475	8,690	
20.XXX	Freezing Drizzle Phase 2 for the Aurora Group	UND01	Iowa Department of Transportation	PC00680		28,902
20.XXX	Development and Deployment of Clarus-Enabled Services	UND01	Meridian Environmental Technology, Inc.	DTFH61-09-C-000002		52,420
20.XXX	Enhanced Precipitation Estimate	UND01	Meridian Environmental Technology, Inc.	DTFH61-09-C-000002	24,580	
20.XXX	COMPASS - Task Order 9B	NDSU1	Science Application International Corp	TASK ORDER 9B	237	9,573
20.XXX	COMPASS - Task Order 11B	NDSU1	Science Application International Corp	COMPASS TO11B		9,930
20.XXX	COMPASS - Task Order 9, Mod 8	NDSU1	Science Application International Corp	COMPASS TO9 M8	8,824	37,062
20.XXX	COMPASS	NDSU1	Science Application International Corp	4600006471	13,316	
20.XXX	COMPASS - Task Order 6	NDSU1	Science Application International Corp	4600006471 TO 6	14,162	
20.XXX	COMPASS Technical Support Services	NDSU1	Science Application International Corp	4600006471 TO 8	1,357	4,351
20.XXX	COMPASS	NDSU1	Science Application International Corp	TASK ORDER 7	23,049	
20.XXX	COMPASS - Task Order 4B	NDSU1	Science Application International Corp	4600006471 TO 4B	3,810	
20.XXX	Airport and Air Carrier Resource Manual Employees Coping with Traumatic Events	UND01	The National Academies	ACRP- A06-01	90,698	
Total for Research and Development Cluster					*$ 5,365,704*	*$ 5,503,431*

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CFDA NUMBER	PROGRAM TITLE	STATE AGENCY	PASS THROUGH ENTITY	IDENTIFYING NUMBER	EXPENDITURES 2009	EXPENDITURES 2010
Transit Services Programs Cluster						
Direct Programs:						
20.513	Capital Assistance Program for Elderly Persons and Persons with Disabilities	80100			82,619	168,745
20.516	Job Access - Reverse Commute	80100			73,968	228,820
20.521	New Freedom Program	80100			3,246	122,585
Total for Transit Services Programs Cluster					*$ 159,833*	*$ 520,150*
Total For Department Of Transportation					**$ 259,722,636**	**$ 341,788,360**
Department Of Veterans Affairs						
Unclustered						
Direct Programs:						
64.014	Veterans State Domiciliary Care	31300			836,062	861,680
64.015	Veterans State Nursing Home Care	31300			735,367	1,104,638
64.124	All-Volunteer Force Educational Assistance	NDUSO			99,101	100,680
64.XXX	IPA Agreement	UND01		N/A	182,950	
64.XXX	National Veterans Rural Health	UND01		636-08-4-4061-0035	12,124	
64.XXX	National Veterans Rural Health Resource Center	UND01		636-D95164		15,125
64.XXX	National Veterans Rural Health Resource Center	UND01		N/A		75,542
64.XXX	VA - Residents Rotations	UND01		N/A	396,037	443,255
64.XXX	VA Processing Fee	NDSU1		VA01241994	3,504	
64.XXX	VA Processing Fee	NDSU1		640000		1,529
64.XXX	VA Midwest Rural Health Resource Center (Year 2)	UND01		N/A		88,765
Pass Through Non-State Entity:						
64.XXX	VA ORH Program and Management Operations	UND01	National Opinion Research Center	6603-CRH-FP01	140,587	90,894
Total for Unclustered					*$ 2,405,733*	*$ 2,782,110*

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CFDA NUMBER	PROGRAM TITLE	STATE AGENCY	PASS THROUGH ENTITY	IDENTIFYING NUMBER	EXPENDITURES 2009	EXPENDITURES 2010
Research and Development Cluster						
Direct Programs:						
64.XXX	MWM Veteran Engineering Resource Center	NDSU1		VA MWM VERC		17,632
64.XXX	MWM Veteran Engineering Resource Center - Telephone	NDSU1		VA263-BO-0100		150,478
64.XXX	Value Stream Mapping and Access Improvement at Fargo VA	NDSU1		VA Value Stream		127,870
Total for Research and Development Cluster					*$*	*$ 295,980*
Total For Department Of Veterans Affairs					$ **2,405,733**	$ **3,078,090**
Elections Assistance Commission						
Unclustered						
Direct Programs:						
90.401	Help America Vote Act Requirements Payments	10800			1,382,456	1,323,380
Total for Unclustered					*$ 1,382,456*	*$ 1,323,380*
Total For Elections Assistance Commission					$ **1,382,456**	$ **1,323,380**

CFDA NUMBER	PROGRAM TITLE	STATE AGENCY	PASS THROUGH ENTITY	IDENTIFYING NUMBER	EXPENDITURES 2009	EXPENDITURES 2010
Environmental Protection Agency						
Unclustered						
Direct Programs:						
66.034	Surveys, Studies, Investigations, Demonstrations and Special Purpose Activities Relating to the Clean Air Act	30100			113,575	200,863
66.040	State Clean Diesel Grant Program	30100				7,632
66.040	ARRA - State Clean Diesel Grant Program	30100			1,018	982,984
66.202	Congressionally Mandated Projects	30100			89,557	57,903
66.419	Water Pollution Control State, Interstate, and Tribal Program Support	30100			182,255	199,275
66.433	State Underground Water Source Protection	40500			97,200	99,000
66.454	Water Quality Management Planning	30100			91,234	200,828
66.454	ARRA - Water Quality Management Planning	30100				49,524
66.458	ARRA - Capitalization Grants for Clean Water State Revolving Funds	30100				128,806
66.458	Capitalization Grants for Clean Water State Revolving Funds	30100			317,549	195,583
66.460	Nonpoint Source Implementation Grants	30100			4,776,212	6,698,318
66.461	Regional Wetland Program Development Grants	30100			100,324	73,143
66.467	Wastewater Operator Training Grant Program (Technical Assistance)	30100			2,579	
66.468	ARRA - Capitalization Grants for Drinking Water State Revolving Funds	30100				111,228
66.468	Capitalization Grants for Drinking Water State Revolving Funds	30100			563,765	582,059
66.474	Water Protection Grants to the States	30100			19,215	
66.513	Greater Research Opportunities (GRO) Fellowships For Undergraduate/Graduate Environmental Study	UND01			4,817	
66.605	Performance Partnership Grants	60200			500,639	508,411
66.605	Performance Partnership Grants	30100			3,884,512	4,483,241
66.608	Environmental Information Exchange Network Grant Program and Related Assistance	30100			260,567	126,255
66.700	Consolidated Pesticide Enforcement Cooperative Agreements	NDSU1			30,998	62,902

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CFDA NUMBER	PROGRAM TITLE	STATE AGENCY	PASS THROUGH ENTITY	IDENTIFYING NUMBER	EXPENDITURES 2009	EXPENDITURES 2010
66.802	ARRA - Superfund State, Political Subdivision, and Indian Tribe Site - Specific Cooperative Agreements	30100				2,507,198
66.802	Superfund State, Political Subdivision, and Indian Tribe Site - Specific Cooperative Agreements	30100			2,007,049	3,487,231
66.804	Underground Storage Tank Prevention, Detection and Compliance Program	30100			163,289	235,344
66.805	Leaking Underground Storage Tank Trust Fund Program	30100			173,101	382,286
66.811	Brownfield Pilots Cooperative Agreements	30100			1,800	
66.818	Brownfields Assessment and Cleanup Cooperative Agreements	30100			149,544	34,479
Pass Through Non-State Entity:						
66.460	Nonpoint Source Implementation Grants	NDSU1	Dakota West RC&D	46.118		40,275
66.460	Nonpoint Source Implementation Grants	NDSU1	Dakota West RC&D	EPA/DWRCD-LW-09	48,570	52,025
66.460	Nonpoint Source Implementation Grants	NDSU1	Dakota West RC&D	EPA/DWRCD-LW-08	50,781	
66.460	Nonpoint Source Implementation Grants	NDSU1	Red River Basin Commission	N/A		13,078
66.460	Nonpoint Source Implementation Grants	NDSU1	Red River Regional Planning Council	RRRPC-09	54,844	
66.460	Nonpoint Source Implementation Grants	NDSU1	Red River Regional Planning Council	H075-8	97,936	1,000
66.460	Nonpoint Source Implementation Grants	NDSU1	Red River Regional Planning Council	07-258-01	423	
66.460	Nonpoint Source Implementation Grants	NDSU1	Red River Regional Planning Council	RRRPC-10	3,136	51,708
Total for Unclustered					*$ 13,786,490*	*$ 21,572,579*

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CFDA NUMBER	PROGRAM TITLE	STATE AGENCY	PASS THROUGH ENTITY	IDENTIFYING NUMBER	EXPENDITURES 2009	EXPENDITURES 2010
Research and Development Cluster						
Direct Programs:						
66.461	Regional Wetland Program Development Grants	UND01				10,225
66.511	Office of Research and Development Consolidated Research/Training/Fellowships	UND01			749,656	534,700
66.808	Solid Waste Management Assistance Grants	UND01			3,330	26,911
Pass Through Non-State Entity:						
66.419	Water Pollution Control State, Interstate, and Tribal Program Support	NDSU1	SD School of Mines and Technology	SDSM&T-NDSU 09-03	2,355	13,645
66.460	Nonpoint Source Implementation Grants	UND01	Red River Regional Planning Council	N/A	8,898	4,107
66.XXX	IPA Agreement	UND01	CH2M Hill	930752	99,822	
Total for Research and Development Cluster					*$ 864,062*	*$ 589,588*
Total For Environmental Protection Agency					**$ 14,650,552**	**$ 22,162,167**
Equal Employment Opportunity Commission						
Unclustered						
Direct Programs:						
30.002	Employment Discrimination - State and Local Fair Employment Practices Agency Contracts	40600			23,850	72,650
Total for Unclustered					*$ 23,850*	*$ 72,650*
Total For Equal Employment Opportunity Commission					**$ 23,850**	**$ 72,650**
General Services Administration						
Unclustered						
Direct Programs:						
39.XXX	Health Information Technical Grant	UND01		N/A	105	
39.XXX	Health Information Technical Grant Phase 2	UND01		N/A	105	
Nonmonetary Assistance:						
39.003	Donation of Federal Surplus Personal Property	11000			938,156	2,372,050
Total for Unclustered					*$ 938,366*	*$ 2,372,050*

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CFDA NUMBER	PROGRAM TITLE	STATE AGENCY	PASS THROUGH ENTITY	IDENTIFYING NUMBER	EXPENDITURES 2009	EXPENDITURES 2010
Total For General Services Administration					$ **938,366**	$ **2,372,050**
Institute of Museum and Library Services						
Unclustered						
Direct Programs:						
45.310	Grants to States	25000			697,806	881,721
45.313	Laura Bush 21st Century Librarian Program	VCSU1			176,213	134,797
Total for Unclustered					*$ 874,019*	*$ 1,016,518*
Total For Institute of Museum and Library Services					$ **874,019**	$ **1,016,518**
Library Of Congress						
Unclustered						
Direct Programs:						
42.001	Books for the Blind and Physically Handicapped	MISU1				4,293
Total for Unclustered					*$*	*$ 4,293*
Total For Library Of Congress					$	$ **4,293**
National Aeronautics and Space Administration						
Unclustered						
Direct Programs:						
43.XXX	North Dakota Space Grant Consortium	UND01		NNG05GJ56H	751,278	399,541
43.XXX	Mineralogical Characterizations of Asteroids	UND01		NNX08AW04H	23,487	27,001
43.XXX	Communicating Climate Change	UND01		NNX10AB53A		58,894
Total for Unclustered					*$ 774,765*	*$ 485,436*

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CFDA NUMBER	PROGRAM TITLE	STATE AGENCY	PASS THROUGH ENTITY	IDENTIFYING NUMBER	EXPENDITURES 2009	EXPENDITURES 2010
Research and Development Cluster						
Direct Programs:						
43.002	Technology Transfer	NDSU1			44	
43.XXX	Reliability Assessment of the Fail-Safe Leak Detection	NDSU1		4200126973	2,151	2,980
43.XXX	Near-Infrared Spectral Observations	UND01		NNG05GH01G	31,383	5,231
43.XXX	Integrated Strategies for the Human Exploration of the Moon and Mars	UND01		NNX09AP19A		106,889
43.XXX	Improvement of CERES Science Team Cloud Retrieval	UND01		NNX09AH75G		30,906
43.XXX	Northern Great Plains Center for People and the Environment	UND01		NNX09AQ81G		922,221
43.XXX	Hubrid Composites Reactive Non-matrixX	NDSU1		NNM04AA62G	3	
43.XXX	Northern Great Plains Center for People and the Environment	UND01		NNX06AE16G	677,076	
43.XXX	The Optical Dating Response of Mars Sedimet Analogs	NDSU1		NNX06AB24G	21,992	
43.XXX	DC-8 Transfer to Create a National Suborbital Education and Research Center	UND01		NNG05WC01A	190,870	
43.XXX	DC-8 Transfer to Create a National Suborbital Education and Research Center	UND01		NND08WC01A	810,375	2,912,810
43.XXX	DC-8 Suborbital Education and Research Center	UND01		NNG05WC01A	907,139	342,878
43.XXX	Flood Mitigation of the Devils Lake Basin of North Dakota	UND01		NNX09AO06G		66,592
43.XXX	Northern Great Plains Center for People and the Environment - Phase II	UND01		NNX08A097G	1,119,404	1,301,192
43.XXX	Validation of CERES -Derived Terra and Aqua Cloud Properties Using Department of Energy Atmospheric Radiation Measurement Surface Observations	UND01		NNL04AA11G	9,707	
43.XXX	RID-Research Infrastructure Development (NASA EPSCoR)	UND01		NNX07AK91A	82,398	191,065
43.XXX	Polari metric Radar and Rain Gauge Measurements of Meoscale Convection Systems during Namma	UND01		NNX06AC73G	49,064	1,930
43.XXX	Comparison of Cloud Fraction, Height/Temp., and Microphysical Properties between GISS SCM, NASA MODIS and DOE ARM SGP Data	UND01		NNG06GB59G	129,454	37,926
43.XXX	Validation of Ceres -Derived Terra and Aqua Cloud Properties Using DOE ARM Surface Observations	UND01		NNX08AK88G	56,368	150,642
43.XXX	NRA/Research Opportunities in Space and Earth Sciences	UND01		NNX07AP73G	25,585	53,698

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CFDA NUMBER	PROGRAM TITLE	STATE AGENCY	PASS THROUGH ENTITY	IDENTIFYING NUMBER	EXPENDITURES 2009	EXPENDITURES 2010
43.XXX	Physical and Compositional Characterizations of Near-Earth Objects	UND01		NNX07AL29G	95,168	120,170
43.XXX	A Study of Arctic Radiation Budget Using CERES/MODIS Satellite and ARM NSA Surface Observations and NASA GISS Model	UND01		NNX07AW05G	80,328	96,856
43.XXX	Asteroid Compositions	UND01		NNX10AG45G		8,395
Pass Through Non-State Entity:						
43.002	Technology Transfer	UND01	Rensselaer Polytechnic Institute	B10554	3,197	26,529
43.002	Technology Transfer	UND01	University of Idaho	GNK524_SB_001		12,747
43.XXX	Challenges and Opportunities in Remote Sensing of Global Savannas: A Scoping Study for a New TE Field Campaign	UND01	Colorado State University	G-1967-1	1,318	24,600
43.XXX	Atmospheric Correction Algorithm	UND01	Montana State University	G174-07-W144	16,731	
43.XXX	Application of NASA Field Observations, Satellite Measurement	UND01	University of Illinois - Chicago	2008-05675-01	2,987	
Total for Research and Development Cluster					*$ 4,312,742*	*$ 6,416,258*
Total For National Aeronautics and Space Administration					**$ 5,087,507**	**$ 6,901,694**
National Archives And Records Administration						
Unclustered						
Direct Programs:						
89.003	National Historical Publications and Records Grants	70100			7,898	15,868
Total for Unclustered					*$ 7,898*	*$ 15,868*
Total For National Archives And Records Administration					**$ 7,898**	**$ 15,868**

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CFDA NUMBER	PROGRAM TITLE	STATE AGENCY	PASS THROUGH ENTITY	IDENTIFYING NUMBER	EXPENDITURES 2009	EXPENDITURES 2010
National Endowment for the Arts						
Unclustered						
Direct Programs:						
45.025	Promotion of the Arts - Partnership Agreements	70900			716,700	1,050,700
Pass Through Non-State Entity:						
45.025	Promotion of the Arts - Partnership Agreements	UND01	Arts Midwest	N/A		3,750
Total for Unclustered					*$ 716,700*	*$ 1,054,450*
Total For National Endowment for the Arts					**$ 716,700**	**$ 1,054,450**
National Endowment for the Humanities						
Unclustered						
Direct Programs:						
45.161	Promotion of the Humanities - Research	UND01			75,956	105,813
45.163	Promotion of the Humanities - Professional Development	NDSU1			33,713	
Pass Through Non-State Entity:						
45.129	Promotion of the Humanities - Federal/State Partnership	UND01	North Dakota Humanities Council	08505	10,000	
45.129	Promotion of the Humanities - Federal/State Partnership	BSC01	North Dakota Humanities Council	09502		10,000
45.129	Promotion of the Humanities - Federal/State Partnership	UND01	North Dakota Humanities Council	09504		9,000
45.129	Promotion of the Humanities - Federal/State Partnership	70100	North Dakota Humanities Council	N/A	1,998	1,521
45.168	Promotion of the Humanities - We the People	BSC01	North Dakota Humanities Council	09104/09312		3,500
45.168	Promotion of the Humanities - We the People	UND01	North Dakota Humanities Council	08106	250	
Total for Unclustered					*$ 121,916*	*$ 129,834*
Total For National Endowment for the Humanities					**$ 121,916**	**$ 129,834**

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CFDA NUMBER	PROGRAM TITLE	STATE AGENCY	PASS THROUGH ENTITY	IDENTIFYING NUMBER	EXPENDITURES 2009	EXPENDITURES 2010
National Science Foundation						
Unclustered						
Direct Programs:						
47.076	Education and Human Resources	NDSU1			806,424	1,052,390
47.076	Education and Human Resources	NDSCS				336,530
47.076	Education and Human Resources	BSC01			29,599	81,736
47.081	Office of Experimental Program to Stimulate Competitive Research	NDSU1			775,034	2,531,285
Pass Through Non-State Entity:						
47.041	Engineering Grants	UND01	University of Alaska Anchorage	P0387320	19,898	27,513
47.076	Education and Human Resources	NDSU1	Bismarck Public Schools	NSF/BPS	241	
47.076	Education and Human Resources	NDSCS	Dakota County Tech College	NSF 07-530	56,378	
47.076	Education and Human Resources	NDSU1	Salish Kootenai College	NSF/SKC	14,429	9,832
47.076	Education and Human Resources	NDSCS	Weld-Ed	703018	26,189	
47.082	ARRA - Trans-NSF Recovery Act Research Support	NDSU1	Black Hills State University	NDSU-BS1000001		13,758
Total for Unclustered					*$ 1,728,193*	*$ 4,053,043*

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CFDA NUMBER	PROGRAM TITLE	STATE AGENCY	PASS THROUGH ENTITY	IDENTIFYING NUMBER	EXPENDITURES 2009	EXPENDITURES 2010
Research and Development Cluster						
Direct Programs:						
47.041	Engineering Grants	NDSU1			944,462	878,601
47.041	Engineering Grants	UND01			64,206	1,620
47.049	Mathematical and Physical Sciences	NDSU1			787,582	1,174,283
47.049	Mathematical and Physical Sciences	UND01			163,823	316,781
47.050	Geosciences	NDSU1			107,056	106,285
47.050	Geosciences	UND01			224,318	198,624
47.070	Computer and Information Science and Engineering	NDSU1			119,413	60,011
47.070	Computer and Information Science and Engineering	UND01			62,259	12,097
47.074	Biological Sciences	UND01			395,850	279,225
47.074	Biological Sciences	NDSU1			177,365	660,966
47.075	Social, Behavioral, and Economic Sciences	UND01				111,455
47.075	Social, Behavioral, and Economic Sciences	NDSU1			22,359	43,851
47.076	Education and Human Resources	NDSU1			833,250	229,978
47.076	Education and Human Resources	UND01			89,935	147,822
47.078	Polar Programs	NDSU1			91,576	77,578
47.079	International Science and Engineering (OISE)	UND01			97,909	
47.082	ARRA - Trans-NSF Recovery Act Research Support	NDSU1				573,881
47.082	ARRA - Trans-NSF Recovery Act Research Support	UND01				512,042
Pass Through Non-State Entity:						
47.041	Engineering Grants	NDSU1	Sea Shell Technologies, LLC	NSF/SST	28	
47.041	Engineering Grants	NDSU1	University of Utah	2501146		
47.041	Engineering Grants	NDSU1	WOWIWE Instruction Company	N/A		3,370
47.050	Geosciences	UND01	Incorporated Research Institutions for Science	480-19	19,743	
47.074	Biological Sciences	NDSU1	Field Museum of Natural History	50115-1/DEB-0949147		9,653
47.074	Biological Sciences	UND01	University of Connecticut	FRS 524953		13,567

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CFDA NUMBER	PROGRAM TITLE	STATE AGENCY	PASS THROUGH ENTITY	IDENTIFYING NUMBER	EXPENDITURES 2009	EXPENDITURES 2010
47.075	Social, Behavioral, and Economic Sciences	NDSU1	Cleveland State University	BCS-0721796/Parkr01	48,727	14,473
47.076	Education and Human Resources	NDSU1	Montana State University	G112-10-W2687		31,099
47.076	Education and Human Resources	UND01	Turtle Mountain Community College	N/A	4,236	15,554
47.079	International Science and Engineering (OISE)	UND01	Louisiana State University	44367		6,085
47.082	ARRA - Trans-NSF Recovery Act Research Support	NDSU1	Sea Shell Technologies, LLC	NDSU FAR0015232		343
Total for Research and Development Cluster					*$ 4,254,098*	*$ 5,479,243*
Total For National Science Foundation					**$ 5,982,291**	**$ 9,532,286**
Small Business Administration						
Unclustered						
Direct Programs:						
59.037	Small Business Development Center	UND01			512,919	620,022
59.XXX	Special Initiative Grant Program	BSC01		N/A	131,758	118,242
59.XXX	Miscellaneous Grants	NDSCS			300,719	50,369
Pass Through Non-State Entity:						
59.037	Small Business Development Center	WSC01	Small Business Development	WSC0000915		24,868
59.037	Small Business Development Center	WSC01	Small Business Development	WSC0001015		24,338
59.037	Small Business Development Center	WSC01	Small Business Development	WSC0000925	22,074	
59.XXX	Miscellaneous Grants	NDSCS	Dakota County Tech College	NSF 07-530		93,272
Total for Unclustered					*$ 967,470*	*$ 931,112*
Total For Small Business Administration					**$ 967,470**	**$ 931,112**

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CFDA NUMBER	PROGRAM TITLE	STATE AGENCY	PASS THROUGH ENTITY	IDENTIFYING NUMBER	EXPENDITURES 2009	EXPENDITURES 2010
Social Security Administration						
Unclustered						
Direct Programs:						
96.009	Social Security State Grants for Work Incentives Assistance to Disabled Beneficiaries	36000			115,472	107,953
96.XXX	Social Security Reimbursement Funds	32500		N/A	91,148	348,361
Total for Unclustered					*$ 206,620*	*$ 456,314*
Disability Insurance/SSI Cluster						
Direct Programs:						
96.001	Social Security - Disability Insurance	32500			2,545,790	2,906,180
Total for Disability Insurance/SSI Cluster					*$ 2,545,790*	*$ 2,906,180*
Total For Social Security Administration					**$ 2,752,410**	**$ 3,362,494**

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CFDA NUMBER	PROGRAM TITLE	STATE AGENCY	PASS THROUGH ENTITY	IDENTIFYING NUMBER	EXPENDITURES 2009	EXPENDITURES 2010
U.S. Department Of Agriculture						
Unclustered						
Direct Programs:						
10.025	Plant and Animal Disease, Pest Control, and Animal Care	60200			443,028	312,452
10.025	Plant and Animal Disease, Pest Control, and Animal Care	72000			75,000	70,000
10.028	Wildlife Services	72000			89,932	58,887
10.070	Colorado River Basin Salinity Control Program	NDSU1				1,128
10.162	Inspection Grading and Standardization	60200			4,492	8,338
10.163	Market Protection and Promotion	60200			754,452	192,586
10.169	Specialty Crop Block Grant Program	60200			166,862	210,165
10.210	Food and Agricultural Sciences National Needs Graduate Fellowship Grants	NDSU1			81,859	33,002
10.217	Higher Education Challenge Grants	NDSU1			42,873	109,817
10.220	Higher Education Multicultural Scholars Program	UND01			21,074	21,899
10.303	Integrated Programs	NDSU1			84,132	138,747
10.435	State Mediation Grants	60200			196,369	209,634
10.475	Cooperative Agreements with States for Intrastate Meat and Poultry Inspection	60200			375,102	415,497
10.500	Cooperative Extension Service	NDSU1			3,413,210	4,257,984
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	30100			12,566,360	12,424,484
10.558	Child and Adult Care Food Program	20100			10,100,543	10,373,065
10.560	State Administrative Expenses for Child Nutrition	20100			618,367	717,427
10.565	Commodity Supplemental Food Program	20100			184,530	169,696
10.567	Food Distribution Program on Indian Reservations	20100			1,010,221	960,143
10.574	Team Nutrition Grants	20100			138,528	136,068
10.578	ARRA - WIC Grants To States (WGS)	30100				66,350
10.579	ARRA - Child Nutrition Discretionary Grants Limited Availability	20100				221,904
10.582	Fresh Fruit and Vegetable Program	20100			457,898	704,541

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CFDA NUMBER	PROGRAM TITLE	STATE AGENCY	PASS THROUGH ENTITY	IDENTIFYING NUMBER	EXPENDITURES 2009	EXPENDITURES 2010
10.652	Forestry Research	NDSU1			5,251	1,803
10.664	Cooperative Forestry Assistance	60200			51,049	63,612
10.664	Cooperative Forestry Assistance	NDSU1			1,831,386	2,018,014
10.672	Rural Development, Forestry, and Communities	NDSU1			422,614	
10.677	Forest Land Enhancement Program	NDSU1			27,161	34,138
10.769	Rural Business Enterprise Grants	60100			70,078	
10.769	Rural Business Enterprise Grants	MISUB				9,478
10.912	Environmental Quality Incentives Program	NDSU1			36,452	7,045
10.914	Wildlife Habitat Incentive Program	75000				6,512
10.950	Agricultural Statistics Reports	NDSU1			211,000	77,000
10.XXX	Market News Service	60200		12-25-A-3621	21,557	22,206
10.XXX	Highway Hub of History Pilot Project	70100		08-CS-11011800-030	5,650	893
10.XXX	Dakota Prairie Grasslands Woody Draw Mapping Study	BSC01		09-CS-11011809-017		5,000
10.XXX	NRCS Coop Agreement	72000		66663360003	2,937	10,828
10.XXX	Meat Grading and Certification Service	60200		12-25-A-4791	13,541	56,614
Nonmonetary Assistance:						
10.475	Cooperative Agreements with States for Intrastate Meat and Poultry Inspection	60200			16,932	7,294
10.558	Child and Adult Care Food Program	20100			8,647	11,955
10.565	Commodity Supplemental Food Program	20100			641,027	775,956
10.567	Food Distribution Program on Indian Reservations	20100			2,772,652	2,728,123
Pass Through Non-State Entity:						
10.200	Grants for Agricultural Research, Special Research Grants	NDSU1	University of Minnesota	Q40890432126	48,575	17,077
10.200	Grants for Agricultural Research, Special Research Grants	NDSU1	University of Nebraska-Lincoln	25-6205-0042-040	19,481	
10.206	Grants for Agricultural Research - Competitive Research Grants	NDSU1	University of Nebraska-Lincoln	25-6324-0089-010		1,107
10.215	Sustainable Agriculture Research and Education	NDSU1	University of Minnesota	H408905325	41,663	31,952
10.215	Sustainable Agriculture Research and Education	NDSU1	University of Minnesota	H408626328		20,197
10.217	Higher Education Challenge Grants	NDSU1	Ohio State University	60020124		3,221

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CFDA NUMBER	PROGRAM TITLE	STATE AGENCY	PASS THROUGH ENTITY	IDENTIFYING NUMBER	EXPENDITURES 2009	EXPENDITURES 2010
10.223	Hispanic Serving Institutions Education Grants	NDSU1	University of Puerto Rico	2006-38422-17106	18,415	28,054
10.303	Integrated Programs	NDSU1	Colorado State University	G-1483-3	47,448	88,650
10.304	Homeland Security - Agricultural	NDSU1	Auburn University	09-ACES-378559-NDSU	1,237	6,720
10.304	Homeland Security - Agricultural	NDSU1	Kansas State University	S08012	40,000	43,000
10.304	Homeland Security - Agricultural	NDSU1	Purdue University	8000027451-AG	6,445	13,555
10.304	Homeland Security - Agricultural	NDSU1	Purdue University	8000004246-AG	94	
10.500	Cooperative Extension Service	NDSU1	Auburn University	08-USDA-Army-NDSU	129,181	148,970
10.500	Cooperative Extension Service	NDSU1	Kansas State University	S08115	14,039	11,273
10.500	Cooperative Extension Service	NDSU1	Kansas State University	S09038	28,349	21,129
10.500	Cooperative Extension Service	NDSU1	Kansas State University	S09038.01		37,704
10.500	Cooperative Extension Service	NDSU1	Kansas State University	S09155	7,403	16,386
10.500	Cooperative Extension Service	NDSU1	Kansas State University	S08131	11,312	
10.500	Cooperative Extension Service	NDSU1	Michigan State University	73404		1,391
10.500	Cooperative Extension Service	NDSU1	Purdue University	8000021882-AG	881	12,619
10.500	Cooperative Extension Service	NDSU1	University of California - Davis	08-001766-NORD1	8,855	15,455
10.500	Cooperative Extension Service	NDSU1	University of Minnesota	H001106901		7,960
10.500	Cooperative Extension Service	NDSU1	University of Minnesota	H000564903	4,379	7,254
10.500	Cooperative Extension Service	NDSU1	University of Nebraska-Lincoln	25-6365-0023-108	8,171	10,752
10.500	Cooperative Extension Service	NDSU1	University of Nebraska-Lincoln	26-6365-0001-305	11,443	1,560
10.500	Cooperative Extension Service	NDSU1	University of Nebraska-Lincoln	25-6324-0053-318	3,057	
10.500	Cooperative Extension Service	NDSU1	University of Nebraska-Lincoln	25-6365-0020-145	255	
10.500	Cooperative Extension Service	NDSU1	University of Nebraska-Lincoln	25-6324-0081-010	8,325	5,905
10.500	Cooperative Extension Service	NDSU1	University of Nebraska-Lincoln	25-6365-0023-111	8,827	
10.500	Cooperative Extension Service	NDSU1	University of Nebraska-Lincoln	26-6365-0001-328	22,855	5,830
10.500	Cooperative Extension Service	NDSU1	University of Nebraska-Lincoln	25-6324-0081-301		12,959
10.XXX	Community Connect Forum Cankdeska Cikana College	UND01	Northern Plains RC&D	38-6004-999-158		500
Total for Unclustered					*$ 37,453,456*	*$ 38,221,467*

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CFDA NUMBER	PROGRAM TITLE	STATE AGENCY	PASS THROUGH ENTITY	IDENTIFYING NUMBER	EXPENDITURES 2009	EXPENDITURES 2010
Child Nutrition Cluster						
Direct Programs:						
10.553	School Breakfast Program	20100			3,360,530	3,722,816
10.555	National School Lunch Program	20100			13,737,029	15,553,603
10.556	Special Milk Program for Children	20100			23,418	22,099
10.559	Summer Food Service Program for Children	20100			489,718	475,166
Nonmonetary Assistance:						
10.555	National School Lunch Program	20100			2,150,649	3,160,120
10.559	Summer Food Service Program for Children	20100			5,175	10,019
Total for Child Nutrition Cluster					*$ 19,766,519*	*$ 22,943,823*
Emergency Food Assistance Cluster						
Direct Programs:						
10.568	ARRA - Emergency Food Assistance Program (Administrative Costs)	20100			820	70,067
10.568	Emergency Food Assistance Program (Administrative Costs)	20100			123,976	94,235
Nonmonetary Assistance:						
10.569	Emergency Food Assistance Program (Food Commodities)	20100			608,874	1,187,875
Total for Emergency Food Assistance Cluster					*$ 733,670*	*$ 1,352,177*

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CFDA NUMBER	PROGRAM TITLE	STATE AGENCY	PASS THROUGH ENTITY	IDENTIFYING NUMBER	EXPENDITURES 2009	EXPENDITURES 2010
Research and Development Cluster						
Direct Programs:						
10.001	Agricultural Research - Basic and Applied Research	UND01			2,134,912	2,204,524
10.001	Agricultural Research - Basic and Applied Research	NDSU1			2,339,641	2,313,284
10.025	Plant and Animal Disease, Pest Control, and Animal Care	NDSU1			6,006	
10.028	Wildlife Services	NDSU1			962,397	1,275,996
10.070	Colorado River Basin Salinity Control Program	NDSU1			25,060	20,988
10.167	Transportation Services	NDSU1			66,452	61,433
10.200	Grants for Agricultural Research, Special Research Grants	NDSU1			1,589,860	1,143,548
10.200	Grants for Agricultural Research, Special Research Grants	UND01			387,095	133,369
10.202	Cooperative Forestry Research	NDSU1			64,612	162,625
10.203	Payments to Agricultural Experiment Stations Under the Hatch Act	NDSU1			71,106	2,639,928
10.206	Grants for Agricultural Research - Competitive Research Grants	NDSU1			1,013,458	886,449
10.206	Grants for Agricultural Research - Competitive Research Grants	UND01			81,230	85,658
10.207	Animal Health and Disease Research	NDSU1			2,730,502	14,011
10.250	Agricultural and Rural Economic Research	NDSU1			10,509	13,020
10.310	Agriculture and Food Research Initiative (AFRI)	NDSU1				439,109
10.652	Forestry Research	UND01			45,795	
10.664	Cooperative Forestry Assistance	NDSU1			46,525	56,398
10.912	Environmental Quality Incentives Program	NDSU1				2,281
10.961	Scientific Cooperation and Research	NDSU1				14,347
10.XXX	2342 Weekly Late Blight Readings	NDSU1		43-3K84-1-1931	436	
10.XXX	Amphibian Population Trends Study	UND01		09-CS-11011801-005	3,209	14,008
10.XXX	Elkhorn-Ebert's Ranch Survey - Phase 2	UND01		09-CS-11011800-011	11,830	34,847
10.XXX	Elkhorn-Ebert's Ranch Survey 2008	UND01		08-CS-11011800-021	22,984	7,281
10.XXX	Excavation/Analysis of Prehistoric Archaeological Site 32BI135	UND01		10-CS-11011800-019		3,547

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CFDA NUMBER	PROGRAM TITLE	STATE AGENCY	PASS THROUGH ENTITY	IDENTIFYING NUMBER	EXPENDITURES 2009	EXPENDITURES 2010
Pass Through Non-State Entity:						
10.001	Agricultural Research - Basic and Applied Research	NDSU1	Phenotype Screening Corporation	58-3K95-9-1364		1,747
10.001	Agricultural Research - Basic and Applied Research	NDSU1	University of Nebraska-Lincoln	25-6235-0145-003	1,507	1,493
10.169	Specialty Crop Block Grant Program	NDSU1	ND Grape Growers Association	12-25-B-0839		13,200
10.170	Specialty Crop Block Grant Program - Farm Bill	NDSU1	Northern Plains Potato Growers Assocatio	09-138		17,225
10.200	Grants for Agricultural Research, Special Research Grants	NDSU1	Iowa State University	4164022C IO 75565 23		583
10.200	Grants for Agricultural Research, Special Research Grants	NDSU1	Iowa State University	416-40-12H	10,892	5,888
10.200	Grants for Agricultural Research, Special Research Grants	NDSU1	Michigan State University	61-4141G		372
10.200	Grants for Agricultural Research, Special Research Grants	NDSU1	Michigan State University	76284	1,217	
10.200	Grants for Agricultural Research, Special Research Grants	NDSU1	Michigan State University	73416		4,127
10.200	Grants for Agricultural Research, Special Research Grants	NDSU1	Michigan State University	P02302		
10.200	Grants for Agricultural Research, Special Research Grants	NDSU1	Michigan State University	42600	1,147	853
10.200	Grants for Agricultural Research, Special Research Grants	NDSU1	Michigan State University	117530	878	574
10.200	Grants for Agricultural Research, Special Research Grants	NDSU1	Michigan State University	144338	28,894	6
10.200	Grants for Agricultural Research, Special Research Grants	NDSU1	Michigan State University	197353	29,200	
10.200	Grants for Agricultural Research, Special Research Grants	NDSU1	Michigan State University	61-41341	20,300	10,500
10.200	Grants for Agricultural Research, Special Research Grants	NDSU1	Michigan State University	42599	4,093	
10.200	Grants for Agricultural Research, Special Research Grants	NDSU1	Michigan State University	61-4134K	8,561	239
10.200	Grants for Agricultural Research, Special Research Grants	NDSU1	Michigan State University	61-4054M	295	
10.200	Grants for Agricultural Research, Special Research Grants	NDSU1	Michigan State University	61-4071A	729	
10.200	Grants for Agricultural Research, Special Research Grants	NDSU1	Michigan State University	61-4080K		346
10.200	Grants for Agricultural Research, Special Research Grants	NDSU1	Michigan State University	61-4087J		17,090
10.200	Grants for Agricultural Research, Special Research Grants	NDSU1	Michigan State University	61-4087K	18,109	491
10.200	Grants for Agricultural Research, Special Research Grants	NDSU1	Michigan State University	61-4134H		8,277
10.200	Grants for Agricultural Research, Special Research Grants	NDSU1	Montana State University	G233-10-W2895		258
10.200	Grants for Agricultural Research, Special Research Grants	NDSU1	Montana State University	G113-09-W2187	24,375	22,126
10.200	Grants for Agricultural Research, Special Research Grants	NDSU1	Oregon State University	C0340A-Q	992	
10.200	Grants for Agricultural Research, Special Research Grants	NDSU1	Oregon State University	C0396A-D		20,337

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CFDA NUMBER	PROGRAM TITLE	STATE AGENCY	PASS THROUGH ENTITY	IDENTIFYING NUMBER	EXPENDITURES 2009	EXPENDITURES 2010
10.200	Grants for Agricultural Research, Special Research Grants	NDSU1	Oregon State University	C0365A-B	57,738	3,416
10.200	Grants for Agricultural Research, Special Research Grants	UND01	Pennsylvania State University	3994-UND-USDA-9968		94,592
10.200	Grants for Agricultural Research, Special Research Grants	NDSU1	Rutgers, The State Univ of New Jersey	2009-ND001FUIND		8,684
10.200	Grants for Agricultural Research, Special Research Grants	NDSU1	South Carolina State University	07-521014-AGRIBUS-ND	31,897	
10.200	Grants for Agricultural Research, Special Research Grants	NDSU1	South Dakota State University	SDSU 483871		
10.200	Grants for Agricultural Research, Special Research Grants	NDSU1	South Dakota State University	3TH024	3,972	
10.200	Grants for Agricultural Research, Special Research Grants	NDSU1	South Dakota State University	3TG093		47,825
10.200	Grants for Agricultural Research, Special Research Grants	NDSU1	South Dakota State University	3TC024	6,174	
10.200	Grants for Agricultural Research, Special Research Grants	NDSU1	South Dakota State University	3TD088		18,709
10.200	Grants for Agricultural Research, Special Research Grants	NDSU1	South Dakota State University	3TF088		13,500
10.200	Grants for Agricultural Research, Special Research Grants	NDSU1	South Dakota State University	3TJ081		15,847
10.200	Grants for Agricultural Research, Special Research Grants	NDSU1	South Dakota State University	3TG068	46,048	3,952
10.200	Grants for Agricultural Research, Special Research Grants	NDSU1	South Dakota State University	483851		
10.200	Grants for Agricultural Research, Special Research Grants	NDSU1	South Dakota State University	3TG088	15,814	43,630
10.200	Grants for Agricultural Research, Special Research Grants	NDSU1	Southern Illinois University Carbondale	SIUC 09-11	8,301	8,143
10.200	Grants for Agricultural Research, Special Research Grants	NDSU1	University of Hawaii	Z877899	1,729	48,770
10.200	Grants for Agricultural Research, Special Research Grants	NDSU1	University of Idaho	BAK463-NDSU PO015122	8,630	
10.200	Grants for Agricultural Research, Special Research Grants	NDSU1	University of Idaho	BAK464 PO018667	37,445	78,334
10.200	Grants for Agricultural Research, Special Research Grants	NDSU1	University of Idaho	BAK465_SB_002		63,157
10.200	Grants for Agricultural Research, Special Research Grants	NDSU1	University of Minnesota	H000491601	97,215	4,824
10.200	Grants for Agricultural Research, Special Research Grants	NDSU1	University of Minnesota	H001042501		56,217
10.200	Grants for Agricultural Research, Special Research Grants	NDSU1	University of Nebraska-Lincoln	26-6242-0104-004		1,208
10.200	Grants for Agricultural Research, Special Research Grants	NDSU1	University of Nebraska-Lincoln	25-6231-0159-008		10,410
10.200	Grants for Agricultural Research, Special Research Grants	UND01	University of Wisconsin-Madison	832G790	7,941	
10.200	Grants for Agricultural Research, Special Research Grants	UND01	University of Wisconsin-Madison	068k692	107,308	32,692
10.206	Grants for Agricultural Research - Competitive Research Grants	NDSU1	Purdue University	8000027538-AG	9,253	33,648
10.206	Grants for Agricultural Research - Competitive Research Grants	NDSU1	University of Arkansas at Little Rock	UA AES 90944-02		19,008

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CFDA NUMBER	PROGRAM TITLE	STATE AGENCY	PASS THROUGH ENTITY	IDENTIFYING NUMBER	EXPENDITURES 2009	EXPENDITURES 2010
10.206	Grants for Agricultural Research - Competitive Research Grants	NDSU1	University of California - Davis	K016618-03	42,382	71,239
10.206	Grants for Agricultural Research - Competitive Research Grants	NDSU1	University of Minnesota	Q4096504401	86,299	68,715
10.212	Small Business Innovation Research	NDSU1	Custom Data, Inc	N/A		3,728
10.215	Sustainable Agriculture Research and Education	NDSU1	University of Minnesota	H001226909		1,373
10.215	Sustainable Agriculture Research and Education	NDSU1	University of Minnesota	H001226914		5,093
10.215	Sustainable Agriculture Research and Education	NDSU1	University of Minnesota	H408626324	6,159	537
10.227	1994 Institutions Research Program	NDSU1	Cankdeska Cikana Community College	2009-38424-05426		4,380
10.227	1994 Institutions Research Program	NDSU1	Fort Berthold Community College	2006-38424-16847	32,965	9,458
10.227	1994 Institutions Research Program	NDSU1	Fort Berthold Community College	FBCC 07-38424-17939		22,407
10.227	1994 Institutions Research Program	NDSU1	Fort Berthold Community College	JB-004	1,457	
10.227	1994 Institutions Research Program	NDSU1	Sitting Bull College	SBC		46,007
10.303	Integrated Programs	UND01	Board of Trustees University of Chicogo	2007-04967-17	2,564	
10.303	Integrated Programs	NDSU1	Colorado State University	G-1418-1	22,034	
10.303	Integrated Programs	NDSU1	Iowa State University	416-23-02	18,065	2,452
10.303	Integrated Programs	NDSU1	Iowa State University	416-43-61 C	14,974	17,194
10.303	Integrated Programs	NDSU1	Montana State University	G228-09-W1759	15,000	
10.303	Integrated Programs	UND01	The Board of Trustees of the University	2007-04967-17		7,436
10.303	Integrated Programs	NDSU1	University of Idaho	BJKH03SB003 POO19979		43,892
10.303	Integrated Programs	NDSU1	University of Illinois, Urbana Champaign	A4151 2007-04967-18	6,356	66,562
10.303	Integrated Programs	NDSU1	University of Illinois, Urbana Champaign	2007-04967-16	2,189	7,811
10.309	Specialty Crop Research Initiative	NDSU1	Texas A & M University	570608		50,342
10.310	Agriculture and Food Research Initiative (AFRI)	NDSU1	University of Minnesota	H000972004		51,354
10.352	Value-Added Producer Grants	NDSU1	Kansas State University	S09074	4,815	20,185
10.450	Crop Insurance	NDSU1	Mississippi State University	010500 321927-01	24,695	1
10.500	Cooperative Extension Service	NDSU1	North Carolina State University	2007-0376-07	16,265	
10.500	Cooperative Extension Service	NDSU1	North Carolina State University	2008-0590-32	6,507	13,993
10.902	Soil and Water Conservation	NDSU1	Wild Rice Soil Conservation District	68-6633-5-23	576	

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CFDA NUMBER	PROGRAM TITLE	STATE AGENCY	PASS THROUGH ENTITY	IDENTIFYING NUMBER	EXPENDITURES 2009	EXPENDITURES 2010
10.904	Watershed Protection and Flood Prevention	NDSU1	Devils Lake Basin Joint Wtr. Res. Board	USDA/DLJWRB	70,961	67,122
10.912	Environmental Quality Incentives Program	UND01	Giziibii Resource Conservation & Development	N/A	184,028	70,895
10.912	Environmental Quality Incentives Program	NDSU1	ND Natural Resources Trust	68-6633-6-56	56,989	63,543
10.912	Environmental Quality Incentives Program	NDSU1	South Dakota State University	3TB082		8,244
10.912	Environmental Quality Incentives Program	NDSU1	The Rodale Institute	RI-100-219-ND	2,922	
10.912	Environmental Quality Incentives Program	NDSU1	University of Idaho	016080	5,687	2,486
Total for Research and Development Cluster					*$ 12,828,161*	*$ 12,985,396*
SNAP Cluster						
Direct Programs:						
10.551	ARRA - Supplemental Nutrition Assistance Program	32500			2,590,968	
10.551	Supplemental Nutrition Assistance Program	32500			68,629,717	93,296,566
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	32500			6,578,933	7,043,992
10.561	ARRA - State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	32500				284,256
Total for SNAP Cluster					*$ 77,799,618*	*$ 100,624,814*
Total For U.S. Department Of Agriculture					**$ 148,581,423**	**$ 176,127,677**
United States Agency For International Development						
Unclustered						
Pass Through Non-State Entity:						
98.012	USAID Development Partnerships for University Cooperation and Development	NDSU1	Higher Education for Development	AEG-A-00-05-00007-00	10,467	39,533
Total for Unclustered					*$ 10,467*	*$ 39,533*
Total For United States Agency For International Development					**$ 10,467**	**$ 39,533**
TOTAL EXPENDITURES OF FEDERAL AWARD					**1,338,867,188**	**1,777,006,787**

NOTE 1. PURPOSE OF THE SCHEDULE

The Schedule of Expenditures of Federal Awards (Schedule) is a supplementary schedule to the State's basic financial statements (BFS) and is presented for the purposes of additional analysis. The Schedule is required by Office of Management and Budget (OMB) Circular A-133, *Audits of State and Local Governments, and Non-Profit Organizations*.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

Federal Financial Assistance – Pursuant to the Single Audit Act of 1984 (Public Law 98-502), the Single Audit Act Amendments of 1996 (Public Law 104-156), and OMB Circular A-133, federal financial assistance is defined as assistance provided by a federal agency, either directly or indirectly, that non-federal entities receive or administer, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property interest subsidies, insurance, or direct appropriations. Accordingly, nonmonetary federal assistance, including food commodities, food stamps, vaccines, and donated surplus property is included in federal financial assistance and, therefore, is reported on the Schedule. Federal financial assistance does not include direct federal cash assistance to individuals. Contracts between the state and federal government for which the federal government procures tangible goods or services are not considered to be federal financial assistance.

Catalog of Federal Domestic Assistance – OMB Circular A-133 requires the Schedule to show the total expenditures for each of the State's federal financial assistance programs as identified in the Catalog of Federal Domestic Assistance (CFDA). The CFDA is a government-wide compendium of individual federal programs. Federal financial assistance programs that have not been assigned a CFDA number are indicated using the federal agency's two digit code as the prefix and three X's as the suffix (e.g. 10.XXX is a grant from the USDA).

Clusters of Programs – Closely related programs with different CFDA numbers that share common compliance requirements are to be considered a cluster of programs. The only program clusters presented on the Schedule are those mandated by OMB in the Circular A-133, *Compliance Supplement*.

B. Type A and Type B Programs

The Single Audit Act Amendments of 1996 and OMB Circular A-133 establish the levels of expenditures to be used in defining Type A and Type B federal financial assistance programs. Type A assistance programs for the State of North Dakota are those programs that exceeded $9,330,000 in federal expenditures, distributions, or issuances for the two-year period ended June 30, 2010.

C. Reporting Entity

The Schedule includes all federal financial assistance programs administered by those State departments and entities included in the State's Comprehensive Annual Financial Report, except the departments audited by independent public accounting firms that file their own single audit with the federal clearinghouse. The departments not included in the Schedule are: Housing and Finance, Bank of North Dakota, Job Service North Dakota, Guaranteed Student Loan, Student Loan Trust, and Public Finance Authority.

D. Basis of Accounting

Federal financial assistance expenditures included in the Schedule are reported using the modified accrual basis of accounting, except for the following: colleges, universities, and enterprise entities reported expenditures on the accrual basis; the Department of Public Instruction, Division of Emergency Services, Office of the Governor, Secretary of State, Information Technology Department, State Library, Veterans' Home, Insurance Department, Department of Agriculture, State Historical Society, and Council on the Arts reported expenditures on the cash basis; and the Department of Human Services and the Health Department reported expenditures on the cash basis plus accrued payroll and accrued indirect costs.

Indirect Costs – The Schedule includes a portion of costs associated with general activities which are allocated to federal financial assistance programs under negotiated indirect cost rates or cost allocation plans.

Matching Costs – The Schedule does not include matching expenditures.

Nonmonetary Assistance – The Schedule contains values for several nonmonetary assistance programs. The Supplemental Nutrition Assistance Program (SNAP) is presented at the dollar value of food stamp electronic benefit transfers authorized and used by recipients. The Commodities and Vaccine programs are presented at the federally assigned values of the products distributed by the state. The Surplus Property program is presented at the fair market value of property received. The fair market value was estimated to be 23.3% of the property's original federal acquisition value.

Loan and Loan Guarantee Programs – Information on federal loan and federal loan guarantee programs is included in the Notes to the Schedule instead of on the Schedule itself.

Federal Transactions Between State Entities – Some state entities transfer federal assistance to other state entities (i.e., a pass-through of funds by the primary recipient state entity to a subrecipient state entity). In this case, the expenditures are recognized by the primary state entity on the Schedule of Expenditures of Federal Awards. Purchases of services between state entities using federal moneys are reported as expenditures by the purchasing entity and as revenues for services rendered by the providing entity.

Supplemental Nutrition Assistance Program (SNAP) Expenditures – The reported expenditures for benefits under the Supplemental Nutrition Assistance Program (SNAP) (CFDA No. 10.551) are supported by both regularly appropriated funds and incremental funding made available under section 101 of the American Recovery and Reinvestment Act of 2009. The portion of total expenditures for SNAP benefits that is supported by Recovery Act funds varies according to fluctuations in the cost of the Thrifty Food Plan, and to changes in participating households' income, deductions, and assets. This condition prevents USDA from obtaining the regular and Recovery Act components of SNAP benefits expenditures through normal program reporting processes. As an alternative, USDA has computed a weighted average percentage to be applied to the national aggregate SNAP benefits provided to households in order to allocate an appropriate portion thereof to Recovery Act funds. This methodology generates valid results at the national aggregate level but not at the individual State level. Therefore, we cannot validly disaggregate the regular and Recovery Act components of our reported expenditures for SNAP benefits. At the national aggregate level, however, Recovery Act funds account for approximately 15 percent of USDA's total expenditures for SNAP benefits in the Federal fiscal year ended September 30, 2009.

NOTE 3. NONMONETARY ASSISTANCE INVENTORY

As described previously in Note 2, nonmonetary assistance is reported in the Schedule based on the amount disbursed. At June 30, 2010 and 2009, the inventory balances of nonmonetary assistance were as follows:

Nonmonetary Assistance	June 30, 2009	June 30, 2010
Food Commodities	$ 1,663,909	$ 2,431,224
Donated Surplus Property	1,553,447	2,038,095
Vaccines	2,083,689	2,570,437
Total Inventory Balance	$ 5,301,045	$ 7,039,756

NOTE 4. LOAN PROGRAMS

The state administers two loan programs with continuing compliance requirements other than Student Financial Aid. At June 30, 2010 and 2009, the amount of loans receivable for each loan program were as follows:

Loan Program	CFDA #	FY09	FY10
Community Development Block Grants/State's Program	14.228	$ 9,745,429	$ 8,270,597
HOME Investment Partnerships Program	14.239	1,957,169	1,904,003
Total Loans Receivable		$ 11,702,598	$ 10,174,600

NOTE 5. STUDENT FINANCIAL AID PROGRAMS

Expenditures as included on the Schedule of Expenditures of Federal Awards for student financial assistance programs include refunds to grantors, administrative expenses, collection costs, litigation costs, etc.

Advances to students, loans receivable, and federal capital contributions for applicable loan programs for the fiscal years ended June 30, 2010 and 2009 are identified below:

Student Financial Aid Program	CFDA #	FY09	FY10
Loan Advances:			
Health Professions Student Loan Program including:			
Primary Care/Loans for Disadvantaged Students	93.342	$ 46,681	$ 41,239
Nursing Student Loan Program	93.364	497,229	525,053
Nursing Faculty Loan Program	93.264	0	68,982
Federal Direct Student Loans	84.268		3,881,097
Federal Perkins Loan Program	84.038	3,330,382	5,434,125
Federal Family Education Loans	84.032	173,084,122	178,280,046
Total Loan Advances		$ 176,958,414	$ 188,230,542
Loans Receivable:			
Health Professions Student Loan Program including:			
Primary Care/Loans for Disadvantaged Students	93.342	$ 576,219	$ 552,965
Nursing Student Loan Program	93.364	2,755,020	2,847,044
Nursing Faculty Loan Program	93.264	26,387	93,591
Federal Perkins Loan Program	84.038	38,249,805	39,006,914
Total Loans Receivable		$ 41,607,431	$ 42,500,514
Federal Capital Contributions:			
Health Professions Student Loan Program including:			
Primary Care/Loans for Disadvantaged Students	93.342	$ 0	$ 0
Nursing Student Loan Program	93.364	13,907	0
Nursing Faculty Loan Program	93.264	0	0
Federal Perkins Loan Program	84.038	0	0
Total Federal Capital Contributions		$ 13,907	$ 0

Loan advances represent new loans made directly by the institution for the Perkins, Nursing, and Health Professions loan programs. The colleges and universities are responsible for completing portions of the loan application, verifying student eligibility, filing enrollment

verification reports, refunding money to lenders, and disbursing loan checks received from the lending institutions for Federal Family Education Loans.

Loans receivable are shown at gross and are derived from the financial records of the applicable college or university.

Federal capital contributions represent new federal funds received during the appropriate fiscal year and are derived from the financial records of the applicable college or university.

NOTE 6. SUBRECIPIENTS

State agencies administer a number of federal grants that in part or whole are provided to subrecipients. The amounts provided to subrecipients by state agencies are shown below by program title, federal agency, CFDA number, and year:

Program Title	Federal Agency	CFDA Number	2009	2010
Agricultural Research - Basic and Applied Research	USDA	10.001	$ 15,200	$ 14,624
Plant and Animal Disease, Pest Control, and Animal Care	USDA	10.025		22,150
Wildlife Services	USDA	10.028	42,109	26,220
Specialty Crop Block Grant Program	USDA	10.169	29,907	83,924
Grants for Agricultural Research, Special Research Grants	USDA	10.200	80,936	70,664
Grants for Agricultural Research - Competitive Research Grants	USDA	10.206	29,848	9,160
Higher Education Challenge Grants	USDA	10.217	24,321	37,157
Integrated Programs	USDA	10.303		15,903
Agriculture and Food Research Initiative (AFRI)	USDA	10.310		85,730
Cooperative Extension Service	USDA	10.500	23,943	
School Breakfast Program	USDA	10.553	3,304,892	3,666,740
National School Lunch Program	USDA	10.555	15,700,203	18,218,565
Special Milk Program for Children	USDA	10.556	23,418	22,099
Special Supplemental Nutrition Program for Women, Infants, and Children	USDA	10.557	2,614,164	2,802,230
Child and Adult Care Food Program	USDA	10.558	9,868,657	10,187,466
Summer Food Service Program for Children	USDA	10.559	467,749	444,770
Commodity Supplemental Food Program	USDA	10.565	741,490	865,966

Food Distribution Program on Indian Reservations	USDA	10.567	3,487,466	3,441,281
ARRA - Emergency Food Assistance Program (Administrative Costs)	USDA	10.568	820	9,220
Emergency Food Assistance Program (Administrative Costs)	USDA	10.568	34,950	44,177
Emergency Food Assistance Program (Food Commodities)	USDA	10.569	608,874	1,187,875
Team Nutrition Grants	USDA	10.574	30,000	44,450
ARRA - WIC Grants To States (WGS)	USDA	10.578		34,875
ARRA - Child Nutrition Discretionary Grants Limited Availability	USDA	10.579		221,904
Fresh Fruit and Vegetable Program	USDA	10.582	440,658	668,508
Cooperative Forestry Assistance	USDA	10.664	357,223	366,925
Rural Development, Forestry, and Communities	USDA	10.672	417,225	
Forest Land Enhancement Program	USDA	10.677		16,754
Rural Business Enterprise Grants	USDA	10.769	70,078	
Economic Adjustment Assistance	DOC	11.307	186,732	146,693
Applied Meteorological Research	DOC	11.468	94,041	18,062
Public Safety Interoperable Communications Grant Program	DOC	11.555	2,915,036	1,339,019
Basic and Applied Scientific Research	DOD	12.300	612,980	99,397
Air Force Defense Research Sciences Program	DOD	12.800	9,177	
A Direct Conversion Alphavoltaic Boron Carbide Diode	DOD	12.XXX	540,747	6,908
Conformal Computing, Phase II	DOD	12.XXX	318,493	
Electronics and Materials for Flexible Substrates	DOD	12.XXX	100,577	90,716
High Performance Tunable Materials	DOD	12.XXX		146,571
No-Crack Pathway to Renewable Domestic JP	DOD	12.XXX	310,664	
Rapid Prototyping of Miniature Sensors	DOD	12.XXX	100,000	500,000
Tunable MicroRadio	DOD	12.XXX		2,878,769
Community Development Block Grants/State's Program	HUD	14.228	6,437,418	7,522,993
Emergency Shelter Grants Program	HUD	14.231	269,167	208,031
Supportive Housing Program	HUD	14.235	35,606	
Shelter Plus Care	HUD	14.238	198,559	155,753

HOME Investment Partnerships Program	HUD	14.239	1,618,964	1,555,599
ARRA - Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii - (Recovery Act Funded)	HUD	14.255		351,996
ARRA - Homelessness Prevention and Rapid Re-Housing Program (Recovery Act Funded)	HUD	14.257		693,113
National Fire Plan - Wildland Urban Interface Community Fire Assistance	DOI	15.228	135,280	
National Fire Plan - Rural Fire Assistance	DOI	15.242		100,693
Garrison Diversion Unit	DOI	15.518	7,500	
Sport Fish Restoration	DOI	15.605	1,198,290	1,285,871
Wildlife Restoration	DOI	15.611	469,432	13,219
State Wildlife Grants	DOI	15.634	292,488	63,104
Outdoor Recreation - Acquisition, Development and Planning	DOI	15.916	246,389	51,596
Sexual Assault Services Program	DOJ	16.017		35,327
Juvenile Accountability Block Grants	DOJ	16.523	272,600	20,122
Supervised Visitation, Safe Havens for Children	DOJ	16.527	295,760	214,228
Juvenile Justice and Delinquency Prevention - Allocation to States	DOJ	16.540		400,000
Missing Children's Assistance	DOJ	16.543	18,151	7,721
Investigation and Prosecution of Child Abuse Through the Criminal Justice System	DOJ	16.546		11,701
National Criminal History Improvement Program (NCHIP)	DOJ	16.554		464,690
ARRA - Crime Victim Assistance	DOJ	16.575		530,886
Crime Victim Assistance	DOJ	16.575	1,090,000	896,675
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	DOJ	16.580		17,271
ARRA - Violence Against Women Formula Grants	DOJ	16.588		315,270
Violence Against Women Formula Grants	DOJ	16.588	886,752	702,459
Grants to Encourage Arrest Policies and Enforcement of Protection Orders	DOJ	16.590	265,051	189,848

Residential Substance Abuse Treatment for State Prisoners	DOJ	16.593	4,475	
Tribal Court Assistance Program	DOJ	16.608	316,664	448,724
Community Prosecution and Project Safe Neighborhoods	DOJ	16.609	111,040	36,453
Edward Byrne Memorial Justice Assistance Grant Program	DOJ	16.738	236,949	187,442
ARRA - RECOVERY ACT - Internet Crimes against Children Task Force Program (ICAC)	DOJ	16.800		8,073
ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program / Grants To States And Territories	DOJ	16.803		597,832
Midwest High Intensity Drug Trafficking area	DOJ	16.XXX	84,867	68,586
ARRA - Senior Community Service Employment Program	DOL	17.235		63,593
Senior Community Service Employment Program	DOL	17.235	595,084	543,499
Mine Health and Safety Grants	DOL	17.600	82,856	47,724
ARRA - Highway Planning and Construction	DOT	20.205		1,086,378
Highway Planning and Construction	DOT	20.205	5,296,089	8,550,058
Recreational Trails Program	DOT	20.219	130,922	649,753
Federal Transit - Capital Investment Grants	DOT	20.500	384,007	955,515
Federal Transit - Metropolitan Planning Grants	DOT	20.505	2,092,529	2,168,688
ARRA - Formula Grants for Other Than Urbanized Areas	DOT	20.509		164,398
Formula Grants for Other Than Urbanized Areas	DOT	20.509	3,437,487	3,539,407
Capital Assistance Program for Elderly Persons and Persons with Disabilities	DOT	20.513	82,619	168,745
Job Access - Reverse Commute	DOT	20.516	73,968	228,820
New Freedom Program	DOT	20.521	3,246	122,585
State and Community Highway Safety	DOT	20.600	589,561	677,378
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	DOT	20.601	733,752	524,689
State Traffic Safety Information System Improvement Grants	DOT	20.610	107,017	

Incentive Grant Program to Increase Motorcyclist Safety	DOT	20.612	111,351	90,342
University Transportation Centers Program	DOT	20.701	554,987	919,193
Interagency Hazardous Materials Public Sector Training and Planning Grants	DOT	20.703	57,483	167,995
Flood Mitigation of the Devils Lake Basin of North Dakota	NASA	43.XXX		6,200
Integrated Strategies for the Human Exploration of the Moon and Mars	NASA	43.XXX		53,960
Northern Great Plains Center for People and the Environment	NASA	43.XXX	175,882	36,658
Northern Great Plains Center for People and the Environment - Phase II	NASA	43.XXX	81,348	251,284
Physical and Compositional Characterizations of Near-Earth Objects	NASA	43.XXX	37,938	73,795
RID-Research Infrastructure Development (NASA EPSCoR)	NASA	43.XXX	46,232	18,461
Promotion of the Arts - Partnership Agreements	NEA	45.025	662,676	971,323
Engineering Grants	NSF	47.041	322,466	116,073
Computer and Information Science and Engineering	NSF	47.070		8,104
Biological Sciences	NSF	47.074		174,153
Education and Human Resources	NSF	47.076	74,148	23,400
International Science and Engineering (OISE)	NSF	47.079	73,284	
Office of Experimental Program to Stimulate Competitive Research	NSF	47.081	18,078	338,676
Small Business Development Center	SBA	59.037	271,560	288,899
Water Pollution Control State, Interstate, and Tribal Program Support	EPA	66.419	1,449	
ARRA - Water Quality Management Planning	EPA	66.454		24,334
Water Quality Management Planning	EPA	66.454	23,721	36,279
Nonpoint Source Implementation Grants	EPA	66.460	3,680,313	5,121,081
Regional Wetland Program Development Grants	EPA	66.461	2,052	
Performance Partnership Grants	EPA	66.605	77,660	89,201

ARRA - Superfund State, Political Subdivision, and Indian Tribe Site - Specific Cooperative Agreements	EPA	66.802		2,471,574
Superfund State, Political Subdivision, and Indian Tribe Site - Specific Cooperative Agreements	EPA	66.802	1,882,437	3,393,176
ARRA - State Energy Program	DOE	81.041		332,236
State Energy Program	DOE	81.041	191,415	236,548
ARRA - Weatherization Assistance for Low-Income Persons	DOE	81.042	770,855	8,460,834
Weatherization Assistance for Low-Income Persons	DOE	81.042	3,817,759	1,362,421
Renewable Energy Research and Development	DOE	81.087		407,972
Fossil Energy Research and Development	DOE	81.089	1,264,520	552,591
ARRA - Electricity Delivery and Energy Reliability, Research, Development and Analysis	DOE	81.122		23,267
ARRA - Energy Efficiency and Conservation Block Grant Program (EECBG)	DOE	81.128		225,377
Direct Restitution	DOE	81.XXX	3,000	50,000
Adult Education - Basic Grants to States	ED	84.002	1,020,981	819,164
Title I Grants to Local Educational Agencies	ED	84.010	30,719,353	32,444,386
Migrant Education - State Grant Program	ED	84.011	258,196	280,211
Special Education - Grants to States	ED	84.027	23,046,196	24,358,523
Career and Technical Education - Basic Grants to States	ED	84.048	2,829,588	2,815,558
Leveraging Educational Assistance Partnership (LEAP)	ED	84.069	18,000	29,200
Fund for the Improvement of Postsecondary Education	ED	84.116	11,892	31,617
Rehabilitation Services - Vocational Rehabilitation Grants to States	ED	84.126	139,103	28,219
Migrant Education - Coordination Program	ED	84.144	8,000	8,000
Independent Living - State Grants	ED	84.169	398,779	165,081
Special Education - Preschool Grants	ED	84.173	758,041	719,432
Special Education - Grants for Infants and Families	ED	84.181	118,603	108,394

Byrd Honors Scholarships	ED	84.185	78,750	
Safe and Drug-Free Schools and Communities - State Grants	ED	84.186	1,163,334	1,085,272
Education for Homeless Children and Youth	ED	84.196	76,943	29,180
Even Start - State Educational Agencies	ED	84.213	382,311	354,512
Assistive Technology	ED	84.224	206,105	329,157
Tech-Prep Education	ED	84.243	23,766	57,226
Twenty-First Century Community Learning Centers	ED	84.287	4,090,947	5,266,410
State Grants for Innovative Programs	ED	84.298	139,526	2,242
Education Technology State Grants	ED	84.318	1,146,572	1,166,364
Special Education - State Personnel Development	ED	84.323	96,785	94,390
Reading First State Grants	ED	84.357	944,564	602,080
Rural Education	ED	84.358	34,148	55,270
Early Reading First	ED	84.359	20,577	
English Language Acquisition Grants	ED	84.365	317,558	452,617
Improving Teacher Quality State Grants	ED	84.367	13,821,927	12,858,365
ARRA - Education Technology State Grants, Recovery Act	ED	84.386		619,883
ARRA - Education for Homeless Children and Youth, Recovery Act	ED	84.387		83,602
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	ED	84.389		8,035,831
ARRA - Rehabilitation Services-Vocational Rehabilitation Grants to States, Recovery Act	ED	84.390		115,710
ARRA - Special Education - Grants to States, Recovery Act	ED	84.391		12,400,854
ARRA - Special Education - Preschool Grants, Recovery Act	ED	84.392		303,501
Public Health and Social Services Emergency Fund	HHS	93.003	1,314,235	
Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services	HHS	93.043	60,276	
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	HHS	93.044	220,152	176,834

Special Programs for the Aging - Title VI, Part A, Grants to Indian Tribes - Part B, Grants to Native Hawaiians	HHS	93.047	25,000	
Special Programs for the Aging - Title IV - and Title II - Discretionary Projects	HHS	93.048	88,691	60,641
Alzheimer's Disease Demonstration Grants to States	HHS	93.051	81,142	
Public Heatlh Emergency Preparedness	HHS	93.069	2,665,378	4,586,928
Maternal and Child Health Federal Consolidated Programs	HHS	93.110	56,338	22,000
Environmental Health	HHS	93.113	31,643	32,631
Injury Prevention and Control Research and State and Community Based Programs	HHS	93.136	166,612	149,867
National Health Service Corps Loan Repayment Program	HHS	93.162	17,500	
Disabilities Prevention	HHS	93.184	44,833	30,487
Family Planning - Services	HHS	93.217	924,512	913,905
Development and Coordination of Rural Health Services	HHS	93.223	133,323	124,191
National Center on Sleep Disorders Research	HHS	93.233	481	
Abstinence Education Program	HHS	93.235	121,767	
State Rural Hospital Flexibility Program	HHS	93.241	1,026,549	238,419
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	HHS	93.243	326,990	133,601
Immunization Grants	HHS	93.268	445,820	441,329
Alcohol Research Programs	HHS	93.273	207,765	271,462
Centers for Disease Control and Prevention - Investigations and Technical Assistance	HHS	93.283	674,500	492,986
Small Rural Hospital Improvement Grant Program	HHS	93.301	287,195	318,781
National Center for Research Resources	HHS	93.389	333,645	213,196
Promoting Safe and Stable Families	HHS	93.556	355,802	270,408
Temporary Assistance for Needy Families	HHS	93.558	3,258,084	3,300,350
Child Support Enforcement	HHS	93.563	556,228	225,593
Refugee and Entrant Assistance - State Administered Programs	HHS	93.566	636,008	578,302
Community Services Block Grant	HHS	93.569	3,086,395	3,019,160

Child Care and Development Block Grant	HHS	93.575	992,199	1,259,111
Refugee and Entrant Assistance - Discretionary Grants	HHS	93.576	203,551	57,031
Refugee and Entrant Assistance - Wilson/Fish Program	HHS	93.583	795,562	900,155
Refugee and Entrant Assistance - Targeted Assistance Grants	HHS	93.584	165,005	137,479
Community-Based Child Abuse Prevention Grants	HHS	93.590	646	55,845
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	HHS	93.596	316,976	324,195
Grants to States for Access and Visitation Programs	HHS	93.597	85,363	63,625
Developmental Disabilities Basic Support and Advocacy Grants	HHS	93.630	329,454	326,147
Children's Justice Grants to States	HHS	93.643	14,884	18,217
Child Welfare Services - State Grants	HHS	93.645	90,339	193,109
Social Services Research and Demonstration	HHS	93.647		55,596
Foster Care - Title IV-E	HHS	93.658	2,637,061	3,011,744
Adoption Assistance	HHS	93.659	29,331	43,869
Child Abuse and Neglect State Grants	HHS	93.669	110,465	71,467
Family Violence Prevention and Services/Grants for Battered Women's Shelters - Grants to States and Indian Tribes	HHS	93.671	709,026	619,865
Chafee Foster Care Independence Program	HHS	93.674	429,540	485,538
ARRA - Trans-NIH Recovery Act Research Support	HHS	93.701		23,113
ARRA - Community Services Block Grant	HHS	93.710	98,157	3,662,537
ARRA - Immunization	HHS	93.712		7,260
ARRA - Child Care And Development Block Grant	HHS	93.713		501,412
Children's Insurance Program	HHS	93.767	42,120	57,428
Medicaid Infrastructure Grants To Support the Competitive Employment of People with Disabilities	HHS	93.768	171,381	202,983
Medical Assistance Program	HHS	93.778	68,118	85,008
Area Health Education Centers Infrastructure Development Awards	HHS	93.824	36,009	260,670

Biomedical Research and Research Training	HHS	93.859	26,402	
Child Health and Human Development Extramural Research	HHS	93.865	120,590	111,505
Specially Selected Health Projects	HHS	93.888	57,759	447,723
National Bioterrorism Hospital Preparedness Program	HHS	93.889		1,355,835
Rural Health Care Services Outreach, Rural Health Network Development and Small Health Care Provider Quality Improvement Program	HHS	93.912	33,333	18,335
Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems	HHS	93.938	53,607	61,459
Block Grants for Community Mental Health Services	HHS	93.958	85,815	50,634
Block Grants for Prevention and Treatment of Substance Abuse	HHS	93.959	1,384,926	798,692
Health Professions Recruitment Program for Indians	HHS	93.970	59,222	33,559
Preventive Health Services - Sexually Transmitted Diseases Control Grants	HHS	93.977	10,000	10,000
Preventive Health and Health Services Block Grant	HHS	93.991	44,061	39,101
Maternal and Child Health Services Block Grant to the States	HHS	93.994	1,204,695	1,043,200
Learn and Serve America - School and Community Based Programs	CNCS	94.004	32,669	20,882
AmeriCorps	CNCS	94.006	463,104	421,020
Social Security Reimbursement Funds	SSA	96.XXX		165,613
Pilot Demonstration or Earmarked Projects	DHS	97.001		14,108
Boating Safety Financial Assistance	DHS	97.012	22,060	28,449
Flood Mitigation Assistance	DHS	97.029		6,404,345
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	DHS	97.036	5,006,833	77,397,725
Hazard Mitigation Grant	DHS	97.039	381,488	5,550,371
Emergency Management Performance Grants	DHS	97.042	1,115,222	973,577
Pre-Disaster Mitigation	DHS	97.047	279,987	7,725

Citizen Corps	DHS	97.053	144,240	
Homeland Security Grant Program	DHS	97.067	56,048	3,674,813
State Homeland Security Program (SHSP)	DHS	97.073	2,488,550	1,524,789
Law Enforcement Terrorism Prevention Program (LETPP)	DHS	97.074	1,273,055	1,000,716
National Incident Management System (NIMS)	DHS	97.107	25,000	
			$206,616,991	$345,706,285

STATE OF NORTH DAKOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Fiscal Years Ended June 30, 2010 and 2009
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STATE AGENCY	CFDA NUMBER	FEDERAL AGENCY	FINDING NUMBER
Department of Commerce	14.255	HUD	10-1
Department of Commerce	Various	Various	10-2
Department of Commerce	Various	Various	10-3
Department of Commerce	Various	Various	10-4
Department of Health	10.557	AG	10-5
Department of Health	10.557	AG	10-6
Department of Health	10.557	AG	10-7
Department of Health	10.557	AG	10-8
Department of Health	10.557	AG	10-9
Department of Health	Various	Various	10-10
Department of Human Services	93.778	HHS	10-11
Department of Human Services	93.778	HHS	10-12
Department of Human Services	93.778	HHS	10-13
Department of Human Services	93.778	HHS	10-14
Department of Human Services	93.778	HHS	10-15
Department of Human Services	93.778	HHS	10-16
Department of Human Services	93.778	HHS	10-17
Department of Human Services	93.778	HHS	10-18
Department of Human Services	93.778	HHS	10-19
Department of Human Services	93.558	HHS	10-20
Department of Human Services	93.568	HHS	10-21
Department of Human Services	Various	HHS	10-22
Department of Human Services	84.126	ED	10-23
Department of Human Services	Various	HHS	10-24
Department of Human Services	Various	HHS	10-25
Department of Public Instruction	Various	ED	10-26
Department of Public Instruction	Various	ED	10-27
Department of Public Instruction	Various	ED	10-28
Department of Public Instruction	Various	AG	10-29

STATE OF NORTH DAKOTA
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Department of Public Instruction	84.287	ED	10-30
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Department of Transportation	20.205	DOT	10-32
Department of Transportation	Various	DOT	10-33
Highway Patrol	20.218	DOT	10-34
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Office of Management and Budget	Various	Various	10-38
Dickinson State University	84.032	ED	10-39
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STATE OF NORTH DAKOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Fiscal Years Ended June 30, 2010 and 2009

SECTION I
SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:	Unqualified
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	Yes
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	Yes
Type of auditors' report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	Yes

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
10.551/10.561	SNAP Cluster
10.553/10.555/10.556/ 10.559	Child Nutrition Cluster
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
10.558	Child and Adult Care Food Program
12.401	National Guard Military Operations and Maintenance (O&M) Projects

STATE OF NORTH DAKOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Fiscal Years Ended June 30, 2010 and 2009

CFDA Number(s)	Name of Federal Program or Cluster
14.228/14.255	CDBG – State-Administered Small Cities Program Cluster
15.518	Garrison Diversion Unit
20.205/20.219	Highway Planning and Construction Cluster
20.218	National Motor Carrier Safety
66.460	Nonpoint Source Implementation Grants
66.605	Performance Partnership Grants
81.042	Weatherization Assistance for Low-Income Persons
84.010/84.389	Title I, Part A Cluster
84.027/84.173/84.391/ 84.392	Special Education Cluster (IDEA)
84.042/84.044/84.047/ 84.066/84.217	TRIO Cluster
84.126/84.390	Vocational Rehabilitation Cluster
84.287	Twenty-first Century Community Learning Centers
84.367	Improving Teacher Quality State Grants
84.394/84.397	State Fiscal Stabilization Fund Cluster
93.044/93.045/93.053	Aging Cluster
93.069	Public Health Emergency Preparedness
93.558/93.714	TANF Cluster
93.563	Child Support Enforcement
93.568	Low-Income Home Energy Assistance
93.569/93.710	CSBG Cluster
93.575/93.596/93.713	CCDF Cluster
93.600/93.708/93.709	Head Start Cluster
93.658	Foster Care – Title IV-E
93.767	Children's Health Insurance Program

STATE OF NORTH DAKOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Fiscal Years Ended June 30, 2010 and 2009

CFDA Number(s)	Name of Federal Program or Cluster
93.777/93.778	Medicaid Cluster
97.036	Disaster Grants – Public Assistance
84.007/84.033/84.038/ 84.063/84.375/84.376/ 84.379/93.342/93.925	Federal Student Aid Cluster
R & D	Research and Development Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	$9,330,000
Auditee qualified as a low risk auditee?	No

SECTION II
FINANCIAL STATEMENT FINDINGS

FINDING NUMBER: F09-1 (Prior recommendation not implemented)

LACK OF ADEQUATE RESOURCES DEVOTED TO FINANCIAL REPORTING

Condition:
The number of material and significant errors indicates there are several related internal control significant deficiencies, including material weaknesses, which have a common cause. That is, the lack of adequate resources being dedicated to financial statement preparation. The most significant errors and weaknesses include:

- Of 747 records tested in CAFR adjustments 84 were in error. A record is each individual line within the adjustments. 40 of these 84 errors were made by the Office of Management and Budget (the other 44 were agency closing package errors). The records in error that were made by OMB totaled $116,271,367 out of the total error of $134,225,594.
- Inadequate procedures were put in place to implement a new accounting standard. Specifically GASB Statement 49 "Accounting and Financial Reporting for Pollution Remediation Obligations."
- Due to consultants not being familiar with the State's operations, a receivable was not recognized in the Tobacco Prevention and Control Trust Fund in the amount of $6,489,966.
- The Office of Management and Budget incorrectly interpreted the requirements for reporting restricted net assets (Centers of Excellence Fund restricted net assets overstated by $6,620,541).
- Capital lease payable between the North Dakota University System and its component units was not segregated as required.
- Several significant adjustments had to be made to various note disclosures.

Effect:
Financial statements contained material errors.

Cause:
Lack of resources, in-house and contracted, dedicated to completing the CAFR.

Criteria:
Internal Control – Integrated Framework, published by the Committee of Sponsoring Organizations of the Treadway Commission.

Recommendation:
The Office of Management and Budget should address the areas noted and take the steps necessary to ensure there are adequate resources dedicated to financial statement preparation so their professional staff has the time to prepare the financial statements with fewer errors.

Views of Responsible Officials / Planned Corrective Actions:
OMB has adequate resources dedicated to financial statement preparation. However, we will continue to ask agencies to submit their financial information in a more timely manner to allow

OMB to take more time in preparation of the CAFR. In addition, we want to comment on the 40 errors noted above. These are 40 transaction line errors. OMB processes over 7600 transaction line adjustments to produce the CAFR. Errors in transactions will usually create two or more transaction lines to be in error. For example, CAFR adjustments for two non-routine transactions done by the State Treasurer's Office created 8 of these 40 transaction line errors, which accounted for nearly $103 million of the $116 million in errors.

FINDING NUMBER: F09-2 (Prior recommendation not implemented)

FINANCIAL REPORTING ERRORS BY THE STATE TREASURER

Condition:
Numerous errors were noted in information prepared by the State Treasurer's Office for the Office of Management and Budget. Errors included:

- The "Accounts Payable Closing Package" for fund 435 did not include payables equaling $12,260,018;
- The "Accounts Payable Closing Package" for fund 401 did not include payables equaling $5,542,358;
- The "Accounts Payable Closing Package" for fund 427 did not include payables equaling $2,070,252;
- $1,469,354 was incorrectly reported on the "Payments to Other State Agencies Closing Package" for fund 427;
- The distribution list prepared for the Office of Management and Budget contained an error for Fund 400 in the amount of $1,230,000, and;
- The "Accounts Payable Closing Package" for fund 454 did not include payables equaling $736,289. This amount was incorrectly reported on the "Payments to Other State Agencies Closing Package."

Effect:
The effect of this control deficiency was numerous material errors to the financial statements. Further, fixing these errors cause unnecessary complications for the Office of Management and Budget. This introduces the risk of additional errors occurring during a period of peak work demands for the Office of Management and Budget.

Cause:
Individuals responsible for preparing and approving the closing packages do not understand the closing package process and the requirements of generally accepted accounting principles.

Criteria:
The criteria for this finding are contained in the Office of Management and Budget CAFR Closing Manual and generally accepted accounting principles.

Recommendation:
We recommend the Office of State Treasurer ensure that individuals responsible for preparing and approving the closing packages have adequate knowledge and training to ensure closing packages are properly completed.

Views of Responsible Officials / Planned Corrective Actions:
The Office of State Treasurer acknowledges that errors were made in the completion of these closing packages. The errors were a result of the preparing employee not following established guidelines and a difference in understanding between the State Treasurer's Office and the Office of Management and Budget regarding what is needed in these particular packages. In the future, the Office of State Treasurer will ensure that employees preparing the closing packages follow clearly established guidelines consistent with the direction of the Office of Management and Budget on all closing packages.

FINDING NUMBER: F09-3

STATE TRESURER INABILITY TO PERFORM CASH RECONCILIATION

Condition:
Beginning April 27, 2009, the Office of the State Treasurer was not able to perform the important daily reconciliation of cash at the Bank of North Dakota to the ConnectND ledger. This daily reconciliation was not performed for several months. On October 30, 2009 the Office of the State Treasurer had reconciled through June 30, 2009. As of December 9, 2009 the reconciliation was performed through July 8, 2009.

Effect:
Without a daily reconciliation, there is an unacceptably high risk of material errors and fraud.

Cause:
The Office of the State Treasurer experienced turn over in the position that had the ConnectND knowledge necessary to perform the reconciliation. No one else in the office had the knowledge or the ability to perform the reconciliation timely. A contributing factors was that the process was not adequately documented.

Criteria:
Internal Control – Integrated Framework, published by the Committee of Sponsoring Organizations of the Treadway Commission.

Recommendation:
We recommend the Office of State Treasure:

- Ensure that individuals responsible for reconciling the ConnectND cash balance to the cash balance at the Bank of North Dakota have adequate knowledge and training relating to ConnectND to ensure reconciliations are properly completed;
- Timely reconcile the ConnectND cash balance to the cash balance at the Bank of North Dakota on a daily basis, and;
- Cross train personnel and document procedures so others have the ability to perform the reconciliation and other critical functions of the office.

Views of Responsible Officials / Planned Corrective Actions:
The STO agrees that the office was delayed in reconciling cash. However, the STO did reconcile to BND daily. There are several reconciliations within the overall cash reconciliation process. The portion of cash which was not reconciled daily stemmed from the PeopleSoft

portion of the reconciliation process. While some of the delay in reconciliation was caused by turnover, the major challenge with cash reconciliation stemmed from a series of PeopleSoft errors occurring April 29, 30, and May 1st. The STO communicated these errors to OMB and it was determined that the STO did not receive the proper queries available to OMB. That was corrected. Further, the STO and OMB worked collaboratively to identify the issues from PeopleSoft in order to work through the problem days. A series of items did not post, some posted days later, and the check register for May 1st included the checks which had been written on prior days. In the future, we will work with OMB to ensure that all information available to OMB regarding cash reconciliation is available to the STO. Further, the STO has cross-trained employees on cash reconciliation and is working to develop a more efficient cash reconciliation process.

FINDING NUMBER: F09-4

ACCOUNTS PAYABLE APPROVAL DOCUMENTATION

Condition:
Approval IDs are not identified for all accounts payable (AP) transactions.

Effect:
Without adequate approval documentation it is not possible for management to ensure AP transactions are proper, increasing the risk of errors and fraud.

Cause:
AP transactions can be approved through an improper ConnectND work list link which does not document who approved the transaction. Further the Office of Management and Budget does not adequately monitor this problem, and therefore does not notify the people who are improperly using ConnectND.

Criteria:
Internal Control – Integrated Framework, published by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission.

Recommendation:
We recommend the Office of Management and Budget take steps to ensure proper approval documentation is available for all AP transactions.

Views of Responsible Officials / Planned Corrective Actions:
OMB agrees with the recommendation and will develop a query to monitor agencies' use of the accounts payable worklist for approval.

FINDING NUMBER: F09-5

VEHICLE REGISTRATION AND TITLING SYSTEM (VRTS)

Condition:
The Department of Transportation is not properly reconciling the Motor Vehicle Money Market Accounts. Thus, the accuracy of distribution reports is not adequately ensured.

Effect:
Without a complete reconciliation there is an unacceptably high risk of error or fraud.

Cause:
The Vehicle Registration & Titling System was not designed as a financial system and does not provide a book balance to reconcile to the Motor Vehicle Money Market Account.

Criteria:
The criteria used to evaluate internal control is published in the publication *Internal Control – Integrated Framework* from the Committee of Sponsoring Organizations (COSO) of the Treadway Commission.

Recommendation:
We recommend that the Department of Transportation:

- Properly reconcile the motor vehicle clearing account to the report of amounts processed and pending each month, and;
- Ensure the accuracy and validity of the Distribution Report.

Views of Responsible Officials / Planned Corrective Actions:
NDDOT agrees with the findings.

Regarding reconciliation of the motor vehicle clearing account, we are currently reviewing the VRTS processing to determine options for balancing the monies in the work queue that have not been distributed. We are working on updating our current reconciliation process to include a process of reconciling pending items to the money remaining in the clearing account after the distribution of funds is complete.

With regards to the accuracy and validity of the Distribution Report, we will continue to research distribution process and validity. Items discovered during the audit have already been corrected.

FINDING NUMBER: F09-6

FINANCIAL REPORTING ERROR BY THE STATE WATER COMMISSION

Condition:
The State Water Commission failed to recognize a liability for $2,033,809 which should have been applied to the fiscal year ended June 30, 2009.

Effect:
Accounts payable and expenditures were understated by $2,033,809.

Cause:
The State Water Commission was not aware of the proper expenditure recognition criteria for these types of grants.

Criteria:
GASB Statement 33 and Office of Management and Budget Policy 200 states that every agency is required to identify and record liabilities and other financial statement data at the close of each fiscal year.

Recommendation:
We recommend the State Water Commission record liabilities and the related expenditures in the proper period.

Views of Responsible Officials / Planned Corrective Actions:
The Water Commission received the requires for reimbursement from the City of Fargo after the deadline for charging prior period expenditures back to the previous biennium in the PeopleSoft system. We agree that we should have included it in our closing package listing of accounts payable. We will place extra effort in reviewing the charges that occur after the PeopleSoft biennium closing and before the closing package submission.

FINDING NUMBER: F10-1 (Prior recommendation not implemented from the last two audits)

FINANCIAL REPORTING ERRORS BY THE OFFICE OF STATE TREASURER

Condition:
The Office of State Treasurer made several errors in their closing packages submitted to the Office of Management and Budget (OMB). The closing packages are used by OMB to prepare the state's Comprehensive Annual Financial Report. One of the errors exceeded $4,6 million and another error exceeded $2 million. In our judgment, there is an unacceptably high risk of additional errors occurring.

Effect:
Fixing these errors caused unnecessary complications for OMB and introduced the risk of additional errors occurring during a period of peak work demands.

Cause:
Individuals responsible for preparing and approving the closing packages do not understand the closing package process and the requirements of generally accepted accounting principles.

Criteria:
At the end of each fiscal year, all state agencies are required to report financial information to the Office of Management and Budget in closing packages. The criteria are contained in the Office of Management and Budget CAFR Closing Manual and generally accepted accounting principles.

Recommendation:
We recommend the Office of State Treasurer ensure that individuals responsible for preparing and approving the closing packages have adequate knowledge and training to ensure closing packages are properly completed.

Views of Responsible Officials / Planned Corrective Actions:
The Office of the State Treasurer agrees that these errors occurred. We will continue to work with the Auditor's Office and the Office of Management and Budget to strengthen our policies surrounding CAFR reporting. Additionally, we will continue to strengthen the skills or our staff. Most recently, we have reclassified a position to bolster the accounting base within the office. We will continue to strengthen the skills and classification of our staff as opportunities and funds become available.

SECTION III
FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

DEPARTMENT OF COMMERCE

Finding 10-1
CFDA #14.255
U.S. DEPARTMENT HOUSING AND URBAN DEVELOPMENT
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii (Recovery Act Funded) (State-Administered Small Cities Program)
Questioned Cost: $0

The Department of Commerce did not properly ensure that subrecipients are maintaining current information with the Central Contractor Registration (CCR) for projects funded under the American Recovery and Reinvestment Act (ARRA).

2 CFR section 176.50(c) and Section 1512(h) of ARRA require that recipients and their first-tier subrecipients must maintain current registrations in the Central Contractor Registration at all times during which they have active federal awards funded with Recovery Act funds.

Recommendation:

We recommend the Department of Commerce ensure that subrecipients receiving awards under the American Recovery and Reinvestment Act maintain current information in the Central Contractor Registration system in accordance with the American Recovery and Reinvestment Act Section 1512(h) and Code of Federal Regulations Section 176.50(c).

Corrective Action Plan:

The Department of Commerce concurs with the recommendation. The Department will implement steps to verify that valid CCR registrations are obtained and maintained for sub-recipients as required by Public Law 111-5, Sec 1512 (4)(h) and 2 CFR 176.50(c).

The City identified in the audit as having an incomplete CCR registration has completed and obtained a valid CCR registration.

Finding 10-2
CFDA # Various
VARIOUS FEDERAL AGENCIES
All Programs with Subrecipients
Questioned Cost: $0

The Department of Commerce does not have proper subrecipient monitoring procedures in place to ensure compliance with OMB Circular A-133 audit requirements. For certain

programs, the Department obtains certification from subrecipients at the close of each project as to A-133 audit compliance; however, this may not be on an annual basis depending on the nature of the project. Audit reports are generally reviewed during on-site monitoring which may not be within 9 months of the audit period. The current review procedures do not require corrective action or allow for proper management decisions on corrective action procedures within the time limits set forth by OMB Circular A-133. For other programs, the Department does not have procedures in place to monitor compliance with A-133 audit requirements for all subrecipients receiving federal awards.

OMB Circular A-133 section .400(d)(4) states that a pass-through entity is responsible for ensuring that subrecipients expending $500,000 or more in Federal awards during the subrecipient's fiscal year have met the audit requirements for that fiscal year; Circular A-133 section .320 states that the audit report must be completed within 9 months after the end of the audit period; and Circular A-133 section .400(d)(5) requires a pass-through entity to issue management decisions on all audit findings within 6 months after the receipt of the subrecipient's audit report and to ensure that the subrecipient takes timely and appropriate corrective action on all audit findings.

Recommendation:

We recommend the Department of Commerce perform proper subrecipient monitoring procedures of OMB Circular A-133 audit requirements on an annual basis and implement a tracking system to ensure:

- required audits are completed within 9 months of the end of the audit period;
- management decisions are issued within 6 months of receiving the audit reports; and
- subrecipients take timely and appropriate corrective action on all audit findings.

Corrective Action Plan:

The Department of Commerce concurs with the finding and recommendation. An expansion of the department's current Circular A-133 monitoring process will include annual monitoring of all subrecipients receiving federal awards within the required timelines.

- *The Audit Disclosure Form and Letter will be sent to all subrecipients of federal awards on a calendar year basis.*
- *Fiscal Staff will review audits of all subrecipients expending over the $500,000 threshold to ensure audits are completed within 9 months of the end of the audit period.*
- *In cases with audit findings, a management decision on the audit findings will be issued within 6 months after the receipt of the subrecipient's audit report.*

Finding 10-3
CFDA #93.569/93.710
U.S. DEPARTMENT HEALTH AND HUMAN SERVICES
CSBG Cluster
CFDA #81.042
U.S. DEPARTMENT OF ENERGY
Weatherization Assistance for Low-Income Persons

Questioned Cost: $0

The Department of Commerce did not properly reconcile any federal reports to the accounting system. The Department's internal accounting procedures for carryover funds did not allow for proper of reconciliation of federal reports to expenditures in the accounting system.

The June 2010 OMB Circular A-133 Compliance Supplement states that financial reports must agree to the accounting records that support the audited financial statements and the Schedule of Expenditures of Federal Awards.

Recommendation:

We recommend the Department of Commerce reconcile amounts reported on the federal financial status reports and federal program reports to the accounting system.

Corrective Action Plan:

Commerce agrees with the recommendation and will reconcile amounts reported on federal status reports and program reports to the accounting system.

Since Commerce is implementing the change of recording expenditures as stated in Recommendation #10-4, the reports will reconcile and reflect the federal financial status reports by each activity period.

Finding 10-4
CFDA #93.569/93.710
U.S. DEPARTMENT HEALTH AND HUMAN SERVICES
CSBG Cluster
CFDA #81.042
U.S. DEPARTMENT OF ENERGY
Weatherization Assistance for Low-Income Persons

Questioned Cost: Unknown

The Department of Commerce did not have proper support to demonstrate compliance with earmarking requirements based on actual expenditures. The Department allocates the

earmarking limitations based on the award budget. The Department amends grant awards to subrecipients with carryover funds from prior awards and records expenditure of these funds within the new award year in the accounting system. The Department's compliance with earmarking requirements based on actual expenditures could not be determined due to the procedures for recording expenditure of carryover funds.

42 USC 9907 for the Community Services Block Grant Program (CSBG) requires that states must use at least 90 percent of the allotted funds for subgrants to eligible entities. Also, state administrative expenses, including monitoring activities, may not exceed the greater of $55,000 or 5 percent of CSBG funds. Such expenditures must be made from the portion of funds remaining to a state after subgranting at least 90 percent of funds to eligible entities.

10 CFR 440.18(e) for the Weatherization Assistance for Low-Income Persons program states, "not more than 10 percent of funds may be used in total or in part for administrative costs. A state shall not expend more than 5 percent for such administrative costs, with at least 5 percent going to subrecipients for administration. Subrecipients may spend no more than 10 percent of the grant for administration; however, for subrecipients receiving grants of less than $350,000, a state may permit that entity to expend up to an additional 5 percent of its subgrant for administrative purposes." In addition, 10 CFR 440.23(e) states, "not more than 10 percent of the funds may be used to provide, directly or indirectly, training and/or technical assistance to any grantee or subgrantee." This percentage increased to 20 percent as amended by ARRA section 407(d).

Recommendation:

We recommend the Department of Commerce properly document compliance with earmarking requirements based on actual expenditures.

Corrective Action Plan:

Commerce agrees with the recommendation and will properly document earmarking requirements based on actual expenditures.

Commerce will record expenditure of funds within the grant years based on each year of the grant awards. Compliance will begin with the CSBG 2011 grant year and the DOE 2010 grant year.

DEPARTMENT OF HEALTH

Finding 10-5
CFDA # 10.557
U.S. DEPARTMENT OF AGRICULTURE
Food and Nutrition Service
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)
Questioned Cost: Unknown

The Department of Health is not requiring local agencies to complete a monthly physical inventory of pre-printed (manual) food instruments or cash value vouchers. In addition, there is no reconciliation of perpetual and physical inventories of these pre-printed (manual) food instruments and cash-value vouchers.

7 CFR 246.12(p) states "For pre-printed food instruments or cash-value vouchers, these standards must include...monthly physical inventory of food instruments or cash-value vouchers on hand throughout the State agency's jurisdiction; (and) reconciliation of perpetual and physical inventories of food instruments and cash-value vouchers."

Recommendation:

We recommend the Department of Health comply with 7 CFR 246.12(p) and require local agencies to complete monthly physical inventory of pre-printed (manual) food instruments and cash-value vouchers on hand and also perform a reconciliation of the perpetual and physical inventories.

Corrective Action Plan:

We concur. The manual instruments in question are the one set per WIC participant category (child, pregnant woman, etc.) that local clinic sites are required to maintain in case the computer system goes down so they can issue food to families. The State WIC Program revised the Manual FI/CVV Log and instruction to require staff perform a monthly review of the checks. The Manual FI Log form (which creates a place to record the inventory of manual FI's as they are printed) was revised to include additional information on the disposition of the manual check and requires staff to initial over each month indicating the checks reconcile to the log. The new process was discussed at the January 2011 WIC Directors meeting and the form was shared with all WIC staff in February 2011.

Finding 10-6
CFDA # 10.557
U.S. DEPARTMENT OF AGRICULTURE
Food and Nutrition Service
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)
Questioned Cost: $0

Inaccuracies were contained in the summary of the results of vendor monitoring to the Federal government through the use of The Integrity Profile (TIP) Report. Seven vendors did not get reported on the TIP report for federal fiscal year 2009. In addition, the Department of Health reported that fourteen compliance investigations had been completed on the federal fiscal year 2009 TIP report, but only thirteen were actually completed.

7 CFR 246.12(j)(5) states: "For each fiscal year, the State agency must send FNS a summary of the results of its vendor monitoring containing information stipulated by FNS." Data included in reports must be accurate.

Recommendation:

We recommend the Department of Health strengthen controls to ensure proper information is reported on the summary of the results of vendor monitoring (TIP report) as required by 7 CFR 246.12(j)(5).

Corrective Action Plan:

We concur. The state vendor coordinator now reviews the TIP report and matches it to the ND WICnet vendor dataset prior to uploading to the TIP website. Although this is time consuming it will ensure that all WIC authorized ND vendors are appropriately reflected in the TIP report.

Finding 10-7
CFDA # 10.557
U.S. DEPARTMENT OF AGRICULTURE
Food and Nutrition Service
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)
Questioned Cost: Unknown

The Department of Health is not in compliance with 7 CFR 246.12(k)(1) as they are not detecting food instruments or cash-value vouchers redeemed by vendors more than 60 days after the first date of use.

7 CFR 246.12(k)(1) states: "For printed food instruments and cash value vouchers the system also must detect the following errors...food instruments or cash-value vouchers transacted or redeemed after the specified time periods."

Recommendation:

We recommend the Department of Health comply with 7 CFR 246.12 (k) (1) by implementing procedures to detect if a vendor has redeemed food instruments or cash-value vouchers more than 60 days after the first date of use.

Corrective Action Plan:

We concur. The state WIC staff will discuss with the BND staff the audit recommendation that they add the vendor redemption date to their list of items they review when examining redeemed WIC checks.

Finding 10-8
CFDA # 10.557
U.S. DEPARTMENT OF AGRICULTURE
Food and Nutrition Service
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)
Questioned Cost: Unknown

The Department of Health is not in compliance with 7 CFR 246.12(q) for the following reasons:

- checks that have been determined redeemed without matching valid issuance records are identified as unredeemed in the WICnet system; and
- the department does not identify, in the WICnet system, the redeemed food instruments or cash value vouchers that are duplicates or not matching valid enrollment and issuance.

7 CFR 246.12(q) states: "The State agency must account for the disposition of all food instruments and cash-value vouchers as either…redeemed or unredeemed. Redeemed food instruments and cash value vouchers must be identified as validly issued, lost, stolen, expired, duplicate, or not matching valid enrollment and issuance records."

Recommendation:

We recommend the Department of Health comply with 7 CFR 246.12 (q) by:

- properly identifying all food instruments as either redeemed or unredeemed in the WICnet system; and
- ensuring all redeemed food instruments and cash value vouchers are identified in the proper category.

Corrective Action Plan:

We concur. The current system has the capacity to assign checks for most of the required categories including validly issued, lost or stolen, and expired. With the new Bank Utility the system will also be able to identify duplicate checks and those not matching issuance records (like those with bad numbers, see finding 10-5, or manual checks that have not been entered into the system). We are working with our MIS contractor on the Utility and anticipate that it will be completed this summer.

Finding 10-9
CFDA # 10.557
U.S. DEPARTMENT OF AGRICULTURE
Food and Nutrition Service
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)
Questioned Cost: Unknown

The following weaknesses were noted in regards to the process of determining the ultimate disposition of all food instruments and cash value vouchers:

- A check keyed in by the first bank of deposit with an incorrect check number can override a check that has been identified with a proper redemption record in the WICnet system, and
- Bank records are not reviewed to determine if items that the WIC staff have requested the Bank of North Dakota to return have actually been credited to the WIC Bank Account.

The COSO framework of internal control states that pertinent information must be identified, captured, and communicated in a form and timeframe that enable people to carry out their responsibilities. The COSO framework of internal control also states that control activities include approvals, authorizations, verifications, reconciliations, reviews of operating performance, and segregation of duties.

In addition, the June 2010 OMB Circular A-133 Compliance Supplement for CFDA 10.557 Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) Section N.1. requires the auditor to inspect disposition reports to ascertain that the State agency adjusted its accounting records and external reports in order to reflect the results of the disposition process.

Recommendation:

We recommend the Department of Health implement controls:

- to prevent food instruments and cash value vouchers keyed in with incorrect check numbers from overriding properly redeemed food instruments and cash value vouchers in the WICnet system; and
- to reconcile credits from the Bank of North Dakota to amounts request to be fixed or rejected by the State agency to ensure all account records are adjusted properly.

Corrective Action Plan:

We concur. The ND WIC Program is working with their MIS contractor on a system Bank Utility. The Utility will allow the state WIC staffs to "correct" check and CVV numbers that have been incorrectly entered into the system. We anticipate the new program will be completed this summer.

Currently the credited amount from the BND matches the amount of the rejected checks submitted by the WIC staff. To ensure that this continues to be the case, the state WIC staff will monitor by matching the amount on the Bank statement to the error report. For one day of the week, staff will match the BND credit and adjustment amounts to that day's error report's requested fixes (adjustments) and rejects (credits).

Finding 10-10
CFDA # Various
VARIOUS FEDERAL AGENCIES
All Federal Programs
Questioned Cost: $0

The Department of Health has not implemented a fraud risk assessment to identify possible instances of fraud or fraudulent activities at the department. In addition, the Department of Health does not have the necessary control activities designed/documented to ensure significant fraud exposures are identified and mitigated.

The most important guidance relating to internal control is contained in Internal Control – Integrated Framework published by the Committee of Sponsoring Organizations of Treadway Commission (COSO). This guidance dictates that a Fraud Risk Assessment program be established and practiced to identify risks of fraudulent type activities including when special circumstances arise, when changing operating environments, and for restructuring.

Recommendation:

We recommend the Department of Health:

- establish a fraud risk assessment on a recurring basis; and
- design and document the necessary control activities to ensure that each significant fraud exposure identified during the risk assessment process has been adequately mitigated, including background investigations, and that each of the identified fraud risks has been adequately tested by management.

Corrective Action Plan:

We agree with the above. The department is currently in the process of conducting our first fraud risk assessment, including procedures to mitigate any significant fraud exposure identified and assure that adequate testing has been performed. It is expected to be completed in the spring of 2011.

DEPARTMENT OF HUMAN SERVICES

Finding 10-11
CFDA #93.778
Funds ID # 75X0512
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES
Centers for Medicare and Medicaid Services
Medical Assistance Program

Questioned Cost: Unknown

The Surveillance and Utilization Review Unit (SURS) at the Department of Human Services does not have sound methods or criteria for identifying suspected fraud cases, methods for investigating these cases, or procedures developed in cooperation with legal authorities, for referring suspected fraud cases to law enforcement officials.

The absence of methods and procedures for identifying, investigating, and referring fraud to authorities has resulted in the Department of Human Services not pursuing cases of fraud referred to them. Out of 8 suspected cases of fraud sampled we identified 2 instances where SURS did not conduct investigations of fraud referred to them and did not refer the cases to an appropriate law enforcement agency in accordance with 42 CFR parts 455.13, 455.14, and 455.15.

42 CFR part 455.13 requires states to have methods or criteria for identifying suspected fraud cases, methods for investigating these cases, and procedures, developed in cooperation with legal authorities, for referring suspected fraud cases to law enforcement officials. 42 CFR part 455.14 requires states to perform a preliminary investigation of Medicaid fraud or abuse reported to them to determine whether there is sufficient basis to warrant a full investigation. 42 CFR part 455.15 requires states to perform a full investigation and refer the case to an

appropriate law enforcement agency if the findings of a preliminary investigation give the agency reason to believe that an incident of fraud or abuse has occurred in the Medicaid program.

Over the past three Single Audits the Department of Human Services has expressed to the audit team that there is limited fraud in North Dakota. Because that sentiment is pervasive throughout management, the Department of Human Services has failed to provide adequate resources to the SURS, has not insured the SURS administrator is qualified for the positions held, and has not provided sufficient training to employees so they can adequately identify and investigate fraud and abuse.

Recommendation:

We recommend the Department of Human Services develop sound methods or criteria for identifying suspected fraud cases, develop methods for investigating these cases, and develop a process, in cooperation with legal authorities, for referring suspected fraud cases to law enforcement officials.

Corrective Action Plan:

The Department is developing policies and procedures to ensure compliance with federal regulations and will ensure adequate documentation is maintained in the case files. In the two instances noted as errors in the above commentary, the Department had notified and/or worked with and provided all Medicaid related information gathered to the Office of Inspector General (OIG), the Department's designated law enforcement agency during the audit period. In one of the instances the recipient was sentenced to serve jail time and in the other instance the OIG chose to close the case during their investigation due to their office closure in North Dakota.

Auditor Rebuttal:

The fiscal division of the department insinuates the two cases noted in the finding were handled appropriately. We disagree, the department's corrective action response only outlines the steps taken by the OIG on these two cases and leaves out the fact that the department did not perform any investigation into the suspected fraud or abuse and therefore forwarded nothing to the OIG as a result of the department's own investigation. In the current Single Audit and also in a September 20, 2010 performance audit "Medicaid Provider and Recipient Fraud and Abuse" conducted by the North Dakota Office of the State Auditor both cases were identified as not meeting the Federal requirements relating to fraud and abuse in the Medicaid program. In both audits the Director of Medicaid and Director of the SURS unit agreed with the auditors findings that the department did not comply with Federal requirements relating to Medicaid fraud and abuse in these cases. It appears the fiscal division is trying to minimize the significance of this finding rather than acknowledge that significant problems relating to identifying and investigating fraud and abuse exist. Therefore we stand by our recommendation and the significance thereof.

Finding 10-12
CFDA #93.778
Funds ID # 75X0512
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES
Centers for Medicare and Medicaid Services
Medical Assistance Program

Questioned Cost: Unknown

The Surveillance and Utilization Review Unit (SURS) at the Department of Human Services did not have a sampling plan in place for the first six months of the audit period. Subsequently a sampling plan was developed but was not properly designed and executed to identify suspected cases of fraud within the Medicaid program.

In January of 2009 the SURS implemented a sampling plan. The sampling plan was very limited in scope as the sampling is not expanded when errors are identified. In a number of instances errors were noted and the SURS did not investigate those providers further to determine if fraud or abuse occurred.

Over the past 3 Single Audits the Department of Human Services has expressed to the audit team that there is limited fraud in North Dakota. Because that sentiment is pervasive through management, the Department of Human Services has failed to provide adequate resources to the SURS, has not insured the SURS administrator is qualified for the position held, and has not provided sufficient training to employees so they can adequately identify and investigate fraud and abuse.

42 CFR part 455 requires states to have methods or criteria for identifying suspected fraud cases. One of the methods required is a properly designed and executed sampling plan.

Recommendation:

We recommend the Department of Human Services ensure the SURS has adequate resources to develop a sampling plan that is properly designed and executed.

Corrective Action Plan:

The Department will develop procedures to improve the design and execution of the SURS sampling plan.

Finding 10-13
CFDA #93.778
Funds ID # 75X0512
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES
Centers for Medicare and Medicaid Services
Medical Assistance Program

Questioned Cost: Unknown

The Department of Human Services hired a new administrator for the Surveillance and Utilization Review Unit (SURS) in August of 2007. The individual hired does not meet the qualifications of SURS administrator as he does not have any professional certification or license and any specialized training he has received related to the medical field or Medicaid is insufficient. In addition, the individual does not have any prior work experience related to reviewing medical claims or investigating Medicaid fraud.

Section N of the OMB A-133 Compliance Supplement for the Medicaid Program requires auditors of the program to consider the qualifications of the personnel conducting the reviews and identifying suspected fraud. The auditor is to ascertain that the individuals possess the necessary skill or knowledge by considering the following: (1) professional certification, license, or specialized training; (2) the reputation and standing of licensed medical professionals in the view of peers; and (3) experience in the type of tasks to be performed.

As the current administrator does not possess the necessary qualifications to conduct reviews there is a high risk that significant instances of fraud are occurring within the program and going undetected. For instance, samples selected for testing by the administrator may be inadequate due to the administrator's inability to recognize high risk cases or cases selected for testing may be closed with no findings by the administrator even though problems did exist but were not recognized.

Recommendation:

We recommend the Department of Human Services ensure the administrator of the SURS unit has the necessary knowledge and skills to conduct utilization reviews and identify suspected fraud by requiring the administrator at a minimum to have the following qualifications as required by the Medicaid program:

- professional certification, license, or specialized training related to Medicaid claims;
- positive reputation and standing of licensed medical professionals in the view of peers; and
- experience in the type of tasks to be performed.

Corrective Action Plan:

The Department agrees the administrator for the SURS unit does not specifically have the certifications or licenses as pointed out in the recommendation; however, the SURS administrator is pursuing certification from the United Council of Welfare Fraud and the Program Integrity Administrator will be completing the necessary coursework to become a Certified Fraud Examiner.

Finding 10-14
CFDA #93.778
Funds ID # 75X0512
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES
Centers for Medicare and Medicaid Services
Medical Assistance Program

Questioned Cost: Unknown

The Surveillance and Utilization Review Unit (SURS) exists within the Medicaid Division of the Department of Human Services and this unit does not operate independently of other Medicaid operations. The administrator of the SURS reports to the director of the Medicaid Division and the director ultimately decides the course of action to be taken by the SURS.

Section N of the OMB Circular A-133 Compliance Supplement for the Medicaid Program requires auditors to consider if the personnel conducting the reviews are sufficiently organized outside the control of other Medicaid operations to objectively perform their function.

As there is a lack of independence between Medicaid operations and the SURS the effectiveness of the unit may be diminished. SURS employees may be less likely to report irregularities knowing that the Medicaid Division may not consider the irregularities a problem. In addition the Medicaid Division may try to keep significant findings of the SURS from going forward to avoid any negative consequences the findings may have on the Medicaid Division.

Recommendation:

We recommend the Department of Human Services sufficiently organize the SURS outside the control of other Medicaid operations so the SURS can objectively perform their function.

Corrective Action Plan:

Department Management has approved an organizational structure change within Medical Services related to Program Integrity and Utilization Review efforts which will address the independence concern.

Finding 10-15
CFDA #93.778
Funds ID # 75X0512
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES
Centers for Medicare and Medicaid Services
Medical Assistance Program

Questioned Cost: Unknown

Medicaid fraud in North Dakota is not being identified and investigated as required by 42 CFR parts 455, 456, and 1002. North Dakota does not have a Medicaid Fraud Control Unit that is separate from the Medicaid agency. Instead, the Department of Human Services assured the Federal government, in a waiver granted in 1994, that the Surveillance and Utilization Review Unit (SURS) would be responsible for identifying and investigating instances of fraud and that a Medicaid Fraud Control Unit was not necessary due to limited instances of fraud occurring in North Dakota. The current audit identified instances where cases of fraud were referred to the SURS but were later closed and not investigated further. The administrator of the SURS unit admitted these cases were closed as the SURS lacked the expertise and resources necessary to further pursue them.

The waiver granted in 1994 was never renewed by the Department of Human Services and the Federal government, despite significant changes in circumstances since it was granted. The SURS, as implemented by the Department of Human Services, has not been adequately designed to identify and investigate Medicaid fraud and lack the expertise and resources to do so. These two issues make it imperative that North Dakota create a Medicaid Fraud Control Unit in accordance with 42 CFR part 1007.

Recommendation:

We recommend the Department of Human Services apply for a new Federal waiver or work to create a Medicaid Fraud Control Unit that is separate and distinct from the Department of Human Services.

Corrective Action Plan:

The Department does not agree that a new waiver is needed as we contacted the federal government during the 2009 DHS Financial Audit, and received confirmation from the Office of Inspector General that the waiver did not have an expiration date. However, the Department has contacted the federal government to inquire to what extent conditions need to change which would require a new waiver request to be submitted. Appropriate action will be taken after a response is provided by the federal government.

Finding 10-16
CFDA #93.778
Funds ID # 75X0512
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES
Centers for Medicare and Medicaid Services
Medical Assistance Program

Questioned Cost: $0

The Department of Human Services (DHS) did not conduct a detailed risk analysis of the Medicaid system. DHS indicated that a detailed review had not been done since state fiscal year 2002.

The OMB Circular A-133 Compliance Supplement requires that state agencies establish and maintain a program for conducting a periodic risk analysis on the existing Medicaid system and any additions/modifications to that system. State agencies shall review the system on a biennial basis and maintain reports on that review.

As the risk analysis has not been performed there is a possibility that appropriate, cost effective safeguards will not be incorporated into new and existing systems. Security over different areas of the system can also become compromised bringing into question the validity of the data contained within the system.

Recommendation:

We recommend the Department of Human Services conduct a risk analysis of the Medicaid system and any additions/modifications to that system every biennium and maintain documentation of the analysis for review.

Corrective Action Plan:

The Department will expand future risk analysis reports to properly document the system analysis discussed and performed at the Medicaid Management Information System priority meetings as well as Medicaid Claims Policy meetings.

Auditor Rebuttal:

The department's corrective action plan is misleading. Since 2002, the department has not been able to provide any evidence of risk analysis reports being prepared and therefore would make it impossible to expand on those reports. The department has not conducted a risk analysis and therefore we stand by our recommendation.

Finding 10-17
CFDA #93.778
Funds ID # 75X0512
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES
Centers for Medicare and Medicaid Services
Medical Assistance Program

Questioned Cost: Unknown

The Department of Human Services (DHS) did not maintain the required documentation, such as W-9s and provider agreements, within the Medicaid provider files. In addition, DHS does not ensure out of state providers and in-state privately owned clinics without a lab meet the prescribed health and safety standards. This finding has been issued in the previous two Single Audits and management of DHS indicated the prior audit finding has not been implemented.

42 CFR 442 requires that state agencies ensure that hospitals, nursing facilities, and ICF/MR facilities that serve Medicaid patients meet the prescribed health and safety standards. In addition, DHS's procedures require that a federal form W-9 be on file to verify the provider's tax ID number and that a provider agreement be on file.

As files are not being kept current and certain providers are not being reviewed for health and safety standards, the department runs the risk of paying an ineligible provider, which would also be a violation of federal law.

Recommendation:

We recommend the Department of Human Services implement procedures to ensure:

- all applicable Medicaid provider files contain the federal form W-9, and provider agreement; and
- out of state providers and in-state privately owned clinics without a lab meet the prescribed health and safety standards.

Corrective Action Plan:

The Department will continue to enhance procedures surrounding the collection of necessary licenses and has hired two temporary provider enrollment staff to review all provider files to ensure they contain the necessary documents.

Finding 10-18
CFDA #93.778
Funds ID # 75X0512
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES
Centers for Medicare and Medicaid Services
Medical Assistance Program

Questioned Cost: $0

The Department of Human Services does not have a process in place for ensuring that overpayments made to providers of medical services are credited to the Medicaid program within the required timeframe of identification of the overpayment.

42 CFR section 433.320 states overpayments made to providers of medical services must be credited to the Medicaid program within 60 days of identification of the overpayment through February 2010 and within 1 year after February 2010.

Recommendation:

We recommend the Department of Human Services credit the Medicaid program for overpayments made to providers of medical services within the required timeframe of identification of the overpayment.

Corrective Action Plan:

The Department will continue to credit Developmental Disability settlements to the Medicaid program within the required timeframe, will manually credit hospital settlements and continue to prioritize the MMIS work request modifications necessary to credit other Medicaid provider overpayments timely. The Department will also develop written procedures surrounding the processing of provider overpayments.

Auditor Rebuttal:

The department contends they are currently crediting Development Disability settlements and hospital settlements to the Medicaid program within the required timeframe. Neither the Assistant Director of Fiscal Administration nor the primary Medicaid Accountant at the department was able to produce any evidence supporting this claim during the audit. Therefore we stand by our recommendation.

Finding 10-19
CFDA #93.778
Funds ID # 75X0512
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES
Centers for Medicare and Medicaid Services
Medical Assistance Program

Questioned Cost: $0

The Department of Human Services (DHS) does not have a dedicated phone number or fraud hotline to anonymously report fraud and abuse in the Medicaid program.

42 CFR part 455.13 requires Medicaid agencies to have developed methods and criteria for identifying suspected fraud cases. The "Managing the Business Risk of Fraud: A Practical Guide" sponsored by The Institute of Internal Auditors, The American Institute of Certified Public Accountants, and the Association of Certified Fraud Examiners states that one of the key principles for proactively establishing an environment to effectively manage an organization's fraud risk includes establishing detection techniques to uncover fraud events when preventative measures fail or unmitigated risks are realized. One important detection method includes an anonymous reporting mechanism. The guide states that a hotline is one of the more effective measures an organization can implement as part of their fraud risk assessment program.

The lack of a fraud hotline may deter the general public from reporting a situation where they believe fraud or abuse in the Medicaid program may be occurring. Phone calls that are made to DHS to report fraud and abuse may not be forwarded to the proper individual as formal procedures for taking calls reporting fraud and abuse have not been developed and provided to receptionists.

Recommendation:

We recommend the Department of Human Services establish a fraud hotline. The hotline information should be easy to locate on the department's website as well as searchable from the nd.gov website. In addition, a process should be implemented to ensure input on potential fraud from the fraud hotline is investigated in a timely and appropriate manner.

Corrective Action Plan:

The Department has enhanced the "Fraud Reporting" section on the Department's home page; which contains toll-free fraud hotline numbers and email addresses for reporting suspected fraud. This information is searchable from the nd.gov website. In addition, the Department and the Medical Services Division have added options to their 1-800#'s for reporting suspected fraud. A process has been developed for the information received to be documented and directed to the SURS Fraud and Abuse Administrator for investigation and follow up.

Finding 10-20
CFDA #93.558/93.714
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES
Administration for Children and Families
TANF Cluster
Questioned Cost: Unknown

The Department of Human Services (DHS) is not always properly calculating benefits paid under the Temporary Assistance for Needy Families (TANF) program.

In one of 50 cases tested, the amount reported as income on the Income Eligibility and Verification System (IEVS) for Job Service was more than the amounts reported by the TANF recipients and it was discovered the amount self-reported by the TANF recipient was incorrectly understated. The recipient self-reported income of $0 and IEVS reported income of $780 over the three month period that was tested. Due to the method used to select the sample and the nature of this test, we are unable to accurately project the error.

This error was the result of non-reported income by the TANF recipient. DHS has the ability through the IEVS system to check Job Service North Dakota reported information for individuals and check these amounts against the amount of income reported by the client. In the above error, DHS failed to perform this cross-check in a timely manner.

The OMB Circular A-133 Compliance Supplement states that each State shall participate in the IEVS. Specifically, the State is required to request and obtain information on wage information from the State Wage Information Collection Agency (Job Service North Dakota) for all recipients on a quarterly basis. The State is required to review and compare information obtained against information contained in the case records to determine whether it affects the individual's eligibility or level of assistance.

Recommendation:

We recommend the Department of Human Services take steps to ensure all TANF payments are proper, including providing additional training to caseworkers on the IEVS requirements.

Corrective Action Plan:

The IEVS alert was received by the county caseworker, however it was not worked in a timely manner, therefore the Department will continue to provide training and direction to county caseworkers on the IEVS alert requirements.

Finding 10-21
CFDA #93.568
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES
Administration for Children and Families
Division of Energy Assistance
Low Income Home Energy Assistance
Questioned Cost: Unknown

The Department of Human Services is not in compliance with their State Plan regarding monitoring of eligibility determined at the county level.

The Low Income Home Energy Assistance (LIHEAP) State Plan states as follows:

> "Responsibility for Monitoring:
> The State Low Income Energy Assistance Program Director and Staff will monitor heating assistance and Emergency Assistance continuously. Monitoring reports from Economic Assistance central office and field staff are reviewed. Reports from the county social service boards' supervisors and staff, on-site visits to local offices and suppliers, and/or through fiscal and recipient data from the electronic processing system may also provide information. Corrective action plans are initiated appropriately."

In July 2008 when the office went from employing 3 people to 2 people, the LIHEAP personnel stopped pulling cases to verify eligibility.

The June 2010 OMB Circular A-133 Compliance Supplement states "Grantees are to administer their LIHEAP programs according to the plans that they have submitted to HHS."

Recommendation:

We recommend the Department of Human Services ensure proper monitoring is in place for the eligibility cases being processed at the county level.

Corrective Action Plan:

In June 2010, the Department implemented procedures to monitor eligibility cases processed at the county level.

Finding 10-22
CFDA #93.575/93.596/93.713
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES
Administration for Children and Families
CCDF Cluster

Questioned Cost: $240

The Department of Human Services (DHS) has incorrectly calculated data for child care benefit payments. Four out of 60 case files tested had errors in the calculation of the benefit payment and resulted in a net overpayment of $240. These errors, when projected against the entire population, project to a possible error of $283,233.

All four errors were caused by the county worker inputting the incorrect information into the Child Care Assistance System when taking the information from the child care billing report or the child care agreement. Two of these errors had the wrong provider type recorded on the worksheet which resulted in a total overpayment of $115 for the two months that were tested. One error had the wrong gross income amount recorded which resulted in an overpayment of $32 for the one month that was tested. The remaining error had the incorrect amount of approximate weeks in care recorded which resulted in an overpayment of $93 for the one month that was tested.

Section 400-26-25 of the Child Care Assistance Program Policy Manual provides guidelines on how benefits should be calculated.

Recommendation:

We recommend the Department of Human Services notify eligibility workers of the proper procedures that must be followed when inputting data into the Child Care Assistance System and that DHS provide additional training in this area as needed.

Corrective Action Plan:

The Department will continue to provide training to the county eligibility workers surrounding the input of data into the Child Care Assistance System.

Finding 10-23
CFDA #84.126/84.390
U.S. DEPARTMENT OF EDUCATION
Vocational Rehabilitation Cluster
Questioned Cost: $474

The procedures surrounding the Department of Human Service's eligibility determination process and Individualized Plan for Employment (IPE) development process for the Vocational Rehabilitation program are not adequate.

One out of 60 (1.7%) of the client files tested was for an individual who was determined to be eligible but the determination was not made within 60 days of application and there was no extension on file. Additionally, 1.7% (1/60) of the client files tested had an IPE that was not reviewed with the client annually as required. These payments totaled $474. These errors, when projected to the entire population, indicate a potential error of $202,476.

34 CFR 361.41(b)(1) states that once an individual has submitted an application for vocational rehabilitation services, an eligibility determination must be made within 60 days unless a signed extension is on file.

34 CFR 361.45(d)(5) states that the IPE must be reviewed at least annually by a qualified vocational rehabilitation counselor and the eligible individual or, as appropriate, the individual's representative to assess the eligible individual's progress in achieving the identified employment outcome.

Recommendation:

We recommend the Department of Human Services:

a) Make a timely eligibility determination for all individuals that apply for vocational rehabilitation services; and
b) Ensure that the Individualized Plan for Employment is reviewed by both the vocational rehabilitation counselor and the client on at least an annual basis.

Corrective Action Plan:

The Department will continue to enhance and reinforce procedures to ensure eligibility determinations are completed within required time frames and ensure that Individualized Plan for Employment reviews are completed at least annually.

Finding 10-24
CFDA # Various
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES
All grants receiving ARRA funding
Questioned Cost: $0

The Department of Human Services did not properly ensure that subrecipients are maintaining current information with the Central Contractor Registration (CCR) for projects funded under the American Recovery and Reinvestment Act (ARRA).

2 CFR section 176.50(c) and Section 1512(h) of ARRA require that recipients and their first-tier subrecipients must maintain current registrations in the Central Contractor Registration at all times during which they have active federal awards funded with Recovery Act funds.

Recommendation:

We recommend the Department of Human Services ensure that subrecipients receiving awards under the American Recovery and Reinvestment Act maintain current information in the Central Contractor Registration system in accordance with the American Recovery and Reinvestment Act Section 1512(h) and Code of Federal Regulations Section 176.50(c).

Corrective Action Plan:

The Department has established procedures to ensure subrecipients receiving American Recovery and Reinvestment Act funds have current information registered in the Central Contractor Registration system.

Finding 10-25
CFDA #Various
VARIOUS FEDERAL AGENCIES
Various Federal Programs
Questioned Cost: $0

The Schedule of Federal Expenditures (SEFA) prepared by the Department of Human Services was inaccurate, which caused the Office of Management and Budget to process corrections to the statewide SEFA.

The following errors were noted on the fiscal year 2009 SEFA:

- The amount of expenditures for the Supplemental Nutrition Assistance Program (CFDA #10.551) was under reported by $7,484,739.
- The amount shown as being provided to subrecipients for Temporary Assistance for Needy Families (CFDA #93.558) was over reported by $169,324.
- The amount shown as being provided to subrecipients for the Special Programs for the Aging (CFDA #93.044) was under reported by $119,204.

- The wrong CFDA number and program title was used to record $8,013 of Vocational Rehabilitation, Recovery Act Program (CFDA #84.390A) expenditures. In addition, this amount was incorrectly listed as being provided to subrecipients.
- Information for federal assistance received from another state entity, North Dakota Department of Health, was incorrectly included on the SEFA for CFDA #93.994.

The following errors were noted on the fiscal year 2010 SEFA:

- Twelve programs were not properly designated as being part of a Federal cluster.
- The amount of expenditures reported for the Vocational Rehabilitation (CFDA # 84.126) was under reported by $ 610,740.
- The amount reported as being provided to subrecipients for the Low Income Home Energy Assistance Program (CFDA # 93.568) was over reported by $ 6,599,114
- The amount report as being provided to sub recipients for Temporary Assistance for Needy Families (CFDA # 93.558) was over reported by 280,957.

OMB Circular A-133.310(b)(1-6), states that the grantee is responsible for the preparation of the Schedule of Federal Awards.

Recommendation:

We recommend that the Department of Human Services use appropriate care and comply with OMB Circular A-133 when preparing the Schedule of Expenditure of Federal Awards to ensure all of the information included is proper.

Corrective Action Plan:

The Department will enhance procedures to ensure the Schedule of Federal Awards is completed accurately and in compliance with OMB Circular A-133.

DEPARTMENT OF PUBLIC INSTRUCTION

Finding 10-26
CFDA # 84.389, 84.391, 84.392
U.S. DEPARTMENT OF EDUCATION
Title I Grants to Local Agencies, Recovery Act;
Special Education Grants to States, Recovery Act;
Special Education Preschool Grants, Recovery Act

Questioned Cost: $0

The Department of Public Instruction does not have procedures in place to:

- Identify to first-tier subrecipients the requirement to register in the Central Contractor Registration (CCR);
- Ensure the CCR information is kept current.

2 CFR section 176.50(c) and Section 1512(h) of ARRA require that recipients and their first-tier recipients must maintain current registrations in the Central Contractor Registration at all times during which they have active federal awards funded with Recovery Act funds.

Recommendation:

We recommend the Department of Public Instruction:

1. Identify to first-tier subrecipients the requirement to register in the Central Contractor Registration (CCR);
2. Ensure subrecipients' information in the CCR is kept current.

Corrective Action Plan:

The Department of Public Instruction (Department) concurs with the first section of the finding in that we do not have procedures in place to ensure American Recovery and Reinvestment Act (ARRA) sub recipients are registered in the CCR. However, the Department does not agree with the second section of the finding for the following reasons:

When the Department awarded the ARRA funds to sub recipients, we had conflicting guidance. Based on this guidance, it was our understanding that only the state agency needed to be registered in the CCR. In addition, we do not feel it is beneficial for the Department to implement procedures now to ensure ARRA subrecipients are both registered and keeping their registrations current in the CCR since:

- *CCR registration is only a requirement of the one-time ARRA funding and is not a requirement of the regular annual grant funds.*

- *All of the ARRA grants have been awarded and the majority of those grants are nearing completion. The ARRA funds listed in the finding must be obligated by September 30, 2011.*
- *CCR registration and the process of keeping the registrations current is a time burden to the school districts with minimal value to the districts or the Department.*

Auditor Rebuttal:

This planned corrective action plan is not adequate to resolve the issue as ARRA funds will be available thru September 30, 2011 - which is 15 months into our next Single Audit period. The fact that ARRA funding is one-time is irrelevant.

We believe the Department of Public Instruction should be requiring any subrecipients that receive ARRA funds be properly registered in the CCR as the federal government has the authority to require the relevant ARRA funds be repaid.

Finding 10-27
CFDA # Various
U.S. DEPARTMENT OF EDUCATION
All grants with subrecipients

Questioned Cost: $0

The Department of Public Instruction is not taking appropriate action using sanctions in cases of continued inability or unwillingness of a subrecipient to have the required audits. The following subrecipients have continued to be unable or unwilling to have the required audits in accordance with OMB Circular A-133, with the last known audit report dates in parenthesis: Fort Totten Public School District (2006), Fort Yates Public School (2006), Solen Public School (2005), and Twin Buttes Public School (2008).

OMB Circular A-133 section .400(d)(4) states that a pass-through entity is responsible for ensuring that subrecipients expending $500,000 or more in federal awards during the subrecipient's fiscal year have met the audit requirements of OMB Circular A-133. Further, OMB Circular A-133 section .225 states that in cases of continued inability or unwillingness of a subrecipient to have the required audits, the pass-through entity shall take appropriate action using sanctions.

Recommendation:

We recommend the Department of Public Instruction take appropriate action using sanctions in cases of continued inability or unwillingness of a subrecipient to have the required audits.

Corrective Action Plan:

The Department concurs with the finding and will implement it accordingly.

Finding 10-28
CFDA # 84.010/84.389
U.S. DEPARTMENT OF EDUCATION
Title I, Part A Cluster

Questioned Cost: $0

The list of Title I districts and schools identified for improvement, corrective action, or restructuring under Section 1116 for the school year 2009-10 submitted by the Department of Public Instruction in the Consolidated State Performance Report for reporting on school year 2008-09 did not properly list all the districts and schools identified.

Section 1116(c)(3) of the Elementary and Secondary Education Act requires that a state shall identify for improvement any LEA that, for two consecutive years, failed to make adequate yearly progress as defined in the state's plan. The data included in the reports must be accurate.

Recommendation:

We recommend the Department of Public Instruction properly identify Title I districts and schools identified for improvement, corrective action, or restructuring in the Consolidated State Performance Report.

Corrective Action Plan:

In reviewing information submitted for the 2009-2010 Consolidated State Performance Report (Sections 1.4.4.1 and 1.4.5.1), there are schools and districts identified for improvement not represented on the chart.

The ND Department of Public Instruction will revise our chart to properly identify Title I districts and schools identified for improvement, corrective action, or restructuring in the 2009-2010 Consolidated State Performance Report based on data from school year 2008-2009.

The revised Consolidated State Performance Report will be submitted to the US Department of Education.

Finding 10-29
CFDA #10.553/10.555/10.556/10.559 and 10.558
U.S. DEPARTMENT OF AGRICULTURE
Child Nutrition Cluster
Child and Adult Care Food Program
Questioned Cost: $0

The Department of Public Instruction (DPI) is not maintaining accurate and complete records related to the receipt, distribution, and inventory of donated foods. We were unable to start with the 6/30/09 ending inventory and use the client's records of receipts and disbursements of donated foods for the year to arrive at the 6/30/10 ending inventory for 8 of 19 commodities tested. The differences ranged from being under by 219 items to over by 72 items. DPI is unable to search their records to obtain accurate and complete records with respect to the receipt, distribution, and inventory of donated foods.

7 CFR section 250.16(a)(6) states that failure to maintain records with respect to receipt and distribution/use of donated foods shall be considered *prima facie* evidence of improper distribution or loss of donated foods, and the agency, processor, or entity may be required to pay USDA the value of the food or replace it in kind.

Recommendation:

We recommend the Department of Public Instruction maintain accurate and complete records with respect to the receipt, distribution, and inventory of donated foods.

Corrective Action Plan:

Child Nutrition Food Distribution is in the process of developing a new web-based system for managing USDA commodity inventory. The system is designed to track all inventory from the time it is ordered until it is received by a recipient agency. The system is scheduled to be implemented on or before September 30, 2012.

Finding 10-30
CFDA # 84.287
U.S. DEPARTMENT OF EDUCATION
Twenty-First Century Community Learning Centers
Questioned Cost: $10,666

The Department of Public Instruction (DPI) overspent their State Activities allowable amount by $10,666 and underspent their required minimum on State Grants by the same amount. DPI spent 3.2% of their total allotment on State Activities and only spent 94.8% on awards to subrecipients.

Expenditures were coded incorrectly by DPI, resulting in incorrect numbers being reflected in each activity on the state's accounting system.

20 USC 7172(c)(1) states that not less than 95% of the amount allotted to a state must be reserved for awards to subrecipients. 20 USC 7172(c)(3) states that no more than 3% of the state's allotment can be spent on State Activities.

Recommendation:

We recommend the Department of Public Instruction properly track Twenty-First Century Community Learning Center state activity costs to assure compliance with the requirement that no more than 3% of the grant be spent on state activities and no less than 95% be spent on grants to subrecipients.

Corrective Action Plan:

The Department of Public Instruction agrees with the recommendation and will implement it accordingly.

Finding 10-31
CFDA #84.287
U.S. DEPARTMENT OF EDUCATION
Twenty-First Century Community Learning Centers
Questioned Cost: Unknown

The Department of Public Instruction was unable to provide documentation of subrecipient monitoring during the audit period.

OMB Circular A-133 Compliance Supplement states that agencies are responsible for "monitoring the subrecipient's use of Federal awards through reporting, site visits, regular contact, or other means to provide reasonable assurance that the subrecipient administers Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved."

Without a proper review of subrecipients, the Twenty-First Century Community Learning Center program could have unallowable costs that would go undetected and would not be incompliance with Federal regulations for the program.

Recommendation:

We recommend the Department of Public Instruction properly perform and document subrecipient monitoring.

Corrective Action Plan:

The Department of Public Instruction agrees with the recommendation and will implement it accordingly.

DEPARTMENT OF TRANSPORTATION

Finding 10-32
CFDA # 20.205
U.S. DEPARTMENT OF TRANSPORTATION
Highway Planning and Construction Cluster
Questioned Cost: $0

The Department of Transportation did not properly ensure that subrecipients are maintaining current information with the Central Contractor Registration (CCR) for projects funded under the American Recovery and Reinvestment Act (ARRA).

2 CFR section 176.50(c) and Section 1512(h) of ARRA require that recipients and their first-tier subrecipients must maintain current registrations in the Central Contractor Registration at all times during which they have active federal awards funded with Recovery Act funds.

Recommendation:

We recommend the Department of Transportation ensure that subrecipients receiving awards under the American Recovery and Reinvestment Act maintain current information in the Central Contractor Registration system in accordance with the American Recovery and Reinvestment Act Section 1512(h) and Code of Federal Regulations Section 176.50(c).

Corrective Action Plan:

NDDOT will implement procedures at the program level to insure that subrecipients receiving American Recovery and Reinvestment Act awards are properly registered in the Central Contractor Registration system for all future projects involving such funding.

Finding 10-33
CFDA # Various
U.S. DEPARTMENT OF TRANSPORTATION
All grants with subrecipients
Questioned Cost: $0

The Department of Transportation (DOT) does not have procedures in place to ensure that subrecipients spending $500,000 or more in Federal awards have met the audit requirements of OMB Circular A-133.

DOT has procedures for ensuring that audit requirements are met for those subrecipients whose A-133 audits are reviewed by the Office of the State Auditor. DOT also receives some audit reports that are independently submitted to DOT by the subrecipients. However, DOT is not tracking subrecipients to ensure all subrecipients met the audit requirements of OMB Circular A-133.

OMB Circular A-133 section .400(d)(4) requires that a pass-through grantor ensure that subrecipients expending $500,000 or more in Federal awards during the subrecipient's fiscal year have met the audit requirements for that fiscal year.

Recommendation:

We recommend the Department of Transportation ensure that subrecipients expending $500,000 or more in Federal awards have met the audit requirements of OMB Circular A-133.

Corrective Action Plan:

NDDOT will implement procedures both at the program level and at the oversight level to monitor and ensure that the audit requirements of OMB Circular A-133 are properly met.

HIGHWAY PATROL

Finding 10-34
CFDA # 20.218
U.S. DEPARTMENT OF TRANSPORTATION
National Motor Carrier Safety Assistance Program
Questioned Cost: $0

The Highway Patrol does not have adequate internal controls surrounding the National Motor Carrier Safety Assistance Program (MCSAP) reporting process. Reports were not reviewed and approved, eight out of nine reports tested were not submitted timely, and four out of nine reports tested were not submitted for the proper reporting periods. In addition, in fiscal year 2010, the Highway Patrol did not submit the proper quarterly Financial Status Report (SF-425).

The Catalog of Federal Domestic Assistance, under the Post Assistance Requirements for Reports section for the National Motor Carrier Safety Program (MCSAP) states that the financial reporting requirements include the quarterly submission of the Federal Financial Report. For fiscal year 2009, the Federal Financial Report was known as the SF-269. In fiscal year 2010, the Federal Financial Report switched to the SF-425 according to OMB's directive. The instructions for the SF-269 and SF-425 reports state that the quarterly reports must be submitted within 30 days from of the quarter and that quarter end dates are 12/31, 3/31, 6/30, and 9/30.

Recommendation:

We recommend the North Dakota Highway Patrol establish internal controls surrounding federal financial reporting to ensure federal financial reports are submitted in accordance with program guidelines.

Corrective Action Plan:

The Highway Patrol agrees with the finding. All MCSAP program reports are now being prepared and submitted in accordance with program guidelines.

Finding 10-35
CFDA # 20.218
U.S. DEPARTMENT OF TRANSPORTATION
National Motor Carrier Safety Assistance Program
Questioned Cost: $0

The North Dakota Highway Patrol incorrectly calculated the maintenance of effort listed in the Commercial Vehicle Safety Plan (CVSP) for fiscal years 2009 and 2010. In addition, the maintenance of effort calculations for both fiscal years was not adequately supported nor properly reviewed by management.

49 CFR part 350.301 lists the requirements for states to follow when calculating the maintenance of effort for the State.

Recommendation:

We recommend the North Dakota Highway Patrol:

1. establish internal controls to ensure the maintenance of effort is calculated properly;
2. calculate the maintenance of effort for the National Motor Carrier Safety Program in accordance with 49 CFR part 350.301; and
3. ensure the maintenance of effort calculation is properly supported.

Corrective Action Plan:

The Highway Patrol agrees with the finding. Internal controls and other procedures have been established to calculate and properly support the MCSAP program maintenance of effort in compliance with 49 CFR part 350.301.

Finding 10-36
CFDA # 20.218
U.S. DEPARTMENT OF TRANSPORTATION
National Motor Carrier Safety Assistance Program
Questioned Cost: $0

The Highway Patrol included the expenditures for both the federal and state share for the regular Motor Carrier Safety Assistance Program (MCSAP) on the 2009 Schedule of Expenditures of Federal Awards (SEFA) which resulted in the SEFA being overstated by $271,000 and caused the Office of Management and Budget to have to process a correction to the statewide SEFA.

OMB Circular A-133 section .310(b)(3) requires the SEFA to provide the total federal awards expended.

Recommendation:

We recommend the Highway Patrol establish controls to ensure the Schedule of Expenditures of Federal Awards is completed properly.

Corrective Action Plan:

The Highway Patrol agrees with the finding. Procedures have been established to ensure that the Schedule of Expenditures of Federal Awards is accurately prepared.

Finding 10-37
CFDA # 20.218
U.S. DEPARTMENT OF TRANSPORTATION
National Motor Carrier Safety Assistance Program
Questioned Cost: $0

The North Dakota Highway Patrol does large reclassification entries, usually once a year, to ensure National Motor Carrier Safety Assistance Program (MCSAP) payroll expenditures are properly allocated between federal and state funds within the accounting system instead of ensuring the expenditures are properly allocated at the time the transactions are initially posted. Also, due to the timing in which motor pool expenditures get recorded on the state's accounting system each month, the North Dakota Highway Patrol utilizes its Daily Activities System to calculate the monthly motor pool expenditures to be drawn instead of the actual motor pool bill for that month. Both procedures impact the Highway Patrol's ability to provide reliable financial reports.

The Committee of Sponsoring Organizations of the Treadway Commission's *Internal Control - Integrated Framework* defines internal control as a process designed to provide reasonable assurance regarding the achievement of reliable financial reporting.

Recommendation:

We recommend the North Dakota Highway Patrol effectively utilize the state's accounting system to ensure accurate reporting.

Corrective Action Plan:

The Highway Patrol agrees with the finding. All expenses including payroll and motor pool expenses are now being properly allocated between federal and state funds at the time the transactions are posted to the Peoplesoft accounting system.

OFFICE OF MANAGEMENT AND BUDGET

Finding 10-38
CFDA # Various
VARIOUS FEDERAL AGENCIES
Various Federal Programs
Questioned Cost: $0

The clearance patterns developed by the Office of Management and Budget (OMB) did not accurately represent the flow of Federal funds under the Federal assistance programs to which they are applied. OMB did not work with the individual state agencies to determine which months accurately represent the flow of Federal funds.

31 CFR 205.20(b) states, "A State must ensure that clearance patterns meet the following standards: (b) A clearance pattern must accurately represent the flow of Federal funds under the Federal assistance programs to which it is applied."

Recommendation:

We recommend the Office of Management and Budget work with state agencies when calculating clearance patterns in order to determine which months accurately represent the flow of Federal funds under each Federal assistance program to which it is applied.

Corrective Action Plan:

OMB concurs. We are currently looking into this for future clearance patterns.

DICKINSON STATE UNIVERSITY (DSU)

Finding 10-39
CFDA # 84.032
U.S. DEPARTMENT OF EDUCATION
Federal Student Aid Cluster

Questioned Cost: $0

We noted an instance at DSU where a student's Satisfactory Academic Progress (SAP) appeals (5 appeals with 4 approved) do not appear to meet the criteria suggested by the Department of Education, or as outlined in the school's own SAP appeal form which attempts to incorporate federal criteria. The student provided a number of reasons in his appeals for failing to meet the SAP requirements such as bad study habits, stress, relationship problems, not following the professor's teaching style, and too many distractions in the dorm.

The following criteria are from related sections of the SFA Handbook : Chapter 1, page 1-10, on student eligibility under qualitative standards, states: "…You may grant appeals for students who fail this standard due to injury or illness, the death of a relative, or other special circumstances." Additionally, in the same chapter, page 1-13, under Probation and Appeals, it outlines reasons appeals might be approved and states, "…Circumstances might include, among other things, the student being ill, employed full-time, or out of school for a long while." Other sources of SAP eligibility criteria are HEA 484(a)(2) & (c), and 34 CFR 668.16 (e), 668.32(f) and 668.

Moreover, DSU's own SAP appeal form gives examples of extenuating circumstances that won't be considered for appeal. The list includes roommate problems and dislike of classes/teachers. These are similar to some of the circumstances cited in the student's successful appeals.

Recommendation:

We recommend that DSU's Financial Aid Office:

- Follow federal regulations and its' own policies, when approving SAP appeals;
- Better document reasons for granting approvals of SAP appeals;
- Obtain compelling corroborating evidence from the student and/or 3rd party that properly supports the reasons for approving an appeal including but not limited to, a statement from a doctor or mental health professional, information and support from the student's Advisor and/or School Counselor, statement from a lawyer in a divorce settlement, or a police report.

Corrective Action Plan:

DSU Disagrees. Institutions are given the authority to approve appeals due to "other special circumstances." Appeals are evaluated on a case-by-case basis, and if there is documented evidence an, appeal may be approved.

The mitigating circumstances differed every term the student did not maintain Satisfactory Academic Progress. Pertinent documentation from a third party was received prior to each approval/denial. This particular student has declared three different majors at two different institutions, and in the Fall 2010, this student did successfully complete 100% (16/16) of credits attempted.

Auditor's Rebuttal:

While we appreciate the fact the student passed 16/16 credits in the fall of 2010, DSU had no way of knowing that at the time the appeals were approved so that information is not relevant. What DSU fails to mention is that this was subsequent to being disqualified for SFA again after the student's last appeal, and after switching to half time and moving out of the dorm. The student received one C and one F at half time after the student's last appeal and therefore received no aid for fall 2010. Finally, the last appeal filed by the student was not signed or dated by the student. The top portion was completed but there was no category selected from the checklist of extenuating circumstances. This does not appear to us as adequately documented evidence.

We disagree with DSU's assertion that each set of circumstances listed by the student was unique. We believe they were similar in nature.

NORTH DAKOTA STATE UNIVERSITY (NDSU)

Finding 10-40
CFDA # 81.502
U.S. DEPARTMENT OF ENERGY
Research and Development Cluster
Questioned Cost: Unknown

Internal service fund costs were charged to users based on negotiated service level agreements (SLA), rather than using a uniform fee schedule for all users. Fund 22129, an internal service fund, used a SLA to charge costs of $229,079 to a federal project (FAR0014451) in fiscal year 2010. We noted the following inconsistencies in the SLA and in the internal service fund for fiscal year 2010:

- Of the $229,079 direct cost charge, $219,856 was for system administration that was based on an hourly rate of $56 (calculated by averaging the salary, plus operating expenses, of the primary employees working on this SLA). NDSU used 3,200 hours as the annual workable hours to calculate the $56 hourly rate; however, the SLA charged for 3,926 hours @ $56 per hour to get the system administration charge of $219,856. This is a difference of 726 hours totaling $40,656.
- The internal service fund had other users that were billed through other negotiated service level agreements.
- The internal service fund transferred $3,310 to another internal service fund to cover the other fund's deficit.

Circular A-21, Cost Principles for Educational Institutions, Appendix A, provides guidance to ensure that each educational institution's practices used in estimating costs for a proposal are consistent with cost accounting practices used by the educational institution in accumulating and reporting costs. Consistency in the application of cost accounting practices is necessary to enhance the likelihood that comparable transactions are treated alike. With respect to individual sponsored agreements, the consistent application of cost accounting practices will facilitate the preparation of reliable cost estimates used in pricing a proposal and their comparison with the costs of performance of the resulting sponsored agreement. Such comparisons provide one important basis for financial control over costs during sponsored agreement performance and aid in establishing accountability for costs in the manner agreed to by both parties.

Recommendation:

We recommend that NDSU establish a fee schedule for each internal service fund based on actual costs and apply the fee schedule to all users of the internal service fund.

Corrective Action Plan:

NDSU agrees. The NDSU IT Division is in the process of a comprehensive cost study which will address these concerns. NDSU plans to restructure the new service level agreement applicable to fiscal year 2011 to adjust for the situation in the first bullet point. This federal project's ending date is September 30, 2011, so this reduced cost in the new service level agreement should correctly update the charges to the project. In addition, we agree that the $3,310.05 transfer entry was a mistake. A journal entry has now been made to reverse this error (journal ID: IDB0585259; dated 2/28/2011).

UNIVERSITY OF NORTH DAKOTA (UND)

Finding 10-41
CFDA # 84.032
U.S. DEPARTMENT OF EDUCATION
Federal Student Aid Cluster

Questioned Cost: $6,997

UND over-awarded two students for Federal Stafford Subsidized loans. In one instance, it appears the original Cost of Attendance (COA) budget for the student was based on the student being a non-resident for tuition purposes. When a change in residency (to resident for tuition purposes) was granted, UND increased the student's COA using the low end of the Consumer Price Index (CPI) for this region instead of reducing the Stafford award for the second semester. This resulted in an over-award of $3,182. In the second instance, UND adjusted the COA using the medium CPI for the region to avoid an over-award due to the student receiving an external scholarship. Additionally, when the student subsequently received a Graduate Tuition waiver (also causing an over-award) UND used professional judgment to include insurance premiums of $900 for each semester to increase the student's COA, instead of reducing the award. This resulted in an over-award of $3,815.

While Professional Judgment allows great latitude to financial aid administrators, the Federal Student Aid Handbook's (FSAH) Application and Verification Guide, Chapter 5, under Professional Judgment states in part, "…The law doesn't allow you to modify either the formula or the tables used in the EFC (Expected Family Contribution) calculation; you can only change the cost of attendance or the values of specific data elements used in the EFC calculation. In addition, you can't adjust data elements or the cost of attendance solely because you believe the tables and formula are not adequate or appropriate. The data elements that are adjusted must relate to the student's special circumstances.… Occasionally aid administrators have made decisions contrary to the professional judgment provision's intent. These "unreasonable" judgments have included, for example, the reduction of EFCs based on recurring costs such as vacation expenses, tithing expenses, and standard living expenses (related to utilities, credit card expenses, children's' allowances, and the like). Aid administrators must make "reasonable" decisions that support the intent of the provision. Your school is held accountable for all professional judgment decisions and for fully documenting each decision."

Additionally, Volume 5, Chapter 1 of the FSAH states in part, "…If a student becomes ineligible for only a part of an FFEL disbursement, you can return all the funds or only the amount for which the student is ineligible. A school that returns the entire disbursement must request a disbursement for the correct amount. You must provide the lender with a written statement describing why the funds were returned, and the lender must credit to the borrower's account the portion of the insurance premium and origination fee attributable to the amount returned. If you return the entire amount and ask for a new disbursement, the student will pay only for the reduced insurance premium and origination fee (if applicable) attributable to the reduced loan amount."

Recommendation:

We recommend that UND:

- Reduce the amount of federal financial aid downward, instead of adjusting the Cost of Attendance (COA) upward, in cases where a change in the student's residency status for tuition and fees reduces the COA, and for cases where additional awards cause over-awards (i.e. additional scholarships, tuition waivers, etc.); and
- Apply professional judgment more prudently when adjusting student awards to ensure that the adjustment relates to the special circumstances that differentiate a given student's condition.

Corrective Action Plan:

UND agrees. UND has put procedures in place to implement the recommendations from this point forward. While we agree that the use of the CPI increase was not appropriately documented in this case, this student was not actually over-awarded. The student had flight costs, which when added to the standard resident budget, justified all of the aid received. Standard resident budget plus flight costs for fall and spring equaled $22,581. The student received $21,200 in financial aid.

The Handbook citation, while it describes the parameters of professional judgment, also suggests actions that did not occur. At no time did UND modify the formula or tables used in the EFC calculation, adjust data elements or the COA solely because we believed the tables and formula are not adequate or appropriate, or reduce EFC based on recurring costs.

Auditor's Rebuttal:

While UND addresses one issue with its response, it fails to address the second issue. In both cases Cost of Attendance (COA) was adjusted upwards instead of adjusting financial aid downward. While it is possible that one of them was not over-awarded after UND recalculated using all costs and subsequent available information, as UND does state, it "was not appropriately documented". For the other student we still maintain that he would have been over-awarded had UND not adjusted the COA upward. It's contradictory that UND agrees with the recommendation and then goes on to explain how it didn't violate any procedures. In our opinion they adjusted the COA upward to avoid an over-award because it was the easiest way to fix the over-award.

STATE OF NORTH DAKOTA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the fiscal years ended June 30, 2010 and 2009
By State Agency

DEPARTMENT OF HUMAN SERVICES

Finding 08-1	Page 95
CFDA # 93.778:	U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES Centers for Medicare and Medicaid Services Medical Assistance Program
Questioned Cost:	Unknown
Recommendation:	We recommend the Department of Human Services ensure the administrator of the SURS unit has the necessary knowledge and skills to conduct utilization reviews and identify suspected fraud by requiring the administrator to have the following qualifications as required by the Medicaid program: • Professional certification, license, or specialized training related to Medicaid claims; • Positive reputation and standing of licensed medical professionals in the view of peers; and • Experience in the type of tasks to be performed
Status:	Partially Implemented. Additional information in regards to this corrective action plan was requested and sent to CMS on August 11, 2010. The Department has not received a response back from CMS. In addition, the Administrator of the SURS unit began taking the courses necessary to become a Certified Fraud Examiner. See current year finding 10-13.

STATE OF NORTH DAKOTA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the fiscal years ended June 30, 2010 and 2009
By State Agency

Finding 08-2	Page 96
CFDA # 93.778:	U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES Centers for Medicare and Medicaid Services Medical Assistance Program
Questioned Cost:	Unknown
Recommendation:	We recommend the Department of Human Services ensure the SURS unit is executing their sampling plan to identify suspected cases of fraud within the Medicaid program.
Status:	Finding was implemented in accordance with the corrective action plan. Additional information in regards to this corrective action plan was requested and sent to CMS on August 11, 2010. The Department has not received a response back from CMS.

Finding 08-3	Page 97
CFDA # 93.778:	U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES Centers for Medicare and Medicaid Services Medical Assistance Program
Questioned Cost:	Unknown
Recommendation:	We recommend the Department of Human Services implement procedures to ensure: • All applicable Medicaid provider files contain the federal form W-9 and provider agreement; and • Out-of-state providers and in-state privately owned clinics without a lab meet the prescribed health and safety standards.
Status:	Not Implemented. Additional information in regards to this corrective action plan was requested and sent to CMS on August 11, 2010. The Department has not received a response back from CMS. See current year finding 10-17.

STATE OF NORTH DAKOTA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the fiscal years ended June 30, 2010 and 2009
By State Agency

Finding 08-4	Page 98
CFDA # 93.778:	U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES Centers for Medicare and Medicaid Services Medical Assistance Program
Questioned Cost:	$0
Recommendation:	We recommend the Department of Human Services conduct a risk analysis of the Medicaid system and any additions/modifications to that system every biennium and maintain documentation of the analysis for review.
Status:	Partially Implemented. Additional information in regards to this corrective action plan was requested and sent to CMS on August 11, 2010. The Department has not received a response back from CMS. See current year finding 10-16.

Finding 08-5	Page 99
CFDA # 93.558:	U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES Administration for Children and Families Temporary Assistance for Needy Families
Questioned Cost:	$2,171
Recommendation:	We recommend the Department of Human Services take steps to ensure all TANF payments are proper including additional training to caseworkers on the IEVS requirements.
Status:	Finding was implemented in accordance with the corrective action plan; however the corrective action plan was not sufficient to implement the recommendation. See current year finding 10-20.

STATE OF NORTH DAKOTA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the fiscal years ended June 30, 2010 and 2009
By State Agency

Finding 08-6	Page 100
CFDA # 93.575: 93.596	U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES Administration for Children and Families CCDF Cluster
Questioned Cost:	$801
Recommendation:	We recommend the Department of Human Services notify eligibility workers of the proper procedures that must be followed when inputting data into the Excel Child Care spreadsheet and that DHS provide additional training in this area as needed. We also recommend the Department of Human Services provide additional guidance and/or training to eligibility workers regarding what documentation is required to be maintained in the client's case file to adequately support benefit payments and eligibility determination.
Status:	Finding was implemented in accordance with the corrective action plan; however the corrective action plan was not sufficient to implement the recommendation. See current year finding 10-22.

Finding 08-7	Page 101
CFDA # 84.126:	U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES Vocational Rehabilitation Services – Basic Support
Questioned Cost:	$0
Recommendation:	We recommend the Department of Human Services continue to strengthen internal controls surrounding the reporting procedures to ensure the required financial reports for Vocational Rehabilitation are properly completed and accurate and that these reports be reviewed and/or approved by an appropriate individual.
Status:	Finding was implemented in accordance with the corrective action plan.

Finding 08-8	Page 102
CFDA # 84.126:	U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES Vocational Rehabilitation Services – Basic Support
Questioned Cost:	$2,526
Recommendation:	We recommend the Department of Human Services: • Make a timely eligibility determination for all individuals that apply for vocational rehabilitation services; and • Keep documentation on file to show that the individual meets all the eligibility requirements.
Status:	Finding was partially implemented in accordance with the corrective action plan. See current year finding 10-23.

DEPARTMENT OF PUBLIC INSTRUCTION

Finding 08-9	Page 103
CFDA # 84.367:	U.S. DEPARTMENT OF EDUCATION Improving Teacher Quality State Grants
Questioned Cost:	Unknown
Recommendation:	We recommend the Department of Public Instruction calculate each school district's allocation using a hold-harmless amount based on the amount of funds the school district received in fiscal year 2001 under the former Eisenhower Professional Development and Class-Size Reduction programs or obtain authorization from the US Department of Education to use an alternative method.
Status:	The finding was implemented in accordance with the corrective action plan.

STATE OF NORTH DAKOTA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the fiscal years ended June 30, 2010 and 2009
By State Agency

Finding 08-10	Page 103
CFDA # 84.287:	U.S. DEPARTMENT OF EDUCATION Twenty-First Century Community Learning Center Grant
Questioned Cost:	$84,842
Recommendation:	We recommend the Department of Public Instruction provide more definitive guidelines for the learning centers to follow under the 21st Century Community Learning Center Grant.
Status:	The finding was implemented in accordance with the corrective action plan.

Finding 08-11	Page 104
CFDA # 84.010:	U.S. DEPARTMENT OF EDUCATION Title I Grants to Local Educational Agencies
Questioned Cost:	$0
Recommendation:	We recommend the Department of Public Instruction keep proper support for the amounts submitted on the State Per Pupil Expenditure report.
Status:	The finding was implemented in accordance with the corrective action plan.

STATE OF NORTH DAKOTA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the fiscal years ended June 30, 2010 and 2009
By State Agency

DEPARTMENT OF TRANSPORTATION

Finding 08-12	Page 105
CFDA # Various:	U.S. DEPARTMENT OF TRANSPORTATION All grants with journal vouchers processed
Questioned Cost:	Unknown
Recommendation:	We recommend the Department of Transportation monitor the accounting system access privileges to ensure segregation of data entry and approval roles for proper approval of journal vouchers by an appropriate level of management.
Status:	NDDOT has fully implemented the original action plan. The NDDOT has taken the steps necessary to segregate the data entry and approval roles to insure proper approval of journal vouchers pursuant to this finding. Access privilege requests are being reviewed prior to setup to insure appropriate segregation of roles. Additionally, access privileges are being periodically reviewed to insure that accounting system access remains appropriate for each individual's role and their level of authority and responsibility within the organization.

HEALTH DEPARTMENT

Finding 08-13	Page 107
CFDA # 10.557:	U.S. DEPARTMENT OF AGRICULTURE Food and Nutrition Service Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)
Questioned Cost:	Unknown
Recommendation:	We recommend that the Health Department comply with 7 CFR 246.12 (f)(2)(iv) by using 60 days from the first date on which the food instrument may be used as the redemption period for vendors.
Status:	The finding was implemented in accordance with the corrective action plan.

STATE OF NORTH DAKOTA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the fiscal years ended June 30, 2010 and 2009
By State Agency

Finding 08-14	Page 107
CFDA # 10.557:	U.S. DEPARTMENT OF AGRICULTURE Food and Nutrition Service Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)
Questioned Cost:	$0
Recommendation:	We recommend that the ND Health Department work with Bank of North Dakota to get a system in place to perform a “one-to-one” reconciliation in order to determine if food instruments are either issued or voided, and as either redeemed or unredeemed.
Status:	The finding was implemented in accordance with the corrective action plan.

Finding 08-15	Page 108
CFDA # 10.557:	U.S. DEPARTMENT OF AGRICULTURE Food and Nutrition Service Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)
Questioned Cost:	$0
Recommendation:	We recommend that the North Dakota Health Department: • Properly document the detection date and what is being done to resolve questionable food instruments in order to determine that questionable food instruments are followed up on within 120 days following detection; and • Ensure that all erroneous Food Instruments are detected and followed up on.
Status:	The finding was implemented in accordance with the corrective action plan.

Finding 08-16	Page 109
CFDA # 10.557:	U.S. DEPARTMENT OF AGRICULTURE Food and Nutrition Service Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)
Questioned Cost:	$0
Recommendation:	We recommend that the Health Department follow 7 CFR 246.12(j)(4) and (5) by: • Keeping documentation of the active vendors as of October 1st of each year, • Properly tracking compliance investigations, and • Ensuring that the proper information is provided to the federal government on the TIP report.
Status:	Findings were implemented in accordance with the corrective action plan however other issues were noted with the WICnet system (which were corrected). We continue to train staff on correct entry of vendor information and monitor the system and make adjustments as necessary to ensure accuracy. Please note as well, that the USDA now provides a report for states to use as the pool of vendors to establish the 5% threshold. In the future, and in agreement with the state auditor, it will no longer be necessary for the WIC Program staff to print off the active vendor list on October 1 of each year (bullet #1).

Finding 08-17	Page 110
CFDA # 10.557:	U.S. DEPARTMENT OF AGRICULTURE Food and Nutrition Service Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)
Questioned Cost:	$0
Recommendation:	We recommend that the Health Department limit access rights to the WICnet system to ensure that only competent professional authorities have the access to determine the nutritional risk of WIC applicants.
Status:	The finding was implemented in accordance with the corrective action plan.

Finding 08-18	Page 111
CFDA # 10.557:	U.S. DEPARTMENT OF AGRICULTURE Food and Nutrition Service Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)
Questioned Cost:	Unknown
Recommendation:	We recommend that the Health Department properly implement segregation of duties at the local agencies and clinics to ensure that there is more than one individual determining eligibility, assessing the nutritional risk, making certifications, and issuing food instruments to eligible individuals.
Status:	The finding was implemented in accordance with the corrective action plan.

NORTH DAKOTA HIGHWAY PATROL

Finding 08-19	Page 112
CFDA # 20.218:	U.S. DEPARTMENT OF TRANSPORTATION National Motor Carrier Safety
Questioned Cost:	$0
Recommendation:	We recommend the North Dakota Highway Patrol submit the Financial Status Report (SF 269) quarterly.
Status:	As of fiscal 2011 the Financial Status Reports are now being prepared and submitted to the Federal Motor Carrier Safety Administration office on a quarterly basis during each federal fiscal year. See current year finding 10-34.

Finding 08-20	Page 112
CFDA # 20.218:	U.S. DEPARTMENT OF TRANSPORTATION National Motor Carrier Safety
Questioned Cost:	$0
Recommendation:	We recommend the North Dakota Highway Patrol calculate the maintenance of effort for the National Motor Carrier Safety Program in accordance with 49 CFR part 350.301.
Status:	As of fiscal 2011, in order to remedy the deficiencies in the original method of computation of the MOE amount, the Highway Patrol has established a new method of calculating the MOE amount which will be in compliance with 49 CFR part 350.301. See current year finding 10-35.

NORTH DAKOTA UNIVERITY SYSTEM

Finding 08-21	Page 114
CFDA # Various:	U.S. DEPARTMENT OF EDUCATION Student Financial Aid Cluster
Questioned Cost:	$0
Recommendation:	We recommend that the North Dakota University System (NDUS) develop and implement a policy and system, preferable automated, at all schools to address Standards of Academic Progress (SAP) monitoring for collaborative students that don't take a class at the school that gives them financial aid. We suggest that the NDUS follow Minot State University's policies that require the student to take at least one class per semester at the host school (the school that provides the financial aid) ensuring the student shows up on SAP progress exception reports, if applicable. Monitoring for these students should include both the quantitative and qualitative measurements. Not only does GPA (qualitative) need to be evaluated but quantitative factors such as completing 66.7% of classes attempted and a maximum time frame not to exceed 150% of the program length need to be addressed.
Status:	The finding was implemented in accordance with the corrective action plan.

STATE OF NORTH DAKOTA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the fiscal years ended June 30, 2010 and 2009
By State Agency

Finding 08-22	Page 115
CFDA # Various:	VARIOUS FEDERAL AGENCIES All federal programs at the colleges and universities
Questioned Cost:	$0
Recommendation:	We recommend that a system, preferably automated, for tracking awards with a matching/cost share requirement be designed and implemented as soon as possible.
Status:	The finding was implemented in accordance with the corrective action plan.

Finding 08-23	Page 116
CFDA # Various:	VARIOUS FEDERAL AGENCIES Various Federal Programs)
Questioned Cost:	$0
Recommendation:	We recommend all institutions use appropriate care and comply with OMB Circular A-133 by preparing the Schedule of Expenditures of Federal Awards which present proper titles, amounts, CFDA numbers, and classifications for clusters.
Status:	The finding was implemented in accordance with the corrective action plan.

STATE OF NORTH DAKOTA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the fiscal years ended June 30, 2010 and 2009
By State Agency

LAKE REGION STATE COLLEGE

Finding 08-24	Page 116
CFDA # 84.038:	U.S. DEPARTMENT OF EDUCATION Federal Perkins Loan Program
Questioned Cost:	$5,123
Recommendation:	We recommend that Lake Region State College deposit institutional capital contributions into the Perkins fund any time the cash balance falls below zero and properly report balances on the FISAP.
Status:	The finding was implemented in accordance with the corrective action plan.

Finding 08-25	Page 118
CFDA # 84.038:	U.S. DEPARTMENT OF EDUCATION TRIO – Student Support Services
Questioned Cost:	$350,792
Recommendation:	We recommend that: • Management design and implement a system to meet the requirement for after-the-fact confirmation of payroll distributions. • Lake Region State College either come to a mutually satisfactory solution with the Department of Education to resolve the noncompliance noted or reimburse the Department of Education $350,792 for all TRIO payroll related expenses during FY 2007 & 2008.
Status:	The finding was implemented in accordance with the corrective action plan.

STATE OF NORTH DAKOTA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the fiscal years ended June 30, 2010 and 2009
By State Agency

LAKE REGION STATE COLLEGE
MAYVILLE STATE UNIVERSITY

Finding 08-26	Page 119
CFDA # 84.038:	U.S. DEPARTMENT OF EDUCATION Federal Pell Grant Program
Questioned Cost:	$14,353
Recommendation:	We recommend that Lake Region State College (LRSC) and Mayville State University improve procedures to properly account for Pell funds received and used. In addition, LRSC should return $5,408 to the Pell program from institutional funds.
Status:	The finding was implemented in accordance with the corrective action plan.

MAYVILLE STATE UNIVERSITY

Finding 08-27	Page 119
CFDA # 84.063:	U.S. DEPARTMENT OF EDUCATION Federal Pell Grant Program
Questioned Cost:	$14,353
Recommendation:	We recommend that Mayville State University Head Start comply with all reporting rules and regulations by: • Submitting financial reports on a timely basis with accurate, complete and supportable information; • Recording all matching and program income on the general ledger and reports; • Properly classifying and timely recording all revenues and expenses, and • Complying with appropriate year-end close outs of grant funds
Status:	The finding was implemented in accordance with the corrective action plan.

Finding 08-28		Page 121
CFDA #	84.007:	U.S. DEPARTMENT OF EDUCATION
	84.033	Federal Supplemental Education Opportunity Grants
	84.038	Federal Workstudy
		Federal Perkins Loan Program
Questioned Cost:		$0
Recommendation:		We recommend that Mayville State University reconcile programs and fiscal records on a monthly basis and properly report balances on the FISAP.
Status:		The finding was implemented in accordance with the corrective action plan.

NORTH DAKOTA STATE COLLEGE OF SCIENCE

Finding 08-31		Page 124
CFDA #	84.007:	U.S. DEPARTMENT OF EDUCATION
	84.033	Federal Supplemental Education Opportunity Grants
	84.038	Federal Workstudy
		Federal Perkins Loan Program
Questioned Cost:		$9,732
Recommendation:		We recommend that NDSCS • Immediately deposit the understated cash into the Perkins fund; • Reconcile program and fiscal records on a monthly basis; and • Properly report balances on the FISAP.
Status:		This finding has been implemented in accordance with the corrective action plan.

STATE OF NORTH DAKOTA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the fiscal years ended June 30, 2010 and 2009
By State Agency

NORTH DAKOTA STATE UNIVERSITY

Finding 08-32	Page 126
CFDA # 10.500:	U.S. DEPARTMENT OF AGRICULTURE Cooperative Extension Service
Questioned Cost:	$12,741
Recommendation:	We recommend that monitoring of new employees be improved to ensure proper cost share requirements are met.
Status:	This finding has been implemented in accordance with the corrective action plan.

Finding 08-33	Page 127
CFDA # Various:	U.S. DEPARTMENT OF EDUCATION TRIO – Student Support Services
Questioned Cost:	$383,777
Recommendation:	We recommend that: • Management ensures earmarking requirements are properly monitored and met going forward. • North Dakota State University come to a mutually satisfactory solution with the Department of Education to resolve the noncompliance noted or reimburse the Department of Education $383,777.
Status:	The finding was implemented in accordance with the corrective action plan.

STATE OF NORTH DAKOTA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the fiscal years ended June 30, 2010 and 2009
By State Agency

UNIVERSITY OF NORTH DAKOTA

Finding 08-35	Page 128
CFDA # 84.038:	U.S. DEPARTMENT OF EDUCATION Federal Perkins Loan Program
Questioned Cost:	$707,805
Recommendation:	We recommend that the University of North Dakota deposit institutional funds into the Perkins fund when the cash balance is below zero.
Status:	The finding was implemented in accordance with the corrective action plan.

STATE OF NORTH DAKOTA
NORTH DAKOTA STATE AGENCIES
(With Acronyms)

For the Fiscal Years Ended June 30, 2010 and 2009

Acronym	Agency
10100	Governor's Office
10800	Secretary of State
11000	Management and Budget
11200	Information Technology Department
11700	Auditor
12500	Attorney General
18000	State Courts
20100	Public Instruction
25000	Library
25300	School for the Blind
27000	Career and Technical Education
30100	Health Department
31300	Veterans' Home
32500	Human Services
36000	Protection and Advocacy
40100	Insurance Department
40500	Industrial Commission
40600	Labor Department
40800	Public Service Commission
41200	Aeronautics
50400	Highway Patrol
53000	Corrections and Rehabilitation
54000	Adjutant General
60100	Commerce
60200	Agriculture
70100	Historical Society
70900	Arts Council
72000	Game and Fish

75000	Parks and Recreation
77000	Water Commission
80100	Transportation
BSC01	Bismarck State College
DSU01	Dickinson State University
LRSC1	Lake Region State College
MASU1	Mayville State University
MISU1	Minot State University
MISUB	Minot State University - Bottineau
NDSCS	North Dakota State College of Science
NDSU1	North Dakota State University
NDUSO	University System
UND01	University of North Dakota
VCSU1	Valley City State University
WSC01	Williston State College

Comprehensive Annual Financial Report

2009

For the Fiscal Year Ended June 30, 2009

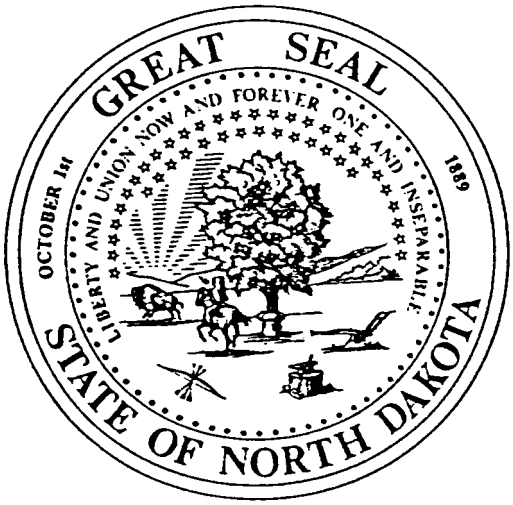
State of North Dakota

STATE OF NORTH DAKOTA

Comprehensive Annual Financial Report

FOR THE FISCAL YEAR ENDED

June 30, 2009



Prepared by the Office of Management and Budget

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This CAFR is also available at our Fiscal Management website: http://www.nd.gov/fiscal/cafr/

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COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
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Drayton Bridge

OFFICE OF MANAGEMENT AND BUDGET

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

December 17, 2009

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, 2009. 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 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, 2009, 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, 2009, 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.

Management's Discussion and Analysis (MD&A) immediately follows the Independent Auditor's Report and provides a narrative introduction, overview and analysis of the basic financial statements. This letter of transmittal is intended to complement MD&A and should be read in conjunction with it.

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 national economy has languished through the worst recession since the Great Depression; in fact the current economic crisis has been referred to as the Great Recession. However, during this period of national economic turmoil, the North Dakota economy has continued to make headlines as it outperforms the nation. The 2007-09 legislative forecast, finalized at the conclusion of the legislative session in April 2007, predicted 2007-09 revenues of $2.257 billion; actual revenues were $2.715 billion, a variance of more than 20%.

While nationally, one in ten workers are unemployed, North Dakota has recorded the lowest unemployment of any state. In October 2009, North Dakota's non-seasonally adjusted unemployment rate was 3.2%, only one-third the national rate of 9.5%.

Several factors have driven this exceptional economic performance. Although the North Dakota economy is increasingly diversified, the agricultural industry continues to play a key role in the state's economy. The USDA reports that North Dakota is the nation's leading producer of durum wheat, spring wheat, barley, oats, flaxseed, canola, sunflowers, and dry edible peas and beans. Agricultural commodity and cattle prices have fallen from recent record highs, but remain high by historic standards.

The energy industry plays an important role in the state's economy. The development of wind and coal resources, the production of ethanol and bio-diesel, and oil and natural gas extraction all contribute the state's economy. Oil production continues to set new records each month and has increased personal income through high wage jobs and mineral owner lease bonuses and royalty payments. North Dakota's current crude oil production ranks fourth in the nation, with only Texas, Alaska, and California producing more oil. State and local tax revenues have been bolstered by increased oil and gas tax collections.

Manufacturing is also a prominent player in the state's economy. Machinery and transportation equipment accounted for over 7% of employment and over 50% of the state's exports. Exports totaled over $2.7 billion in 2008.

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, information technology companies, energy producers, and retail companies.

In upcoming years, Moody's Economy.com, predicts continued growth for the state economy. From 2009 to 2013, the state's gross domestic product is expected to grow by $3.8 billion, or 15.4%; employment is expected to grow by 23,000 jobs, or 6.3%. During that time, the unemployment rate is expected to remain considerably lower than the national rate, varying from 3.1% to 4.9%. Personal income is expected to grow at an average annual rate of 2.8% per year.

LONG-TERM FINANCIAL PLANNING

The long-term financial plan of the state is to target aggressive economic development efforts at five industry sectors where North Dakota has a competitive advantage because of our natural or human resources – value-added agriculture, advanced manufacturing, technology-based businesses, energy, and tourism. Economic growth in these industries has grown state revenues and allowed the state to fund priorities, such as education and human services, build significant financial reserves, and provide tax relief.

Revenue forecasting is a critical component of the state's financial planning process. The state utilizes a Revenue Forecasting Advisory Committee, comprised of representatives of the major industries in the state and the legislative and executive branches of government, along with the expertise of a national economic forecasting consultant. With the assistance of these experts, the state's Tax Department and Office of Management and Budget develop a forecast based on state trends, national forecasting models, and input from private industry experts.

The budgeting process begins with the development of a biennial budget proposal reflecting the Governor's priorities for the next two years. The budget is submitted to the legislature for their consideration and eventual enactment. 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 fiscally responsible 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 $325 million. Balances in the oil tax trust fund and foundation aid stabilization fund also continue to grow.

RELEVANT FINANCIAL POLICIES

North Dakota's financial policies 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 2.5 percent or more, the state is able to access funds from the budget stabilization fund. The budget stabilization fund currently has a balance of $325 million, or 10 percent of the biennial state general fund budget. In addition, the Governor is able to reduce general fund expenditures to alleviate the effects of a revenue shortfall, if necessary.

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, the volatility of oil price and production levels make it difficult to rely on oil tax revenue to fund general

government operations. Thus the permanent oil tax trust fund has been established to accumulate oil tax revenue for appropriation by the legislative assembly while limiting general fund reliance on oil tax revenues. Oil tax collections are split between the state and local political subdivisions. Of the state share, the first $71 million each biennium is deposited in the general fund; all oil tax collections in excess of $71 million are deposited into the permanent oil tax trust fund.

Major Initiatives

North Dakota continues to implement programs and policies that improve the lives and well being of its citizens by creating more opportunities and better jobs. Priorities include excellence in education, creating a strong business climate, enhancing energy development, improving agriculture, taking care of people, and providing tax relief for the citizens of North Dakota.

Education

A record $1.3 billion K-12 education funding package was approved by the 2009 Legislative Assembly. Included in this funding package is an additional $120 million of state funds, an increase of $20 million in federal funds and one-time fiscal stimulus funding of $150 million. The funding package also included funding for mentorships, additional counselors and tutors and established an Early Childhood Learning Council.

Higher Education received $795 million of state support. This funding package included $161 million of additional funding to support students and families, build our campuses, and hold the line on tuition. To make higher education more affordable, more than $32 million was included for financial aid for students.
Nearly $100 million in one-time funding was approved for capital projects and deferred maintenance on North Dakota campuses including a new education building at the University of North Dakota, a new library at Dickinson State University, renovation of Minard Hall at North Dakota State University, renovation of Swain Hall at Minot State University, a new career and technology center at Williston State college, a new wind project and wind energy training program at Lake Region State College, and a new center for applied energy research at Bismarck State College.

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 agriculture 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 $2 million grant program for the installation of blender pumps at motor fuel retailers to promote expanded use of ethanol and biodiesel.

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, 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:

- Longitudinal data system to follow student progress from kindergarten to career in order to improve educational adequacy and meet the needs of the future workplace.
- Funding for the Medicaid Management Information System.

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:

- A $20 million appropriation for Centers of Excellence awards. To date, the Centers of Excellence program has produced nearly $170 million in total economic impact. These projects will continue to transform and expand North Dakota's economy.
- Increased funding for the North Dakota Trade office, which helps grow North Dakota's exports.
- More than $5 million in loan and grant programs for childcare workforce development, quality improvement and technical assistance to establish and expand safe childcare facilities in North Dakota.
- $2.5 million to support innovation and entrepreneurship for technology-based entrepreneurship, Innovate ND, and seed financing to support new business incubators.

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 $380 million increase in the Department of Human Services budget to help seniors, children, and persons with disabilities.
- Increased medical payments to hospitals, physicians, dentists, chiropractors and ambulance service providers to advance quality healthcare in North Dakota.
- Increased funding for home and community based care to help our seniors live more independently.
- Expanded eligibility for SCHIP from 150 to 160 percent net of the federal poverty level.
- Approval for a major expansion of the North Dakota Heritage Center.
- An enhanced Veteran's Bonus Program that removes the current caps for both domestic and overseas service, and compensates for actual time served.

Energy Development

Energy is a one of the largest industries in North Dakota. Energy development in North Dakota has expanded greatly from traditional oil, gas and coal energy to renewable energies such as ethanol, biodiesel and wind energy. Recent efforts to further the development of energy in North Dakota include:

- A streamlined 7 percent oil extraction tax option to promote exploration and development in the Bakken Reserve.
- A carbon credit incentive against coal conversion privilege taxes to help facilities achieve a required level of carbon dioxide capture, and a new tax incentive for cleaner-burning beneficiated coal.
- An extended property tax reduction and sales and use tax exemption for wind power, as well as an extended income tax credit for the installation of any renewable energy device, including geothermal, solar, wind and biomass.
- $3 million for the Renewable Energy Fund.

Tax Relief

In addition to the initiatives above, Governor Hoeven proposed and the 2009 Legislative Assembly supported broad based tax relief and reform for the people of North Dakota. Elements of the broad based tax relief include:

- $295 million property tax relief to help homeowners, farmers, ranchers and commercial businesses by reducing the average school district levy by 75 mills and capping the rate at 110 mills.
- $90 million in individual income tax rate reductions to make sure all taxpayers share the benefit of tax relief.
- $10 million in corporate income tax reductions to help stimulate North Dakota's economy and make our state more competitive.
- An increase in the Homestead Tax Credit to help reduce the burden of taxes on seniors and people with disabilities.

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, 2008. This was the 18th 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 2009-2011 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

Pam Sharp, Director
Office of Management and Budget

Certificate of Achievement for Excellence in Financial Reporting

Presented to

State of North Dakota

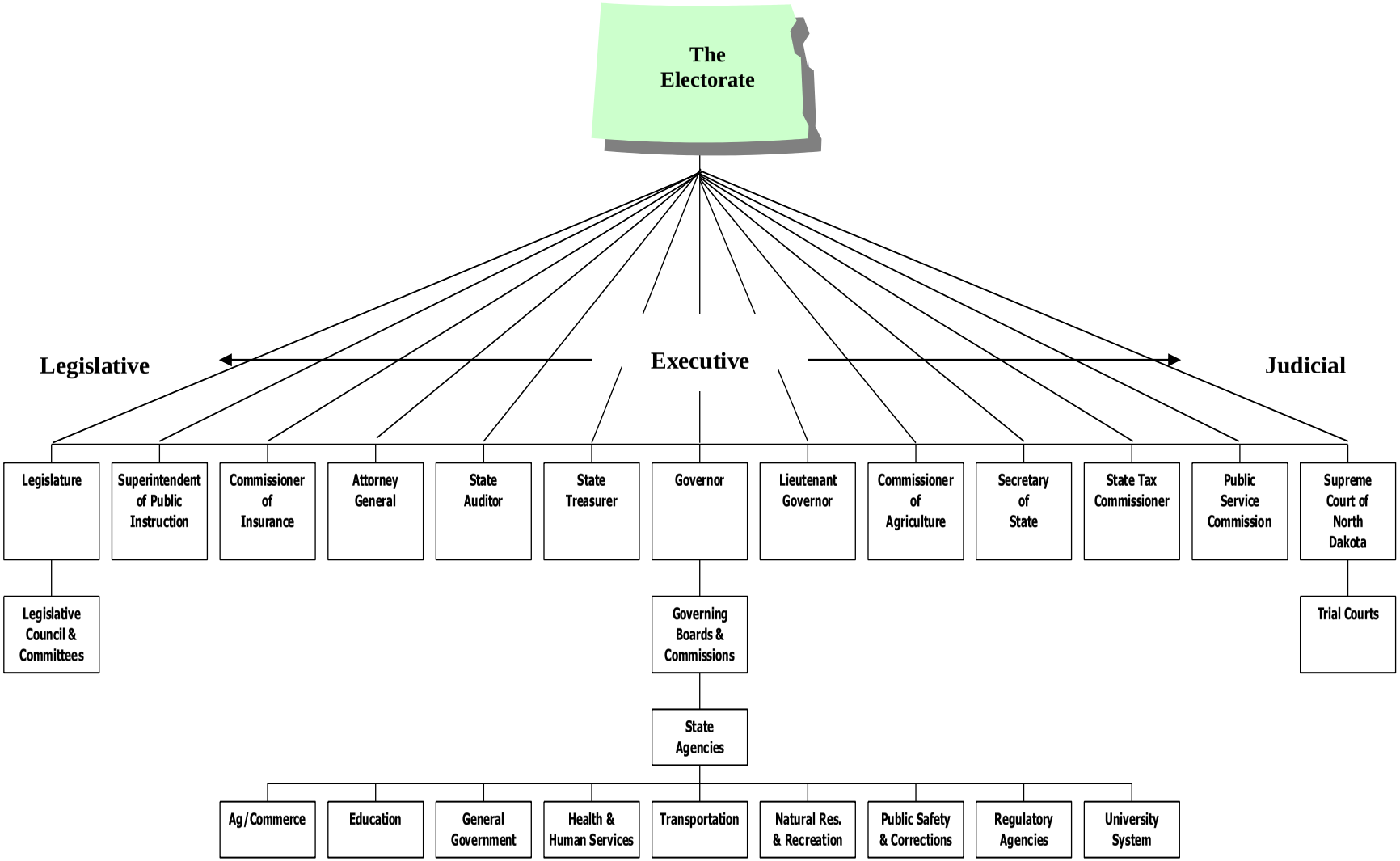
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2008

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, 2009

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

Brian Kalk, Public Service Commissioner

Doug Goehring, Commissioner of Agriculture

Robert R. Peterson, State Auditor

Adam Hamm, Commissioner of Insurance

Dr. Wayne Sanstead, Superintendent of Public Instruction

Cory Fong, Tax Commissioner

Kelly Schmidt, State Treasurer

LEGISLATIVE

David Monson, Speaker of the House

Al Carlson, House Majority Leader

Merle Boucher, House Minority Leader

Lt. Gov. Jack Dalrymple, President of the Senate

Bob Stenehjem, Senate Majority Leader

David O'Connell, Senate Minority Leader

JUDICIAL

Gerald W. 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 AUDITOR
ROBERT R. PETERSON

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OFFICE OF THE STATE AUDITOR
STATE CAPITOL
600 E. BOULEVARD AVENUE - DEPT. 117
BISMARCK, NORTH DAKOTA 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, 2009, 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:

	Percent of Assets	Percent of Revenues
Government-Wide Financial Statements		
Governmental Activities	22%	1%
Business-Type Activities	83%	31%
Aggregate Discretely Presented Component Units	100%	100%
Fund Financial Statements		
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	75%	29%

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. The financial statements of the North Dakota University System's component units were not audited in accordance with *Government Auditing Standards.* 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 $546 million at June 30, 2009. 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 will never fully fund the unfunded actuarial accrued liability based on the current actuarial assumptions.

The actuary for the North Dakota Public Employees Retirement System has determined that the Fund's unfunded actuarial accrued liability is approximately $284 million at June 30, 2009. 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, based upon the current assumptions, unless there are sufficient actuarial gains in the future to offset the recent investment losses.

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, 2009, 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 17 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 16, 2009 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 through 29 and 119 through 123, respectively, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United Sates 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

Edwin J. Nagel, Jr., CPA
Director

December 17, 2009

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	4,760,470	5,156,194	6,477,398	6,851,924	10,113,089	10,306,213
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	781,494	767,510	4,744,739	5,208,984	4,401,454	4,274,589
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	1,119,876	1,562,970	653,005	563,679	1,772,881	2,126,649
Total Net Assets	$3,978,976	$4,388,684	$1,732,659	$1,642,940	$5,711,635	$6,031,624

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
Revenues:						
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
Total Revenues	3,213,571	3,367,596	1,341,240	1,241,188	4,554,811	4,608,784
Expenses						
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
Total Expenses	2,438,426	2,737,362	1,588,317	1,601,096	4,026,743	4,338,458
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
Increase in Net Assets	539,678	409,226	(18,936)	(89,719)	520,742	319,507
Net Assets - Beginning -As Restated	3,439,298	3,979,458	1,751,595	1,732,659	5,190,893	5,712,117
Net Assets- Ending	$3,978,976	$4,388,684	$1,732,659	$1,642,940	$5,711,635	$6,031,624

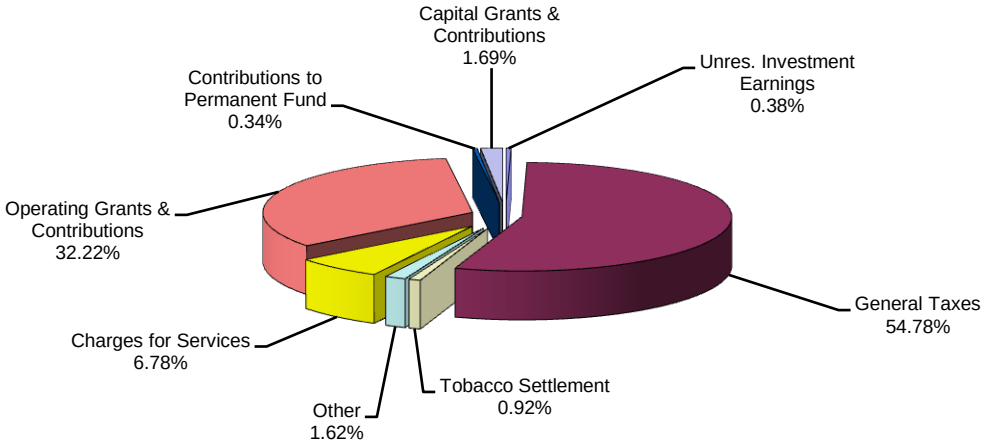
Governmental Activities

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.

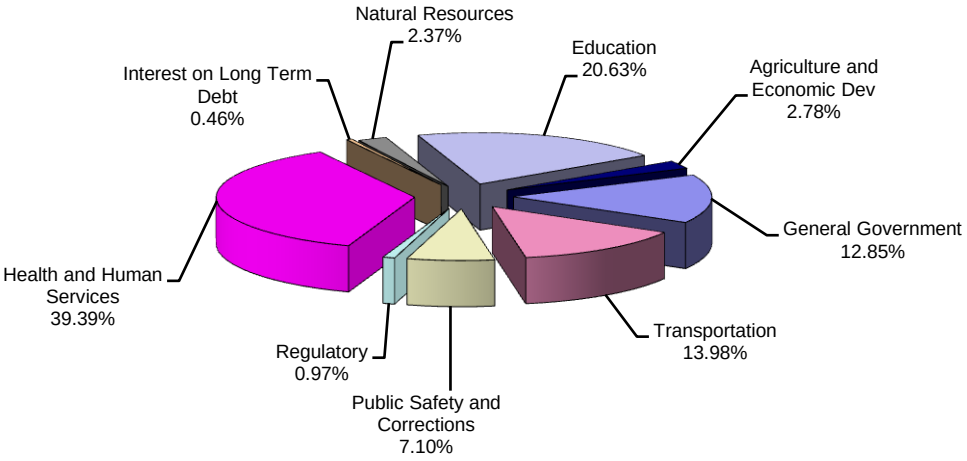
The following chart depicts revenues of the governmental activities for the fiscal year:

Revenues - Governmental Activities
Fiscal Year Ending June 30, 2009



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
Total	$1,479,571	$1,542,653	$ 792,226	$ 835,095	$2,271,797	$2,377,748

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
Total	$ 301,391	$ 278,049	$1,448,490	$1,370,389	$1,749,881	$1,648,438

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.

Little Missouri Scenic Bridge

Basic Financial Statements

STATE OF NORTH DAKOTA

Statement of Net Assets
June 30, 2009

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Units
ASSETS				
Cash and Cash Equivalents	$ 11,679,678	$ 672,337,942	$ 684,017,620	$ 41,062,839
Investments	1,075,158,877	1,469,826,743	2,544,985,620	32,136,623
Accounts Receivable - Net	51,627,671	88,052,301	139,679,972	19,352,645
Taxes Receivable - Net	258,336,391	-	258,336,391	-
Interest Receivable - Net	8,454,593	46,271,118	54,725,711	85,229
Intergovernmental Receivable - Net	222,505,975	41,204,702	263,710,677	-
Internal Receivable	1,852,768,660	-	150,864,253	-
Due from Component Units	-	9,280,691	9,280,691	-
Due from Primary Government	-	-	-	62,770,818
Prepaid Items	5,853,792	1,709,625	7,563,417	-
Inventory	16,389,853	28,186,897	44,576,750	520,096
Loans and Notes Receivable - Net	107,099,366	2,642,104,559	2,749,203,925	11,677,758
Unamortized Bond Financing Costs	1,145,897	10,856,888	12,002,785	2,859,754
Pension Assets	2,471,502	-	2,471,502	-
Other Assets	-	10,507,424	10,507,424	28,032,015
Restricted Assets:				
Cash and Cash Equivalents	49,626	124,608,441	124,658,067	21,411,228
Investments	-	28,921,807	28,921,807	703,497,133
Interest Receivable - Net	-	3,515,000	3,515,000	4,133,000
Loans and Notes Receivable - Net	-	839,444,000	839,444,000	-
Capital Assets:				
Land and Construction in Progress	510,943,893	61,633,860	572,577,753	3,443,805
Infrastructure - Net	638,109,275	89,477,455	727,586,730	12,057,337
Buildings and Equipment - Net	393,598,527	683,984,820	1,077,583,347	109,681,005
Total Assets	5,156,193,576	6,851,924,273	10,306,213,442	1,052,721,285

*** 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

STATE OF NORTH DAKOTA

Statement of Net Assets
June 30, 2009

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Units
LIABILITIES				
Accounts Payable	187,401,654	36,215,738	223,617,392	8,053,737
Accrued Payroll	38,316,787	26,240,519	64,557,306	103,686
Securities Lending Collateral	72,571,905	61,204,672	133,776,577	-
Interest Payable	3,829,112	19,853,381	23,682,493	1,539,000
Intergovernmental Payable	65,871,655	4,090,249	69,961,904	-
Tax Refunds Payable	54,120,613	-	54,120,613	-
Internal Payable	-	1,701,904,407	-	-
Due to Component Units	-	4,047,936	4,047,936	-
Due to Primary Government	-	-	-	9,280,691
Contracts Payable	7,718,596	755,782	8,474,378	-
Federal Funds Purchased	-	300,945,000	300,945,000	-
Reverse Repurchase Agreements	-	3,075,000	3,075,000	-
Other Deposits	-	677,392,905	677,392,905	660,383
Amounts Held In Custody for Others	-	18,922,038	18,922,038	-
Unearned Revenue	11,647,777	93,863,880	105,511,657	6,881,475
Other Liabilities	-	10,947,684	10,947,684	28,521,176
Long-Term Liabilities				
Due within one year	28,680,366	144,711,826	173,392,192	17,340,835
Due in more than one year	297,351,491	2,104,812,792	2,402,164,283	256,165,048
Total Liabilities	767,509,956	5,208,983,809	4,274,589,358	328,546,031
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	1,323,476,716	578,827,822	1,902,304,538	102,924,608
Restricted for:				
General Government	1,440,757	-	1,440,757	-
Education	128,198,786	-	128,198,786	-
Health and Human Services	39,069,734	-	39,069,734	-
Regulatory Purposes	30,880,045	-	30,880,045	-
Public Safety & Corrections	35,834,415	-	35,834,415	-
Agriculture and Commerce	18,881,200	-	18,881,200	-
Cultural and Natural Resources	126,639,996	-	126,639,996	-
Transportation	188,880,963	-	188,880,963	-
Capital Projects	3,340,000	79,659	3,419,659	-
Debt Service	25,220,898	102,738,979	127,959,877	58,643,000
Loan Purposes	-	46,432,847	46,432,847	215,761,000
Pledged Assets	-	190,647,000	190,647,000	-
Unemployment Compensation	-	116,945,710	116,945,710	-
Permanent Fund and University System - Expendable	20,887,944	30,553,551	51,441,495	-
Permanent Fund and University System - Nonexpendable	879,305,267	11,920,629	891,225,896	-
Other	3,657,246	1,114,857	4,772,103	300,962,291
Unrestricted	1,562,969,653	563,679,410	2,126,649,063	45,884,355
Total Net Assets	$ 4,388,683,620	$ 1,642,940,464	$ 6,031,624,084	$ 724,175,254

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, 2009

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	$ 418,220,944	$ 24,085,311	$ 37,991,743	$ -
Education	564,818,600	4,325,036	69,947,510	-
Health and Human Services	1,005,299,226	34,200,110	694,183,117	7,000
Regulatory	26,581,606	19,418,470	3,095,779	-
Public Safety and Corrections	194,263,845	10,572,514	87,764,235	221,000
Agriculture and Commerce	68,057,495	22,749,832	22,169,064	-
Natural Resources	64,816,773	26,553,195	13,474,231	14,559,813
Transportation	382,619,328	87,100,993	203,212,452	42,276,911
Interest on Long Term Debt	12,683,901	-	-	-
Total Governmental Activities	2,737,361,718	229,005,461	1,131,838,131	57,064,724
Business-Type Activities:				
Bank of North Dakota	99,089,692	155,951,000	(5,310,000)	-
Housing Finance	59,769,233	53,438,021	13,635,000	-
Loan Programs	6,776,733	6,941,602	592,013	-
Mill and Elevator	233,792,242	224,127,818	27,178	-
State Lottery	16,122,996	21,815,381	38,239	-
Unemployment Compensation	106,475,262	75,137,232	6,023,243	-
University System	894,733,624	400,638,083	217,373,005	10,820,227
Workforce Safety & Insurance	168,527,183	163,857,781	(115,693,869)	-
Other	15,809,783	14,303,486	(2,526,628)	-
Total Business-Type Activities	1,601,096,748	1,116,210,404	114,158,181	10,820,227
Total Primary Government	$ 4,338,458,466	$ 1,345,215,865	$ 1,245,996,312	$ 67,884,951
Component Units:	$ 104,427,713	$ 58,560,007	$ (11,139,038)	$ -

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 Perm Fund Principal
Special Item - Loss on Discontinuance of Computer Project
Transfers
- Total General Revenues and Transfers
  - Change in Net Assets

Net Assets, Beginning of Year, as Restated
Net Assets, Ending

Net (Expense) Revenue and Change in Net Assets			
Primary Government			
Governmental Activities	Business-Type Activities	Total	Component Units
$ (356,143,890)		$ (356,143,890)	
(490,546,054)		(490,546,054)	
(276,908,999)		(276,908,999)	
(4,067,357)		(4,067,357)	
(95,706,096)		(95,706,096)	
(23,138,599)		(23,138,599)	
(10,229,534)		(10,229,534)	
(50,028,972)		(50,028,972)	
(12,683,901)		(12,683,901)	
(1,319,453,402)		(1,319,453,402)	
	51,551,308	51,551,308	
	7,303,788	7,303,788	
	756,882	756,882	
	(9,637,246)	(9,637,246)	
	5,730,624	5,730,624	
	(25,314,787)	(25,314,787)	
	(265,902,309)	(265,902,309)	
	(120,363,271)	(120,363,271)	
	(4,032,925)	(4,032,925)	
-	(359,907,936)	(359,907,936)	
(1,319,453,402)	(359,907,936)	(1,679,361,338)	
			$ (57,006,744)
503,975,529	-	503,975,529	-
857,770,891	-	857,770,891	-
428,669,882	-	428,669,882	-
60,813,632	-	60,813,632	-
12,830,321	-	12,830,321	-
30,990,193	-	30,990,193	-
54,636,981	-	54,636,981	-
11,573,541	-	11,573,541	8,246,062
(3,314,057)	-	(3,314,057)	-
(229,267,859)	270,189,481	40,921,622	-
1,728,679,054	270,189,481	1,998,868,535	8,246,062
409,225,652	(89,718,455)	319,507,197	(48,760,682)
3,979,457,968	1,732,658,919	5,712,116,887	772,935,936
$ 4,388,683,620	$ 1,642,940,464	$ 6,031,624,084	$ 724,175,254

STATE OF NORTH DAKOTA

Balance Sheet
Governmental Funds
June 30, 2009

	General	Federal	School Permanent Trust Fund	Other Governmental Funds	Total
ASSETS					
Cash Deposits at the Bank of ND	$ 585,968,025	$ -	$ 4,871,323	$ 1,011,928,975	$ 1,602,768,323
Cash and Cash Equivalents	5,710,517	15,762	-	5,926,946	11,653,225
Restricted Cash and Cash Equivalents	-	-	-	49,626	49,626
Investments at the Bank of ND	99,923,955	7,750,000	-	136,606,842	244,280,797
Investments	81,761,823	-	901,847,772	86,577,815	1,070,187,410
Accounts Receivable - Net	3,460,232	7,252,497	9,803,718	29,100,699	49,617,146
Taxes Receivable - Net	191,155,829	-	1,854,439	65,326,124	258,336,392
Interest Receivable - Net	97,245	-	7,306,563	996,232	8,400,040
Intergovernmental Receivable - Net	-	212,196,169	-	10,137,978	222,334,147
Due from Other Funds	101,045,606	13,725,077	2,043,566	66,443,781	183,258,030
Due from Fiduciary Funds	151,171	1,174,999	-	158,271	1,484,441
Prepaid Items	1,202,509	818,949	-	2,221,220	4,242,678
Inventory	2,845,591	6,086,735	-	7,351,222	16,283,548
Loans and Notes Receivable - Net	141,290	279,673	38,334,416	68,343,987	107,099,366
Total Assets	$ 1,073,463,793	$ 249,299,861	$ 966,061,797	$ 1,491,169,718	$ 3,779,995,169
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	$ 43,664,077	$ 105,971,754	$ 4,486,449	$ 31,327,368	$ 185,449,648
Accrued Payroll	19,680,488	8,718,799	-	8,107,008	36,506,295
Securities Lending Collateral	-	-	61,297,730	11,164,202	72,461,932
Interest Payable	-	-	-	290,263	290,263
Intergovernmental Payable	2,770,223	7,838,180	-	55,263,217	65,871,620
Tax Refunds Payable	53,317,541	-	-	803,072	54,120,613
Due to Other Funds	55,394,555	99,596,789	84,409	36,224,384	191,300,137
Contracts Payable	9,984	6,539,400	-	1,169,212	7,718,596
Deferred Revenue	31,409,983	16,977,693	-	33,153,600	81,541,276
Total Liabilities	206,246,851	245,642,615	65,868,588	177,502,326	695,260,380
Fund Balances:					
Reserved For:					
Inventory	2,845,591	6,086,735	-	7,351,222	16,283,548
Long - Term Receivables	75,454	166,566	-	61,901,185	62,143,205
Capital Projects	-	-	-	3,340,000	3,340,000
Debt Service	-	-	-	25,220,898	25,220,898
Prepaid Expenditures	1,202,509	818,949	-	2,221,220	4,242,678
Legal Requirements	-	-	-	14,611,223	14,611,223
Undistributed Revenue	-	-	7,306,562	-	7,306,562
Permanent Trust Fund	-	-	892,886,647	-	892,886,647
Unreserved, Reported in:					
General Fund	863,093,388	-	-	-	863,093,388
Special Revenue Funds	-	(3,415,004)	-	1,199,021,644	1,195,606,640
Total Fund Balances	867,216,942	3,657,246	900,193,209	1,313,667,392	3,084,734,789
Total Liabilities and Fund Balances	$ 1,073,463,793	$ 249,299,861	$ 966,061,797	$ 1,491,169,718	$ 3,779,995,169

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, 2009

Total Fund Balances-Governmental Funds		$ 3,084,734,789
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 $4,235,960,037 and the accumulated depreciation is $2,768,654,623.		1,467,305,414
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.		69,893,499
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.		74,942,639
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.		1,106,000
The pension assets resulting from contributions in excess of annual required contribution are not financial resources and, therefore, are not reported in the funds.		2,471,500
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	(247,949,109)	
Notes Payable	(20,522,820)	
Accrued Interest on Long-Term Liabilities	(3,165,661)	
Compensated Absences	(34,080,137)	
Intergovernmental Payable	(504,739)	
Capital Leases	(3,662,211)	
Pension Obligation (Reported as Accounts Payable)	(214,386)	
Claims and Judgments	(1,671,158)	
Total Long-Term Liabilities		(311,770,221)
Net Assets of Governmental Activities		$ 4,388,683,620

The Accompanying Notes are an Integral Part of the Financial Statements

STATE OF NORTH DAKOTA

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2009

	General	Federal	School Permanent Trust Fund	Other Governmental Funds	Total
REVENUES					
Individual and Corporate Income Taxes	$ 492,125,666	$ -	$ -	$ 12,885,825	$ 505,011,491
Sales and Use Taxes	648,762,770	-	-	208,638,009	857,400,779
Oil, Gas, and Coal Taxes	53,168,841	-	17,686,968	357,773,973	428,629,782
Business and Other Taxes	42,512,178	-	-	18,505,454	61,017,632
Licenses, Permits and Fees	14,041,483	-	-	119,178,385	133,219,868
Intergovernmental	499,011	1,204,858,005	-	46,808,433	1,252,165,449
Sales and Services	3,715,595	3,796,238	-	41,359,867	48,871,700
Royalties and Rents	31,680,880	8,015	72,574,656	20,988,135	125,251,686
Fines and Forfeits	4,031,692	-	3,236,701	8,506,021	15,774,414
Interest and Investment Income	11,798,140	189,741	(129,908,272)	7,567,234	(110,353,157)
Tobacco Settlement	-	-	8,336,839	30,990,193	39,327,032
Commodity Assessments	-	-	-	16,502,864	16,502,864
Miscellaneous	1,420,715	502,976	-	3,939,953	5,863,644
Total Revenues	1,303,756,971	1,209,354,975	(28,073,108)	893,644,346	3,378,683,184
EXPENDITURES					
Current:					
General Government	153,986,572	3,100,917	-	7,974,910	165,062,399
Education	388,901,838	127,298,564	4,211,800	44,167,512	564,579,714
Health and Human Services	263,307,026	678,106,249	-	61,286,541	1,002,699,816
Regulatory	8,264,935	4,064,607	-	9,954,847	22,284,389
Public Safety and Corrections	100,686,357	51,129,437	-	35,243,433	187,059,227
Agriculture and Commerce	13,374,239	20,642,603	-	33,970,990	67,987,832
Natural Resources	15,465,496	14,237,465	-	28,730,204	58,433,165
Transportation	-	212,493,146	-	140,747,267	353,240,413
Intergovernmental - Revenue Sharing	-	-	-	253,363,580	253,363,580
Capital Outlay	16,210,390	65,423,082	-	32,246,113	113,879,585
Debt Service:					
Principal	3,492,402	341,792	-	16,372,999	20,207,193
Interest and Other Charges	851,603	81,522	-	11,347,531	12,280,656
Total Expenditures	964,540,858	1,176,919,384	4,211,800	675,405,927	2,821,077,969
Revenues over (under) Expenditures	339,216,113	32,435,591	(32,284,908)	218,238,419	557,605,215
OTHER FINANCING SOURCES (USES)					
Bonds and Notes Issued	-	-	-	3,005,000	3,005,000
Capital Lease Acquisitions	58,585	29,660	-	-	88,245
Sale of Capital Assets	-	-	11,800	74,825	86,625
Transfers In	84,765,607	9,202,293	-	184,265,987	278,233,887
Transfers Out	(344,762,727)	(37,912,452)	(35,600,000)	(89,226,567)	(507,501,746)
Total Other Financing Sources (Uses)	(259,938,535)	(28,680,499)	(35,588,200)	98,119,245	(226,087,989)
Net Change in Fund Balances	79,277,578	3,755,092	(67,873,108)	316,357,664	331,517,226
Fund Balances - Beginning of Year, as Adjusted	787,939,364	(97,846)	968,066,317	997,309,728	2,753,217,563
Fund Balances - End of Year	$ 867,216,942	$ 3,657,246	$ 900,193,209	$ 1,313,667,392	$ 3,084,734,789

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, 2009

Net Change in Fund Balances-Total Governmental Funds		$ 331,517,226
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	113,879,585	
Depreciation expense	(54,990,948)	
Excess of capital outlay over depreciation expense		58,888,637
Construction in progress previously capitalized on the government wide and expensed in governmental funds. This construction in progress was written off in the current fiscal year on the government wide but does not affect the governmental funds.		(3,314,057)
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.		(1,246,657)
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.		312,832
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.		(88,245)
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.		(421,136)
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		6,858,499
Bonds proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets.		(3,005,000)
The pension assets resulting from contributions in excess of annual required contribution are not financial resources and, therefore, are not reported in the funds.		98,177
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	16,217,000	
Note payments	3,203,326	
Capital lease payments	1,164,863	
Total long-term debt repayment		20,585,189
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	327,944	
Net increase/decrease in compensated absences	(1,591,486)	
Net increase/decrease in net pension obligation (reported as accounts payable	(112,756)	
Net increase/decrease in claims and judgments	416,485	
Total additional expenditures		(959,813)
Change in Net Assets of Governmental Activities		$ 409,225,652

The Accompanying Notes are an Integral Part of the Financial Statements

STATE OF NORTH DAKOTA

Statement of Net Assets
Proprietary Funds
June 30, 2009

	Business-Type Activities - Enterprise Funds							Governmental Activities
	Bank of North Dakota	Housing Finance	Mill and Elevator	University System	Workforce Safety and Insurance	Other Enterprise Funds	Total	Internal Service Funds
ASSETS								
Current Assets:								
Cash Deposits at the Bank of ND		$ 2,840,000	$ 46,725	$ 49,851,643	$ 2,030,233	$ 30,063,976	$ 84,832,577	$ 13,822,436
Cash and Cash Equivalents		92,000	-	9,837,092	-	109,685,850	119,614,942	26,453
Investments at the Bank of ND		-	-	95,428,748	25,761,995	11,051,000	132,241,743	-
Investments		-	-	2,760,815	1,110,726,761	21,724,114	1,135,211,690	4,971,458
Accounts Receivable - Net		549,000	30,430,826	21,022,999	17,739,055	18,241,116	87,982,996	526,085
Interest Receivable - Net		178,000	-	-	8,521,532	2,920,586	11,620,118	54,053
Intergovernmental Receivable - Net		157,000	-	36,749,624	-	4,298,078	41,204,702	171,828
Due from Other Funds		98,000	-	12,023,287	1,855	1,006,541	13,129,683	6,539,622
Due from Fiduciary Funds		-	-	-	-	69,305	69,305	-
Due from Component Units		-	-	5,612,691	-	-	5,612,691	-
Prepaid Items		46,000	475,820	-	62,411	1,125,394	1,709,625	1,611,114
Inventory		-	19,964,272	7,210,562	-	1,012,063	28,186,897	106,305
Loans and Notes Receivable - Net		-	-	8,715,134	-	9,462,261	18,177,395	-
Other Assets		452,000	-	2,284,199	-	-	2,736,199	-
Restricted Cash at the Bank of ND		10,542,000	-	-	-	3,279,949	13,821,949	191,977
Restricted Cash and Cash Equivalents		124,584,000	-	-	-	-	124,584,000	-
Restricted Investments at the Bank of ND		-	-	-	-	4,575,000	4,575,000	-
Restricted Interest Receivable - Net		3,515,000	-	-	-	-	3,515,000	-
Restricted Loans Receivable - Net		15,857,000	-	-	-	-	15,857,000	-
Total Current Assets		158,910,000	50,917,643	251,496,794	1,164,843,842	218,515,233	1,844,683,512	28,021,331
Noncurrent Assets:								
Restricted Cash at the Bank of ND		-	-	4,002,365	-	260,070	4,262,435	-
Restricted Cash and Cash Equivalents		-	-	24,441	-	-	24,441	-
Restricted Investments at the Bank of ND		-	-	6,262,965	-	-	6,262,965	-
Restricted Investments		13,345,000	-	15,361,119	-	215,688	28,921,807	-
Investments at the Bank of ND		-	-	35,893,634	-	-	35,893,634	-
Investments		-	-	6,867,053	-	-	6,867,053	-
Loans and Notes Receivable - Net		-	-	31,817,269	-	57,099,895	88,917,164	-
Restricted Loans Receivable - Net		808,387,000	-	-	-	15,200,000	823,587,000	-
Unamortized Bond Issuance Costs		7,143,000	-	3,620,327	-	93,561	10,856,888	39,897
Other Noncurrent Assets		3,033,000	269,721	254	-	2,766,250	6,069,225	-
Capital Assets:								
Land and Construction in Progress		-	2,599,407	47,676,888	7,912,533	2,274,032	60,462,860	58,904
Infrastructure - Net		-	853,041	87,636,889	-	987,525	89,477,455	-
Buildings and Equipment - Net		96,000	33,836,453	618,000,366	9,767,934	9,874,067	671,574,820	75,287,377
Total Noncurrent Assets		832,004,000	37,558,622	857,163,570	17,680,467	88,771,088	1,833,177,747	75,386,178
Bank Related Assets:								
Cash and Cash Equivalents	$ 552,723,000						$ 552,723,000	
Investments	327,748,000						327,748,000	
Interest Receivable - Net	34,651,000						34,651,000	
Due from Other Funds	47,882,000						47,882,000	
Due from Component Units	3,668,000						3,668,000	
Loans and Notes Receivable - Net	2,535,010,000						2,535,010,000	
Other Assets	1,702,000						1,702,000	
Capital Assets:								
Land and Construction in Progress	1,171,000						1,171,000	
Buildings and Equipment - Net	12,410,000						12,410,000	
Total Bank Related Assets	3,516,965,000						3,516,965,000	
Total Assets	3,516,965,000	990,914,000	88,476,265	1,108,660,364	1,182,524,309	307,286,321	7,194,826,259	103,407,509

The Accompanying Notes are an Integral Part of the Financial Statements

Statement of Net Assets
Proprietary Funds
June 30, 2009

	Business-Type Activities - Enterprise Funds							Governmental Activities
	Bank of North Dakota	Housing Finance	Mill and Elevator	University System	Workforce Safety and Insurance	Other Enterprise Funds	Total	Internal Service Funds
LIABILITIES								
Current Liabilities:								
Accounts Payable		1,044,000	4,304,453	22,212,668	4,563,677	4,090,940	36,215,738	1,735,671
Accrued Payroll		-	280,818	25,679,825	-	279,876	26,240,519	1,810,492
Securities Lending Collateral		-	-	-	60,747,094	457,578	61,204,672	109,963
Interest Payable		19,149,000	-	27,812	-	114,389	19,291,201	308,742
Intergovernmental Payable		544,000	-	169,563	-	4,102,249	4,815,812	35
Due to Other Funds		2,802,000	38,600,000	2,742,100	127,527	10,594,763	54,866,390	129,395
Due to Component Units		-	-	379,936	-	-	379,936	-
Contracts Payable		-	-	755,782	-	-	755,782	-
Other Deposits		-	-	8,511,531	-	-	8,511,531	-
Amounts Held in Custody for Others		10,542,000	-	-	-	8,380,038	18,922,038	-
Claims/Judgments Payable		-	-	-	96,250,000	868,653	97,118,653	1,896,767
Dividends Payable		-	-	-	1,644,630	-	1,644,630	-
Compensated Absences Payable		133,000	37,272	1,333,346	836,573	33,724	2,373,915	122,810
Notes Payable		-	-	951,999	-	-	951,999	1,049,917
Capital Leases Payable		-	-	8,576,442	-	24,716	8,601,158	161,389
Bonds Payable		19,480,000	-	8,488,908	-	190,000	28,158,908	654,108
Deferred Revenue		35,000	-	12,188,589	77,004,241	4,636,050	93,863,880	-
Total Current Liabilities		53,729,000	43,222,543	92,018,501	241,173,742	33,772,976	463,916,762	7,979,289
Noncurrent Liabilities:								
Intergovernmental Payable		1,612,000	-	1,362,405	-	4,877,778	7,852,183	-
Claims/Judgments Payable		-	-	-	675,650,000	75,534	675,725,534	4,174,325
Compensated Absences Payable		68,000	708,174	24,374,565	147,630	299,853	25,598,222	1,477,271
Notes Payable		-	-	2,291,179	-	-	2,291,179	4,950,083
Capital Leases Payable		-	-	59,312,871	-	182,538	59,495,409	296,921
Bonds Payable		830,106,000	-	177,309,988	-	15,967,277	1,023,383,265	2,922,538
Other Noncurrent Liabilities		-	-	1,373,787	-	5,870,897	7,244,684	-
Total Noncurrent Liabilities		831,786,000	708,174	266,024,795	675,797,630	27,273,877	1,801,590,476	13,821,138
Bank Related Liabilities:								
Interest Payable	428,482						428,482	
Due to Other Funds	23,931,518						23,931,518	
Due to Component Units	3,668,000						3,668,000	
Federal Funds Purchased	300,945,000						300,945,000	
Reverse Repurchase Agreements	3,075,000						3,075,000	
Deposits Held for Other Funds	2,017,227,840						2,017,227,840	
Other Deposits	624,460,160						624,460,160	
Other Liabilities	3,703,000						3,703,000	
Long Term Liabilities:								
Due within one year	5,137,000						5,137,000	
Due in more than one year	310,467,000						310,467,000	
Total Bank Related Liabilities	3,293,043,000						3,293,043,000	
Total Liabilities	3,293,043,000	885,515,000	43,930,717	358,043,296	916,971,372	61,046,853	5,558,550,238	21,800,427
NET ASSETS								
Invested in Capital Assets, Net of Related Debt	13,581,000	96,000	37,282,916	498,376,235	17,680,467	11,811,204	578,827,822	68,829,203
Restricted for:								
Capital Projects	-	-	-	79,659	-	-	79,659	-
Debt Service	-	89,748,000	-	11,785,221	-	1,205,758	102,738,979	-
Loan Purposes	-	-	-	45,827,764	-	605,083	46,432,847	-
Pledged Assets	190,647,000	-	-	-	-	-	190,647,000	-
Unemployment Compensation	-	-	-	-	-	116,945,710	116,945,710	-
University System-Nonexpendable	-	-	-	11,920,629	-	-	11,920,629	-
University System-Expendable	-	-	-	30,553,551	-	-	30,553,551	-
Other	-	-	-	117,403	-	997,454	1,114,857	-
Unrestricted	19,694,000	15,555,000	7,262,632	151,956,606	247,872,470	114,674,259	557,014,967	12,777,879
Total Net Assets	$ 223,922,000	$ 105,399,000	$ 44,545,548	$ 750,617,068	$ 265,552,937	$ 246,239,468	$ 1,636,276,021	$ 81,607,082

Reconciliation of the Proprietary Funds Statement of Net Assets to the Statement of Net Assets
June 30, 2009

Total Net Assets - Enterprise Funds	
Amounts reported for business-type activities in the statement of net assets are different because:	$ 1,636,276,021
Prior year net assets restatement and reduction of current year expenses based on the allocation of internal service fund's net income	6,664,443
Net Assets of Business-Type Activities	$ 1,642,940,464

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, 2009

	Business-Type Activities - Enterprise Funds							Governmental Activities
	Bank of North Dakota	Housing Finance	Mill and Elevator	University System	Workforce Safety and Insurance	Other Enterprise Funds	Total	Internal Service Funds
OPERATING REVENUES								
Sales and Services	$ 7,475,000	$ 1,572,000	$ 224,052,365	$ 57,477,025	$ 162,179,298	$ 114,488,417	$ 567,244,105	$ 83,794,546
Auxiliary Sales Pledges for Bonds	-	-	-	94,329,556	-	-	94,329,556	-
Tuition and Fees	-	-	-	244,594,116	-	-	244,594,116	-
Grants and Contributions	-	-	-	156,649,964	-	-	156,649,964	-
Royalties and Rents	-	-	-	-	759,180	71,608	830,788	-
Fines and Forfeits	-	-	-	-	919,303	-	919,303	-
Interest and Investment Income	143,166,000	51,866,021	-	-	-	3,631,792	198,663,813	-
Miscellaneous	-	-	-	1,553,886	-	1,384	1,555,270	296,821
Total Operating Revenues	150,641,000	53,438,021	224,052,365	554,604,547	163,857,781	118,193,201	1,264,786,915	84,091,367
OPERATING EXPENSES								
Cost of Sales and Services	-	-	226,765,117	38,080,007	-	2,726,946	267,572,070	1,179,284
Salaries and Benefits	9,595,000	2,416,000	1,568,849	543,130,015	14,481,049	4,220,439	575,411,352	21,029,682
Operating	16,596,000	4,995,000	732,844	225,073,998	3,760,342	27,462,804	278,620,988	37,040,580
Claims	-	-	-	-	147,080,241	108,347,826	255,428,067	3,378,476
Dividends Expense	-	-	-	-	(3,300,000)	-	(3,300,000)	-
Scholarships and Fellowships	-	-	-	29,537,642	-	-	29,537,642	-
Interest	71,801,000	40,204,000	-	-	-	834,444	112,839,444	-
Depreciation	1,194,000	4,000	2,700,468	43,817,249	248,627	1,000,189	48,964,533	11,519,942
Miscellaneous	-	-	-	-	-	3,800	3,800	-
Total Operating Expenses	99,186,000	47,619,000	231,767,278	879,638,911	162,270,259	144,596,448	1,565,077,896	74,147,964
Operating Income (Loss)	51,455,000	5,819,021	(7,714,913)	(325,034,364)	1,587,522	(26,403,247)	(300,290,981)	9,943,403
NONOPERATING REVENUES (EXPENSES)								
Grants and Contracts	-	-	-	33,046,541	-	516,860	33,563,401	-
Gifts	-	-	-	23,263,783	-	-	23,263,783	-
Interest and Investment Income	-	13,635,000	27,178	4,412,717	(115,693,869)	3,610,007	(94,008,967)	(405,844)
Interest Expense	-	(12,157,000)	(2,036,147)	(14,179,789)	(6,332,254)	(166,715)	(34,871,905)	(787,698)
Gain (Loss) on Sale of Capital Assets	-	-	-	(1,794,197)	-	4,500	(1,789,697)	(79,475)
Other	-	-	26,828	1,875,745	-	(466,412)	1,436,161	19,061
Total Nonoperating Revenues (Expenses)	-	1,478,000	(1,982,141)	46,624,800	(122,026,123)	3,498,240	(72,407,224)	(1,253,956)
Income (Loss) Before Contributions and Transfers	51,455,000	7,297,021	(9,697,054)	(278,409,564)	(120,438,601)	(22,905,007)	(372,698,205)	8,689,447
Capital Grants and Contributions	-	-	-	10,820,227	-	-	10,820,227	142,096
Transfers In	-	363,979	-	303,759,385	-	1,160,375	305,283,739	-
Transfer Out	(20,004,000)	(31,000)	(36,254)	(8,234,000)	-	(6,789,004)	(35,094,258)	-
Changes in Net Assets	31,451,000	7,630,000	(9,733,308)	27,936,048	(120,438,601)	(28,533,636)	(91,688,497)	8,831,543
Total Net Assets - Beginning of Year, as Adjusted	192,471,000	97,769,000	54,278,856	722,684,020	385,991,538	274,773,104	1,727,967,518	72,775,539
Total Net Assets - End of Year	$ 223,922,000	$ 105,399,000	$ 44,545,548	$ 750,620,068	$ 265,552,937	$ 246,239,468	$ 1,636,279,021	$ 81,607,082

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, 2009

Net Change in Net Assets-Total Enterprise Funds	$ (91,691,497)
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	1,973,042
Change in Net Assets of Business-Type Activities	$ (89,718,455)

The Accompanying Notes are an Integral Part of the Financial Statements

Memorial Bridge – Bismarck

STATE OF NORTH DAKOTA

Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2009

	Business-Type Activities - Enterprise Funds		
	Bank of North Dakota	Housing Finance	Mill and Elevator
Cash Flows from Operating Activities:			
Receipts from Customers and Users	$ 7,664,000	$ 153,562,021	$ 275,810,930
Receipts from Tuition and Fees	-	-	-
Interest Income on Loans	-	-	-
Receipts from Loan Principal Repayments	-	-	-
Receipts from Other Funds	-	-	-
Receipts from Grants and Contracts	-	-	-
Receipts from Others	-	-	-
Payments for Loan Funds	-	(460,000)	-
Payments to Other Funds	-	-	-
Payments for Scholarships and Fellowships	-	-	-
Payments to Suppliers	(8,500,000)	(157,703,000)	(221,517,628)
Payments to Employees	(9,550,000)	(2,410,000)	(7,998,481)
Claim Payments	-	-	-
Payments to Others	-	(921,000)	-
Other	-	-	(48,625)
Net Cash Provided by (Used for) Operating Activities	(10,386,000)	(7,931,979)	46,246,196
Cash Flows from Noncapital Financing Activities:			
Proceeds from Bonds	-	175,641,000	
Proceeds from Sale of Notes and Other Borrowings	360,200,000	-	31,600,000
Principal Payments - Bonds	-	(254,020,000)	-
Principal Payments - Notes and Other Borrowings	(289,666,000)	-	(71,898,712)
Interest Payments - Bonds	-	(40,733,000)	-
Interest Payments - Notes and Other Borrowings	(14,468,000)	-	(2,036,147)
Payment of Bond Issue Costs	-	(1,236,000)	-
Transfers In	-	363,979	-
Transfers Out	(30,046,000)	(31,000)	(36,254)
Net Increase in Non-Interest Bearing Deposits	(4,049,000)	-	-
Net Decrease in Interest Bearing Deposits	777,638,000	-	-
Payments of Interest on Deposits	(46,233,000)	-	-
Interest Paid on Federal Funds and Reverse Repurchase Agreements	(9,226,000)	-	-
Net Decrease in Federal Funds and Reverse Repurchase Agreements	(130,041,000)	-	-
Principal Payments on Due To Other Funds	-	-	-
Grants and Gifts Received for Other than Capital Purposes	-	-	-
Agency Fund Cash Increase	-	-	-
Grants Given for Other than Capital Purposes	-	-	-
Net Cash Provided by (Used for) Noncapital Financing Activities	614,109,000	(120,015,021)	(42,371,113)
Cash Flows from Capital and Related Financing Activities:			
Acquisition and Construction of Capital Assets	(3,731,000)	(89,000)	(3,909,273)
Proceeds from Sale of Capital Assets	2,122,000	-	50,000
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	-	-	-
Capital Appropriations	-	-	-
Payment on Capital Leases	-	-	-
Interest Payments - Capital Leases	-	-	-
Capital Grants and Gifts Received	-	-	-
Insurance Proceeds	-	-	-
Other	-	-	-
Net Cash Used for Capital and Related Financing Activities	(1,609,000)	(89,000)	(3,859,273)
Cash Flows from Investing Activities:			
Proceeds from Sale and Maturities of Investment Securities	131,488,000	10,918,000	-
Purchase of Investment Securities	(232,664,000)	(5,942,000)	-
Interest and Dividends on Investments	18,999,000	1,803,000	27,178
Proceeds from Sale of Other Real Estate	129,000	-	-
Net Decrease in Loans	(618,415,000)	-	-
Receipt of Loan Principal Repayments	-	-	-
Loan Income Received	128,415,000	-	-
Net Cash Provided by (Used for) Investing Activities	(572,048,000)	6,779,000	27,178

The Accompanying Notes are an Integral Part of the Financial Statements

(Continued on Next Page)

Business-Type Activities - Enterprise Funds				Governmental Activities
University System	Workforce Safety and Insurance	Other Enterprise Funds	Total	Internal Service Funds
$ 146,301,463	$ 88,306,037	$ 283,731,720	$ 955,376,171	$ 82,534,560
245,208,707	-	-	245,208,707	-
-	-	488,788	488,788	-
4,855,567	-	11,963,738	16,819,305	-
-	-	6,380	6,380	231,145
155,300,058	-	-	155,300,058	-
4,513,910	2,835,198	92,097	7,441,205	-
(4,705,013)	-	(10,663,788)	(15,828,801)	-
-	-	225	225	(186,793)
(29,537,642)	-	-	(29,537,642)	-
(262,442,569)	(1,545,746)	(195,821,979)	(847,530,922)	(37,462,349)
(539,978,286)	(10,845,602)	(4,138,108)	(574,920,477)	(20,786,870)
-	(112,186,839)	(77,674,286)	(189,861,125)	(484,313)
-	(15,615,457)	(63,678)	(16,600,135)	(2,745,908)
2,989,448	-	(454,323)	2,486,500	2,953
(277,494,357)	(49,052,409)	7,466,786	(291,151,763)	21,102,425
-	-	-	175,641,000	-
-	-	-	391,800,000	-
-	-	(59,400,000)	(313,420,000)	-
-	-	-	(361,564,712)	-
-	-	(929,000)	(41,662,000)	-
-	-	(61,122)	(16,565,269)	-
-	-	-	(1,236,000)	(2,449)
308,619,021	-	906,431	309,889,431	-
(8,234,000)	-	(9,743,004)	(48,090,258)	(5,500,000)
-	-	-	(4,049,000)	-
-	-	-	777,638,000	-
-	-	-	(46,233,000)	-
-	-	-	(9,226,000)	-
-	-	-	(130,041,000)	-
(1,479,887)	-	(443,486)	(1,923,373)	-
45,017,972	-	516,860	45,534,832	-
263,298	-	-	263,298	-
(1,557,755)	-	-	(1,557,755)	-
342,628,649	-	(69,153,321)	725,198,194	(5,502,449)
(57,362,918)	(3,623,419)	(1,278,975)	(69,994,585)	(14,000,722)
167,455	-	-	2,339,455	1,953,653
10,632,445	-	73,150	10,705,595	-
-	-	(195,000)	(195,000)	-
(31,757,754)	-	(25,950)	(31,783,704)	(6,613,350)
-	-	(43,586)	(43,586)	-
(13,848,295)	-	(15,582)	(13,863,877)	(935,650)
14,876,265	-	-	14,876,265	-
-	-	(41,108)	(41,108)	(150,209)
-	-	-	-	(41,909)
8,397,112	-	-	8,397,112	-
257,851	-	-	257,851	-
-	-	220	220	
(68,637,839)	(3,623,419)	(1,526,831)	(79,345,362)	(19,788,187)
52,099,864	56,000,000	24,292,039	274,797,903	1,060,300
(67,163,685)	(2,669,137)	(20,528,452)	(328,967,274)	-
7,668,070	-	6,206,211	34,703,459	(27,522)
	-	-	129,000	-
-	-	(1,085,000)	(619,500,000)	-
-	-	976,426	976,426	-
-	-	517,573	128,932,573	-
(7,395,751)	53,330,863	10,378,797	(508,927,913)	1,032,778

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, 2009

	Business-Type Activities - Enterprise Funds		
	Bank of North Dakota	Housing Finance	Mill and Elevator
Net Change In Cash:			
Net Increase (Decrease) in Cash and Cash Equivalents	30,066,000	(121,257,000)	42,988
Cash and Cash Equivalents at June 30, 2008	522,657,000	259,315,000	3,737
Cash and Cash Equivalents at June 30, 2009	$ 552,723,000	$ 138,058,000	$ 46,725
Reconciliation:			
Current:			
Cash Deposits at the Bank of North Dakota	$ -	$ 2,840,000	$ 46,725
Cash and Cash Equivalents	552,723,000	92,000	-
Restricted Cash Deposits at the Bank of North Dakota	-	10,542,000	-
Restricted Cash and Cash Equivalents	-	124,584,000	-
Noncurrent:			
Restricted Cash Deposits At The Bank of North Dakota	-	-	-
Restricted Cash and Cash Equivalents	-	-	-
Cash and Cash Equivalents	$ 552,723,000	$ 138,058,000	$ 46,725
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used for) Operating Activities:			
Operating Income (Loss)	$ 51,455,000	$ 5,819,021	$ (7,714,913)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation	1,194,000	4,000	2,700,468
Amortization\Accretion	-	694,000	-
Reclassification of Interest Revenue\Expense	(76,675,000)	40,602,000	-
Gain on Sale of Student Loans	(1,000)	-	-
Loss on Sale of Real Estate	28,000	-	-
Net Decrease in Fair Value of Investments	5,099,000	-	-
Interest Received on Program Loans	-	-	-
Disbursements for Loans and Loan Purchases	-	-	-
Receipt of Loan Principal Repayments	-	-	-
Provision for Losses	8,900,000	-	-
Contributed Property and Equipment	(628,000)	-	
Other	-	(123,000)	75,453
Change in Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable	-	(55,173,000)	16,057,557
(Increase) Decrease in Interest Receivable	-	(337,000)	-
(Increase) Decrease in Due From	96,000	25,000	-
Decrease in Due From Fiduciary Funds	-	-	-
(Increase) Decrease in Intergovernmental Receivable	-	48,000	-
Decrease in Notes Receivable	-	-	-
(Increase) Decrease in Prepaid Items	-	(22,000)	554,545
Decrease in Inventories	-	-	38,016,258
Increase in Other Assets	(94,000)	-	(21,766)
Increase (Decrease) in Accounts Payable	-	-	(3,221,233)
Increase (Decrease) in Claims\Judgments Payable	-	-	-
Increase (Decrease) in Intergovernmental Payable	-	(210,000)	-
Increase in Accrued Payroll	-	-	26,007
Increase in Compensated Absences Payable	-	13,000	55,884
Increase in Amounts Held for Others	-	388,000	-
Increase in Other Deposits	-	-	-
Increase (Decrease) in Due To Other Funds	(9,000)	26,000	-
Increase (Decrease) in Deferred Revenue	-	-	-
Increase (Decrease) in Other Liabilities	249,000	314,000	(282,064)
Decrease in Dividends Payable			
Total Adjustments	(61,841,000)	(13,751,000)	53,961,109
Net Cash Provided by (Used for) Operating Activities	$ (10,386,000)	$ (7,931,979)	$ 46,246,196
Noncash Transactions:			
Net Increase (Decrease) in Fair Value of Investments	$ 5,310,000	$ (246,000)	$ -
Change in Securities Lending Collateral	-	-	-
Interest on Investments	-	-	-
Amortization of Bond Discount	-	-	-
Amortization of Bond Issuance Costs	-	-	-
Assets Acquired Through Capital Lease	-	-	-
Assets Acquired Through Special Assessments	-	-	-
Gifts of Capital Assets	-	-	-
Interest Revenue on Prize Reserves	-	-	-
Total Noncash Transactions	$ 5,310,000	$ (246,000)	$ -

The Accompanying Notes are an Integral Part of the Financial Statements

Business-Type Activities - Enterprise Funds				Governmental Activities
University System	Workforce Safety and Insurance	Other Enterprise Funds	Total	Internal Service Funds
(10,899,298)	655,035	(52,834,569)	(154,226,844)	(3,155,433)
74,614,839	1,375,198	196,124,414	1,054,090,188	17,196,299
$ 63,715,541	$ 2,030,233	$ 143,289,845	$ 899,863,344	$ 14,040,866
$ 49,851,643	$ 2,030,233	$ 30,063,976	$ 84,832,577	$ 13,822,436
9,837,092	-	109,685,850	672,337,942	26,453
-	-	3,279,949	13,821,949	-
-	-	-	124,584,000	-
4,002,365	-	260,070	4,262,435	191,977
24,441	-	-	24,441	-
$ 63,715,541	$ 2,030,233	$ 143,289,845	$ 899,863,344	$ 14,040,866
$ (325,037,364)	$ 1,587,522	$ (26,403,247)	$ (300,293,981)	$ 9,943,403
43,817,249	248,627	1,000,189	48,964,533	11,513,292
-	-	539,000	1,233,000	6,650
-	-	(2,360,500)	(38,433,500)	-
-	-	-	(1,000)	-
	-	-	28,000	-
-	-	-	5,099,000	-
-	-	2,495,000	2,495,000	-
-	-	(178,000)	(178,000)	-
-	-	24,758,000	24,758,000	-
-	-	897,000	9,797,000	-
		-	(628,000)	-
-	-	(378,323)	(425,870)	-
(11,911,526)	(1,598,444)	(1,501,328)	(54,126,741)	(375,169)
-	-	35,314	(301,686)	-
-	-	6,243	127,243	(1,195,494)
-	-	4,476	4,476	-
-	-	(1,464,644)	(1,416,644)	230,614
1,380,461	-	177,307	1,557,768	-
-	36,753	(343,152)	226,146	694,950
202,708	-	51,299	38,270,265	6,225
2,373,271	-	(59,878)	2,197,627	2,953
1,851,001	155,715	1,258,173	43,656	77,029
-	31,300,000	(320,661)	30,979,339	160,603
-	-	2,784,385	2,574,385	(191,567)
2,205,334	-	33,169	2,264,510	192,637
2,040,942	164,720	49,162	2,323,708	50,174
-	-	3,908,835	4,296,835	-
3,211,042	-	-	3,211,042	-
-	58,581	1,279,373	1,354,954	(13,336)
2,372,525	8,930,567	1,208,414	12,511,506	(539)
-	-	(8,820)	272,116	-
	(89,936,450)		(89,936,450)	
47,543,007	(50,639,931)	33,870,033	9,142,218	11,159,022
$ (277,494,357)	$ (49,052,409)	$ 7,466,786	$ (291,151,763)	$ 21,102,425
$ (138,139)	$ (117,088,561)	$ (2,109,850)	$ (114,272,550)	$ (409,517)
-	(76,051,009)	(444,891)	(76,495,900)	(127,261)
-	43,923,868	-	43,923,868	-
-	-	8,754	8,754	-
-	-	3,335	3,335	-
26,761,225	-	-	26,761,225	-
657,055	-	-	657,055	-
2,335,463	-	-	2,335,463	-
-	-	591	591	-
$ 29,615,604	$ (149,215,702)	$ (2,542,061)	$ (117,078,159)	$ (536,778)

The Accompanying Notes are an Integral Part of the Financial Statements

Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2009

	Pension and Other Employee Benefit Trust Funds	Investment Trust Funds	Private-Purpose Trust Funds	Agency Funds
ASSETS				
Cash Deposits at the Bank of ND	$ 27,963,234	$ 716,541	$ 8,021,963	$ 15,249,160
Cash and Cash Equivalents	-	-	1,806,697	3,894,839
Receivables:				
Contributions Receivable	13,881,378	-	-	-
Accounts Receivable - Net	4,717	-	54,630	6,223,561
Taxes Receivable - Net	-	-	-	14,179,561
Interest Receivable - Net	9,713,752	74,124	5,096	409
Due from Other Funds	14,290	-	26	-
Due from Fiduciary Funds	140,720	-	-	-
Total Receivables	23,754,857	74,124	59,752	20,403,531
Investments, at Fair Value:				
Investments at the Bank of ND	5,500	-	21,103	19,857,655
Equity Pool	1,306,117,088	59,599,108	-	-
Fixed Income	2,399,637	-	-	-
Fixed Income Pool	1,054,485,414	58,468,110	2,080,342	230,774
Cash and Cash Pool	8,132,298	250,157	-	-
Real Estate Pool	220,441,035	7,338,132	-	-
Alternative Investments	141,264,674	3,307,954	-	-
Annuities	88,888	-	-	-
Mutual Funds	33,107,540	-	263,169,979	-
Total Investments	2,766,042,074	128,963,461	265,271,424	20,088,429
Invested Securities Lending Collateral	14,552,880	988,942	34,178	-
Capital Assets (Net of Depreciation)	4,684,575	-	-	-
Total Assets	2,836,997,620	130,743,068	275,194,014	$ 59,635,959
LIABILITIES				
Accounts Payable	4,809,889	226,164	771,343	$ -
Accrued Payroll	113,626	-	-	-
Securities Lending Collateral	14,552,880	988,942	34,178	-
Intergovernmental Payable	-	-	-	31,033,499
Tax Refunds Payable	-	-	-	42,665
Due to Other Funds	138,703	-	-	-
Due to Fiduciary Funds	134,605	-	-	-
Amounts Held in Custody for Others	-	-	-	28,559,795
Deferred Revenue	18,744	-	-	-
Compensated Absences Payable	130,273	-	-	-
Total Liabilities	19,898,720	1,215,106	805,521	$ 59,635,959
NET ASSETS				
Net Assets Held in Trust for:				
Pension Benefits	2,815,803,258	-	-	
Other Employee Benefits	1,295,642	-	-	
External Investment Pool Participants	-	129,527,962	-	
Other Purposes	-	-	274,388,493	
Total Net Assets Held in Trust	$ 2,817,098,900	$ 129,527,962	$ 274,388,493	

The Accompanying Notes are an Integral Part of the Finanacial Statements

Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Fiscal Year Ended June 30, 2009

	Pension and Other Employee Benefit Trust Funds	Investment Trust Funds	Private-Purpose Trust Funds
ADDITIONS			
Contributions:			
Employer	$ 73,681,743	$ -	$ -
Employee	77,174,126	-	-
From Participants	-	-	27,420,196
Transfers from Other Funds	564,078	-	-
Transfers from Other Plans	150,734	-	-
Donations	-	-	3,359
Total Contributions	151,570,681	-	27,423,555
Investment Income:			
Net Change in Fair Value of Investments	(1,019,750,271)	(26,057,926)	(69,463,525)
Interest and Dividends	77,164,619	3,100,638	9,976,204
Less Investment Expense	13,774,604	556,975	-
Net Investment Income	(956,360,256)	(23,514,263)	(59,487,321)
Securities Lending Activity:			
Securities Lending Income	543,773	30,809	-
Less Securities Lending Expense	225,741	13,050	-
Net Securities Lending Income	318,032	17,759	-
Repurchase Service Credit	6,078,777	-	-
Miscellaneous Income	1,055,807	-	3,900
Total Additions	(797,336,959)	(23,496,504)	(32,059,866)
DEDUCTIONS			
Benefits Paid to Participants	204,715,940	-	371
Refunds	7,304,171	-	-
Prefunded Credit Applied	4,854,724	-	-
Transfer to Other Plans	564,078	-	-
Payments in Accordance with Trust Agreements	-	-	33,534,397
Administrative Expenses	3,785,294	-	2,406,482
Total Deductions	221,224,207	-	35,941,250
Purchase of Units at Net Asset Value of $1.00 Per Unit	-	31,970,490	-
Change in Net Assets Held in Trust for:			
Pension Benefits	(1,018,941,438)	-	-
Other Employee Benefits	380,272	-	-
External Investment Pool Participants	-	8,473,986	-
Other Purposes	-	-	(68,001,116)
Total Change in Net Assets	(1,018,561,166)	8,473,986	(68,001,116)
Net Assets - Beginning of Year	3,835,660,066	121,053,976	342,389,609
Net Assets - End of Year	$ 2,817,098,900	$ 129,527,962	$ 274,388,493

The Accompanying Notes are an Integral Part of the Financial Statements

Combining Statement of Net Assets
Component Units - Proprietary Funds
June 30, 2009

	BSC Foundation	DSU Foundation	CHAND	MISU Development Foundation	Public Finance Authority	ND Development Fund
ASSETS						
Current Assets:						
Cash and Cash Equivalents	$ 101,791	$ 11,309,711	$ 3,523,938	$ 293,524	$ 1,000	$ 6,687,135
Investments	-	-	-	-	-	6,019,000
Accounts Receivable - Net	1,381,102	2,838,022	10,957	41,152	-	-
Interest Receivable - Net	-	-	-	-	-	85,229
Due from Primary Government	54,788	-	-	-	-	-
Inventory	-	-	-	-	-	-
Loans and Notes Receivable - Net	-	-	-	-	-	2,346,473
Other Assets	65,079	99,631	-	3,892	-	-
Restricted Cash and Cash Equivalents	-	-	-	-	1,233,000	-
Restricted Investments	-	-	-	-	54,570,000	-
Restricted Interest Receivable - Net	-	-	-	-	4,133,000	-
Total Current Assets	1,602,760	14,247,364	3,534,895	338,568	59,937,000	15,137,837
Noncurrent Assets:						
Restricted Cash and Cash Equivalents	456,391	111,737	-	-	-	-
Restricted Investments	10,101,508	7,018,881	-	8,655,276	393,316,000	-
Investments	327,647	580,000	-	956,202	-	834,057
Due from Primary Government	2,265,000	-	-	-	3,668,000	-
Loans and Notes Receivable - Net	-	-	-	-	-	7,671,535
Unamortized Bond Issuance Costs	41,526	-	-	-	1,036,000	-
Other Noncurrent Assets	603,594	5,248,349	-	343,937	-	-
Capital Assets:						
Land and Construction in Progress	1,200,000	80,000	-	-	-	-
Infrastructure - Net	11,071,939	57,596	-	-	-	-
Buildings and Equipment - Net	70,206	770,497	-	-	-	766
Total Noncurrent Assets	26,137,811	13,867,060	-	9,955,415	398,020,000	8,506,358
Total Assets	27,740,571	28,114,424	3,534,895	10,293,983	457,957,000	23,644,195
LIABILITIES						
Current Liabilities:						
Accounts Payable	81,818	785,625	2,000,325	14,314	153,000	13,653
Accrued Payroll	-	74,991	-	-	-	-
Interest Payable	-	-	-	-	1,539,000	-
Intergovernmental Payable	-	-	-	-	-	-
Due to Primary Government	87,764	1,511,847	-	-	-	-
Other Deposits	-	-	-	-	-	-
Notes Payable	-	464,924	-	-	-	-
Capital Leases Payable	-	-	-	-	-	-
Bonds Payable	771,834	-	-	-	12,234,000	-
Deferred Revenue	-	-	165,233	-	-	-
Other Current Liabilities	-	-	-	-	-	-
Total Current Liabilities	941,416	2,837,387	2,165,558	14,314	13,926,000	13,653
Noncurrent Liabilities:						
Intergovernmental Payable	-	-	-	-	310,000	-
Due to Primary Government	-	-	-	-	3,668,000	-
Notes Payable	-	131,569	-	-	-	-
Capital Leases Payable	-	-	-	-	-	-
Bonds Payable	3,430,799	9,200,000	-	-	162,774,000	-
Other Noncurrent Liabilities	2,445,031	611,265	-	161,712	-	-
Total Noncurrent Liabilities	5,875,830	9,942,834	-	161,712	166,752,000	-
Total Liabilities	6,817,246	12,780,221	2,165,558	176,026	180,678,000	13,653
Net Assets						
Invested in Capital Assets, Net of Related Debt	9,139,512	311,600	-	-	-	766
Restricted for:						
Debt Service	-	-	-	-	58,643,000	-
Loan Purposes	-	-	-	-	215,761,000	-
Other	12,640,139	15,542,936	-	7,910,175	-	-
Unrestricted	(856,326)	(520,333)	1,369,337	2,207,782	2,875,000	23,629,776
Total Net Assets	$ 20,923,325	$ 15,334,203	$ 1,369,337	$ 10,117,957	$ 277,279,000	$ 23,630,542

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
$ 1,271,676	$ 2,565,625	$ 4,317,053	$ 737,589	$ 2,439,456	$ 7,814,341	$ 41,062,839
-	-	-	-	-	-	6,019,000
2,399,661	287,777	1,557,174	1,577,150	9,013,054	246,596	19,352,645
-	-	-	-	-	-	85,229
373,824	840,000	-	132,951	915,693	229,619	2,546,875
-	-	387,867	132,229	-	-	520,096
-	-	-	-	-	-	2,346,473
588,484	72,310	148,305	261,101	27,619	104,994	1,371,415
-	-	-	-	-	-	1,233,000
-	-	-	-	-	-	54,570,000
-	-	-	-	-	-	4,133,000
4,633,645	3,765,712	6,410,399	2,841,020	12,395,822	8,395,550	133,240,572
6,566,481	550,599	2,782,497	-	-	9,710,523	20,178,228
82,759,996	-	-	-	130,626,146	16,449,326	648,927,133
17,730,451	-	-	31,310	5,657,956	-	26,117,623
19,144,510	23,645,000	-	1,784,126	9,717,307	-	60,223,943
-	1,659,750	-	-	-	-	9,331,285
-	1,782,228	-	-	-	-	2,859,754
1,425,194	674,755	200,000	-	17,907,665	257,106	26,660,600
868,809	-	-	1,088,436	-	206,560	3,443,805
-	907,569	-	20,233	-	-	12,057,337
4,981,296	3,387,496	82,112,115	15,384,373	2,649,911	324,345	109,681,005
133,476,737	32,607,397	85,094,612	18,308,478	166,558,985	26,947,860	919,480,713
138,110,382	36,373,109	91,505,011	21,149,498	178,954,807	35,343,410	1,052,721,285
1,642,738	340,704	1,233,474	912,709	796,627	78,750	8,053,737
-	28,695	-	-	-	-	103,686
-	-	-	-	-	-	1,539,000
-	28,368	-	-	-	-	28,368
-	-	1,427,088	881,899	3,150	1,700,943	5,612,691
660,383	-	-	-	-	-	660,383
195,525	81,667	-	980,093	200,000	33,734	1,955,943
-	41,564	-	40,858	-	-	82,422
485,861	840,000	226,714	-	715,693	-	15,274,102
-	-	3,793,683	1,597,565	1,324,994	-	6,881,475
-	-	-	-	-	20,000	20,000
2,984,507	1,360,998	6,680,959	4,413,124	3,040,464	1,833,427	40,211,807
-	463,452	-	-	-	-	773,452
-	-	-	-	-	-	3,668,000
1,793,487	628,000	-	6,958,495	100,000	37,881	9,649,432
-	-	-	1,784,126	-	-	1,784,126
22,677,819	27,085,000	5,538,844	-	13,251,576	-	243,958,038
6,194,691	1,003,700	-	-	18,001,446	83,331	28,501,176
30,665,997	29,180,152	5,538,844	8,742,621	31,353,022	121,212	288,334,224
33,650,504	30,541,150	12,219,803	13,155,745	34,393,486	1,954,639	328,546,031
5,850,105	(387,587)	76,346,557	8,554,454	2,649,911	459,290	102,924,608
-	-	-	-	-	-	58,643,000
-	-	-	-	-	-	215,761,000
99,806,823	636,515	2,782,497	-	130,132,376	31,510,830	300,962,291
(1,197,050)	5,583,031	156,154	(560,701)	11,779,034	1,418,651	45,884,355
$ 104,459,878	$ 5,831,959	$ 79,285,208	$ 7,993,753	$ 144,561,321	$ 33,388,771	$ 724,175,254

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, 2009

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue
BSC Foundation	$ 2,298,387	$ 400,006	$ (1,783,977)	$ (3,682,358)
DSU Foundation	2,251,076	145,149	4,405,760	2,299,833
CHAND	10,721,751	11,398,138	446,291	1,122,678
MISU Development Foundation	706,212	203,446	(2,320,693)	(2,823,459)
Public Finance Authority	8,929,000	1,297,000	24,573,000	16,941,000
ND Development Fund	1,473,687	887,649	233,596	(352,442)
NDSU Development Foundation	15,146,243	1,254,933	(11,897,423)	(25,788,733)
NDSU Research and Technology Park	3,382,172	2,823,640	533,789	(24,743)
RE Arena, Inc., UND Arena Services & Affiliates	12,161,832	7,485,936	-	(4,675,896)
UND Aerospace Foundation	19,481,610	20,090,136	404,098	1,012,624
UND Alumni Association & UND Foundation	15,698,405	4,492,821	(25,329,411)	(36,534,995)
Nonmajor Component Units	12,177,338	8,141,153	(464,068)	(4,500,253)
Total Component Units	$ 104,427,713	$ 58,620,007	$ (11,199,038)	$ (57,006,744)

The Accompanying Notes are an Integral Part of the Financial Statements

Adds to Permanent Endowments	Change in Net Assets	Net Assets Beginning of Year, as Adjusted	Net Assets End of Year
$ 406,523	$ (3,275,835)	$ 24,199,160	$ 20,923,325
250,184	2,550,017	12,784,186	15,334,203
-	1,122,678	246,659	1,369,337
251,466	(2,571,993)	12,689,950	10,117,957
-	16,941,000	260,338,000	277,279,000
-	(352,442)	23,982,984	23,630,542
5,403,988	(20,384,745)	124,844,623	104,459,878
-	(24,743)	5,856,702	5,831,959
-	(4,675,896)	83,961,104	79,285,208
-	1,012,624	6,981,129	7,993,753
1,343,163	(35,191,832)	179,753,153	144,561,321
590,738	(3,909,515)	37,298,286	33,388,771
$ 8,246,062	$ (48,760,682)	$ 772,935,936	$ 724,175,254

The Accompanying Notes are an Integral Part of the Financial Statements

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NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2009

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, 2009, 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, 2008, 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, 2008, 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, 2009, 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, 2009, 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, 2009, 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, 2009, 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, 2009, 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, 2009, 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, 2009, 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)

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, 2009, 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, 2008, 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, 2009, 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 15-member board of directors comprised of leading citizens, both alumni and friends of the university, as well as one ex-officio member 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, 2009, 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, 2009, 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, 2009, 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 18-member board of directors comprised of leading citizens, both alumni and friends of the university, as well as one ex-officio member 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.

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 Mill and Elevator Fund engages in the business of manufacturing and marketing farm products.

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 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 2007-2009 biennium, there were general, federal and supplemental appropriations totaling $538,128,488.

For the biennium ended June 30, 2009, the Secretary of State had expenditures that exceeded appropriations by $70,654 at the General Fund Funding Authority, Line Item Level, and by $56,114 at the Operating Expense Line Item Level. An unexpected amount of computer costs resulted in the over-expenditure.

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, 2009.

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 reported at fair value. Quoted market prices, when available, have been used to value investments. The market value for securities that have no quoted market price represent estimated fair value. Many factors are considered in arriving at that value. International securities are valued based upon quoted foreign market prices and translated into U.S. dollars at the exchange rate in effect at June 30. In general, corporate debt securities have been valued at quoted market prices or, if not available, values are based on yields currently available on comparable securities of issuers with similar credit ratings. Mortgages have been valued on the basis of their future principal and interest payments discounted at prevailing interest rates for similar instruments. The fair value of real estate investment securities, including timberland, is based on appraisals plus fiscal year-to-date capital transactions. Publicly traded alternative investments are valued based on quoted market prices. When not readily available, alternative investment securities are valued using current estimates of fair value from the investment manager. Such valuations consider variables such as financial performance of the issuer, comparison of comparable companies' earnings multiples, cash flow analysis, recent sales prices of investments, withdrawal

restrictions, and other pertinent information. Because of the inherent uncertainty of the valuation for these other alternative investments, the estimated fair value may differ from the values that would have been used had a ready market existed. 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 cost adjusted for other than temporary impairment as determined by the Board of Directors. Among the factors considered by the Fund's Directors in determining whether an other than temporary impairment of an investment has occurred 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 by the management company and of the investee company as to the potential effect of future developments. Total equity investments in the North Dakota Development Fund, Inc. are valued at $834,057 at June 30, 2009. 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.

The State lends its securities to broker-dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. The State has contracted with a third party securities lending agent (Agent) to lend the State's securities portfolios. The Agent lends securities of the type on loan at June 30, 2009, for collateral in the form of cash or other securities at 102% of the loaned securities market value plus accrued interest for domestic securities and 105% of the loaned securities market value plus accrued interest for international securities. The collateral for the loans is maintained at 100% per the contractual requirements. As of June 30, 2009, 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.

The Average Duration of the collateral investments as of June 30, 2009, was 10 days. The Average Weighted Maturity of collateral investments as of June 30, 2009, was 95 days. (Land Department was 52 days.) The interest rate sensitivity (duration) of the securities on loan matched the duration of the collateral investments, however the Land Department has an interest sensitivity of 15 days.

The Agent provides indemnification if the borrowers fail to return the underlying securities (and if collateral is inadequate to replace the securities lent) or fails to pay income distributions on them. All open securities loans can be terminated on demand by either the State or the borrower. All term securities loans can be terminated with five days notice by either the State or the borrower. Cash collateral is invested in accordance with investment guidelines approved by the State. The State cannot pledge or sell collateral securities received unless the borrower defaults.

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.

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:

Assets	Years
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 five 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.). 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	School Permanent Trust Fund	Other Governmental Funds
June 30, 2008, fund balance/net assets, as previously reported	$ 3,978,976	$ 975,756	$ 996,983
Prior period adjustment:			
Correction of errors	482	(7,690)	327
June 30, 2008, fund balance/net assets, as restated	$ 3,979,458	$ 968,066	$ 997,310

CORRECTION OF ERRORS

The beginning net assets of the Government-wide Governmental Activities $481,736; School Permanent Trust Fund $(7,689,685); PACE Fund $(273,549); Transportation $700,369 and Other Special $(99,945) were restated. The errors consisted of underaccrual of liabilities, overstatement of revenue in prior period and adjustments to fund balances in prior period for the Other Governmental Funds. Also, land values of the School Permanent Trust Fund were transferred from an investment to a capital asset per GASB 34.

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, "all 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, 2009, the bank balance of the primary government's deposits was $468,047,967. Of the bank amount, $420,351,884 was uncollateralized and uninsured.

There were significant concentrations of uninsured and uncollateralized deposits in the Bank of North Dakota and University System at June 30, 2009. Their uninsured and uncollateralized deposits totaled $409.1 million and $7.5 million, and their bank deposits totaled $409.9 million and $7.5 million, respectively.

At June 30, 2009, the bank balance of the major component units' deposits was $91,028,333. Of the bank amount, $11,971,849 was uncollateralized and uninsured.

The internal receivable amount in the governmental activities column in the Statement of Net Assets is Cash and Investments at the Bank of North Dakota for governmental activities. The internal payable amount in the business-type activities column includes 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.

   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 allows the Board to invest in first mortgages on farmlands 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, 2009, the following table shows the debt securities of the primary government and major component units by investment type and maturity (expressed in thousands).

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	$ 22,739	$ 4,444	$ 4,648	$ 2,594	$ 11,053
Commercial Mortgage-Backed	26,153	5,267	-	-	20,886
Corporate Bonds	854,196	11,556	457,956	220,918	163,766
Corporate Convertible Bonds	87,949	48	76,874	391	10,636
Government Agencies	335,437	109,273	202,646	12,777	10,741
Government Bonds	178,254	35,081	66,517	42,576	34,080
Government Mortgage-Backed	256,335	446	189,362	6,840	59,687
Index-Linked Government Bonds	202,022	4,266	149,959	15,956	31,841
Municipal/Provincial Bonds	21,314	1,110	2,673	3,303	14,228
Non-Government-Backed CMOs	42,331	8,127	85	593	33,526
Short Term Bills and Notes	5,418	5,418	-	-	-
Short Term Investment Funds	19,758	19,758	-	-	-
Pooled Investments	400,777	72,741	154,520	173,404	112
Total Debt Securities	$ 2,452,683	$ 277,535	$ 1,305,240	$ 479,352	$ 390,556

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	$ 584	$ 158	$ 283	$ 142	$ 1
Money Market Funds	2,291	2,291	-	-	-
Corporate Bonds	3,412	226	2,326	685	175
State and Municipal Bonds	388	-	47	18	323
Mutual Bond Funds	30,625	1,902	14,973	1,141	12,609
Commercial Paper	312	312	-	-	-
Total Debt Securities	$ 37,612	$ 4,889	$ 17,629	$ 1,986	$ 13,108

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.

As of June 30, 2009, 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	$ 22,738	$ 8,132	$ 1,578	$ 1,012	$ 5,505
Commercial Mortgage Backed	24,839	24,164	675	-	-
Corporate Bonds	854,228	12,639	28,702	152,385	332,708
Corporate Convertible Bonds	87,948	1,256	458	14,679	21,341
Government Agencies	223,362	216,169	-	4,495	2,583
Government Bonds	122,186	77,614	-	16,674	8,943
Government Mortgage Backed	128,610	128,610	-	-	-
Index-Linked Government Bonds	198,491	69,103	-	27,709	-
Municipal/Provincial Bonds	9,447	-	5,323	1,514	1,329
Non-Government Backed CMOs	42,330	20,590	480	1,153	3,510
Pooled Investments	418,104	176,489	105,302	67,041	-
Total Credit Risk Debt Securities	2,132,283	$ 734,766	$ 142,518	$ 286,662	$ 375,919
US Gov't & Agencies	320,400				
Total Debt Securities	$ 2,452,683				

*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	C	D	Not Rated
$ 608	$ 1,537	$ 113	$ 29	$ 16	$ 4,208
-	-	-	-	-	-
121,584	76,661	32,788	1,865	3,769	91,127
18,147	11,201	3,429	-	-	17,437
100	-	-	15	-	-
3,021	-	98	-	-	15,836
-	-	-	-	-	-
-	-	-	-	-	101,679
-	1,281	-	-	-	-
3,524	6,379	4,132	1,067	20	1,475
60,565	8,003	-	-	-	704
$ 207,549	$ 105,062	$ 40,560	$ 2,976	$ 3,805	$ 232,466

Component Units

S & P Credit Rating*	Total Market Value	Money Market Funds	Corporate Bonds	State and Municipal Bonds	Mutual Bond Funds	Commercial Paper
AAA	$ 2,336	$ 2,291	$ -	$ 45	$ -	$ -
AA	98	-	98	-	-	-
AA3	93	-	93	-	-	-
A	3,227	-	1,401	114	1,712	-
Aa	618	-	389	229	-	-
Aaa	27	-	27	-	-	-
BAA	41	-	41	-	-	-
BBB	838	-	33	-	805	-
B	46	-	46	-	-	-
Baa	11	-	11	-	-	-
BB	15	-	15	-	-	-
CCC	120	-	120	-	-	-
Caa	81	-	81	-	-	-
NR	29,477	-	1,057	-	28,108	312
Total Credit Risk Debt Securities	37,028	$ 2,291	$ 3,412	$ 388	$ 30,625	$ 312
US Treasuries	584					
Total Debt Securities	$ 37,612					

*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, 2009 (expressed in thousands):

	Amount	Percent
Federal Agency		
Federal Home Loan Bank	$ 160,383	48.4%
Mortgage-backed		
Fannie Mae	37,755	11.4%
Freddie Mac	55,904	16.9%
Ginnie Mae	18,216	5.5%
Federal Home Loan Bank Stock	17,385	5.3%

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, 2009, 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	$ (1,706)	$ 9,150	$ 13,410	$ 20,854
Brazilian real	(960)	5,045	5,566	9,651
British pound sterling	(3,444)	5,658	50,734	52,948
Canadian dollar	(2,078)	4,219	4,380	6,521
Danish krone	(816)	946	2,674	2,804
Euro	(18,576)	499	87,181	69,104
Hong Kong dollar	(2,441)	-	7,853	5,412
Hungarian forint	(110)	148	-	38
Iceland krona	-	295	-	295
Indonesian rupiah	-	2,215	-	2,215
Israeli shekel	-	-	64	64
Japanese yen	(18,787)	70	59,489	40,772
Malaysian ringgit	-	4,739	-	4,739
Mexican peso	-	3,971	102	4,073
New Zealand dollar	828	3,611	98	4,537
Norwegian krone	502	73	1,931	2,506
Polish zloty	(95)	3,811	-	3,716
Singapore dollar	(480)	-	2,372	1,892
South African rand	-	2,525	96	2,621
South Korean won	2,748	-	146	2,894
Swedish krona	(967)	2,106	4,021	5,160
Swiss franc	(8,684)	48	19,973	11,337
Turkish lira	885	-	-	885
International commingled funds (various currencies)	-	96,600	277,288	373,888
Total international investment securities	$ (54,181)	$ 145,729	$ 537,378	$ 628,926

Alternative Investments - In relation to investment asset allocation, the State considers alternative investments to be any investments that do not fit into any of the other specific asset classes available for investment. Examples of investments the State has included in the alternative investments asset class are private equity, venture capital and distressed debt. All of the investments in this asset class are in the form of limited partnerships with specific time horizons and capital commitments.

Private Equity - Private Equity investments are typically private interests in corporations across different areas of the capital structure and in different stages of the corporations' development via limited partnership vehicles. Private Equity investments are illiquid and long term in nature (10-12 years), typically held until maturity. Private Equity portfolios generally have a —J Curve Effectll whereby there are low to negative returns in the initial years due to the payment of investment whereby there are low to negative returns in the initial years due to the payment of investment management fees and initial funding of investments made by the General Partner during a period when investments are typically carried at cost and returns have not been realized. To diversify the program, Private Equity investments are made across business cycles, vintage years, and different strategies.

Venture Capital - These include investments in companies in a range of stages of development from start-up/seed stage, early stage, and later/expansion stage. Investments are typically made in years one through six and returns typically occur in years four through ten.

Distressed Debt - These include investments in the debt instruments of companies which may be publicly traded or privately held that are financially distressed and are either in bankruptcy or likely candidates for bankruptcy. Typical holdings are senior and subordinated debt instruments, mortgages and bank loans.

The AICPA expands the definition of Alternative Investments for the purpose of performing audits. The expanded definition includes investments for which a readily determinable fair value does not exist (that is, investments not listed on national exchanges or over-the-counter markets, or for which quoted market prices

are not available from sources such as financial publications, the exchanges, or Nasdaq). These types of investments can be held within any of the asset classes used by the State based on underlying portfolio holdings and analysis of risk and return relationships. These investments can be structured in different ways, including limited partnerships, limited liability companies, common trusts and mutual funds. Some are closed-ended with a specific life and capital commitment while others are open-ended with opportunity for ad hoc contributions or withdrawals and termination upon proper notice.

Commingled/Mutual Funds - These types of funds are generally open-ended funds and may be utilized in equities or fixed income asset classes. They are funds made up of underlying securities that have readily available market values (publically traded stocks or bonds). The State owns units of these funds rather than the individual securities. Contributions or withdrawals from these fund can be done as needed.

Private Equity – See definition above. The State has determined that private equity investments add diversification opportunities within asset classes that traditionally hold public equity investments. Therefore, there are private equity investments within equity asset classes as well as the alternative investments asset class.

Distressed Equity - See definition above. The State has determined that certain distressed debt investments add diversification and return opportunities within traditional fixed income asset classes. Therefore, there are distressed debt investments within fixed income asset classes as well as the alternative investments asset class.

Mezzanine Debt - This strategy is a hybrid of debt and equity financing. It is basically debt capital that gives the lender the rights to convert to an ownership or equity interest in the company if the loan is not paid back in time and in full. It is generally subordinated to senior debt. The State utilizes this strategy, through a limited partnership structure, in its high yield bond allocation.

Equity Long/Short - This strategy is a combination of long and short positions, primarily in publicly traded equities. The State utilizes this strategy in its US equity allocations.

Portable Alpha Strategies - This strategy separates alpha from beta in a portfolio by investing in securities that differ from the market index from which their beta is derived. Alpha is the return achieved over and above the return that results from the correlation between the portfolio and the market (beta). This strategy involves investing in areas that have little to no correlation with the beta of the portfolio. The State utilizes this strategy in its US equity and fixed income allocations.

Real Estate and Real "Tangible" Assets - These investments are intended to provide allocations to tangible assets that are expected to be inflation protected and provide performance above the inflation rate as indicated by the CPI. Investments in Real Estate and Real Estate Assets include:

Real Estate – includes investments in private vehicles through limited partnerships or commingled vehicles that have an ownership interest in direct real estate properties. The investment strategies may include "value added" strategies, which derive their return from both income and appreciation, "opportunistic", which derive their return primarily through appreciation, and "alternative" which invest in less traditional types of property. Both domestic and international real estate funds are utilized. The State has a dedicated asset class for these types of investments.

Timberland – includes investments in limited liability companies that have an ownership interest in properties where the value of the property is derived mainly from income-producing timber but also from the "higher and better use" value of the underlying land. The State has analyzed this type of investment and determined that its risk and return profile is very similar to bonds. Therefore, they have chosen to include timberland in fixed income asset allocations to provide additional diversification and return options.

Infrastructure – includes investments in limited partnerships that have an ownership interest in transportation assets such as toll roads, tunnels and bridges; and regulated assets such as electricity transmission, gas and oil distribution and wastewater collection. Other possible investments would include communication assets and social infrastructure. Similar to timberland, the State has included these types of investments in fixed income asset allocations.

C. SECURITIES LENDING

The following represents the balances relating to the securities lending transactions at June 30, 2009 (expressed in thousands).

Primary Government (Includes Pension and Investment Trust Funds)

Securities Lent	Underlying Securities	Non-Cash Collateral Value	Cash Collateral Investment Value
Lent for cash collateral:			
US agency securities	$ 4,231	$ -	$ 4,332
US government securities	69,477	-	70,739
US corporate fixed income securities	41,406	-	42,478
US equities	29,683	-	31,233
Global equities	558	-	574
Lent for non-cash collateral:			
US agency securities	-	-	-
US government securities	919	373	-
US corporate fixed income securities	-	-	-
US equities	-	-	-
Global equities	-	-	-
Total	$ 146,274	$ 373	$ 149,356

D. ENDOWMENT FUNDS

The endowment funds reported herein are donor-restricted funds in the custody of the University System. Investment income on the amount endowed is restricted for scholarships and other purposes. NDCC Section 15-67-04 applies to the investment of endowments governed by a gift instrument. 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. NDCC Section 15-67-06 applies to standard of conduct in the administration of powers to make and retain investments. It states —In the administration of the powers to appropriate appreciation and in making investment decisions, members of the governing board shall consider long-term and short-term needs of the institution in carrying out its purposes, its present and anticipated financial requirements, expected total return on its investments, price level trends, and general economic conditions.‖ Given the flexibility in NDCC 15-67-06, campuses have differing policies with respect to spending investment income and net appreciation on endowment funds. UND's policy allows up to 4.5% of the average of the last five years of assets in the Alerus endowment pool to be expended. MiSU allows for 4.5 percent of earnings to be used for scholarships and .5 percent for administrative expenses. MaSU, VCSU and WSC give departments authority to spend all investment income earned on the endowment funds. Net appreciation on investments are available for expenditure and consists of the following at June 30, 2009:

		Reflected in net assets as:
Mayville State University	$ 594	Expendable scholarships & fellowships
Minot State University	62,898	Expendable scholarships & fellowships
University of North Dakota	458,000	Non –expendable scholarships & fellowships
Williston State College	3,685	Cash in bank
Total NDUS	$ 525,177	

Endowment funds reported herein do not include the Federal Land Grant Fund held by the State Land Department. The annual proceeds from assets held by the State Land Commissioner are deposited into each college/university's operating fund at the State Treasury and are used for current operating purposes. Bismarck State College, Lake Region State College and Williston State College do not participate in the proceeds allocated by the State Land Department. Total assets held by the State Land Department and proceeds for the fiscal year ended June 30, 2009 are $41,821,933 and $1,430,000, respectively.

E. 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, 2009, the State had reverse repurchase agreements of $3,075,000 included in securities lending collateral on the statement of net assets. The highest month end balance for the previous year was $141,755,000, with an average daily balance of $87,114,000. The weighted average interest rate as of year end was 0.25 percent. The weighted average interest rate paid during the year was 1.90 percent. The fair value of these securities at June 30, 2009, was $3,075,000.

F. RECEIVABLES

Receivables at June 30, 2009, consist of the following (expressed in thousands):

	General	Federal	School Permanent Trust Fund	Other Governmental Funds	Bank of North Dakota	Housing Finance	Mill & Elevator	University System
Receivables:								
Accounts	$ 7,532	$ 7,252	$ 9,804	$ 40,973	$ -	$ 549	$ 31,987	$ 24,624
Less Allowance	(4,072)	-	-	(11,872)	-	-	(1,556)	(3,601)
Taxes	213,253	-	1,854	66,464	-	-	-	-
Less Allowance	(22,097)	-	-	(1,138)	-	-	-	-
Interest	97	-	7,307	2,055	34,651	3,693	-	-
Less Allowance	-	-	-	(1,059)	-	-	-	-
Current Loans and Notes	167	280	2,757	72,198	461,234	15,857	-	10,181
Less Allowance	(26)	-	-	(3,854)	-	-	-	(1,466)
Noncurrent Loans and Notes	-	-	35,577	-	2,110,526	808,387	-	36,705
Less Allowance	-	-	-	-	(36,750)	-	-	(4,888)
Net Receivables	$ 194,854	$ 7,532	$ 57,299	$ 163,767	$ 2,569,661	$ 828,486	$ 30,431	$ 61,555

	Workforce Safety & Insurance	Other Enterprise Funds	Internal Service Funds	Fiduciary Funds	Major Component Units	Total
Receivables:						
Accounts	$ 22,239	$ 24,498	$ 526	$ 6,283	$ 19,106	$ 195,373
Less Allowance	(4,500)	(6,257)	-	-	-	(31,858)
Taxes	-	-	-	16,488	-	298,059
Less Allowance	-	-	-	(2,308)	-	(25,543)
Interest	8,522	2,921	54	9,793	4,218	73,311
Less Allowance	-	-	-	-	-	(1,059)
Current Loans and Notes	-	9,462	-	-	2,346	574,482
Less Allowance	-	-	-	-	-	(5,346)
Noncurrent Loans and Notes	-	73,313	-	-	14,819	3,079,327
Less Allowance	-	(1,013)	-	-	(5,487)	(48,138)
Net Receivables	$ 26,261	$ 102,924	$ 580	$ 30,256	$ 35,002	$ 4,108,608

G. INTERFUND ACCOUNTS AND TRANSFERS

DUE FROM OTHER FUNDS/DUE TO OTHER FUNDS

Interfund balances at June 30, 2009, consist of the following (expressed in thousands):

Due To General Fund From:	
Federal Fund	$ 81,337
Nonmajor Governmental Funds	11,450
Bank of North Dakota	2,401
Nonmajor Enterprise Funds	5,755
All Others	254
Total Due To General Fund	$ 101,197
Due To Federal Fund From:	
General Fund	$ 2,454
Nonmajor Governmental Funds	11,205
All Others	1,241
Total Due To Federal Fund	$ 14,900
Due To Internal Service Funds From:	
General Fund	$ 3,837
Federal Fund	625
Nonmajor Governmental Funds	814
University System	645
All Others	619
Total Due To Internal Service Funds	$ 6,540
Due To School Permanent Trust Fund From:	
Nonmajor Enterprise Funds	$ 1,186
All Others	858
Total Due To School Permanent Trust Fund	$ 2,044

Included in the Nonmajor Enterprise Funds is an advance from the Developmentally Disabled Fund for $838,425. This is not expected to be repaid within one year.

Due To Nonmajor Governmental Funds From:	
General Fund	$ 40,811
Federal Fund	14,705
Nonmajor Governmental Funds	9,910
Internal Service Funds	594
All Others	582
Total Due To Nonmajor Governmental Funds	$ 66,602
Due To Bank of North Dakota From:	
Housing Finance	$ 9,648
Mill and Elevator	34,894
University System	1,573
Nonmajor Enterprise Funds	968
All Others	799
Total Due To Bank of North Dakota	$ 47,882
Due To University System From:	
General Fund	$ 8,363
Federal Fund	2,271
All Others	1,389
Total Due To University System	$ 12,023
Due To All Other Funds From:	
All Other	$ 1,330

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, 2009.

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

Due From's		$ 252,518
Differences:		
General Fund/Bank of ND	12,599	
Bank of ND/Housing Finance	(6,898)	
Mill & Elevator/Bank of ND	3,706	
University System/Bank of ND	309	
Student Loan Trust/Bank of ND	(72)	
School Permanent Trust Fund/ Developmentally Disabled Loan Fund	(39)	
Bank of ND/Guaranteed Student Loan	199	
Governmental Agencies/Bank of ND	5,991	
Enterprise Funds/Bank of ND	2,188	
Total Differences		17,983
Due To's		$ 270,501

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, 2009, follows (expressed in thousands):

	Transfers In						
	General	Federal	Non-major Governmental	Housing Finance	University System	Non-major Enterprise	Total
Transfers Out							
General	$ -	$ -	$ 61,678	$ -	$ 283,085	$ -	$ 344,763
Federal	-	-	37,548	364	-	-	37,912
School Permanent Trust Fund	-	-	34,170	-	1,430	-	35,600
Non-major Governmental	24,766	8,375	35,624	-	19,244	1,218	89,227
Bank of North Dakota	20,004	-	-	-	-	-	20,004
Housing Finance	-	-	31	-	-	-	31
University System	-	-	8,234	-	-	-	8,234
Non-major Enterprise	-	-	6,789	-	-	-	6,789
Mill & Elevator	-	-	36	-	-	-	36
Total	$ 44,770	$ 8,375	$ 184,110	$ 364	$ 303,759	$ 1,218	$ 542,596

(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, 2009, legislatively-mandated transfers were made to the general fund of $115 million and $5.3 million from the Permanent Oil Tax and the State Lottery respectively.

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

Transfers Out		$ 542,596
Differences:		
General Fund/Bank of ND	39,996	
Federal Fund/Bank of ND	827	
Beginning Farmer/PACE	156	
State Fair/Bank of ND	(58)	
Total Differences		40,921
Transfers In		$ 583,517

The above timing differences of $26,507,000 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.

H. CAPITAL ASSETS

PRIMARY GOVERNMENT:

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

Description	Balance July 1, 2008	Increases	Decreases	Balance June 30, 2009
Governmental Activities:				
Capital Assets Not Being Depreciated				
Land	$ 63,211	$ 4,848	$ (7)	$ 68,052
Construction in Progress	457,976	79,548	(94,632)	442,892
Total Capital Assets Not Being Depreciated	521,187	84,396	(94,639)	510,944
Capital Assets Being Depreciated:				
Buildings and Improvements	405,812	30,911	(423)	436,300
Equipment	262,857	29,929	(16,149)	276,637
Infrastructure	3,073,481	74,431	(106)	3,147,806
Total Capital Assets Being Depreciated	3,742,150	135,271	(16,678)	3,860,743
Less Accumulated Depreciation for:				
Buildings and Improvements	(176,653)	(9,312)	300	(185,665)
Equipment	(127,188)	(19,512)	13,027	(133,673)
Infrastructure	(2,472,088)	(37,681)	73	(2,509,696)
Total Accumulated Deprecation	(2,775,929)	(66,505)	13,400	(2,829,034)
Total Capital Assets Being Depreciated, Net	966,221	68,766	(3,278)	1,031,709
Governmental Activities Capital Assets, Net	$ 1,487,408	$ 153,162	$ (97,917)	$ 1,542,653

Infrastructure assets of the State Water Commission, with a carrying value of $30,516,290 are considered temporarily impaired at June 30, 2009.

Description	Balance July 1, 2008	Increases	Decreases	Balance June 30, 2009
Business-Type Activities:				
Capital Assets Not Being Depreciated				
Land	$ 19,436	$ -	$ (672)	$ 18,764
Construction in Progress	57,910	46,116	(61,157)	42,869
Total Capital Assets Not Being Depreciated	77,346	46,116	(61,829)	61,633
Capital Assets Being Depreciated:				
Buildings and Improvements	852,599	69,581	(4,762)	917,418
Equipment	402,515	35,181	(17,161)	420,535
Infrastructure	150,640	7,783	-	158,423
Total Capital Assets Being Depreciated	1,405,754	112,545	(21,923)	1,496,376
Less Accumulated Depreciation for:				
Buildings and Improvements	(378,352)	(22,720)	3,925	(397,147)
Equipment	(247,316)	(23,965)	14,459	(256,822)
Infrastructure	(65,216)	(3,729)	-	(68,945)
Total Accumulated Deprecation	(690,884)	(50,414)	18,384	(722,914)
Total Capital Assets Being Depreciated, Net	714,870	62,131	(3,539)	773,462
Business-Type Activities Capital Assets, Net	$ 792,216	$ 108,247	$ (65,368)	$ 835,095

Description	Balance July 1, 2008	Increases	Decreases	Balance June 30, 2009
Major Component Units:				
Capital Assets Not Being Depreciated				
Land	$ 3,215	$ 22	$ -	$ 3,237
Construction in Progress	10,351	496	(10,846)	1
Total Capital Assets Not Being Depreciated	13,566	518	(10,846)	3,238
Capital Assets Being Depreciated:				
Buildings and Improvements	120,623	32	(14)	120,641
Equipment	21,030	13,185	(3,997)	30,218
Infrastructure	1,638	10,846	-	12,484
Total Capital Assets Being Depreciated	143,291	24,063	(4,011)	163,343
Less Accumulated Depreciation for:				
Buildings and Improvements	(27,340)	(6,278)	14	(33,604)
Equipment	(6,231)	(2,118)	451	(7,898)
Infrastructure	(235)	(191)	-	(426)
Total Accumulated Deprecation	(33,806)	(8,587)	465	(41,928)
Total Capital Assets Being Depreciated, Net	109,485	15,476	(3,546)	121,415
Major Component Unit Capital Assets, Net	$ 123,051	$ 15,994	$ (14,392)	$ 124,653

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	$ 6,362
Education	337
Health and Human Services	4,205
Regulatory	249
Public Safety & Corrections	7,698
Agriculture and Commerce	138
Natural Resources	6,524
Transportation	40,992
Total Governmental Activities Depreciation Expense	$ 66,505

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

Project Description:

Governmental Activities	Amount Authorized	Amount Expended Through June 30, 2009	Balance Authorized
Office of Management and Budget	$ 5,398	$ 2,018	$ 3,380
State Courts	1,538	758	780
Legislative Assembly	2,137	575	1,562
Secretary of State	709	709	-
School for the Deaf	286	55	231
Department of Health	338	278	60
Veterans Home	35,077	4,206	30,871
Department of Human Services	5,109	4,394	715
Adjutant General	35,794	20,884	14,910
Department of Corrections	295	86	209
Game and Fish	1,264	285	979
Job Service North Dakota	6,324	386	5,938
Department of Transportation	487,340	408,199	79,141
Fleet Services	127	59	68
Total Governmental Activities	$ 581,736	$ 442,892	$ 138,844

Business-Type Activities	Amount Authorized	Amount Expended Through June 30, 2009	Balance Authorized
Mill and Elevator	$ 3,475	$ 2,378	$ 1,097
Workforce Safety and Insurance	14,000	7,011	6,989
State Fair	250	120	130
PERS Group Insurance	2,759	1,763	996
University System	84,563	31,597	52,966
Total Business-Type Activities	$ 105,047	$ 42,869	$ 62,178

Major Component Units	Amount Authorized	Amount Expended Through June 30, 2009	Balance Authorized
UND Aerospace Foundation	$ 200	$ 1	$ 199

I. 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, 2009, amounted to $11,374,584 for governmental activities and $8,621,241 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, 2009, for all fund types are as follows (expressed in thousands):

Year Ending June 30	Governmental Activities	Business-type Activities
2010	$ 4,693	$ 6,039
2011	2,727	4,657
2012	1,289	3,615
2013	850	2,818
2014	382	2,170
2015-2019	908	6,189
2020-2024	137	433
2025-2029	-	253
2030-2034	-	114
Total Minimum Lease Payments	$ 10,986	$ 26,288

J. 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, 2009 (expressed in thousands):

Year Ending June 30	Governmental Activities	Business-type Activities	Major Component Units
2010	$ 1,528	$ 12,401	$ 171
2011	1,191	9,065	126
2012	974	7,360	126
2013	789	6,673	126
2014	8	6,141	126
2015-2019	-	25,928	632
2020-2024	-	13,617	632
2025-2029	-	12,523	632
2030-2034	-	2,042	569
2035-2039	-	1,822	-
2040-2044	-	729	-
Total Minimum Lease Payments	4,490	98,301	3,140
Less: Amount Representing Interest	(434)	(30,204)	(1,273)
Present Value of Future Minimum Lease Payments	$ 4,056	$ 68,097	$ 1,867

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, 2009, is as follows (expressed in thousands):

	Governmental Activities	Business-Type Activities	Major Component Units
Infrastructure	$ -	$ 1,660	$ -
Buildings	-	46,319	-
Equipment	10,415	33,302	1,978
Less: Accumulated Depreciation	(5,217)	(20,868)	(432)
Total	$ 5,198	$ 60,413	$ 1,546

K. 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, 2009, 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 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 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.

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, 2005 B and 2007 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

Interest is payable semiannually on June 1 and December 1 of each year. The proceeds of the Series 2000 B Bonds were used to provide funds for the acquisition of student loans from the Bank of North Dakota. The 2000 Series B Bonds are fixed rate bonds. Under certain conditions, the Industrial Commission may call for early redemption of the 2000 Series 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 lesser of either the one-month LIBOR plus .7% or Federal Home Loan Bank plus .7%. Details of the terms and provisions of the variable rate bonds are outlined in Section 2.1 of the Fourth Supplemental Resolution to the State of North Dakota Student Loan Revenue Bonds First General Bond Resolution. Section 2.2 of the Fourth Supplemental Resolution to the State of North Dakota Student Loan Revenue Bonds First General Bond Resolution has deemed these to be Federally Taxable Bonds. 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 lesser of either the one-month LIBOR plus .7% or Federal Home Loan Bank plus .7%. Details of the terms and provisions of the variable rate bonds are outlined in Section 2.1 of the Fourth 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.

Revenue Bonds outstanding (expressed in thousands):

Fund Type/Fund	Maturities	Interest Rates	Balance 6/30/09
Primary Government			
Governmental:			
Building Authority	2010-2025	2.00-5.35	$ 94,396
Water Commission	2010-2048	2.50-5.50	107,093 [1]
Department of Transportation	2010-2020	3.00-5.00	46,460
Information Technology Department	2010-2014	4.50-5.25	3,577
Proprietary:			
State Fair	2010-2012	3.50-4.60	957
Student Loan Trust	2026-2029	1.01-5.85	15,200 [2]
Housing Finance:			
Homeownership	2010-2040	1.45-6.15	849,586 [2]
University System:			
VCSU—Valley City	2010-2033	4.30-7.25	3,190
Williston State College	2010-2019	0-4.75	426
Lake Region State College	2010-2017	4.00-5.125	745
UND—Grand Forks	2010-2036	0-5.00	71,550
NDSU—Fargo	2010-2037	0-5.60	87,700
NDSCS—Wahpeton	2010-2016	0-5.50	1,050
MiSU–Minot	2010-2030	0-5.25	5,585
MiSU—Bottineau	2010-2012	6.25-6.95	81
MaSU—Mayville	2010-2018	4.80-5.38	2,302
DSU—Dickinson	2010-2020	4.00-5.00	630
BSC—Bismarck	2010-2030	3.4-6.1	4,020
NDUS – Univ. Sys. State Office	2010-2014	0-4.28	8,520
Total Revenue Bonds Payable—Primary Government			$ 1,303,068
Major Component Units			
Proprietary:			
Public Finance Authority	2010-2033	2.00-10.00	$ 175,008
NDSU Research and Technology Park, Inc.	2010-2032	3.00-5.40	27,925
NDSU Development Foundation	2010-2039	1.50-5.19	23,164
Arena Holdings Charitable LLC	2010-2030	4.60	5,765
UND Foundation	2010-2027	2.50-5.00	13,967
DSU Foundation	2010-2024	5.89	9,200
BSC Foundation	2010-2032	4.50-5.25	4,203
Total Revenue Bonds Payable—Major Component Units			$ 259,232

[1] Approximately $57 million of the Water Commission's bonds payable is not associated with fixed assets of the State.
[2] Entire amount of bonds payable are not associated with fixed assets of the State.

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

Fiscal Year	Principal	Interest
2010	$ 17,595	$ 10,677
2011	17,483	10,034
2012	16,709	9,339
2013	16,720	8,675
2014	17,629	8,039
2015-2019	84,129	28,424
2020-2024	52,805	11,683
2025-2029	17,383	2,771
2030-2034	3,588	1,105
2035-2039	1,153	692
2040-2044	1,417	438
2045-2049	1,246	140
Bond Premium	4,926	(4,926)
Deferred Amount On Refunding	(1,257)	1,257
Total	$ 251,526	$ 88,348

Business-type Activities

Fiscal Year	Principal	Interest
2010	$ 28,159	$ 48,643
2011	33,704	47,401
2012	34,163	46,029
2013	32,172	44,592
2014	30,566	43,229
2015-2019	133,235	197,909
2020-2024	144,035	165,358
2025-2029	197,875	123,842
2030-2034	206,535	73,689
2035-2039	200,595	21,927
2040-2044	4,290	84
Bond Premium	6,213	(6,213)
Total	$ 1,051,542	$ 806,490

Major Component Units

Fiscal Year	Principal	Interest
2010	$ 15,275	$ 11,000
2011	15,395	10,830
2012	15,559	10,197
2013	15,254	9,535
2014	15,657	8,869
2015-2019	78,235	34,203
2020-2024	58,143	18,068
2025-2029	38,615	7,073
2030-2034	5,270	780
2035-2039	511	59
Bond Premium	1,318	(1,318)
Total	$ 259,232	$ 109,296

2. NOTES PAYABLE

The following is a schedule of notes payable outstanding at June 30, 2009 (expressed in thousands):

Fund Type/Fund	Maturities	Interest Rates	Balance 6/30/08
Primary Government			
Governmental:			
Department of Corrections	2010-2015	4.59	$ 489
Department of Human Services	2010-2015	4.24	3,372
Department of Transportation	2010-2022	4.18	2,309
Office of Management and Budget	2010-2022	4.18	4,183
Tax Department	2010-2013	3.166	9,916
School for the Deaf	2010-2021	4.8408	253
Information Technology Department	2010-2013	3.47	6,000
Proprietary:			
Bank of North Dakota	2010-2022	3.27-7.35	315,604
University System	2010-2015	4.09-5.52	3,243
Major Component Units			
UND Aerospace Foundation	2010-2019	2.22-6.00	7,939
NDSU Development Foundation	2010-2013	2.77-6.86	1,989
NDSU Research & Tech Park	2010-2017	0.0-7.50	710
UND Foundation	2010-2012	5.00	300
DSU Foundation	2010-2013	5.625-6.785	596

(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 $3,668,000 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
2010	$ 4,395	$ 944
2011	5,424	768
2012	5,648	575
2013	4,834	386
2014	1,241	240
2015–2019	2,919	779
2020–2024	2,061	145
Total	$ 26,522	$ 3,837

Business-type Activities

Fiscal Year	Principal	Interest
2010	$ 6,089	$ 15,303
2011	946	15,112
2012	33,894	14,314
2013	630	13,104
2014	62,243	11,523
2015–2019	190,445	41,576
2020–2024	24,600	3,659
Total	$ 318,847	$ 114,591

Major Component Units

Fiscal Year	Principal	Interest
2010	$ 1,922	$ 557
2011	1,883	460
2012	1,196	373
2013	1,284	305
2014	2,859	176
2015–2019	2,390	226
Total	$ 11,534	$ 2,097

Changes in General Long-Term Liabilities

Changes in Long-Term Liabilities for the year ended June 30, 2009, are summarized as follows (expressed in thousands):

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Notes Payable	$ 35,726	$ -	$ (9,203)	$ 26,523	$ 4,396
Bonds Payable	265,665	3,005	(17,144)	251,526	17,730
Capital Leases Payable	5,236	89	(1,269)	4,056	1,338
Intergovernmental Payable	385	120	-	505	56
Compensated Absences	34,039	23,612	(21,971)	35,680	1,970
Claims/Judgments Payable	8,004	4,074	(4,336)	7,742	3,190
Total Long-Term Liabilities	$ 349,055	$ 30,900	$ (53,923)	$ 326,032	$ 28,680
Business-Type Activities:					
Notes Payable	$ 250,645	$ 160,200	$ (91,998)	$ 318,847	$ 6,089
Bonds Payable	1,197,845	139,750	(286,053)	1,051,542	28,159
Capital Leases Payable	50,046	27,891	(9,840)	68,097	8,601
Intergovernmental Payable	7,547	10,508	(9,477)	8,578	726
Compensated Absences	25,648	3,510	(1,186)	27,972	2,374
Dividends Payable	91,581	-	(89,936)	1,645	1,645
Claims/Judgments Payable	741,864	180,267	(149,286)	772,845	97,119
Total Long-Term Liabilities	$ 2,365,176	$ 522,126	$ (637,776)	$ 2,249,526	$ 144,713
Major Component Units:					
Notes Payable	$ 8,383	$ 6,988	$ (3,837)	$ 11,534	$ 1,922
Bonds Payable	226,938	62,840	(30,546)	259,232	15,274
Capital Leases Payable	1,952	-	(85)	1,867	83
Intergovernmental Payable	967	94	(260)	801	28
Total Long-Term Liabilities	$ 238,240	$ 69,922	$ (34,728)	$ 273,434	$ 17,307

Bonds payable reductions include amortization of premium and deferred bond refunding costs.

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, $1,600,081 of internal service fund compensated absences and $6,071,092 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 (15%), the Federal Fund (21%), and other various funds. Other governmental activities claims and judgments have all been liquidated by the Petroleum Release Compensation Fund.

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, 2009, there were bonds of $8,250,000.

Water Commission

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, 2009, $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.

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, 2009, $2,855,000 of bonds outstanding is considered defeased.

University System

North Dakota State University

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, 2009, of the original bonds refunded by the advance refunding total $430,000.

On January 25, 2007, the NDSU Research & Technology Park, Inc., issued $22,835,000 of Lease Revenue Refunding Bonds, Series 2007A and 2007B with an average true interest rate of 4.30 percent. The bonds were used to advance refund a portion ($21,580,000) of outstanding Series 2000 Lease Revenue Bonds and Series 2002 Lease Revenue Bonds (with an average interest rate of 5.5 and 4.9 percent, respectively). The NDSU Research & Technology Park advance refunded the funds to reduce its total debt service payments over the next 24 years by approximately $1,075,086 and to obtain an economic gain (difference of the present values of the debt service payments on the old and new debt) of approximately $635,567. The principal amount outstanding as of June 30, 2009 or the original amount of the portion of the Series 2000 and 2002 bonds refunded, totaled $22,445,000.

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). These bonds were used to (1) refund, defease and discharge outstanding North Dakota State School of Science Married Student Housing Revenue Bonds 1970 and Dormitory Revenue Bonds of 1972; (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, 2009, of the original bonds refunded is $475,000.

Component Units

Public Finance Authority Bonds

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, 2008, $11,005,000 of bonds outstanding is considered defeased, and the liability has been removed from the balance sheet.

L. 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 $3,016,739 at June 30, 2009. 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 $2,002,670,483 of restricted net assets, of which $562,632,585 is restricted by enabling legislation.

NOTE 5 – 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, 2003, 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, 2009, the number of participating local political subdivisions in PERS was:

Cities and Park Districts	80
Counties	48
School Districts	108
Other	65
Total Participating Local	301

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 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. The plan permits early retirement at ages 50-55 with three or more years of service.

Employees may elect to receive the pension benefits in the form of a single life, joint and survivor, level social security, term-certain annuity, or partial lump sum with ongoing 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. 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 months out of the last 120 months of service. The percentage is equal to the sum of the first 25 years of service multiplied by 3.60% 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.

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, which is the same as the aggregate 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. The —scheduled contribution‖ and amortization will be determined when the plan is not in surplus and will be based on a funding policy adopted by the employer.

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, 2009, the number of participating employer units in TFFR was:

Type	Number
Special Education Units	21
Vocational Education Units	5
Public School Districts	184
County Superintendents	11
Other	10
Total	231

Effective July 1, 2008, for purposes of determining pension benefits, members are classified as those employed before July 1, 2008, who have not taken a refund (Tier 1), and those employed after July 1, 2008 (Tier 2).

Tier 1 - 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 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 Section 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. All members may be eligible for legislative increases in monthly benefits.

Tier 2 - A member is entitled to receive full benefits when five 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 90. 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 90. 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 Section 15-39.1-10. Monthly benefits under TFFR are equal to the five highest annual salaries earned divided by 60 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. All members 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 8.25% of the teacher's salary, until the fund reaches 90% funded ratio on an actuarial basis.

A vested member who terminates covered employment may elect a refund of assessments paid plus 6% or defer payment until eligible for pension benefits. A nonvested member who terminates covered employment must claim a refund of contributions paid before 70 ½. 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:	7,188	109	214	6,466
Special Prior Service Retirees:	22	-	-	-
Terminated Employees:				
Vested	3,270	4	4	1,490
Nonvested	2,025	1	-	292
Total Terminated Employees	5,295	5	4	1,782
Active Employees:				
Vested	14,281	66	35	8,301
Nonvested	5,662	67	-	1,406
Total Active Employees	19,943	133	35	9,707
Date of Annual Valuation	July 1, 2009	July 1, 2009	July 1, 2009	July 1, 2009

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

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PLAN ASSET MATTERS

BASIS OF ACCOUNTING

The public employee retirement systems described above are considered part of the State of North Dakota's reporting entity and are included in the State's financial statements as pension trust funds. The financial statements of these systems are prepared using the accrual basis of accounting. Employee contributions are recognized as revenues in the period in which they are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contribution. Benefits and refunds are recognized when due and payable in accordance with the terms of the plans.

METHOD USED TO DETERMINE EMPLOYER CONTRIBUTIONS

Employer contributions for the PERS 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, 2009	July 1, 2009	July 1, 2009
Actuarial Cost Method	Entry Age Normal	Frozen Initial Liability**	Entry Age Normal
Amortization Method	Level Percent Open	Level Dollar Closed	Level Percentage 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, 2008, the actuarial value of assets exceeds the present value of projected benefits; therefore, the unfunded actuarial accrued liability is currently zero. The frozen initial liability actuarial cost method is the same as the aggregate cost method.

*** 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 8.25% statutory employer contribution rate. Payroll is assumed to increase at 2.00% per annum.

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, 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%
July 1, 2008	1,609.8	1,737.6	127.8	92.6%	640.7	19.9%
July 1, 2009	1,617.1	1,901.2	284.1	85.1%	697.7	40.7%
NDHPRS						
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%
July 1, 2008	50.8	54.6	3.8	93.0%	6.5	58.5%
July 1, 2009	50.2	57.6	7.4	87.2%	7.0	105.0%
JSND						
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	70.7	(5.0)	107.1%	1.8	0.0%
July 1, 2008	77.0	70.8	(6.2)	108.8%	1.8	0.0%
July 1, 2009	74.5	71.1	(3.4)	104.7%	1.7	0.0%
TFFR						
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%
July 1, 2008	1,909.5	2,330.6	421.1	81.9%	417.7	100.8%
July 1, 2009	1,990.3	2,445.9	545.6	77.7%	440.0	124.0%

*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, which is the same as the aggregate cost method.

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 8.25 percent of the teacher's salary, until the fund reaches 90% funded ratio on an actuarial basis.

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

Schedule of Employer Contributions

	Annual Required Contribution	Percentage Contributed
PERS		
2007	$ 38,184,510	61.0%
2008	35,875,117	70.0%
2009	40,327,067	69.0%
TFFR		
2007	$ 50,532,462	63.1%
2008	44,114,585	76.4%
2009	41,986,174	89.3%

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, 2009:

	NDHPRS	JSND
Annual required contributions	$ 1,025,737	$ -
Interest on net pension obligations	(57,978)	(123,645)
Adjustment to annual required contributions	50,579	129,850
Annual pension costs	1,018,338	6,205
Contributions made	1,122,720	-
Increase in net pension obligations	(104,382)	6,205
Net pension obligations, beginning of year	(724,722)	(1,648,603)
(Assets in excess of) net pension obligations, end of year	$ (829,104)	$ (1,642,398)

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			
2007	$ 1,076,146	89%	$ (565,712)
2008	905,591	117%	(724,722)
2009	1,025,737	109%	(829,104)
JSND			
2007	$ 6,252	0%	$ (1,654,832)
2008	6,229	0%	(1,648,603)
2009	6,205	0%	(1,642,398)

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 300 participants as of June 30, 2009.

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 $594,402 and $577,142 respectively, for the fiscal year ended June 30, 2009.

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 $24,566,108 to TIAA-CREF during the fiscal year ending June 30, 2009.

NOTE 6 - POST-RETIREMENT BENEFITS

The Retiree Health Insurance Credit Fund, a cost-sharing multiple-employer plan, 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), and the Highway Patrolmen's Retirement System 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.

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 (1.14 percent effective July 1, 2009) of covered compensation. The employer contribution for non-teaching employees of the Office of the Superintendent of Public Instruction is 3.1 percent (3.24 percent effective July 1, 2009) of covered compensation beginning in the month following the transfer under chapter 54-52-02.13 of the North Dakota Century Code and continuing thereafter for a period of eight years. The employer contribution for employees of the State Board of Career and Technical Education is 2.85 percent (2.99 percent effective July 1, 2009) of covered compensation beginning in the month following the transfer under NDCC 54-52-02.14 and continuing thereafter for a period of eight years. Employees participating in the retirement plan as part-time/temporary members are required to contribute one percent (1.14 percent effective July 1, 2009) 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, or the Defined Contribution Retirement Plan, are eligible to receive credit toward their monthly health insurance premium under the state health plan. The benefits are equal to $4.50 ($5.00 effective July 1, 2009) for each of the employee's years of credited service not to exceed the premium in effect for selected coverage. 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 ($5.00 effective July 1, 2009) 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, 2009. 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
Changes in plan provisions	0.14%	$ 1,007,737
Changes in plan experience during the year	(0.02)%	(143,962)
	0.12%	$ 863,775

Employer contributions totaling $6,771,699 were made for the year ended June 30, 2009. The actuarially required employer contribution of $5,804,660 for the year ended June 30, 2009, is 0.81 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, 2009, the cost of benefits incurred for the fund was $4,854,724.

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, 2007	$ 38.9	$ 85.3	$ 46.5	45.6%	$ 602.9	7.7%
June 30, 2008	42.5	87.6	45.1	48.5%	660.9	6.8%
June 30, 2009	44.8	102.2	57.4	43.9%	719.8	8.0%

Employee membership is as follows:

Retirees receiving benefit	4,030
Active participants	20,317
Total Membership	24,347

The fair value of the net assets available for benefits at June 30, 2009, is $36,148,791.

Another component of the Retiree Health Insurance Credit Fund provides health care coverage to eligible retires who are not eligible for Medicare. The premiums for this coverage are set under NDCC 54-52.1-02 as a percent of the active member single and family plan rates and are paid by the retiree. The premiums for this coverage are not age-rated. Currently, the premiums for their group do not cover the costs of the coverage; therefore, the costs of this group are being subsidized through the active group rates. This subsidy is not funded in advance and there is no guarantee that the subsidy for the 2009-11 biennium will continue in the future.

A member must be receiving a retirement from NDPERS to be eligible for the retiree health care coverage. In addition, a member receiving a retirement allowance from NDTFFR or TIAA-CREF is also eligible for the retiree health care coverage.

The premiums for this plan are reported as employee contributions on the statement of changes in Plan Assets as they are fully paid by the retirees. The full amount of the premiums collected are expended each year and are reported as health premiums paid on the statement of changes in Plan Assets.

Significant actuarial assumption for the implicit subsidy unfunded plan include; using the 1983 Group Annuity Maturity Table, applied on a gender-specific basis; approximate monthly implicit subsidy for a single plan of $47 and $64 for a family plan; health care cost trends of 11% for select and 6% for ultimate with select trends reduced 0.5% each year until reaching the ultimate trend; and retirement and termination probabilities have been developed from the assumptions for the NDPERS pension plans. The funded status of the plan as of the most recent actuarial valuation dates is as follows:

(Dollars in Millions)

Actuarial Valuation Date June 30	Actuarial Value Of Plan Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio
2007	$ -	$ 30.7	$ 30.7	0.0%

JOB SERVICE NORTH DAKOTA

Job Service North Dakota engaged an actuary to determine the Agency's liability for post-employment benefits other than pensions as of June 30, 2008. The actuary determined the obligation the agency has to record as of June 30, 2009 is the difference between the Annual Required Contribution (ARC), defined as the normal cost plus an amortization for prior years unfunded liability, and the amount paid during the year.

Former employees receiving retirement benefits under the Retirement Plan for Employees of Job Service North Dakota are eligible to participate in the Retiree Health Benefits Fund, a cost-sharing multiple-employer plan, as administered by the Public Employees Retirement Board. The retired employee is provided a credit toward their monthly health insurance premium under the state health plan based upon their years of credited service. In accordance with NDCC 54-52.1-03.2, Job Service North Dakota reimburses the Retiree Health Benefits Fund monthly for credit received by members of the retirement plan established by Job Service North Dakota. This benefit is equal to $4.50 ($5.00 effective July 1, 2009) for each of the employee's, or decreased employee's years of credited service not to exceed the premium in effect for selected coverage.

Job Service North Dakota employees who had a Met Life Insurance policy in effect on December 1, 1999, when the Met Life Insurance benefit plan was

discontinued for new employees, receive the following benefits: Job Service North Dakota pays 33% of the monthly Basic Met Life Insurance premium of current employees with a Met Life Insurance policy and upon retirement the employees Basic Met Life Insurance premiums are covered 100% by Job Service North Dakota. The Basic Life Insurance Benefits are equal to the employees annual salary up to a maximum of $45,000 and are decreased at a rate of 2% per month at age 65 until the benefit is 25% of the original amount.

Membership of the Other Post Retirement Benefit plans consisted of the following at July 1, 2008, the date of the latest actuarial valuation:

	Retiree Health Benefits Fund	Met Life Insurance Benefit
Retirees and beneficiaries currently receiving benefits	212	174
Terminated employees entitled to benefits but not yet receiving them	4	-
Current vested employees	38	67
Total	254	241

The funding policy of the plans thru June 30, 2009 is pay-as-you go plan, contributing annually the amount necessary to pay benefits of retirees. Below is listed the actuarial methods and assumptions which were used in the actuary report and study conducted by the Gabriel Roeder Smith & Company.

Valuation Date	July 1, 2008
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Dollar
Remaining Amortization Period	30 years
Asset Valuation Method	Funding Value of Assets
Actuarial Assumptions:	
Investment Rate of Return	4.5%
Includes Inflation at	5%

Annual OPEB Cost and Net OPEB Obligation – The Agency's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period of thirty years. The following table shows the components of the Agency's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Agency's net OPEB obligation:

	Retiree Health Benefits Fund	Insurance Benefit	Total
Annual required contributions	$ 282,723	$ 93,786	$ 376,509
Interest on OPEB obligation	-	-	-
Adjustment to annual required contributions	-	-	-
Annual OPEB costs	282,723	93,786	376,509
Contributions made	212,698	51,055	263,753
Increase in net OPEB obligation	70,025	42,731	112,756
Net OPEB obligations, beginning of year	59,922	41,708	101,630
Net OPEB obligations, end of year	$ 129,947	$ 84,439	$ 214,386

The following schedule presents the annual OPEB cost contributed, the net pension obligations, and the percentage contributed:

June 30	Annual Retiree Health Benefits OPEB Costs	Annual Met Life Insurance OPEB Costs	Annual Retiree Health Benefit Cost Contributed	Annual Met Life Insurance Cost Contributed	OPEB Obligation	Annual OPEB Cost Contributed
2008	$ 282,723	$ 93,786	$ 222,801	$ 52,078	$ 101,630	73.0%
2009	282,723	93,786	212,698	51,055	112,756	70.1%

Funded Status and Funding Progress – As of June 30, 2008 the most recent actuarial valuation date, the plans were unfunded. The actuarial liability for benefits was $5,746,170, and the actuarial value of assets was $0.00 resulting in an unfunded actuarial accrued liability (UAAL) of $5,746,170. The covered payroll (annual payroll of active employees covered by the plans) was $3,411,634 and the ratio of the UAAL to the covered payroll was 169.73 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment and mortality. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer as made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, present a single years information, as the standard was implemented in fiscal year 2008, when it becomes available, multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits will be displayed.

Actuarial Methods and Assumptions – Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing the benefit of costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

NOTE 7 - 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	$	19,060
Other Jurisdictions		2,619
Total Value	$	21,679

NOTE 8 - 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. In accordance with the contract for the 2005-2007 biennium, the system deposited a total of $14,227,761 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 of $3,966,104. The system has entered into a similar contract with BCBS for the 2007-2009 biennium. The accumulated surplus and other invested funds in the amount of $5,545,634 are shown as cash on the State's financial statements. These funds are being held by BCBS.

NOTE 9 - SEGMENT INFORMATION

North Dakota Housing Finance Agency maintains two separate funds which account for general agency operations and provide loans to finance construction of rental residential housing and single-family ownership. The two funds are accounted for in a single fund, but investors in 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, 2009, was as follows (expressed in thousands):

	Home-Ownership Bond Funds
Condensed Statement of Net Assets	
Current assets – other	$ 146,717
Noncurrent assets – other	818,432
Total Assets	965,149
Current liabilities – other	43,683
Noncurrent liabilities – other	831,718
Total Liabilities	875,401
Net assets – restricted	89,748
Total Net Assets	$ 89,748
Condensed Statement of Revenues, Expenses and Change in Fund Net Assets	
Operating revenues	$ 51,316
Operating expenses	45,037
Operating income	6,279
Change in net assets	
Total net assets, beginning of year	82,081
Equity transfer in	1,388
Total net assets, end of year	$ 89,748
Condensed Statement of Cash Flows	
Net cash used for operating activities	$ (4,388)
Net cash from noncapital financing activities	(117,639)
Net cash from investing activities	(82)
Net change in cash and cash equivalents	(122,109)
Cash and cash equivalents, beginning of year	246,694
Cash and cash equivalents, end of year	124,585

NOTE 10 - MAJOR COMPONENT UNIT TRANSACTIONS

BISMARCK STATE COLLEGE AND BISMARCK STATE COLLEGE FOUNDATION

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.

On October 19, 2007, BSC and BSC Foundation entered into a 25-year lease agreement to facilitate the construction of the National Energy Center of Excellence building. Under the agreement, BSC is responsible for 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 $5.0 million 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 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, 2009, DSU has valued these services at approximately $162,000.

The Dickinson State University Foundation issued two series of revenue bonds of $9,200,000 on June 4, 2009, to finance the Badland Activities Center project. The bonds will be paid off with private donations raised by the Foundation and are summarized as follows:
$5,000,000 bond at a fixed rate of 5.89%. The bond is amortized over 15 years with semi-annual payments due each January and July 20th. The payments in 2010 will

be interest only, with the first principal payment due in January of 2011.

$4,200,000 bond with a variable rate of interest, currently 1.65%. The bond is repriced every six months and has payments each January and July. The 2010 payments will be interest only, with the first principal payment due in January 2011. There are neither time limits nor prepayment penalties on this issue.

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 facility 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 2009 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, a reclassification entry was made to ending balances in the component unit consolidation financial statements to show the appropriate due from primary institution.

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 2009 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 $304,082 in fiscal year 2009 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 $3,580,000 as of June 30, 2009. 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, a reclassification entry was made to ending balances in the component unit consolidating financial statements to show the appropriate due from primary institution.

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 $3.5 million 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 $331,996 in fiscal year 2009 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 $2,894,022 as of June 30, 2009. 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, a reclassification entry was made to ending balances in the component unit consolidating financial statements to show the appropriate due from primary institution.

NDSU DOWNTOWN CAMPUS

The former Northern School Supply building was donated to the NDSU Development Foundation by 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 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 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.

BARRY HALL BUSINESS BUILDING AND KLAI HALL ARCHITECTURE BUILDING

Effective November 28, 2007, NDSU and the NDSU Development Foundation entered into a lease agreements for two buildings in downtown Fargo, formerly known as the ―Pioneer Mutual Building‖ and ―Lincoln Mutual Building‖. The Foundation financed the construction of the Barry Hall business building and Klai Hall architecture building projects through the sale of $18.52 million of 20-year University Facilities Revenue Bonds issue by the City of Fargo, North Dakota. The City has loaned the bond proceeds to the Foundation for payments equal to the sum of the semi-annual interest payments and installments of varying principal amounts on the variable rate bonds and the semi-annual principal and interest payment on the fixed-rate bonds. The principal payments on the variable rate bonds will be funded from payments on donor pledges restricted for the project. Under the terms of the loan, the Foundation is responsible for the real estate taxes, insurance, repairs and maintenance, and other costs incident to ownership of the property. The property is included with property in the financial statements and the bonds have been recorded as a direct obligation of the Foundation. Ownership of the property will transfer to NDSU when the bonds are repaid in full. The bonds are guaranteed by the Foundation. This property is leased to NDSU for rental equal to the sum of the semi-annual interest only payments on the variable term bonds plus the semi-annual principal and interest payments on the fixed-rate bonds for the term of the bonds, plus all the costs incurred by the Foundation incident to ownership of the property. NDSU has an option to acquire the property upon full payment of the bonds. The bonds payable have a balance of $14,604,641 at June 30, 2009.

PRESIDENT'S RESIDENCE

On September 15, 2008, the NDSU Development Foundation financed the construction of a new residence for the NDSU President through the sale of $900,000 of 30 year University Facilities Bonds. The interest rate is a fixed rate of 4.20% with semi-annual principal and interest payments. The repayment source is private donations and pledges. The bonds payable have a balance of $887,346 at June 30, 2009. The NDSU Development Foundation incurred $1,003,672 of costs related to the construction of the President's residence. In addition, donated architect services of $265,000 were contributed to the construction of the President's residence through June 30, 2009.

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 2009 were $1,395,110. 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 $10.5 million in fiscal year 2009. 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 $1.2 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, 2009, the Foundation has recorded accounts payable to UND of $881,899 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 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, a reclassification entry was made to ending balances in the component unit consolidating financial statements to show the appropriate due from primary institution.

UNIVERSITY OF NORTH DAKOTA AND RE ARENA, INC.

RE Arena, Inc. manages, operates and maintains an arena know as the Ralph Englestad Arena, which was constructed in 2001 for the benefit of UND athletics. UND and RE Arena, Inc. enter into an annual operating agreement from July 1 to June 30. The operating agreement sets forth the facility usage, fees and services, ticket administration and revenue allocation, sponsorship sales administration and revenue allocation, and net income disposition. In accordance with this agreement: (i) RE Arena, Inc. collects all ticket revenue from ticketed UND athletic events (men's and women's hockey, football, men's and women's basketball, and volleyball), RE Arena, Inc. retains 52% of such ticket revenue and remits 48% to UND, and (ii) RE Arena, Inc. collects all sponsorship sales revenue from UND Athletic events, RE Arena, Inc. retains 64% of such sponsorship revenue, net of direct costs and remits 36% to UND. In addition, UND and RE Arena Inc. jointly utilize UND and RE Arena, Inc. marketing staff to market and promote UND athletic 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, RE Arena, Inc. retained approximately $1,802,000 in fiscal year 2009 in ticket revenue and $693,000 in sponsorship revenue from UND athletic events. Additionally, under the agreement, RE Arena, Inc. makes annual deposits to a reserve for extraordinary repairs, maintenance, and building improvements. The amount reserved in fiscal year 2009 was $500,000. On an annual basis, RE Arena, Inc. will remit to UND its net income after adding back depreciation and amortization, the funded reserve, equity retention and capital expenditures for the fiscal year. RE Arena, Inc. paid UND $450,000 under this agreement in fiscal year 2009.

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, 2009, RE Arena, Inc. has a payable to UND of $189,976 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 4.15 percent at June 30, 2009. The foundation may pay down principal in increments of $100,000 on interest payment dates without penalty. Principal balance outstanding at June 30, 2009, is $3,483,351. 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, 2009.

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 2.5 to 5.0 percent and mature in 2027. The lease revenue bond has a balance of $7,150,000 at June 30, 2009. 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.

On April 16, 2008, the UND Foundation issued bonds of $2,200,000 to build a University Presidents Home and an addition to the Jodsaas Center Engineering building. Series B for the President's residence was $900,000 and Series A for the Jodsaas Center Engineering Building

was $1,300,000. Semi-annual payments are required on Series A. Series B requires semi-annual payments with principal paid annually. The interest rate is fixed at 4.15%. Payments on both series are due through 2038. The bonds have a balance of $2,133,919 at June 30, 2009. The UND Foundation incurred $919,571 in costs related to the President's residence and also incurred $424,080 in costs related to infrastructure and land improvements related to the President's residence.

On December 22, 2008, the UND Foundation issued bonds of $1,200,000 to fund construction of the North Dakota Center for Human Safety. Annual payments of principal along with semi-annual payments of interest are required at a fixed interest rate of 3.5%. Payments are due through 2013. The bonds have a balance of $1,200,000 at June 30, 2009.

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 remaining term of two years. At June 30, 2009, due to timing of receipts and payments, the UND Foundation recorded a payable of $3,150 to UND.

NOTE 11 - 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	$	653,632
Financial standby letters of credit		295,808
	$	949,440

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.

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 $1,762,000 at December 31, 2008.

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 $51,204,000 at June 30, 2009. 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 $1,857,000 at June 30, 2009.

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 $133,108,000 at December 31, 2008.

NOTE 12 - 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.

As of June 30, 2009, the Agency did not have any swaps that had a positive fair value. 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 negative fair value of $13,391,000 as of June 30, 2009. 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, 2009. 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 ―AB‖ 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.

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	$ 11,500,000	$ 1,750,000	$ 8,990,000	$ 3,165,000
5.	Variable-rate Bonds	$ 11,500,000	$ 1,945,000	$ 8,990,000	$ 3,165,000
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	0.37000%	0.37000%	0.37000%	0.37000%
10.	Fair Value	$ (330,000)	$ (55,000)	$ (17,000)	$ (74,000)
11.	Percentage of LIBOR	0.21984%	0.22592%	0.64000%	0.64000%
12.	Synthetic Rate	4.62016%	3.08408%	3.76500%	2.19300%
13.	Actual Synthetic Rate	4.79586%	3.18287%	3.92165%	2.37624%

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	$ 3,405,000	$14,205,000	$ 5,760,000	$12,990,000
5.	Variable-rate Bonds	$ 3,405,000	$14,205,000	$ 5,760,000	$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	0.37%	0.37%	0.34%	0.34%
9.	Bonds Variable-rate	0.37000%	0.37000%	0.37000%	0.37000%
10.	Fair Value	$ (121,000)	$ (775,000)	$ (169,000)	$ (713,000)
11.	Percentage of LIBOR	0.56980%	0.56980%	0.54160%	0.54160%
12.	Synthetic Rate	2.95520%	4.33020%	2.44840%	3.80840%
13.	Actual Synthetic Rate	3.09435%	4.47020%	2.62055%	3.98241%

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	$23,375,000	$23,100,000	$12,000,000	$30,210,000
5.	Variable-rate Bonds	$23,375,000	$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	0.37000%	0.37000%	0.37000%	0.37000%
10.	Fair Value	$ (1,449,000)	$ (1,381,000)	$(790,000)	$(3,461,000)
11.	Percentage of LIBOR	0.54160%	0.52128%	0.51160%	0.51160%
12.	Synthetic Rate	3.92340%	3.71872%	3.74740%	3.81340%
13.	Actual Synthetic Rate	4.09701%	3.88206%	3.90756%	3.97857%

1.	Bond Series	2008 A	2008 B	2008 D
2.	Issuance Date	2/26/2008	2/26/2008	8/5/2008
3.	Maturity Date	1/1/2017	7/1/2038	7/1/2039
4.	Notional Amount	$13,700,000	$15,310,000	$21,850,000
5.	Variable-rate Bonds	$13,700,000	$15,310,000	$21,850,000
6.	Fixed Rate	3.198%	4.725%	3.919%
7.	LIBOR Percentage	63.00%	100.00%	63.70%
8.	Additional Percentage	0.32%	0.00%	0.20%
9.	Bonds Variable-rate	0.37000%	0.70000%	0.26000%
10.	Fair Value	$ (840,000)	$ (1,282,000)	$ (1,934,000)
11.	Percentage of LIBOR	0.52160%	0.32000%	0.40384%
12.	Synthetic Rate	3.04640%	5.10500%	3.77516%
13.	Actual Synthetic Rate	3.26909%	5.95097%	3.02054%

Using rates as of June 30, 2009, 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, 2009. 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 Principal	Variable-Rate Bond Interest	Interest Rate Swap, Net	Total
2010	$ 8,185	$ 746	$ 6,798	$ 15,729
2011	7,495	714	6,579	14,788
2012	6,480	684	6,382	13,546
2013	3,765	663	6,233	10,661
2014	2,720	649	6,124	9,493
2015-2019	63,395	2,551	24,675	90,621
2020-2024	19,180	1,769	18,012	38,961
2025-2029	19,670	1,448	15,108	36,226
2030-2034	41,420	803	8,785	51,008
2035-2039	24,905	188	2,343	27,436
2040-2044	4,290	-	-	4,290
	$ 201,505	$ 10,215	$ 101,039	$ 312,759

NOTE 13 – 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 14 – 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 2009, a total of $147,080,241 in claims was recognized. Incurred but not reported claims of $771,900,000 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 lessor costs. The underlying logic is that contributions should roughly equal loss costs plus the expenses of administering the program over the long term.

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

The following table presents the changes in claims liabilities balance for the fiscal years ending June 30, 2008, and June 30, 2009:

Fiscal Year	Beginning Balance	Current Year Claims and Changes In Estimates	Claims Payments	Ending Balance
2008	$ 1,917,351	$ 797,395	$ 647,716	$ 2,067,030
2009	2,067,030	377,736	478,058	1,966,078

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, eleven claims exceeded coverage by $1,318,193.

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, 2009:

Fiscal Year	Beginning Balance	Current Year Claims and Changes in Estimates	Claims Payments	Ending Balance
2008	$ 3,011,692	$ 3,395,670	$ 2,557,810	$ 3,849,552
2009	3,849,552	3,000,740	2,745,908	4,104,384

NOTE 15 – 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 1,085 policies to participating entities for a total building and content coverage of $8.8 billion. The Bonding Fund is used to provide fidelity bonding of public employees and officials. The Fund has issued 2,956 policies to participating entities. The total coverage for the Bonding Fund is $522.9 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, 2009, coverage extended to the following employers:

Annual Premium	
$250 - $5,000	15,411
$5,001 - $50,000	3,947
$50,001 - $100,000	323
Over $100,000	286
Total Employers	19,967

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, 2009, 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):

	Low	Expected Value	High
Full Value Basis (undiscounted)	$1,165,000	$ 1,293,800	$ 1,490,000
Present Value Basis (discounted at 5% rate)	*	$ 771,900	$ 1,160,000

*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 $771.9 million at June 30, 2009.

The June 30, 2008, liability of $740.6 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, 2009.

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	
	2009	2008	2009	2008	2009	2008
Unpaid claims and claims adjustment expenses at the beginning of the year	$ 1,114	$ 404	$ 149	$ 501	$ 740,600	$ 730,900
Incurred claims and claims adjustment expenses:						
Provision for current fiscal year	1,744	10,548	128	(268)	168,967	131,380
Change in provision for prior fiscal year	-	-	-	-	9,427	(363)
Payments and claims and adjustment expenses attributable to:						
Current fiscal year insured events	(989)	(9,434)	61	417	(32,054)	(26,584)
Prior fiscal years' insured events	(1,114)	(404)	(149)	(501)	(81,140)	(76,933)
Total Payments	(2,103)	(9,838)	(88)	(84)	(113,194)	(103,517)
Change in provision for discount	-	-	-	-	(33,900)	(17,800)
Total unpaid claims and claims adjustment expenses at the end of the year	$ 755	$ 1,114	$ 189	$ 149	$ 771,900	$ 740,600

NOTE 16 – 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 or 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, 2009, realized gains and losses available for distribution in the current year totaled $7,644,445 for the permanent educational trusts. This amount is included in Reserved Fund Balances—Undistributed Revenue in the governmental funds balance sheet.

On June 30, 2009, the Attorney General certified to the Secretary of State that recent amendments to two federal statutes, the 1889 Enabling Act and the 1862 Morrill Act, removed any inconsistencies between these two federal laws and sections 1 and 2 of Article IX of the North Dakota State Constitution. With that certification, the historic changes that were approved by North Dakota voters as Constitutional Measure No. 1 during the November 7, 2006, general election became effective on July 1, 2009. Effective July 1, 2009, biennial distributions from the perpetual trust funds will be ten percent of the five-year average volume of trust assets, excluding the value of lands and minerals. Equal amounts must be distributed during each year of the biennium.

NOTE 17 – 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 18 – SPECIAL ITEM

Previous to July 1, 2008, legislative council contracted with a software development company to develop a legislative enterprise system. The company notified the Legislative Assembly in September 2009, cancelling the project. This resulted in a write-off of construction in progress totaling $3,314,057, which is shown as a special item on the Government-wide Statement of Activities – Governmental Activities.

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 $8,000,000 in outstanding loan 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, 2008, the Bank of North Dakota has provided guarantees totaling $1,648,000.

Chapter 6-09.15 provides that the Bank of North Dakota provide a Beginning Entrepreneur Loan Guarantee Program. The program includes an agreement with a lender in the event that of default by a beginning entrepreneur under a note and mortgage or other loan or financing agreement, the Bank shall pay the lender the amount agreed upon up to 85 percent of the amount of principal due the lender on a loan at the time the claim is approved. The total outstanding loan that the Bank may guarantee cannot exceed $8,000,000. With an 85% guarantee maximum, the Bank may provide guarantee not exceeding $6,800,000. A lender may apply to the Bank for a loan guarantee for a loan of up to $100,000. The term of the guarantee may not exceed five years. As of December 31, 2008, the Bank has guarantee outstanding totaling $4,555,000.

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, 2009. 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 livestock feeding operation or to the owner of a new or expanding dairy operation. 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, 2008, the Bank has guarantees outstanding totaling $789,000.

PUBLIC EMPLOYEE RETIREMENT SYSTEM

The system has entered into agreements with Sagitec Solutions, LLC and L.R. Wechsler, Ltd for the development of its new integrated benefits administration system. The contract with Sagitec is $7.7 million and the contract with L.R. Wechsler is $1 million, and the total appropriation for this project is approximately $9.6 million, which is anticipated to be fully completed by September 2010. As of June 30, 2009, the system has paid $5.4 million towards these contracts. The remaining $4.2 million will be carried over to the 2009-2011 biennium and will be paid as the project is completed.

RETIREMENT AND INVESTMENT OFFICE (RIO)

The State Investment Board has at June 30, 2009, committed to fund certain alternative private equity partnerships for an amount of $1.17 billion. Funding of $909.1 million has been provided leaving an unfunded commitment of $256.4 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 $754,922 during 2008 for services rendered under the contract.

INDUSTRIAL COMMISSION

Under the Lignite Vision 21 Program, the Commission has entered into an amended contract for the amount of $10,000,000 with American Lignite Energy. The purpose of the amended contract is for conducting the FEED process for a coal-to-liquids plant in McLean County. The balance outstanding at June 30, 2009, is $8,649,998. 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, 2009, is $500,000.

The Commission also has various significant commitments at June 30, 2009, for the purchase of various types of research, services and other goods totaling $15,059,202.

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, 2009. One contract equals 5,000 bushels.

Futures Positions:

	Contracts			
Month	Long	Short	Avg. Price	Fair Value
September	95	-	$ 6.7399	$ 6.3375
December	281	-	7.3098	6.4625
March	68	-	6.4953	6.5875
May	69	-	6.9283	6.6500
July	14	-	7.1693	6.6950
September	9	-	6.7750	6.7150
December	6	-	6.7925	6.7975

As of June 30, 2009, the Mill had commitments to purchase 1,709,402 bushels of spring wheat and 119,706 bushels of durum. In addition, at June 30, 2009, construction commitments totaled $1,097,146 amounts authorized totaled $3,475,000 and amounts expended totaled $2,377,854.

BUILDING AUTHORITY

The Authority has committed funds to complete various construction and modernization programs at June 30, 2009, totaling $1,839,000. In addition, the 2009 Legislature authorized the Authority to bond up to $2,575,000 during the 2009-2011 biennium for the Veteran's Home construction project.

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, 2008, $4,176,000 of credit was available through these letters of credit and no funds have been advanced.

JOB SERVICE NORTH DAKOTA

As of June 30, 2009, Job Service has commitments to pay $394,348 for purchase orders and contracts awarded for goods, services, software licenses, software support, and software server hosting to be provided in future periods.

DEPARTMENT OF HUMAN SERVICES

As of June 30, 2009, the Department of Human Services had significant commitments for the purchase of various types of services totaling $43,341,552.

STATE JUDICIARY

As of June 30, 2009, State Judiciary had significant commitments of $235,236. The majority consists of contracts to provide various types of judicial services.

PUBLIC SERVICE COMMISSION

As of June 30, 2009, the Public Service Commission had significant commitments of $1,436,553. This amount consists primarily of contractor charges associated with the Abandoned Mine Lands.

AERONAUTICS COMMISSION

As of June 30, 2009, the Aeronautics Commission had significant commitments of $575,000. This amount consists of grants to political subdivisions for maintenance and improvements of their airports.

DAIRY PRODUCTS PROMOTION COMMISSION

As of June 30, 2009, the Dairy Products Commission had significant commitments of $191,000. 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, 2009, the North Dakota Soybean Council had significant commitments of $1,487,723. This amount mainly consists of grants for the research and development of soybeans.

STATE WATER COMMISSION

As of June 30, 2009, the State Water Commission had long-term commitments of $50,333,428 for various water projects.

NORTH DAKOTA DEPARTMENT OF TRANSPORTATION

At June 30, 2009, the North Dakota Department of Transportation (Special Revenue Fund) had non-construction contract commitments of approximately $10.91 million of which $9.87 million represents federal programs which are cost reimbursable.

Construction commitments at June 30, 2009, totaled approximately $252.06 million, of which $204.93 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
DSU	$ 8,664	$ 4,320	$ 4,334
MASU	6,461	2,089	4,372
MiSU	10,653	875	9,778
NDSCS	400	296	104
NDSU	14,485	7,619	6,866
UND	3,927	3,520	407
VCSU	1,533	1,516	17

NORTH DAKOTA DEVELOPMENT FUND

The board of directors has approved equity investments, loans, grants, and guaranty of collections at June 30, 2009, for which funds have not been disbursed or written agreements entered into in the amount of $3,808,203.

OTHER CONSTRUCTION COMMITMENTS

Management and Budget	$ 20
Legislative Assembly	1,626
Human Services	715
Attorney General	194
Adjutant General	14,910
School for the Deaf	231
Health Department	60
Department of Corrections	209
Transportation	78,958
Game and Fish	979
Veterans Home	26,058
State Courts	4,760

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 $2,350,000 to $2,455,000.

The estimated gain in all the litigation brought by the State in which a gain is probable is estimated at zero.

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, 2009, in which the settlement had not been paid as of June 30, 2009.

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 disal-

lowances 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, 2008, was completed and issued in March of 2009. As a result of this audit, approximately $1,634,000 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

In February 2009, the State was notified of legal action being taken against one of its investment advisors. The principals of WG Trading Company, the broker/dealer for the Westridge Capital management portfolios, were charged with securities fraud for allegedly diverting investor funds for their personal use. The State was an investor along with numerous other public and private pensions funds whose investments totaled more than $1.5 billion. Subsequent to the filing of a criminal complaint by federal prosecutors, a receiver was appointed by the court to reconstruct the alleged fraud and determine what recoverable assets exist. The receiver issued a report in May 2009, indicating that approximately $893 million of recoverable assets were identified which equaled to 60% of the investors' account values. The State, through the State Investment Board, held three portfolios with Westridge/WG Trading at the time the fraud was discovered. The three portfolios had been valued at a combined $161.3 million in the month prior to the court actions. $23.3 million was recovered immediately through liquidation of futures and related collateral positions at Westridge. The remaining assets were held for WG Trading and were frozen by the courts and remain frozen as of the balance sheet date. The market value reported on the balance sheet reflects a reduction of 40% of the last known market value, based on the receiver's initial report, and will remain at the value until further information is received from the State's legal representatives or the federal courts.

HOUSING FINANCE

Subsequent to June 30, 2009, the agency issued the 2009 Series A and B Housing Finance Program Bonds. The 2009 Series A and B bond issuance was $130,530,000.

UNIVERSITY OF NORTH DAKOTA

Subsequent to June 30, 2009, UND issued the Series 2009, State Board of Higher Education Revenue Bonds. Total issuance was $1,500,000.

NORTH DAKOTA STATE UNIVERSITY

Subsequent to June 30, 2009, NDSU issued Series 2009 Housing and Auxiliary Facilities Revenue Bonds. Total issuance was $26,245,000.

NOTE 21 – NEW PRONOUNCEMENTS

The State implemented the following new pronouncement for fiscal year 2009:

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. 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.

The State will implement the following new pronouncements for fiscal years ending after 2009:

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.

GASB Statement No. 53, ―Accounting and Financial Reporting for Derivative Instruments‖ was issued in June 2008. This statement requires that the fair value of financial arrangements called ―derivatives‖ or ―derivative instruments‖ be reported in the financial statements of state and local governments. Additional information about derivatives is disclosed in the notes to the financial statements, including identification of the risks to which hedging derivative instruments themselves expose the State. The provisions of this statement are effective for periods beginning after June 15, 2009.

GASB Statement No. 54, ―Fund Balance Reporting and Governmental Fund Type Definitions‖, was issued in March 2009. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The provisions of this statement are effective for periods beginning after June 15, 2010.

Railroad Bridge – Bismarck

Required Supplementary Information - Budgetary Schedule

STATE OF NORTH DAKOTA

Required Supplemental Information
Budgetary Comparison Schedule
General Fund
For the Biennium Ended June 30, 2009

	Approved Budget 2007-2009 Biennium	Appropriation Adjustments 2007-2009 Biennium	Adjusted Budget 2007-2009 Biennium	Actual Biennium To Date Thru 6-30-09	Difference Uncollected/ Unspent Thru 6-30-09
Budgetary Fund Balance, July 1	$ 218,350,170		$ 218,350,170	$ 412,793,057	$ 194,442,887
Resources (Inflows):					
Sales and Use Tax	916,540,678	150,532,105	1,067,072,783	1,046,485,684	(20,587,099)
Income Tax	646,385,848	221,056,178	867,442,026	921,399,826	53,957,800
Business Privilege Tax	9,400,000	861,402	10,261,402	10,486,495	225,093
Oil And Gas Production Tax	39,839,000	(529,685)	39,309,315	278,470,527	239,161,212
Oil Extraction Tax	31,161,000	529,685	31,690,685	179,546,291	147,855,606
Insurance Premium Tax	55,470,000	11,120,545	66,590,545	64,388,601	(2,201,944)
Cigarette, Cigar and Tobacco Tax	47,366,000	(1,486,313)	45,879,687	45,230,771	(648,916)
Wholesale Liquor Tax	12,679,000	979,874	13,658,874	14,076,919	418,045
Coal Conversion Tax	47,447,000	18,410	47,465,410	49,438,952	1,973,542
Gaming Tax	20,753,844	(470,038)	20,283,806	20,042,392	(241,414)
Lottery	11,155,000	-	11,155,000	11,055,000	(100,000)
Department Fees and Collections	56,729,639	3,039,594	59,769,233	62,143,185	2,373,952
Mineral Leasing Fees	13,000,000	8,537,674	21,537,674	25,306,589	3,768,915
Motor Vehicle Excise Tax	113,558,900	13,280,356	126,839,256	130,151,534	3,312,278
Interest on Public Funds	36,420,000	2,825,931	39,245,931	49,506,190	10,260,259
Gas Tax Administration	1,274,056	-	1,274,056	1,341,599	67,543
Transfers In	198,100,000	(5,000,000)	193,100,000	193,209,644	109,644
Total Revenue Inflows	2,257,279,965	405,295,718	2,662,575,683	3,102,280,197	439,704,514
Amounts Available for Appropriation	2,475,630,135	405,295,718	2,880,925,853	3,515,073,254	(634,147,401)
Charges to Appropriations (Outflows):					
General Government:					
Governor's Office	3,102,822	-	3,102,822	2,760,586	342,236
Secretary of State	5,061,192	43,984	5,105,176	5,175,830	(70,654)
Secretary of State Public Printing	303,500	-	303,500	266,465	37,035
Office of Management and Budget	73,348,944	39,808,179	113,157,123	110,129,770	3,027,353
Information Technology	11,659,411	-	11,659,411	11,155,456	503,955
State Auditor	5,656,016	58,661	5,714,677	5,679,385	35,292
State Treasurer	3,093,470	59,900,616	62,994,086	62,441,770	552,316
Attorney General	24,432,081	419,215	24,851,296	24,756,411	94,885
Tax Department	32,538,153	178,657	32,716,810	29,055,090	3,661,720
Legislative Assembly	14,177,129	149,076	14,326,205	12,153,920	2,172,285
Legislative Council	8,748,442	524,988	9,273,430	7,704,122	1,569,308
Supreme Court	66,935,878	-	66,935,878	64,655,851	2,280,027
Legal Counsel for Indigents	9,509,991	7,531	9,517,522	7,814,819	1,702,703
Public Employees Retirement System	-	-	-	-	-
Education:	-	-		-	-
Public Instruction	710,423,275	11,215,021	721,638,296	721,632,740	5,556
Education Practices & Standards Board	-	-	-	-	-
State Library	3,977,513	100,674	4,078,187	4,077,730	457
School for the Deaf	5,390,438	154,717	5,545,155	5,279,936	265,219
School for the Blind	2,917,936	9,532	2,927,468	2,927,033	435
Vocational Education	21,804,036	19,404	21,823,440	21,823,440	-
Health & Human Services:	-	-		-	-
Dept. of Health	21,517,033	132,460	21,649,493	21,561,091	88,402
Veteran's Home	4,125,266	38,489	4,163,755	4,157,298	6,457
Indian Affairs Commission	566,258	336	566,594	541,899	24,695
Veteran's Affairs	866,772	11,506	878,278	862,501	15,777
Dept. of Human Services-Management	21,215,989	4,815,198	26,031,187	24,715,945	1,315,242
Dept. of Human Services-Program and Policy	442,376,838	(712,351)	441,664,487	395,342,877	46,321,610
Dept. of Human Services-Centers	128,369,961	(329,102)	128,040,859	119,472,924	8,567,935
Protection and Advocacy	913,287	15,854	929,141	929,104	37
Job Service	1,746,960	-	1,746,960	1,433,293	313,667
Regulatory:				-	-
Insurance Commission	-	-	-	-	-
Industrial Commission	11,756,004	42,632	11,798,636	11,547,566	251,070
Labor Commission	1,149,250	11,032	1,160,282	1,116,324	43,958
Public Service Commission	4,873,459	17,428	4,890,887	4,463,763	427,124
Securities Commissioner	1,623,355	5,040	1,628,395	1,459,082	169,313
Public Safety and Corrections:	-	-		-	-
Highway Patrol	27,895,323	96,599	27,991,922	27,608,090	383,832
Division of Emergency Management			-		-
Corrections & Rehab	130,606,873	1,977,244	132,584,117	128,369,041	4,215,076
Adjutant General	21,802,813	20,697,800	42,500,613	36,216,532	6,284,081
Agriculture & Commerce:	-	-		-	-
Department of Commerce	26,581,965	907,525	27,489,490	26,836,748	652,742
Department of Agriculture	5,789,660	27,007	5,816,667	5,797,657	19,010
State Fair	1,167,150	-	1,167,150	1,167,150	-
Racing Commision	120,592	82	120,674	120,674	-
Natural Resources:	-	-		-	-
Historical Society	10,232,603	470,906	10,703,509	10,172,317	531,192
Council on the Arts	1,165,799	3,248	1,169,047	1,140,756	28,291
Parks and Recreation	14,461,291	354,164	14,815,455	14,230,399	585,056
Water Commission	13,877,247	93,402	13,970,649	11,960,094	2,010,555
Transportation:	-	-		-	-
Aeronautics Commission	550,000	-	550,000	550,000	-
Transfers Out	558,541,981	7,961,363	566,503,344	546,499,647	20,003,697
Total Charges to Appropriations	2,456,973,956	149,228,118	2,606,202,074	2,497,763,127	108,438,947
Ending Budgetary Fund Balance	$ 18,656,179	$ 256,067,600	$ 274,723,779	$ 1,017,310,127	$ 742,586,348

Required Supplemental Information
Budgetary Comparison Schedule
Budget to GAAP Reconciliation
General Fund
For the Biennium Ended June 30, 2009

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	3,102,280,197
Back out Revenue from FY 2008	(1,462,863,182)
Differences-Budget to GAAP:	
The period of availability for revenue recognition for budget purposes differs from the GAAP basis.	(247,285,792)
Repayment received on loans receivable are revenue for Budget not GAAP	(3,667,230)
Proceeds are recorded for new capital leases on GAAP, but not for Budget	58,585
Total revenues and transfers as reported on the statement of revenues, expenditures, and changes in fund balance-governmental funds	$ 1,388,522,578

Uses/Outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	2,497,763,127
Back out Expenditures from FY 2008	(1,194,982,737)
Differences-Budget to GAAP:	
Estimated liabilities are recorded as expenditures for GAAP but not for Budget	3,194,887
New capital leases are recorded as expenditures for GAAP, but not for Budget	58,585
Certain due to other funds are recorded under GAAP, but not for Budget	3,269,723
Total expenditures and transfers as reported on the statement of revenues, expenditures, and changes in fund balance-governmental funds	$ 1,309,303,585

STATE OF NORTH DAKOTA

Required Supplemental Information
Budgetary Comparison Schedule
Other Funds
For the Biennium Ended June 30, 2009

	Approved Budget 2007-2009 Biennium	Appropriation Adjustments 2007-2009 Biennium	Adjusted Budget 2007-2009 Biennium	Actual Biennium To Date Thru 6-30-09	Difference Uncollected/ Unspent Thru 6-30-09
Budgetary Fund Balance, July 1	$ -	$ -	$ -	$ -	$ -
Resources (Inflows):					
Other Budgeted Income	4,204,065,084	545,922,892	4,749,987,976	3,713,680,091	(1,036,307,885)
Total Revenue Inflows	4,204,065,084	545,922,892	4,749,987,976	3,713,680,091	(1,036,307,885)
Amounts Available for Appropriation	4,204,065,084	545,922,892	4,749,987,976	3,713,680,091	1,036,307,885
Charges to Appropriations (Outflows):					
General Government:					
Governor's Office	100,000	-	100,000	93,724	6,276
Secretary of State	8,873,865	166,135	9,040,000	2,583,041	6,456,959
Office of Management & Budget	40,229,115	(7,907,984)	32,321,131	22,929,185	9,391,946
Information Technology	113,006,770	1,726,755	114,733,525	100,624,179	14,109,346
State Auditor	2,585,774	24,428	2,610,202	1,802,248	807,954
Attorney General	20,901,921	3,711,571	24,613,492	14,774,693	9,838,799
Tax Department	2,800,000	52,146	2,852,146	2,125,322	726,824
Legislative Assembly	70,000	-	70,000	57,328	12,672
Supreme Court	2,199,640	20,750	2,220,390	1,932,343	288,047
Legal Counsel for Indigents	1,700,705		1,700,705	1,626,094	74,612
Public Employees Retirement System	15,243,302	29,988	15,273,290	10,029,596	5,243,694
Education:	-	-		-	
Public Instruction	325,668,238	90,283,246	415,951,484	313,595,491	102,355,993
State Library	1,881,253	17,072	1,898,325	1,600,897	297,428
School for the Deaf	1,039,018	62,483	1,101,501	867,165	234,336
School for the Blind	843,857	4,104	847,961	619,356	228,605
Vocational Education	11,035,632	-	11,035,632	9,338,369	1,697,263
Health & Human Services:	-	-		-	
Dept. of Health	150,595,277	3,247,568	153,842,845	116,658,262	37,184,583
Veteran's Home	29,914,552	3,227,500	33,142,052	13,264,131	19,877,921
Indian Affairs	5,000	-	5,000	-	5,000
Dept. of Human Services-Management	73,705,257	6,543,061	80,248,318	48,884,670	31,363,648
Dept. of Human Services-Program and Policy	1,100,985,144	13,721,929	1,114,707,073	1,096,468,368	18,238,705
Dept. of Human Services-Centers	115,394,229	3,211,108	118,605,337	116,281,775	2,323,562
Protection and Advocacy	3,140,229	61,105	3,201,334	1,699,026	1,502,308
Job Service	61,664,171	578,955	62,243,126	48,312,680	13,930,446
Regulatory:	-	-		-	
Insurance Department	14,455,124	576,983	15,032,107	13,412,435	1,619,672
Industrial Commission	69,392,346	(580,732)	68,811,614	38,071,024	30,740,590
Labor Commission	401,341	-	401,341	398,631	2,710
Public Service Commission	8,003,309	109,508	8,112,817	5,931,720	2,181,097
Securities Commission	217,199		217,199	212,998	4,201
Public Safety and Corrections:	-	-		-	
Highway Patrol	11,212,205	50,429	11,262,634	10,113,385	1,149,249
Division of Emergency Management	-	-	-	-	-
Corrections & Rehab	24,050,952	381,746	24,432,698	15,964,173	8,468,525
Adjutant General	121,675,673	75,355,971	197,031,644	126,311,094	70,720,550
Agriculture & Commerce:	-	-		-	
Department of Commerce	55,758,516	20,250,683	76,009,199	40,406,735	35,602,464
Department of Agriculture	11,388,326	1,281,190	12,669,516	10,011,517	2,657,999
Racing Commission	286,698	76,483	363,181	303,256	59,925
Natural Resources:	-	-		-	
Historical Society	5,318,766	2,773,489	8,092,255	4,677,143	3,415,112
Council on the Arts	1,288,318	72,000	1,360,318	1,314,156	46,162
Game and Fish	57,841,039	1,081,706	58,922,745	51,270,297	7,652,448
Parks and Recreation	13,548,117	207,276	13,755,393	7,191,519	6,563,874
Water Commission	162,122,016	12,273,457	174,395,473	76,816,451	97,579,023
Transportation:	-	-		-	
Aeronautics Commission	6,522,036	2,826,201	9,348,237	6,126,920	3,221,317
Department of Transportation	903,157,500	237,584,970	1,140,742,470	888,565,800	252,176,670
Total Charges to Appropriations	3,550,222,430	473,103,281	4,023,325,711	3,223,267,196	800,058,515
Ending Budgetary Fund Balance	$ 653,842,654	$ 72,819,611	$ 726,662,265	$ 490,412,895	$ (236,249,370)

Required Supplemental Information
Budgetary Comparison Schedule
Budget to GAAP Reconciliation
Federal Fund
For the Biennium ended June 30, 2009

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	3,713,680,091
Back out Revenue from FY 2008	(1,070,236,026)
Perspective difference: Non-Federal fund revenues	(1,422,777,418)
Differences-Budget to GAAP:	
The period of availability for revenue recognition for budget purposes differs from the GAAP basis.	16,143,034
Certain Due From other funds are recorded under GAAP, but not for Budget	41,977
Intrafund activity eliminated for GAAP	(18,294,390)
Total revenues and transfers as reported on the statement of revenues, expenditures, and changes in fund balance-governmental funds	$ 1,218,557,268

Uses/Outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	3,223,267,196
Back out Expenditures from FY2008	(1,070,236,026)
Perspective difference: Non-Federal fund expenditures	(933,625,264)
Differences-Budget to GAAP:	
Estimated liabilities are recorded as expenditures for GAAP but not for Budget	11,143,837
New Loans issued are expenditures for Budget but not for GAAP	(1,607,102)
GAAP, but not Budget expenditures are reduced by year end inventory balances	4,183,585
Intrafund activity eliminated for GAAP	(18,294,390)
Total expenditures and transfers as reported on the statement of revenues, expenditures, and changes in fund balance-governmental funds	$ 1,214,831,836

Note To Required Supplemental Information - Budgetary Reporting

For the Biennium Ended June 30, 2009

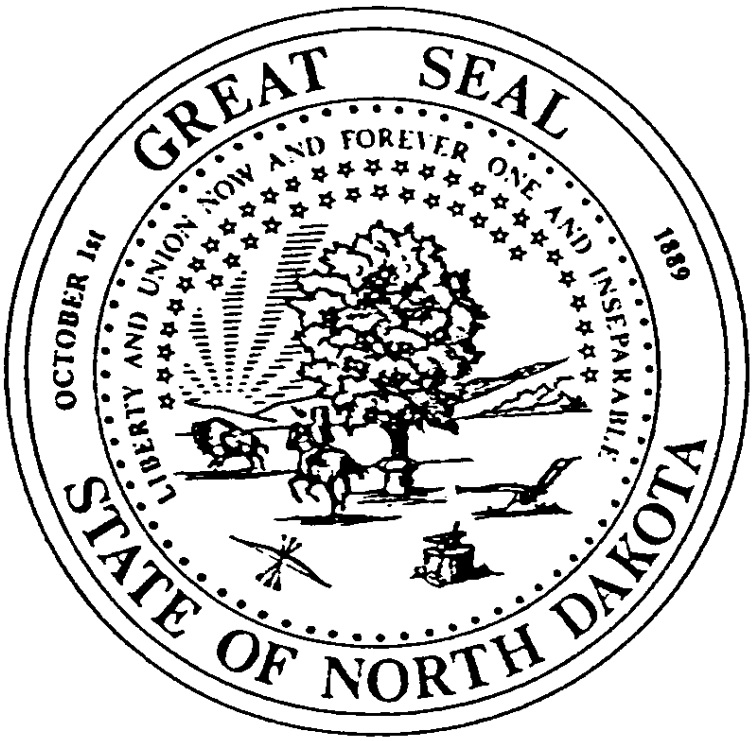
The Budgetary Comparison Schedules present comparisons of the original and revised legally adopted budgets with actual data on a budgetary basis for major funds. The only major fund with a legally adopted budget is the General Fund. All other funds are budgeted together as "Other Budgeted Funds." A budgetary shcedule 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 2007-2009 Biennium Budget and Actual Detail (Budgetary Basis) For the Biennium Ended June 30, 2009." This budget information is available through the Office of Management and Budget, 600 East Boulevard Ave Dept. 110, Bismarck, ND 58505. For the 2007-2009 biennium there were general and federal fund supplemental appropriations of $538,128,488.

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, 2009, 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.

Rainbow Arch Bridge – Valley City

Combining Financial Statements



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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.

224 - Alcohol Motor Vehicle Fuel Fund
Funds used for the enhancement of agricultural research, development, processing, and marketing.

260 - Minor Use Pesticide Fund
Accounts for registration and donations to the pesticide control board.

264 - Anhydrous Ammonia Storage Inspection Fund
Account for inspection fees collected which are related to the distribution of anhydrous ammonia.

306 - Stockmen's Association Fund
Accounts for revenues and expenditures associated with the general operation of the department.

308 - Agriculture Department Fund
Accounts for revenues and expenditures associated with the general operation of the department.

329 - Seed Department Fund
Accounts for revenues and expenditures associated with the general operation of the department.

376 - Environment and Rangeland Protection Fund
To be used for rangeland improvement projects.

447 - Ethanol Production Incentive Fund
Funds are used for paying ethanol production incentives.

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.

COMMODITY PROMOTION

208 - Soybean Council Fund
To promote the sale of North Dakota soybean products.

220 - Spud Fund
To promote the sale of North Dakota potato products.

221 - Turkey Promotion Fund
To promote the sale of North Dakota turkey products.

223 - Honey Promotion Fund
To promote the sale of North Dakota honey products.

227 - Dry Pea and Lentil Council Fund
To promote the sale of North Dakota dry pea and lentil bean products.

228 - Wheat Commission Fund
To promote the sale of North Dakota wheat products.

229 - Beef Commission Fund
To promote the sale of North Dakota beef products.

231 - Barley Growers Check-Off
To promote the sale of North Dakota barley products.

241 - Edible Bean Fund
To promote the sale of North Dakota edible bean products.

245 - Oilseed Fund
To promote the sale of North Dakota oilseed products.

270 - Corn Fund
To promote the sale of North Dakota corn products.

309 - Dairy Products Promotion Fund
To promote the sale of North Dakota dairy products.

COMMERCE

278 - Breeders Fund
Accounts for revenues that are used to award racehorse breeders.

290 - Purse Fund
Revenues are used to supplement and improve purses offered at racetracks within the state.

296 – Workforce Enhancement Fund
Provides grants to institutions of higher education assigned responsibility for workforce training in the state.

330 - Economic Development Commission Fund
Accounts for revenues and expenditures associated with the general operation of the economic development division.

334 - Horse Racing Operating Fund
Accounts for the revenues and expenditures for the general operation of the horse racing commission.

339 - Promotion Fund
Revenues are used for the promotion of racing and for the operating expenses of the Racing Commission.

342 - Community Services Fund
Accounts for revenues and expenditures associated with the general operation of the division of community services.

365 – Centers of Excellence Fund
Set up for the purpose of administering the centers of excellence program.

443 - Tourism Fund
Accounts for revenues and expenditures associated with the general operation of the tourism division.

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.

234 - Fossil Excavation and Restoration Fund
Used for funds received by the geological survey for the excavation and restoration of fossils.

236 - State Waterbank Fund
Funds used for the purpose and implementation of wetland conservation and development plans.

243 – Renewable Energy Development Fund
Established to provide financial assistance to foster the development of renewable energy.

253 - Historical Impact Emergency Fund
Used for emergency mitigation of adverse effects on cultural resources and historical buildings, structures, or objects in the state.

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

286 - Pipeline Authority Administrative Fund
Funds are to be used for the administrative costs of the Pipeline Authority.

297 – Biomass Incentive and Research Fund
Funds to be used for various biomass projects.

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.

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.

319 – Geologic Data Preservation Fund
Funds are used to defray the expenses of preserving geologic data and disseminating the data.

327 - State Historical Revolving Fund
Used for making investigations of permit applicants and for the management and analysis of records and artifacts.

381 – NAWS Operation and Maintenance Fund
Accounts for user fees and the maintenance and operation of the northwest area water supply project.

397 - Water Commission Fund
Accounts for revenues and expenditures associated with the general operation of the department.

399 - Arts and Humanities Fund
Accounts for revenues and expenditures associated with the general operation of the department.

413 - NAWS Project Reserve Fund
To be used for the replacement and extraordinary maintenance of the northwest area water supply project.

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.

428 – Geophysical, Geothermal, Subsurface Minerals and Coal Exploration Fund
Used to satisfy unfulfilled reclamation obligations incurred from mineral and coal exploration.

445 - Abandoned Mine Reclamation Setaside Fund
To defray the administrative expenses of the program.

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.

488 - Habitat and Depredation Fund
Funds used to improve private land habitats.

EDUCATION

206 (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.

235 - Displaced Homemakers Fund
Funds for providing services for displaced homemakers.

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.

274 - Independent Study Operating Fund
Accounts for the revenues and expenditures associated with the general operations of the Division of Independent Study.

353 - School for the Deaf Fund
Accounts for revenues and expenditures associated with the general operation of the department.

354 - School for the Blind Fund
Accounts for revenues and expenditures associated with the general operation of the department.

390 - Library Commission Fund
Accounts for revenues and expenditures associated with the general operation of the department.

391 - Public Instruction Fund
Accounts for revenues and expenditures associated with the general operation of the department.

393 - Career & Technical Education Fund
Accounts for revenues and expenditures associated with the general operation of the department.

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.

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.

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.

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.

HEALTH AND HUMAN SERVICES

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

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

257 - Organ/Tissue Transplant Fund
To provide financial assistance to transplant patients.

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.

285 - Compulsive Gambling Prevention and Treatment Fund
Funds are used for gambling prevention and treatment services.

313 - Environmental Health Practitioners License Administrators Fund
Accounts for revenues and expenditures associated with advisory board duties.

315 - ND Health Care Trust Fund
Funds to be used for long-term care reform.

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.

355 - Provider Assessment Fund
Accounts for an assessment on intermediate care facilities for the mentally retarded.

360 - Human Services Department Fund
Accounts for revenues and expenditures associated with the general operation of the department.

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.

369 – Tobacco Prevention and Control Fund
Fund consists of tobacco settlement dollars to be used for creating a comprehensive plan for the prevention and control of tobacco.

370 - Health and Consolidated Laboratories Fund
Accounts for revenues and expenditures associated with the general operation of the department.

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.

419 - Children’s Trust Fund
To aid in the prevention of child abuse and neglect and developing child abuse prevention programs.

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.

931 - Human Services Donor Implied Trust Fund
Funds donated with informal requests to be used for the welfare of the patients the department serves.

938 - State Hospital - Special Revenue Fund
Accounts for funds donated for the patients' religious and welfare needs.

996 - Developmental Center Residents Welfare Fund
Accounts for funds donated for the residents' needs.

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.

237 - Indigent Civil Legal Services Fund
Funds to provide legal services to persons unable to afford private counsel.

250 - Attorney General Refund Fund
Accounts for financial resources of the consumer fraud division.

268 - Restitution Collection Assistance Fund
Accounts for restitution received and used for defraying expenses related to collection of restitution.

279 - Court Facilities Improvement Fund
Used to provide grants to counties for court facilities improvement and maintenance projects.

282 - Indigent Defense Administration Fund
Funds are used to contract for indigent defense services in the state.

295 - Electronic Filing Administration Fund
Used by the Judicial Branch to cover the costs of maintaining an electronic filing system and managing electronic documents.

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.

322 - Attorney General Fund
Accounts for revenues and expenditures associated with the general operation of the department.

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.

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.

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.

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.

LOCAL GOVERNMENT

238 (925) - Energy Development Impact
Accounts for monies to be distributed through grants to coal impacted political subdivisions.

240 - Insurance Tax Distribution Fund
Accounts for financial resources for fire departments within the State.

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.

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.

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.

405 - Financial Institution Tax Distribution
Accounts for a tax imposed on each financial institution for distribution to counties.

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.

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.

420 - Cigarette Tax Distribution Fund
Accounts for a tax on cigarettes distributed on a per capita basis to the incorporated cities.

424 - Telecommunications Carriers Tax Fund
Accounts for the telecommunications carriers' tax that is allocated to counties.

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.

431 - Transmission Line Tax Distribution Fund
Accounts for tax of transmission lines and the allocation to counties in which such transmission lines are located.

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.

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.

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.

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.

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.

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.

OTHER SPECIAL

212 - Statewide Conference
Accounts for revenues and expenditures for state agencies that have conferences.

246 - State Auditor's Operating Fund
Accounts for revenues and expenditures associated with the operations of the political subdivision of the Office.

249 – Firefighters Death Benefit Fund
Under certain circumstances, provides for payment to the estate of a firefighter.

251 - Capitol Grounds Planning Fund
Funds dedicated to implement the Capitol Grounds Master Plan for the development of the capitol grounds.

256 - Bicentennial Trust Fund
Fund to be used to commemorate and celebrate North Dakota's bicentennial.

259 - Legislative Services Fund
Accounts for fees received for providing legislative information services and copies of documents.

263 - Secretary of State General Services Fund
Accounts for revenues and expenditures relating to certain services provided by the department.

266 - Administrative Hearings Fund
Accounts for revenues and expenditures associated with the general operation of the department.

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.

287 - Integrated Tax System Fund
Accounts for the costs to establish an integrated tax processing system.

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.

302 - Athletic Commission Fund
Accounts for revenues and expenditures associated with the athletic advisory board.

304 - Governor's Special Fund
Moneys that have become available during the biennium from federal funds and private funds.

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.

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.

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.

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.

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.

701 - Postage Revolving Fund
Fund collections from the state offices, departments, and agencies, for postage, shall be paid into the fund.

730 - Central Personnel Training Fund
Fund used for the coordination of employee training and development programs to state departments and agencies.

902 - Capitol Renovation Fund
Funds dedicated and reserved for the exclusive use of renovations needed to the capitol buildings and grounds.

968 - Job Service - Special Revenue
Accounts for revenues and expenditures associated with the general operation of the department.

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.

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.

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).

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.

PUBLIC SAFETY AND CORRECTIONS

214 - National Guard Emergency Fund
Funds used for costs of the national guard in performing emergency State services.

310 – ND Sobriety Program Fund
Authorizes a pilot project using grants, gifts, and donations to cover the expenses necessary for the administration and operation of a sobriety program.

311 - Special Operations Team Reimbursement Fund
Funds are used to reimburse city and county governments that provide special operations team services to rural areas.

320 – Community Service Supervision
Accounts for a court imposed community service fee to be used to provide community service supervision grants.

321 - Probationer Violation Transportation Fund
Funds are used to defray the costs of returning to the state probationers who violate their conditions of supervision.

352 – State Disaster Relief Fund
To be used for defraying the expenses of state disasters.

361 - Highway Patrol Special Fund
Used for distributions from the state highway tax distribution fund to be used for the expenses of the department.

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.

367 – Multijurisdictional Drug Task Force Fund
Established to defray the expenses and operating costs incurred by a multijurisdictional drug task force.

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.

373 - Radio Communications Fund
Accounts for revenues and expenditures associated with the general operation of the department.

375 - Emergency Management Fund
Accounts for revenues and expenditures associated with the general operation of the department.

378 - State Hazardous Chemicals Fund
Account for revenue collected from the state hazardous chemical fee system.

379 - Department of Corrections Operating
Accounts for revenues and expenditures associated with the general operation of the department.

383 - National Guard Fund
Accounts for revenues and expenditures associated with the general operation of the department.

385 - National Guard Military Grounds Fund
Funds used for the improvement of the properties for military uses.

RECREATION

222 - Game and Fish Department Fund
Accounts for the revenues and expenditures associated with the operation of the game and fish department.

261 - Snowmobile Fund
Fund for administering snowmobile safety programs and establishing and maintaining snowmobile facilities.

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.

398 - Parks and Recreation Fund
Accounts for revenues and expenditures associated with the general operation of the parks and recreation department.

441 - Trail Tax Transfer Fund
Fund used for all-terrain vehicle safety education and promotion.

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.

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.

233 - Petroleum Release Compensation Fund
Funds to provide for cleanup of petroleum spills through the establishment of a petroleum release compensation fund.

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.

242 - Financial Institution Regulatory Fund
Accounts for revenues and expenditures associated with the general operation of the department.

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.

247 - Oil and Gas Research Fund
Funds are to be used for oil and gas research activities.

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.

262 - Securities Protection Fund
Accounts for revenues and expenditures from civil penalties collected from securities enforcement actions.

280 - Performance Assurance Fund
Revenues received under the performance assurance plan are to be used to monitor the operation and effect of the plan.

301 - Siting Process Recovery Fund
Deposits in this fund are to pay for expenses incurred in the energy conversion facitlity siting process.

305 - Industrial Commission Fund
Accounts for revenues and expenditures associated with the general operation of the department.

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.

TRANSPORTATION

200,201,277 - Highway Fund
Accounts for revenues and expenditures associated with the general operation of the department.

202 - Abandoned Vehicle Fund
Funds used to dispose abandoned motor vehicles and other forms of scrap metal.

205 - Motorcycle Safety Fund
Motorcycle safety education fees used for promoting motorcycle safety.

217 – Dealer Enforcement Fund
Fees from dealer registrations are to be deposited in this fund.

225 - State Infrastructure Bank (SIB)
Funds for funding eligible projects as determined by agreement of the members of the multi-state infrastructure bank.

230 - Special Road Fund
Used for the construction and maintenance of access roads to and roads within recreational, tourist, and historical areas.

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.

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.

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.

380 - Soldiers Home Fund
Accounts for revenues and expenditures associated with the general operation of the department.

410 - Veterans Postwar Trust Fund
Fund is utilized for programs of benefit and service to veterans or their dependents.

433 - Veterans Cemetery Fund
Funds used for the maintenance and operation of the Veteran's Cemetery.

491 - Veterans' Cemetery Trust Fund
Accounts for distinctive motor license plates fees for the operation of the Veterans' Cemetery.

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.

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.

WATER COMMISSION

961 - Water Commission - Capital Projects Fund
Account for the construction of water related projects, including rural water systems.

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.

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.

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.

STATE OF NORTH DAKOTA

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2009

	Special Revenue Funds					
	Agriculture	Commodity Promotion	Commerce	Cultural and Natural Resources	Education	Health and Human Services
ASSETS						
Cash Deposits at the Bank of ND	$ 6,394,042	$ 6,532,132	$ 8,946,010	$ 43,362,348	$ 69,783,961	$ 55,927,847
Cash and Cash Equivalents	46,712	419,788	51,823	1,886	335,748	839,881
Restricted Cash and Cash Equivalents	-	-	-	-	-	-
Investments at the Bank of ND	2,787,559	750,000	1,200,000	3,084,414	-	290,000
Investments	134,000	4,806,000	-	198,824	-	184,000
Accounts Receivable - Net	115,162	3,203,727	91,674	5,444,853	1,672,589	13,228,893
Taxes Receivable - Net	21,566	-	35,467	133,808	1,905,124	56,463
Interest Receivable - Net	255	5,640	128,918	-	-	191,252
Intergovernmental Receivable - Net	-	-	-	566,839	-	1,192,091
Due from Other Funds	28,688	24,966	6,692,441	2,246,809	-	7,982,538
Due from Fiduciary Funds	-	-	-	-	-	158,271
Prepaid Items	9,800	-	-	211,834	-	-
Inventory	-	-	34,753	-	175,613	-
Loans and Notes Receivable - Net	-	-	7,939,305	1,620,327	-	8,887,968
Total Assets	$ 9,537,784	$ 15,742,253	$ 25,120,391	$ 56,871,942	$ 73,873,035	$ 88,939,204
LIABILITIES AND FUND BALANCE						
Liabilities:						
Accounts Payable	$ 2,525,828	$ 1,263,197	$ 117,075	$ 8,102,219	$ 145,632	$ 2,215,027
Accrued Payroll	178,011	112,602	42,539	56,685	260,100	692,352
Securities Lending Collateral	-	-	-	-	-	-
Interest Payable	-	-	-	-	-	-
Intergovernmental Payable	-	-	-	-	-	-
Tax Refunds Payable	-	-	-	-	-	-
Due to Other Funds	20,416	124,350	739,958	2,544,227	1,063,543	17,842,979
Contracts Payable	-	-	-	-	-	-
Deferred Revenue	31,300	-	-	-	920,952	-
Total Liabilities	2,755,555	1,500,149	899,572	10,703,131	2,390,227	20,750,358
Fund Balances:						
Reserved For:						
Inventory	-	-	34,753	-	175,613	-
Long - Term Receivables	-	-	6,542,854	1,620,327	-	8,454,472
Capital Projects	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-
Prepaid Expenditures	9,800	-	-	211,834	-	-
Legal Requirements	-	-	-	-	-	-
Unreserved:						
Designated for:						
Fund Activities	-	-	-	-	-	-
Patients Welfare	-	-	-	-	-	40,237
Other	-	-	-	-	-	3,471
Unreserved, Reported in:						
Special Revenue Funds	6,772,429	14,242,104	17,643,212	44,336,650	71,307,195	59,690,666
Total Fund Balances	6,782,229	14,242,104	24,220,819	46,168,811	71,482,808	68,188,846
Total Liabilities and Fund Balances	$ 9,537,784	$ 15,742,253	$ 25,120,391	$ 56,871,942	$ 73,873,035	$ 88,939,204

(Continued on Next Page)

Special Revenue Funds						
Judicial and Legal	Land Department Coal and Mineral	Local Government	Oil Tax Resources	Other Special	PACE Fund	Permanent Oil Tax Trust
$ 11,752,644	$ 410,986	$ 38,011,333	$ 3,225,269	$ 3,179,561	$ 20,541,466	$ 489,881,444
159,414	-	505,561	-	32,554	-	-
-	-	-	-	-	-	-
18,443	-	-	83,700,000	1,623,551	-	-
-	64,193,441	-	-	1,329,508	-	-
675,991	1,319,556	-	-	168,826	-	-
-	249,111	49,595,212	3,810,250	567,048	-	92,481
-	203,268	-	27,736	162,033	-	-
14,839	-	-	522,106	92,104	-	-
638,334	228,684	-	44,877	183,150	-	-
-	-	-	-	-	-	-
-	-	-	-	-	1,755,854	-
-	-	-	-	340,150	-	-
-	38,662,320	-	3,252,836	-	-	-
$ 13,259,665	$ 105,267,366	$ 88,112,106	$ 94,583,074	$ 7,678,485	$ 22,297,320	$ 489,973,925
$ 405,139	$ 7,911	$ -	$ -	$ 425,040	$ -	$ 33,987
81,179	-	-	-	99,529	-	972
-	11,024,019	-	-	-	-	-
-	-	-	-	-	290,263	-
37,099	-	52,247,885	-	-	-	-
-	-	524	-	567,230	-	-
7,750	371,777	-	-	101,498	970,000	6,740,009
-	-	-	-	-	-	-
295,790	-	31,016,355	-	129,824	-	-
826,957	11,403,707	83,264,764	-	1,323,121	1,260,263	6,774,968
-	-	-	-	340,150	-	-
-	35,452,685	-	2,933,875	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	1,755,854	-
-	-	-	-	-	14,611,223	-
18,570	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	4,669,980	-
12,414,138	58,410,974	4,847,342	91,649,199	6,015,214	-	483,198,957
12,432,708	93,863,659	4,847,342	94,583,074	6,355,364	21,037,057	483,198,957
$ 13,259,665	$ 105,267,366	$ 88,112,106	$ 94,583,074	$ 7,678,485	$ 22,297,320	$ 489,973,925

STATE OF NORTH DAKOTA

Combining Balance Sheet
Nonmajor Governmental Funds (Continued)
June 30, 2009

	Special Revenue Funds					
	Public Safety and Corrections	Recreation	Regulatory	Transportation	Veterans	Total
ASSETS						
Cash Deposits at the Bank of ND	$ 48,226,806	$ 9,200,742	$ 10,788,100	$ 173,527,888	$ 5,025,247	$ 1,004,717,826
Cash and Cash Equivalents	13,188	164,025	228,329	236,217	472,726	3,507,852
Restricted Cash and Cash Equivalents	-	-	-	49,626	-	49,626
Investments at the Bank of ND	-	24,000,000	-	-	-	117,453,967
Investments	-	377,965	11,658,771	-	3,695,306	86,577,815
Accounts Receivable - Net	1,800,164	238,432	90,157	794,810	255,865	29,100,699
Taxes Receivable - Net	258,380	121,145	597,032	7,883,037	-	65,326,124
Interest Receivable - Net	-	-	76,951	-	17,399	813,452
Intergovernmental Receivable - Net	427,713	-	-	6,923,692	398,594	10,137,978
Due from Other Funds	44,604,628	42,462	668	3,631,893	43,643	66,393,781
Due from Fiduciary Funds	-	-	-	-	-	158,271
Prepaid Items	-	-	-	243,732	-	2,221,220
Inventory	-	131,390	139,065	6,457,957	72,294	7,351,222
Loans and Notes Receivable - Net	-	-	-	7,710,128	271,103	68,343,987
Total Assets	$ 95,330,879	$ 34,276,161	$ 23,579,073	$ 207,458,980	$ 10,252,177	$ 1,462,153,820
LIABILITIES AND FUND BALANCE						
Liabilities:						
Accounts Payable	$ 4,025,621	$ 817,170	$ 181,958	$ 9,722,463	$ 1,339,101	$ 31,327,368
Accrued Payroll	160,144	980,525	376,063	4,663,539	402,768	8,107,008
Securities Lending Collateral	-	-	140,183	-	-	11,164,202
Interest Payable	-	-	-	-	-	290,263
Intergovernmental Payable	2,900,000	-	-	78,233	-	55,263,217
Tax Refunds Payable	-	-	-	235,318	-	803,072
Due to Other Funds	701,495	334,188	2,445,066	1,736,455	25,673	35,769,384
Contracts Payable	-	-	-	1,169,212	-	1,169,212
Deferred Revenue	375,647	-	73,828	307,007	2,897	33,153,600
Total Liabilities	8,162,907	2,131,883	3,217,098	17,912,227	1,770,439	177,047,326
Fund Balances:						
Reserved For:						
Inventory	-	131,390	139,065	6,457,957	72,294	7,351,222
Long - Term Receivables	-	-	-	6,741,870	155,102	61,901,185
Capital Projects	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-
Prepaid Expenditures	-	-	-	243,732	-	2,221,220
Legal Requirements	-	-	-	-	-	14,611,223
Unreserved:						
Designated for:						
Fund Activities	-	-	-	-	-	18,570
Patients Welfare	-	-	-	-	57,406	97,643
Other	-	-	-	-	-	4,673,451
Unreserved, Reported in:						
Special Revenue Funds	87,167,972	32,012,888	20,222,910	176,103,194	8,196,936	1,194,231,980
Total Fund Balances	87,167,972	32,144,278	20,361,975	189,546,753	8,481,738	1,285,106,494
Total Liabilities and Fund Balances	$ 95,330,879	$ 34,276,161	$ 23,579,073	$ 207,458,980	$ 10,252,177	$ 1,462,153,820

Debt Service Funds				Capital Projects Funds			
Building Authority	Department of Transportation	Water Commission	Total	Building Authority	Water Commission	Total	Total Nonmajor Governmental Funds
$ 137,000	$ 88,580	$ 3,190,569	$ 3,416,149	$ 3,795,000	$ -	$ 3,795,000	$ 1,011,928,975
-	-	2,419,094	2,419,094	-	-	-	5,926,946
-	-	-	-	-	-	-	49,626
13,326,000	-	5,826,875	19,152,875	-	-	-	136,606,842
-	-	-	-	-	-	-	86,577,815
-	-	-	-	-	-	-	29,100,699
-	-	-	-	-	-	-	65,326,124
-	-	182,780	182,780	-	-	-	996,232
-	-	-	-	-	-	-	10,137,978
50,000	-	-	50,000	-	-	-	66,443,781
-	-	-	-	-	-	-	158,271
-	-	-	-	-	-	-	2,221,220
-	-	-	-	-	-	-	7,351,222
-	-	-	-	-	-	-	68,343,987
$ 13,513,000	$ 88,580	$ 11,619,318	$ 25,220,898	$ 3,795,000	$ -	$ 3,795,000	$ 1,491,169,718
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 31,327,368
-	-	-	-	-	-	-	8,107,008
-	-	-	-	-	-	-	11,164,202
-	-	-	-	-	-	-	290,263
-	-	-	-	-	-	-	55,263,217
-	-	-	-	-	-	-	803,072
-	-	-	-	455,000	-	455,000	36,224,384
-	-	-	-	-	-	-	1,169,212
-	-	-	-	-	-	-	33,153,600
-	-	-	-	455,000	-	455,000	177,502,326
-	-	-	-	-	-	-	7,351,222
-	-	-	-	-	-	-	61,901,185
-	-	-	-	3,340,000	-	3,340,000	3,340,000
13,513,000	88,580	11,619,318	25,220,898	-	-	-	25,220,898
-	-	-	-	-	-	-	2,221,220
-	-	-	-	-	-	-	14,611,223
-	-	-	-	-	-	-	18,570
-	-	-	-	-	-	-	97,643
-	-	-	-	-	-	-	4,673,451
-	-	-	-	-	-	-	1,194,231,980
13,513,000	88,580	11,619,318	25,220,898	3,340,000	-	3,340,000	1,313,667,392
$ 13,513,000	$ 88,580	$ 11,619,318	$ 25,220,898	$ 3,795,000	$ -	$ 3,795,000	$ 1,491,169,718

STATE OF NORTH DAKOTA

Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2009

	Special Revenue Funds					
	Agriculture	Commodity Promotion	Commerce	Cultural and Natural Resources	Education	Health and Human Services
REVENUES						
Individual and Corporate Income Taxes	$ -	$ -	$ -	$ -	$ -	$ 14,088
Sales and Use Taxes	2,102,892	-	945	-	-	-
Oil, Gas, and Coal Taxes	-	-	-	1,806,956	17,732,315	-
Business and Other Taxes	184,673	-	258,934	-	-	3,845,270
Licenses, Permits and Fees	1,426,471	20,438	96,686	1,988,800	6,250	2,335,441
Intergovernmental	15,983	-	250	4,882,723	80,270	2,706,476
Sales and Services	2,509,839	15,136	122,722	292,020	3,889,135	20,669,785
Royalties and Rents	-	1,500	-	-	271,332	204,291
Fines and Forfeits	-	600	-	-	4,533,048	-
Interest and Investment Income	64,033	180,284	308,486	1,344,058	-	249,601
Tobacco Settlement	-	-	-	8,338,820	-	22,651,373
Commodity Assessments	103,148	16,399,716	-	-	-	-
Miscellaneous	161,916	190,012	524,844	130,857	90,660	594,636
Total Revenues	6,568,955	16,807,686	1,312,867	18,784,234	26,603,010	53,270,961
EXPENDITURES						
Current:						
General Government	-	-	-	-	-	-
Education	-	-	-	-	43,990,004	-
Health and Human Services	108,174	-	-	-	-	55,644,946
Regulatory	-	-	-	1,471,834	-	-
Public Safety and Corrections	-	-	-	-	-	-
Agriculture and Commerce	11,706,043	13,488,898	3,429,628	1,025,319	-	-
Natural Resources	-	-	-	16,631,874	-	-
Transportation	-	-	-	-	-	-
Intergovernmental - Revenue Sharing	-	-	-	-	-	-
Capital Outlay	79,498	-	-	8,072,588	-	165,771
Debt Service:						
Principal	1,561	4,750	-	-	-	5,288
Interest and Other Charges	563	942	-	-	2,422	1,146
Total Expenditures	11,895,839	13,494,590	3,429,628	27,201,615	43,992,426	55,817,151
Revenues over (under) Expenditures	(5,326,884)	3,313,096	(2,116,761)	(8,417,381)	(17,389,416)	(2,546,190)
OTHER FINANCING SOURCES (USES)						
Bonds and Notes Issued	-	-	-	-	-	-
Sale of Capital Assets	-	-	-	-	-	-
Transfers In	382,342	-	7,133,096	14,335,348	33,655,000	14,998,647
Transfers Out	(211,105)	(1,350,188)	(1,160,698)	(11,856,614)	(6,488)	(484,344)
Total Other Financing Sources (Uses)	171,237	(1,350,188)	5,972,398	2,478,734	33,648,512	14,514,303
Net Change in Fund Balances	(5,155,647)	1,962,908	3,855,637	(5,938,647)	16,259,096	11,968,113
Fund Balances - Beginning of Year, as Adjusted	11,937,876	12,279,196	20,365,182	52,107,458	55,223,712	56,220,733
Fund Balances - End of Year	$ 6,782,229	$ 14,242,104	$ 24,220,819	$ 46,168,811	$ 71,482,808	$ 68,188,846

(Continued on Next Page)

Special Revenue Funds						
Judicial and Legal	Land Department Coal and Mineral	Local Government	Oil Tax Resources	Other Special	PACE Fund	Permanent Oil Tax Trust
$ -	$ -	$ 10,660,527	$ -	$ 2,211,210	$ -	$ -
-	-	110,979,282	-	-	-	-
-	3,426,578	57,664,098	35,464,632	-	-	241,082,362
-	-	14,213,236	-	-	-	-
190,266	-	23,181,971	-	52,346	-	-
-	-	33,840,750	1,589,052	-	-	-
1,503,061	-	-	-	2,029,364	-	-
-	19,997,680	-	4,426	205,281	-	-
3,686,846	-	1,260	-	-	-	-
419	1,948,300	-	1,621,038	339,550	343,003	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
153,060	-	-	-	786,205	-	-
5,533,652	25,372,558	250,541,124	38,679,148	5,623,956	343,003	241,082,362
243,197	429,642	-	-	6,639,138	-	584,825
-	-	-	-	177,508	-	-
-	-	-	-	359,467	-	55,835
691,308	-	-	-	12,010	-	-
2,305,353	-	-	-	108,968	-	-
-	-	-	-	54,122	4,266,980	-
-	-	-	-	535,446	-	-
-	-	-	-	155,050	-	-
-	-	253,363,580	-	-	-	-
2,203,233	465,960	-	-	110,844	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
5,443,091	895,602	253,363,580	-	8,152,553	4,266,980	640,660
90,561	24,476,956	(2,822,456)	38,679,148	(2,528,597)	(3,923,977)	240,441,702
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,755,855	-	-	-	389,805	-	-
(1,980)	(19,244,446)	-	(7,250,000)	(455,701)	(970,000)	(24,407,065)
1,753,875	(19,244,446)	-	(7,250,000)	(65,896)	(970,000)	(24,407,065)
1,844,436	5,232,510	(2,822,456)	31,429,148	(2,594,493)	(4,893,977)	216,034,637
10,588,272	88,631,149	7,669,798	63,153,926	8,949,857	25,931,034	267,164,320
$ 12,432,708	$ 93,863,659	$ 4,847,342	$ 94,583,074	$ 6,355,364	$ 21,037,057	$ 483,198,957

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, 2009

	Special Revenue Funds					
	Public Safety and Corrections	Recreation	Regulatory	Transportation	Veterans	Total
REVENUES						
Individual and Corporate Income Taxes	$ -	$ -	$ -	$ -	$ -	$ 12,885,825
Sales and Use Taxes	1,012,633	4,453	-	94,537,804	-	208,638,009
Oil, Gas, and Coal Taxes	-	-	597,032	-	-	357,773,973
Business and Other Taxes	-	-	3,341	-	-	18,505,454
Licenses, Permits and Fees	2,247,297	13,840,481	6,154,512	67,608,826	28,600	119,178,385
Intergovernmental	899,524	3,524	53,952	1,023,851	1,712,078	46,808,433
Sales and Services	246,054	2,129,491	2,694,920	640,506	3,003,240	39,745,273
Royalties and Rents	148,455	32,065	-	122,305	800	20,988,135
Fines and Forfeits	55,981	13,741	214,545	-	-	8,506,021
Interest and Investment Income	391,735	5,478	(1,253,013)	1,271,408	(601,975)	6,212,405
Tobacco Settlement	-	-	-	-	-	30,990,193
Commodity Assessments	-	-	-	-	-	16,502,864
Miscellaneous	496,999	72,411	190,710	547,643	-	3,939,953
Total Revenues	5,498,678	16,101,644	8,655,999	165,752,343	4,142,743	890,674,923
EXPENDITURES						
Current:						
General Government	14,644	-	28,372	-	35,092	7,974,910
Education	-	-	-	-	-	44,167,512
Health and Human Services	-	-	-	15,018	5,103,101	61,286,541
Regulatory	-	-	7,779,695	-	-	9,954,847
Public Safety and Corrections	32,585,171	-	87,600	-	156,341	35,243,433
Agriculture and Commerce	-	-	-	-	-	33,970,990
Natural Resources	-	11,562,884	-	-	-	28,730,204
Transportation	-	-	-	140,592,217	-	140,747,267
Intergovernmental - Revenue Sharing	-	-	-	-	-	253,363,580
Capital Outlay	41,192	2,061,058	2,038	12,329,493	3,709,438	29,241,113
Debt Service:						
Principal	-	-	-	144,400	-	155,999
Interest and Other Charges	-	-	-	102,668	-	107,741
Total Expenditures	32,641,007	13,623,942	7,897,705	153,183,796	9,003,972	644,944,137
Revenues over (under) Expenditures	(27,142,329)	2,477,702	758,294	12,568,547	(4,861,229)	245,730,786
OTHER FINANCING SOURCES (USES)						
Bonds and Notes Issued	-	-	-	-	-	-
Sale of Capital Assets	-	245	-	74,580	-	74,825
Transfers In	65,527,038	1,146,021	110,671	13,191,793	6,626,241	159,251,857
Transfers Out	(553,327)	(3,540,014)	(3,237,745)	(2,526,004)	(148,017)	(77,403,736)
Total Other Financing Sources (Uses)	64,973,711	(2,393,748)	(3,127,074)	10,740,369	6,478,224	81,922,946
Net Change in Fund Balances	37,831,382	83,954	(2,368,780)	23,308,916	1,616,995	327,653,732
Fund Balances - Beginning of Year, as Adjusted	49,336,590	32,060,324	22,730,755	166,237,837	6,864,743	957,452,762
Fund Balances - End of Year	$ 87,167,972	$ 32,144,278	$ 20,361,975	$ 189,546,753	$ 8,481,738	$ 1,285,106,494

Debt Service Funds				Capital Projects Funds			
Building Authority	Department of Transportation	Water Commission	Total	Building Authority	Water Commission	Total	Total Nonmajor Governmental Funds
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 12,885,825
-	-	-	-	-	-	-	208,638,009
-	-	-	-	-	-	-	357,773,973
-	-	-	-	-	-	-	18,505,454
-	-	-	-	-	-	-	119,178,385
-	-	-	-	-	-	-	46,808,433
-	-	1,614,594	1,614,594	-	-	-	41,359,867
-	-	-	-	-	-	-	20,988,135
-	-	-	-	-	-	-	8,506,021
547,000	58,576	498,249	1,103,825	251,000	4	251,004	7,567,234
-	-	-	-	-	-	-	30,990,193
-	-	-	-	-	-	-	16,502,864
-	-	-	-	-	-	-	3,939,953
547,000	58,576	2,112,843	2,718,419	251,000	4	251,004	893,644,346
-	-	-	-	-	-	-	7,974,910
-	-	-	-	-	-	-	44,167,512
-	-	-	-	-	-	-	61,286,541
-	-	-	-	-	-	-	9,954,847
-	-	-	-	-	-	-	35,243,433
-	-	-	-	-	-	-	33,970,990
-	-	-	-	-	-	-	28,730,204
-	-	-	-	-	-	-	140,747,267
-	-	-	-	-	-	-	253,363,580
-	-	-	-	-	3,005,000	3,005,000	32,246,113
8,103,000	3,255,000	4,859,000	16,217,000	-	-	-	16,372,999
4,309,000	2,067,750	4,863,040	11,239,790	-	-	-	11,347,531
12,412,000	5,322,750	9,722,040	27,456,790	-	3,005,000	3,005,000	675,405,927
(11,865,000)	(5,264,174)	(7,609,197)	(24,738,371)	251,000	(3,004,996)	(2,753,996)	218,238,419
-	-	-	-	-	3,005,000	3,005,000	3,005,000
-	-	-	-	-	-	-	74,825
12,280,000	5,320,762	7,413,368	25,014,130	-	-	-	184,265,987
-	(6,137,115)	-	(6,137,115)	(5,685,000)	(716)	(5,685,716)	(89,226,567)
12,280,000	(816,353)	7,413,368	18,877,015	(5,685,000)	3,004,284	(2,680,716)	98,119,245
415,000	(6,080,527)	(195,829)	(5,861,356)	(5,434,000)	(712)	(5,434,712)	316,357,664
13,098,000	6,169,107	11,815,147	31,082,254	8,774,000	712	8,774,712	997,309,728
$ 13,513,000	$ 88,580	$ 11,619,318	$ 25,220,898	$ 3,340,000	$ -	$ 3,340,000	$ 1,313,667,392

Sorlie Bridge – Grand Forks

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.

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.

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.

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.

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.

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.

PERS UNIFORM GROUP INSURANCE

980 - Public Employees Retirement System Group Insurance
Accounts for the administrative revenues and expenses associated with this insurance purchasing pool.

ROUGHRIDER INDUSTRIES

926 - Roughrider Industries
Accounts for the revenues and expenses associated with the operation, manufacture and sale of products made by the prison inmates.

STATE FAIR

601 (977) - State Fair
Accounts for revenues and expenditures associated with the operation of the State Fair.

STATE LOTTERY FUND

966 (292) - State Lottery Fund
Accounts for operations of the North Dakota lottery.

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.

UNEMPLOYMENT COMPENSATION FUND

967 - Job Service-Expendable Trust Fund
Accounts for State unemployment taxes collected from employers for the purpose of paying unemployment benefits.

Combining Statement of Net Assets
Nonmajor Enterprise Funds
June 30, 2009

	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	$ 4,487,019	$ 1,385,573	$ 4,542,152	$ 31,924	$ 2,169,972	$ 1,809,093
Cash and Cash Equivalents	-	-	-	-	-	-
Investments at the Bank of ND	-	-	-	-	-	7,530,000
Investments	-	1,263,480	-	-	20,460,634	-
Accounts Receivable - Net	-	71,917	-	-	4,948	-
Interest Receivable - Net	271,072	26,317	158,769	7,146	122,601	-
Intergovernmental Receivable - Net	-	-	-	-	-	2,449,958
Due from Other Funds	-	-	-	-	4,057	743,178
Due from Fiduciary Funds	-	-	-	-	-	-
Prepaid Items	927,167	-	-	-	145,509	-
Inventory	-	-	-	-	-	-
Loans and Notes Receivable - Net	1,758,124	-	622,202	305,935	-	-
Restricted Cash at the Bank of ND	-	-	-	-	-	3,279,949
Restricted Investments at the Bank of ND	-	-	-	-	-	3,575,000
Total Current Assets	7,443,382	2,747,287	5,323,123	345,005	22,907,721	19,387,178
Noncurrent Assets:						
Restricted Cash at the Bank of ND	-	-	-	-	-	-
Restricted Investments	-	-	-	-	-	-
Loans and Notes Receivable - Net	6,102,542	-	15,513,578	803,775	-	-
Restricted Loans Receivable - Net	-	-	-	-	-	-
Unamortized Bond Issuance Costs	-	-	-	-	-	-
Other Noncurrent Assets	1,768,796	-	-	-	-	-
Capital Assets:						
Land and Construction in Progress	-	-	-	-	-	-
Infrastructure - Net	-	-	-	-	-	-
Buildings and Equipment - Net	-	-	-	-	-	-
Total Noncurrent Assets	7,871,338	-	15,513,578	803,775	-	-
Total Assets	15,314,720	2,747,287	20,836,701	1,148,780	22,907,721	19,387,178
LIABILITIES						
Current Liabilities:						
Accounts Payable	-	74	-	-	76,294	448,402
Accrued Payroll	-	1,213	-	-	37,521	-
Securities Lending Collateral	-	37,518	-	-	420,060	-
Interest Payable	-	888	-	-	53,304	-
Intergovernmental Payable	-	-	-	-	-	1,021,666
Due to Other Funds	10,828	9	20,339	1,148,780	16,108	1,127,580
Amounts Held in Custody for Others	-	-	-	-	-	-
Claims/Judgments Payable	-	188,850	-	-	679,803	-
Compensated Absences Payable	-	3,682	-	-	2,342	-
Capital Leases Payable	-	-	-	-	-	-
Bonds Payable	-	-	-	-	-	-
Deferred Revenue	-	-	-	-	-	721,000
Total Current Liabilities	10,828	232,234	20,339	1,148,780	1,285,432	3,318,648
Noncurrent Liabilities:						
Intergovernmental Payable	-	-	-	-	-	4,784,778
Claims/Judgments Payable	-	-	-	-	75,534	-
Compensated Absences Payable	-	-	-	-	41,927	-
Capital Leases Payable	-	-	-	-	-	-
Bonds Payable	-	-	-	-	-	-
Other Noncurrent Liabilities	-	-	-	-	-	5,870,897
Total Noncurrent Liabilities	-	-	-	-	117,461	10,655,675
Total Liabilities	10,828	232,234	20,339	1,148,780	1,402,893	13,974,323
Net Assets						
Invested in Capital Assets, Net of Related Debt	-	-	-	-	-	-
Restricted for:						
Debt Service	-	-	-	-	-	-
Loan Purposes	-	-	-	-	-	605,083
Unemployment Compensation	-	-	-	-	-	-
Other	-	-	-	-	-	-
Unrestricted	15,303,892	2,515,053	20,816,362	-	21,504,828	4,807,772
Total Net Assets	$ 15,303,892	$ 2,515,053	$ 20,816,362	$ -	$ 21,504,828	$ 5,412,855

PERS Uniform Group Insurance	Roughrider Industries	State Fair	State Lottery Fund	Student Loan	Unemployment Compensation	Total
$ 5,522,964	$ 637,846	$ 2,367,132	$ 6,625,742	$ 481,000	$ 3,559	$ 30,063,976
5,545,635	900	-	-	-	104,139,315	109,685,850
-	-	-	-	3,521,000	-	11,051,000
-	-	-	-	-	-	21,724,114
396,979	685,996	50,270	128,611	-	16,902,395	18,241,116
-	-	-	-	1,104,000	1,230,681	2,920,586
-	-	-	-	70,000	1,778,120	4,298,078
2,165	36,197	217,944	-	3,000	-	1,006,541
69,305	-	-	-	-	-	69,305
-	4,439	33,530	7,749	7,000	-	1,125,394
-	1,012,063	-	-	-	-	1,012,063
-	-	-	-	6,776,000	-	9,462,261
-	-	-	-	-	-	3,279,949
-	-	-	-	1,000,000	-	4,575,000
11,537,048	2,377,441	2,668,876	6,762,102	12,962,000	124,054,070	218,515,233
-	-	260,070	-	-	-	260,070
-	-	215,688	-	-	-	215,688
-	-	-	-	34,680,000	-	57,099,895
-	-	-	-	15,200,000	-	15,200,000
-	-	10,561	-	83,000	-	93,561
-	-	-	997,454	-	-	2,766,250
1,763,016	-	511,016	-	-	-	2,274,032
-	-	987,525	-	-	-	987,525
-	861,425	8,996,091	16,551	-	-	9,874,067
1,763,016	861,425	10,980,951	1,014,005	49,963,000	-	88,771,088
13,300,064	3,238,866	13,649,827	7,776,107	62,925,000	124,054,070	307,286,321
308,351	205,450	225,935	853,282	13,000	1,960,152	4,090,940
50,700	137,789	-	52,653	-	-	279,876
-	-	-	-	-	-	457,578
-	472	14,725	-	45,000	-	114,389
-	-	-	-	-	3,080,583	4,102,249
34,599	171,613	-	5,786,282	211,000	2,067,625	10,594,763
8,380,038	-	-	-	-	-	8,380,038
-	-	-	-	-	-	868,653
2,650	5,050	20,000	-	-	-	33,724
-	24,716	-	-	-	-	24,716
-	-	190,000	-	-	-	190,000
3,467,734	99,214	-	348,102	-	-	4,636,050
12,244,072	644,304	450,660	7,040,319	269,000	7,108,360	33,772,976
-	-	-	-	93,000	-	4,877,778
-	-	-	-	-	-	75,534
47,446	141,386	28,053	41,041	-	-	299,853
-	182,538	-	-	-	-	182,538
-	-	767,277	-	15,200,000	-	15,967,277
-	-	-	-	-	-	5,870,897
47,446	323,924	795,330	41,041	15,293,000	-	27,273,877
12,291,518	968,228	1,245,990	7,081,360	15,562,000	7,108,360	61,046,853
1,763,016	494,282	9,537,355	16,551	-	-	11,811,204
-	-	475,758	-	730,000	-	1,205,758
-	-	-	-	-	-	605,083
-	-	-	-	-	116,945,710	116,945,710
-	-	-	997,454	-	-	997,454
(754,470)	1,776,356	2,390,724	(319,258)	46,633,000	-	114,674,259
$ 1,008,546	$ 2,270,638	$ 12,403,837	$ 694,747	$ 47,363,000	$ 116,945,710	$ 246,239,468

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, 2009

	Beginning Farmer Revolving Loan	Bonding	Community Water Facility Loan	Developmentally Disabled Facility Loan	Fire and Tornado	Guaranteed Student Loan
OPERATING REVENUES						
Sales and Services	$ -	$ 41,409	$ -	$ -	$ 4,282,449	$ 3,309,810
Royalties and Rents	-	-	-	-	-	-
Interest and Investment Income	453,848	-	463,619	69,325	-	-
Miscellaneous	-	-	-	-	-	-
Total Operating Revenues	453,848	41,409	463,619	69,325	4,282,449	3,309,810
OPERATING EXPENSES						
Cost of Sales and Services	-	-	-	-	-	-
Salaries and Benefits	-	13,127	-	-	438,911	-
Operating	948,194	5,454	84,229	10,503	2,306,550	3,403,563
Claims	-	128,173	-	-	1,744,391	-
Interest	-	-	-	59,444	-	-
Depreciation	-	-	-	-	-	-
Miscellaneous	3,800	-	-	-	-	-
Total Operating Expenses	951,994	146,754	84,229	69,947	4,489,852	3,403,563
Operating Income (Loss)	(498,146)	(105,345)	379,390	(622)	(207,403)	(93,753)
NONOPERATING REVENUES (EXPENSES)						
Grants and Contracts	-	-	-	-	-	-
Interest and Investment Income	75,192	(385,260)	71,926	622	(2,765,623)	375,273
Interest Expense	-	(6,244)	-	-	(104,033)	-
Gain on Sale of Capital Assets	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total Nonoperating Revenues (Expenses)	75,192	(391,504)	71,926	622	(2,869,656)	375,273
Income (Loss) Before Contributions and Transfers	(422,954)	(496,849)	451,316	-	(3,077,059)	281,520
Transfers In	-	500,000	-	-	63,079	-
Transfer Out	-	-	-	-	-	(411,504)
Change in Net Assets	(422,954)	3,151	451,316	-	(3,013,980)	(129,984)
Total Net Assets - Beginning of Year	15,726,846	2,511,902	20,365,046	-	24,518,808	5,542,839
Total Net Assets - End of Year	$ 15,303,892	$ 2,515,053	$ 20,816,362	$ -	$ 21,504,828	$ 5,412,855

PERS Uniform Group Insurance	Roughrider Industries	State Fair	State Lottery Fund	Student Loan	Unemployment Compensation	Total
$ 929,289	$ 4,784,673	$ 4,188,174	$ 21,815,381	$ -	$ 75,137,232	$ 114,488,417
-	71,608	-	-	-	-	71,608
-	-	-	-	2,645,000	-	3,631,792
-	1,384	-	-	-	-	1,384
929,289	4,857,665	4,188,174	21,815,381	2,645,000	75,137,232	118,193,201
-	2,726,946	-	-	-	-	2,726,946
498,340	1,494,352	1,173,858	601,851	-	-	4,220,439
369,961	236,751	3,094,777	15,510,822	1,492,000	-	27,462,804
-	-	-	-	-	106,475,262	108,347,826
-	-	-	-	775,000	-	834,444
-	78,462	911,404	10,323	-	-	1,000,189
-	-	-	-	-	-	3,800
868,301	4,536,511	5,180,039	16,122,996	2,267,000	106,475,262	144,596,448
60,988	321,154	(991,865)	5,692,385	378,000	(31,338,030)	(26,403,247)
-	-	516,860	-	-	-	516,860
74,138	-	33,257	38,239	69,000	6,023,243	3,610,007
-	(15,582)	(40,856)	-	-	-	(166,715)
-	-	4,500	-	-	-	4,500
(454,323)	-	(12,089)	-	-	-	(466,412)
(380,185)	(15,582)	501,672	38,239	69,000	6,023,243	3,498,240
(319,197)	305,572	(490,193)	5,730,624	447,000	(25,314,787)	(22,905,007)
-	-	561,296	-	36,000	-	1,160,375
-	-	-	(6,377,500)	-	-	(6,789,004)
(319,197)	305,572	71,103	(646,876)	483,000	(25,314,787)	(28,533,636)
1,327,743	1,965,066	12,332,734	1,341,623	46,880,000	142,260,497	274,773,104
$ 1,008,546	$ 2,270,638	$ 12,403,837	$ 694,747	$ 47,363,000	$ 116,945,710	$ 246,239,468

STATE OF NORTH DAKOTA

Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Fiscal Year Ended June 30, 2009

	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	$ 374	$ 39,822	$ -	$ -	$ 4,284,836	$ 3,201,481
Interest Income on Loans	488,788	-	-	-	-	-
Receipts from Loan Principal Repayments	2,496,610	-	-	-	-	9,467,128
Receipts from Other Funds	-	-	-	-	(4,057)	-
Receipts from Others	-	-	-	-	-	-
Payments to Other Funds	-	-	-	-	(787)	-
Payments for Loan Funds	(2,319,303)	-	-	-	-	(8,344,485)
Payments to Suppliers	(1,267,006)	(5,466)	(84,130)	(11,027)	(2,332,395)	(2,379,772)
Payments to Employees	-	(12,723)	-	-	(431,221)	-
Claim Payments	-	(88,500)	-	-	(2,103,138)	-
Payments to Others	(3,800)	-	-	-	-	-
Other	-	-	-	-	-	-
Net Cash Provided by (Used for) Operating Activities	(604,337)	(66,867)	(84,130)	(11,027)	(586,762)	1,944,352
Cash Flows from Noncapital Financing Activities:						
Principal Payments - Bonds	-	-	-	-	-	-
Interest Payments - Bonds	-	-	-	-	-	-
Interest Payments - Notes and Other Borrowings	-	-	-	(61,122)	-	-
Transfers In	-	500,000	-	-	63,079	-
Transfers Out	-	-	-	-	-	(411,504)
Principal Payments on Due To Other Funds	-	-	-	(443,486)	-	-
Grants Received	-	-	-	-	-	-
Net Cash Provided by (Used for) Noncapital Financing Activities	-	500,000	-	(504,608)	63,079	(411,504)
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	-	-	-	-	-	-
Other	-	-	-	-	-	-
Net Cash Used for Capital and Related Financing Activities	-	-	-	-	-	-
Cash Flows from Investing Activities:						
Proceeds from Sale and Maturities of Investment Securities	-	743,957	-	-	1,059,876	9,167,300
Purchase of Investment Securities	-	-	-	-	-	(10,975,000)
Interest and Dividends on Investments	75,192	(108,765)	71,926	622	(1,035,963)	518,529
Net Increase In Loans	-	-	(1,085,000)	-	-	-
Receipt of Loan Principal Repayments	-	-	584,815	391,611	-	-
Loan Income Received	-	-	446,329	71,244	-	-
Net Cash Provided by (Used for) Investing Activities	75,192	635,192	18,070	463,477	23,913	(1,289,171)
Net Change in Cash:						
Net Increase (Decrease) in Cash and Cash Equivalents	(529,145)	1,068,325	(66,060)	(52,158)	(499,770)	243,677
Cash and Cash Equivalents at June 30, 2008	5,016,164	317,248	4,608,212	84,082	2,669,742	4,845,365
Cash and Cash Equivalents at June 30, 2009	$ 4,487,019	$ 1,385,573	$ 4,542,152	$ 31,924	$ 2,169,972	$ 5,089,042
Reconciliation:						
Current:						
Cash Deposits at the Bank of North Dakota	$ 4,487,019	$ 1,385,573	$ 4,542,152	$ 31,924	$ 2,169,972	$ 1,809,093
Cash and Cash Equivalents	-	-	-	-	-	-
Restricted Cash Deposits at the Bank of North Dakota	-	-	-	-	-	3,279,949
Noncurrent:						
Restricted Cash and Cash Equivalents	-	-	-	-	-	-
Cash and Cash Equivalents	$ 4,487,019	$ 1,385,573	$ 4,542,152	$ 31,924	$ 2,169,972	$ 5,089,042

(Continued on Next Page)

PERS Uniform Group Insurance	Roughrider Industries	State Fair	State Lottery Fund	Student Loan	Unemployment Compensation	Total
$ 170,460,431	$ 4,658,759	$ 4,213,922	$ 15,789,292	$ 27,253,000	$ 53,829,803	$ 283,731,720
-	-	-	-	-	-	488,788
-	-	-	-	-	-	11,963,738
-	10,437	-	-	-	-	6,380
-	-	-	-	-	92,097	92,097
-	1,012	-	-	-	-	225
-	-	-	-	-	-	(10,663,788)
(165,515,204)	(2,845,261)	(2,908,694)	(8,385,389)	(1,500,000)	(8,587,635)	(195,821,979)
(490,769)	(1,449,684)	(1,167,641)	(586,070)	-	-	(4,138,108)
-	-	-	-	-	(75,482,648)	(77,674,286)
-	-	-	(59,878)	-	-	(63,678)
(454,323)	-	-	-	-	-	(454,323)
4,000,135	375,263	137,587	6,757,955	25,753,000	(30,148,383)	7,466,786
-	-	-	-	(59,400,000)	-	(59,400,000)
-	-	-	-	(929,000)	-	(929,000)
-	-	-	-	-	-	(61,122)
-	-	343,352	-	-	-	906,431
-	-	-	(5,922,500)	(3,409,000)	-	(9,743,004)
-	-	-	-	-	-	(443,486)
-	-	516,860	-	-	-	516,860
-	-	860,212	(5,922,500)	(63,738,000)	-	(69,153,321)
(774,324)	(93,833)	(410,818)	-	-	-	(1,278,975)
-	73,150	-	-	-	-	73,150
-	-	(195,000)	-	-	-	(195,000)
-	(25,950)	-	-	-	-	(25,950)
-	-	(43,586)	-	-	-	(43,586)
-	(15,582)	-	-	-	-	(15,582)
-	(41,108)	-	-	-	-	(41,108)
-	220	-	-	-	-	220
(774,324)	(103,103)	(649,404)	-	-	-	(1,526,831)
-	-	217,906	-	13,103,000	-	24,292,039
-	-	(217,452)	-	(9,336,000)	-	(20,528,452)
74,138	-	32,349	42,493	203,000	6,332,690	6,206,211
-	-	-	-	-	-	(1,085,000)
-	-	-	-	-	-	976,426
-	-	-	-	-	-	517,573
74,138	-	32,803	42,493	3,970,000	6,332,690	10,378,797
3,299,949	272,160	381,198	877,948	(34,015,000)	(23,815,693)	(52,834,569)
7,768,650	366,586	2,246,004	5,747,794	34,496,000	127,958,567	196,124,414
$ 11,068,599	$ 638,746	$ 2,627,202	$ 6,625,742	$ 481,000	$ 104,142,874	$ 143,289,845
$ 5,522,964	$ 637,846	$ 2,367,132	$ 6,625,742	$ 481,000	$ 3,559	$ 30,063,976
5,545,635	900	-	-	-	104,139,315	109,685,850
-	-	-	-	-	-	3,279,949
-	-	260,070	-	-	-	260,070
$ 11,068,599	$ 638,746	$ 2,627,202	$ 6,625,742	$ 481,000	$ 104,142,874	$ 143,289,845

STATE OF NORTH DAKOTA

Combining Statement of Cash Flows
Nonmajor Enterprise Funds (Continued)
For the Fiscal Year Ended June 30, 2009

	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)	$ (498,146)	$ (105,345)	$ 379,390	$ (622)	$ (207,403)	$ (93,753)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:						
Depreciation	-	-	-	-	-	-
Amortization\Accretion	-	-	-	-	-	-
Reclassification of Interest Revenue\Expense	-	-	(463,619)	(9,881)	-	-
Interest Received on Program Loans	-	-	-	-	-	-
Disbursements for Loans and Loan Purchases	-	-	-	-	-	-
Receipt of Loan Principal Repayments	-	-	-	-	-	-
Provision for Losses	-	-	-	-	-	926,000
Other	-	-	-	-	-	76,000
Change in Assets and Liabilities:						
(Increase) Decrease in Accounts Receivable	-	-	-	-	2,387	(73,527)
Decrease in Interest Receivable	35,314	-	-	-	-	-
(Increase) Decrease in Due From	-	-	-	-	(4,057)	(137)
Decrease in Due From Fiduciary Funds	-	-	-	-	-	-
(Increase) Decrease in Intergovernmental Receivable	-	-	-	-	-	41,209
Decrease in Notes Receivable	177,307	-	-	-	-	-
Increase in Prepaid Items	(318,580)	-	-	-	(13,009)	-
Decrease in inventories	-	-	-	-	-	-
Increase in Other Assets	-	-	-	-	-	-
Increase (Decrease) in Accounts Payable	-	(12)	-	-	(12,836)	(302,290)
Increase (Decrease) in Claims\Judgments Payable	-	38,086	-	-	(358,747)	-
Increase (Decrease) in Intergovernmental Payable	-	-	-	-	-	1,112,625
Increase in Accrued Payroll	-	192	-	-	3,061	-
Increase in Compensated Absences Payable	-	212	-	-	4,629	-
Increase in Amounts Held for Others	-	-	-	-	-	-
Increase (Decrease) in Due To	(232)	-	99	(524)	(787)	15,089
Increase in Deferred Revenue	-	-	-	-	-	251,956
Decrease in Other Liabilities	-	-	-	-	-	(8,820)
Total Adjustments	(106,191)	38,478	(463,520)	(10,405)	(379,359)	2,038,105
Net Cash Provided by (Used for) Operating Activities	$ (604,337)	$ (66,867)	$ (84,130)	$ (11,027)	$ (586,762)	$ 1,944,352
Noncash Transactions:						
Net Decrease in Fair Value of investments	$ -	$ (283,540)	$ -	$ -	$ (1,826,310)	$ -
Change in Securities Lending Collateral	-	(43,797)	-	-	(401,094)	-
Amortization of Bond Discount	-	-	-	-	-	-
Amortization of Bond Issuance Costs	-	-	-	-	-	-
Interest Revenue on Prize Reserves	-	-	-	-	-	-
Total Noncash Transactions	$ -	$ (327,337)	$ -	$ -	$ (2,227,404)	$ -

PERS Uniform Group Insurance	Roughrider Industries	State Fair	State Lottery Fund	Student Loan	Unemployment Compensation	Total
$ 60,988	$ 321,154	$ (991,865)	$ 5,692,385	$ 378,000	$ (31,338,030)	$ (26,403,247)
-	78,462	911,404	10,323	-	-	1,000,189
-	-	-	-	539,000	-	539,000
-	-	-	-	(1,887,000)	-	(2,360,500)
-	-	-	-	2,495,000	-	2,495,000
-	-	-	-	(178,000)	-	(178,000)
-	-	-	-	24,758,000	-	24,758,000
-	-	-	-	(29,000)	-	897,000
(454,323)	-	-	-	-	-	(378,323)
(385,838)	(298,120)	25,748	889,163	-	(1,661,141)	(1,501,328)
-	-	-	-	-	-	35,314
-	10,437	-	-	-	-	6,243
4,476	-	-	-	-	-	4,476
(2,165)	-	-	-	-	(1,503,688)	(1,464,644)
-	-	-	-	-	-	177,307
-	(2,307)	(6,971)	(2,285)	-	-	(343,152)
-	51,299	-	-	-	-	51,299
-	-	-	(59,878)	-	-	(59,878)
7,114	69,444	193,054	232,884	-	1,070,815	1,258,173
-	-	-	-	-	-	(320,661)
21,444	-	-	-	(107,000)	1,757,316	2,784,385
3,355	18,287	-	8,274	-	-	33,169
4,216	26,381	6,217	7,507	-	-	49,162
3,907,823	1,012	-	-	-	-	3,908,835
-	-	-	(44,617)	(216,000)	1,526,345	1,279,373
833,045	99,214	-	24,199	-	-	1,208,414
-	-	-	-	-	-	(8,820)
3,939,147	54,109	1,129,452	1,065,570	25,375,000	1,189,647	33,870,033
$ 4,000,135	$ 375,263	$ 137,587	$ 6,757,955	$ 25,753,000	$ (30,148,383)	$ 7,466,786
$ -	$ -	$ -	$ -	$ -	$ -	$ (2,109,850)
-	-	-	-	-	-	(444,891)
-	-	8,754	-	-	-	8,754
-	-	3,335	-	-	-	3,335
-	-	-	591	-	-	591
$ -	$ -	$ 12,089	$ 591	$ -	$ -	$ (2,542,061)

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.

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.

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.

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.

STATE OF NORTH DAKOTA

Combining Statement of Net Assets
Internal Service Funds
June 30, 2009

	Central Services	Fleet Services	Information Technology Department	Risk Management	Total
ASSETS					
Current Assets:					
Cash Deposits at the Bank of ND	$ 395,843	$ 5,318,433	$ 4,204,336	$ 3,903,824	$ 13,822,436
Cash and Cash Equivalents	26,453	-	-	-	26,453
Investments	-	-	-	4,971,458	4,971,458
Accounts Receivable - Net	45,732	245,207	235,146	-	526,085
Interest Receivable - Net	-	-	-	54,053	54,053
Intergovernmental Receivable - Net	16,281	-	155,547	-	171,828
Due from Other Funds	238,407	1,473,907	4,805,759	21,549	6,539,622
Prepaid Items	6,312	-	1,524,408	80,394	1,611,114
Inventory	106,305	-	-	-	106,305
Restricted Cash at the Bank of ND	-	-	191,977	-	191,977
Total Current Assets	835,333	7,037,547	11,117,173	9,031,278	28,021,331
Noncurrent Assets:					
Unamortized Bond Issuance Costs	-	-	39,897	-	39,897
Capital Assets:					
Land and Construction in Progress	-	58,904	-	-	58,904
Buildings and Equipment - Net	478,391	61,102,820	13,623,626	82,540	75,287,377
Total Noncurrent Assets	478,391	61,161,724	13,663,523	82,540	75,386,178
Total Assets	1,313,724	68,199,271	24,780,696	9,113,818	103,407,509
LIABILITIES					
Current Liabilities:					
Accounts Payable	59,547	739,781	920,261	16,082	1,735,671
Accrued Payroll	64,071	143,101	1,573,932	29,388	1,810,492
Securities Lending Collateral	-	-	-	109,963	109,963
Interest Payable	-	-	302,959	5,783	308,742
Intergovernmental Payable	-	-	35	-	35
Due to Other Funds	11,439	82,798	18,062	17,096	129,395
Claims/Judgments Payable	-	-	-	1,896,767	1,896,767
Compensated Absences Payable	3,054	39,988	79,768	-	122,810
Notes Payable	-	-	1,049,917	-	1,049,917
Capital Leases Payable	160,037	-	-	1,352	161,389
Bonds Payable	-	-	654,108	-	654,108
Total Current Liabilities	298,148	1,005,668	4,599,042	2,076,431	7,979,289
Noncurrent Liabilities:					
Claims/Judgments Payable	-	-	-	4,174,325	4,174,325
Compensated Absences Payable	58,028	-	1,386,551	32,692	1,477,271
Notes Payable	-	-	4,950,083	-	4,950,083
Capital Leases Payable	293,670	-	-	3,251	296,921
Bonds Payable	-	-	2,922,538	-	2,922,538
Total Noncurrent Liabilities	351,698	-	9,259,172	4,210,268	13,821,138
Total Liabilities	649,846	1,005,668	13,858,214	6,286,699	21,800,427
NET ASSETS					
Invested in Capital Assets, Net of Related Debt	24,684	61,102,820	7,623,626	78,073	68,829,203
Unrestricted	639,194	6,090,783	3,298,856	2,749,046	12,777,879
Total Net Assets	$ 663,878	$ 67,193,603	$ 10,922,482	$ 2,827,119	$ 81,607,082

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, 2009

	Central Services	Fleet Services	Information Technology Department	Risk Management	Total
OPERATING REVENUES					
Sales and Services	$ 2,581,376	$ 30,650,370	$ 44,992,103	$ 5,570,697	$ 83,794,546
Miscellaneous	-	296,821	-	-	296,821
Total Operating Revenues	2,581,376	30,947,191	44,992,103	5,570,697	84,091,367
OPERATING EXPENSES					
Cost of Sales and Services	1,179,284	-	-	-	1,179,284
Salaries and Benefits	773,112	1,730,713	18,154,771	371,086	21,029,682
Operating	410,918	15,157,477	20,881,523	590,662	37,040,580
Claims	-	-	-	3,378,476	3,378,476
Depreciation	170,003	7,126,264	4,206,325	17,350	11,519,942
Total Operating Expenses	2,533,317	24,014,454	43,242,619	4,357,574	74,147,964
Operating Income	48,059	6,932,737	1,749,484	1,213,123	9,943,403
NONOPERATING REVENUES (EXPENSES)					
Interest and Investment Income	-	-	233,038	(638,882)	(405,844)
Interest Expense	(43,941)	-	(717,817)	(25,940)	(787,698)
Loss on Sale of Capital Assets	(2,821)	(62,212)	(14,442)	-	(79,475)
Other	2,953	-	16,108	-	19,061
Total Nonoperating Revenues (Expenses)	(43,809)	(62,212)	(483,113)	(664,822)	(1,253,956)
Income Before Contributions and Transfers	4,250	6,870,525	1,266,371	548,301	8,689,447
Capital Grants and Contributions	-	142,096	-	-	142,096
Changes in Net Assets	4,250	7,012,621	1,266,371	548,301	8,831,543
Total Net Assets - Beginning of Year	659,628	60,180,982	9,656,111	2,278,818	72,775,539
Total Net Assets - End of Year	$ 663,878	$ 67,193,603	$ 10,922,482	$ 2,827,119	$ 81,607,082

STATE OF NORTH DAKOTA

Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2009

	Central Services	Fleet Services	Information Technology	Risk Management	Total
Cash Flows from Operating Activities:					
Receipts from Customers and Users	$ 2,542,826	$ 30,727,090	$ 43,693,947	$ 5,570,697	$ 82,534,560
Receipts from Other Funds	-	231,145	-	-	231,145
Payments to Other Funds	-	(186,793)	-	-	(186,793)
Payments to Suppliers	(1,561,564)	(15,366,819)	(19,914,106)	(619,860)	(37,462,349)
Payments to Employees	(783,279)	(1,686,122)	(17,955,299)	(362,170)	(20,786,870)
Claim Payments	-	-	-	(484,313)	(484,313)
Payments to Others	-	-	-	(2,745,908)	(2,745,908)
Other	2,953	-	-	-	2,953
Net Cash Provided by (Used for) Operating Activities	200,936	13,718,501	5,824,542	1,358,446	21,102,425
Cash Flows from Noncapital Financing Activities:					
Interest Payments - Notes and Other Borrowings	(2,449)	-	-	-	(2,449)
Proceeds from Advances from Other Funds	-	(5,500,000)	-	-	(5,500,000)
Net Cash Provided by (Used for) Noncapital Financing Activities	(2,449)	(5,500,000)	-	-	(5,502,449)
Cash Flows from Capital and Related Financing Activities:					
Acquisition and Construction of Capital Assets	(14,401)	(8,397,375)	(5,588,946)	-	(14,000,722)
Proceeds from Sale of Capital Assets	-	1,953,653	-	-	1,953,653
Principal Payments - Notes and Other Borrowings	-	-	(6,613,350)	-	(6,613,350)
Interest Payments - Notes and Other Borrowings	-	-	(935,650)	-	(935,650)
Payment on Capital Leases	(149,026)	-	-	(1,183)	(150,209)
Interest Payments - Capital Leases	(41,491)	-	-	(418)	(41,909)
Net Cash Used for Capital and Related Financing Activities	(204,918)	(6,443,722)	(13,137,946)	(1,601)	(19,788,187)
Cash Flows from Investing Activities:					
Proceeds from Sale and Maturities of Investment Securities	-	-	-	1,060,300	1,060,300
Interest and Dividends on Investments	-	-	233,038	(260,560)	(27,522)
Net Cash Provided by Investing Activities	-	-	233,038	799,740	1,032,778
Net Change in Cash:					
Net Increase (Decrease) in Cash and Cash Equivalents	(6,431)	1,774,779	(7,080,366)	2,156,585	(3,155,433)
Cash and Cash Equivalents at June 30, 2008	428,727	3,543,654	11,476,679	1,747,239	17,196,299
Cash and Cash Equivalents at June 30, 2009	$ 422,296	$ 5,318,433	$ 4,396,313	$ 3,903,824	$ 14,040,866
Reconciliation:					
Cash Deposits at the Bank of North Dakota	$ 395,843	$ 5,318,433	$ 4,204,336	$ 3,903,824	$ 13,822,436
Cash and Cash Equivalents	26,453	-	-	-	26,453
Restricted Cash Deposits at the Bank of North Dakota	-	-	191,977	-	191,977
Cash and Cash Equivalents	$ 422,296	$ 5,318,433	$ 4,396,313	$ 3,903,824	$ 14,040,866
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used for) Operating Activities:					
Operating Income	$ 48,059	$ 6,932,737	$ 1,749,484	$ 1,213,123	$ 9,943,403
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:					
Depreciation	170,003	7,126,264	4,199,675	17,350	11,513,292
Amortization\Accretion	-	-	6,650	-	6,650
Change in Assets and Liabilities:					
Increase in Accounts Receivable	(26,262)	(220,102)	(128,805)	-	(375,169)
Increase in Due From	(15,078)	-	(1,166,030)	(14,386)	(1,195,494)
(Increase) Decrease in Intergovernmental Receivable	2,790	231,145	(3,321)	-	230,614
(Increase) Decrease in Prepaid Items	(2,951)	-	728,297	(30,396)	694,950
Decrease in Inventories	6,225	-	-	-	6,225
Increase In Other Assets	2,953	-	-	-	2,953
Increase (Decrease) in Accounts Payable	24,333	(209,341)	254,272	7,765	77,029
Increase in Claims\Judgments Payable	-	-	-	160,603	160,603
Decrease In Intergovernmental Payable	-	(186,793)	(4,774)	-	(191,567)
Increase (Decrease) in Accrued Payroll	(603)	50,613	140,278	2,349	192,637
Increase (Decrease) in Compensated Absences Payable	(9,566)	(6,022)	59,195	6,567	50,174
Increase (Decrease) in Due To	1,033	-	(10,379)	(3,990)	(13,336)
Decrease In Deferred Revenue	-	-	-	(539)	(539)
Total Adjustments	152,877	6,785,764	4,075,058	145,323	11,159,022
Net Cash Provided by (Used For) Operating Activities	$ 200,936	$ 13,718,501	$ 5,824,542	$ 1,358,446	$ 21,102,425
Noncash Transactions:					
Net Decrease in Fair Value of investments	$ -	$ -	$ -	$ (409,517)	$ (409,517)
Change in Securities Lending Collateral	-	-	-	(127,261)	(127,261)
Total Noncash Transactions	$ -	$ -	$ -	$ (536,778)	$ (536,778)

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.

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.

HIGHWAY PATROLMEN'S RETIREMENT

982 - Highway Patrolmen's Retirement Fund
A single employer defined benefit pension plan covering officers of the State Highway Patrol.

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.

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.

PUBLIC EMPLOYEES' RETIREMENT

470 (983) - Public Employees Retirement System
Accounts for the financial resources associated with the Public Employees Retirement System.

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.

TEACHERS' RETIREMENT

964 - North Dakota Teachers' Fund For Retirement
Accounts for the financial resources of the Teachers' Retirement Fund.

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.

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.

936 - City of Grand Forks RIO Investments
Account for the investment assets held by the State Investment Board in a trustee capacity as an agent for the City of Grand Forks.

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.

Private Purpose Trust Funds

STUDENT AND CULTURAL DONATIONS

928 – Indian Cultural Education Trust Fund
Trust accounts for donations provided for the purpose of generating income to benefit Indian Culture.

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.

988 - School for the Deaf Scholarship Trust Fund
Account for funds donated to provide scholarships to deaf students.

989 - School for the Deaf Student Trust Funds
Accounts for funds donated to the School for the Deaf for the benefit of the students.

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.

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.

403 - Motor Fuel Cash Bond Deposit Fund
Accounts for cash received in lieu of a surety bond for motor vehicle fuel dealers.

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.

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.

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.

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.

947 - District Court Bond Fund
Accounts for bail bonds posted for civil and criminal court cases.

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.

CHILD SUPPORT

463 - Child Support Disbursement Unit Fund
Accounts for all child support payments received by the state disbursement unit.

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.

946 - District Court Collection Fund
Accounts for collections for third parties.

986 - Developmental Center Residents' Funds
Accounts for funds belonging to patients of the State Developmental Center.

990 - Veteran's Home-Custodial
Accounts for resident's personal funds.

991 - State Hospital Patients
Accounts for patient's personal funds.

992 - Prisoner Accounts
Accounts for prisoner's personal fund.

993 - Youth Correctional Center Student Accounts
Account for the student's personal funds.

994 - School for the Deaf Students
Account for the students personal funds.

TAX COLLECTION

434 - City Lodging Tax Suspense
Accounts for city lodging tax collected by the State Tax Commissioner.

435 - City Sales Tax Suspense
Accounts for city sales and use taxes collected by the State Tax Commission.

437 - City Motor Vehicle Rental Tax
Accounts for city motor vehicle rental tax collected by the state tax commissioner.

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.

STATE OF NORTH DAKOTA

Combining Statement of Fiduciary Net Assets
Pension, Investment and Private-Purpose Trust Funds
June 30, 2009

	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	$ 147,190	$ 1,703	$ -	$ 3,044	$ 328,895	$ 107,970
Cash and Cash Equivalents	-	-	-	-	-	-
Receivables:						
Contributions Receivable	-	100,601	157,740	9,452	506,287	492,061
Accounts Receivable - Net	-	-	-	-	-	-
Interest Receivable - Net	-	-	80,157	190,846	-	156,873
Due from Other Funds	-	-	-	-	-	-
Due from Fiduciary Funds	37,534	-	-	-	20,775	-
Total Receivables	37,534	100,601	237,897	200,298	527,062	648,934
Investments, at Fair Value:						
Investments at the Bank of ND	-	-	-	5,500	-	-
Equity Pool	-	-	18,118,886	23,375,481	-	18,879,086
Fixed Income	-	2,399,637	-	-	-	-
Fixed Income Pool	-	-	17,904,036	48,647,686	-	16,519,433
Cash and Cash Pool	-	-	249,835	3,796	-	-
Real Estate Pool	-	-	2,336,339	-	-	-
Alternative Investments	-	-	2,112,852	-	-	-
Annuities	88,888	-	-	-	-	-
Mutual Funds	21,590,246	11,517,294	-	-	-	-
Total Investments	21,679,134	13,916,931	40,721,948	72,032,463	-	35,398,519
Invested Securities Lending Collateral	-	-	221,375	373,560	-	-
Capital Assets (Net of Depreciation)	1,175,344	16,563	19,308	14,443	587,672	223,957
Total Assets	23,039,202	14,035,798	41,200,528	72,623,808	1,443,629	36,379,380
LIABILITIES						
Accounts Payable	198,660	-	-	75,890	103,140	23,224
Accrued Payroll	29,459	-	-	-	18,676	-
Securities Lending Collateral	-	-	221,375	373,560	-	-
Due to Other Funds	8,408	10,741	-	3,753	3,936	61,147
Due to Fiduciary Funds	-	-	5,226	8,555	-	120,824
Deferred Revenue	18,744	-	-	-	-	-
Compensated Absences Payable	35,908	-	-	-	22,235	-
Total Liabilities	291,179	10,741	226,601	461,758	147,987	205,195
NET ASSETS						
Net Assets Held in Trust for:						
Pension Benefits	22,748,023	14,025,057	40,973,927	72,162,050	-	36,174,185
Other Employee Benefits	-	-	-	-	1,295,642	-
External Investment Pool Participants	-	-	-	-	-	-
Other Purposes	-	-	-	-	-	-
Total Net Assets	$ 22,748,023	$ 14,025,057	$ 40,973,927	$ 72,162,050	$ 1,295,642	$ 36,174,185

(Continue on Next Page)

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 Grand Forks	City of Fargo	Total
$ 7,369,039	$ 20,005,393	$ 27,963,234	$ 271,882	$ 79,470	$ 138,810	$ 226,379	$ 716,541
-	-	-	-	-	-	-	-
3,895,409	8,719,828	13,881,378	-	-	-	-	-
4,717	-	4,717	-	-	-	-	-
2,581,191	6,704,685	9,713,752	72,035	1,692	397	-	74,124
14,278	12	14,290	-	-	-	-	-
82,411	-	140,720	-	-	-	-	-
6,578,006	15,424,525	23,754,857	72,035	1,692	397	-	74,124
-	-	5,500	-	-	-	-	-
583,459,715	662,283,920	1,306,117,088	22,377,050	818,448	16,690,779	19,712,831	59,599,108
-	-	2,399,637	-	-	-	-	-
576,541,179	394,873,080	1,054,485,414	30,020,131	725,076	10,246,899	17,476,004	58,468,110
2,822,816	5,055,851	8,132,298	135,783	-	81,834	32,540	250,157
75,234,215	142,870,481	220,441,035	4,906,031	-	1,364,998	1,067,103	7,338,132
68,037,513	71,114,309	141,264,674	738,907	-	1,518,285	1,050,762	3,307,954
-	-	88,888	-	-	-	-	-
-	-	33,107,540	-	-	-	-	-
1,306,095,438	1,276,197,641	2,766,042,074	58,177,902	1,543,524	29,902,795	39,339,240	128,963,461
7,128,669	6,829,276	14,552,880	300,210	26,110	225,502	437,120	988,942
2,336,287	311,001	4,684,575	-	-	-	-	-
1,329,507,439	1,318,767,836	2,836,997,620	58,822,029	1,650,796	30,267,504	40,002,739	130,743,068
2,197,385	2,211,590	4,809,889	70,019	5,938	35,041	115,166	226,164
65,491	-	113,626	-	-	-	-	-
7,128,669	6,829,276	14,552,880	300,210	26,110	225,502	437,120	988,942
40,478	10,240	138,703	-	-	-	-	-
-	-	134,605	-	-	-	-	-
-	-	18,744	-	-	-	-	-
72,130	-	130,273	-	-	-	-	-
9,504,153	9,051,106	19,898,720	370,229	32,048	260,543	552,286	1,215,106
1,320,003,286	1,309,716,730	2,815,803,258	-	-	-	-	-
-	-	1,295,642	-	-	-	-	-
-	-	-	58,451,800	1,618,748	30,006,961	39,450,453	129,527,962
-	-	-	-	-	-	-	-
$ 1,320,003,286	$ 1,309,716,730	$ 2,817,098,900	$ 58,451,800	$ 1,618,748	$ 30,006,961	$ 39,450,453	$ 129,527,962

STATE OF NORTH DAKOTA

Combining Statement of Fiduciary Net Assets
Pension, Investment and Private-Purpose Trust Funds (Continued)
June 30, 2009

	Private-Purpose Trust Funds			
	Student and Cultural Donations	Mandan Remediation Trust	College SAVE	Total
ASSETS				
Cash Deposits at the Bank of ND	$ 115,279	$ 7,906,684	$ -	$ 8,021,963
Cash and Cash Equivalents	11,174	1,431,170	364,353	1,806,697
Receivables:				
Contributions Receivable	-	-	-	-
Accounts Receivable - Net	-	-	54,630	54,630
Interest Receivable - Net	204	4,892	-	5,096
Due from Other Funds	26	-	-	26
Due from Fiduciary Funds	-	-	-	-
Total Receivables	230	4,892	54,630	59,752
Investments, at Fair Value:				
Investments at the Bank of ND	21,103	-	-	21,103
Equity Pool	-	-	-	-
Fixed Income	-	-	-	-
Fixed Income Pool	570,966	1,509,376	-	2,080,342
Cash and Cash Pool	-	-	-	-
Real Estate Pool	-	-	-	-
Alternative Investments	-	-	-	-
Annuities	-	-	-	-
Mutual Funds	-	-	263,169,979	263,169,979
Total Investments	592,069	1,509,376	263,169,979	265,271,424
Invested Securities Lending Collateral	34,178	-	-	34,178
Capital Assets (Net of Depreciation)	-	-	-	-
Total Assets	752,930	10,852,122	263,588,962	275,194,014
LIABILITIES				
Accounts Payable	351	103,970	667,022	771,343
Accrued Payroll	-	-	-	-
Securities Lending Collateral	34,178	-	-	34,178
Due to Other Funds	-	-	-	-
Due to Fiduciary Funds	-	-	-	-
Deferred Revenue	-	-	-	-
Compensated Absences Payable	-	-	-	-
Total Liabilities	34,529	103,970	667,022	805,521
NET ASSETS				
Net Assets Held in Trust for:				
Pension Benefits	-	-	-	-
Other Employee Benefits	-	-	-	-
External Investment Pool Participants	-	-	-	-
Other Purposes	718,401	10,748,152	262,921,940	274,388,493
Total Net Assets	$ 718,401	$ 10,748,152	$ 262,921,940	$ 274,388,493

East Park Bridge – Valley City

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, 2009

	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	$ -	$ 594,402	$ 1,122,720	$ -	$ -	$ 6,771,699
Employee	3,356,071	577,142	692,320	119,115	5,627,371	5,851,707
From Participants	-	-	-	-	-	-
Transfers from Other Funds	522,329	41,749	-	-	-	-
Transfers from Other Plans	150,734	-	-	-	-	-
Donations	-	-	-	-	-	-
Total Contributions	4,029,134	1,213,293	1,815,040	119,115	5,627,371	12,623,406
Investment Income:						
Net Change in Fair Value of Investments	(5,775,660)	(3,931,969)	(14,105,619)	(15,799,734)	-	(7,986,495)
Interest and Dividends	704,942	392,265	1,087,319	1,998,233	3,075	1,810,041
Less Investment Expense	72,477	11,330	202,405	301,287	-	75,032
Net Investment Income	(5,143,195)	(3,551,034)	(13,220,705)	(14,102,788)	3,075	(6,251,486)
Securities Lending Activity:						
Securities Lending Income	-	-	9,486	30,249	-	-
Less Securities Lending Expense	-	-	4,681	19,899	-	-
Net Securities Lending Income	-	-	4,805	10,350	-	-
Repurchase Service Credit	-	-	-	-	-	169,242
Miscellaneous Income	454,543	8,553	14	-	586,969	-
Total Additions	(659,518)	(2,329,188)	(11,400,846)	(13,973,323)	6,217,415	6,541,162
DEDUCTIONS						
Benefits Paid to Participants	510,829	767,652	3,176,258	3,768,883	5,511,629	5,845,036
Refunds	-	-	17,911	-	-	2,846
Prefunded Credit Applied	-	-	-	-	-	4,854,724
Transfer to Other Plans	-	-	-	-	68,006	-
Payments in Accordance with Trust Agreements	-	-	-	-	-	-
Administrative Expenses	391,950	8,068	18,834	25,101	257,508	115,207
Total Deductions	902,779	775,720	3,213,003	3,793,984	5,837,143	10,817,813
Purchase of Units at Net Asset Value of $1.00 Per Unit	-	-	-	-	-	-
Change in Net Assets Held in Trust for:						
Pension Benefits	(1,562,297)	(3,104,908)	(14,613,849)	(17,767,307)	-	(4,276,651)
Other Employee Benefits	-	-	-	-	380,272	-
External Investment Pool Participants	-	-	-	-	-	-
Other Purposes	-	-	-	-	-	-
Net Assets - Beginning of Year	24,310,320	17,129,965	55,587,776	89,929,357	915,370	40,450,836
Net Assets - End of Year	$ 22,748,023	$ 14,025,057	$ 40,973,927	$ 72,162,050	$ 1,295,642	$ 36,174,185

(Continued on Next Page)

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 Grand Forks	City of Fargo	Total
$ 27,705,267	$ 37,487,655	$ 73,681,743	$ -	$ -	$ -	$ -	$ -
26,237,554	34,712,846	77,174,126	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	564,078	-	-	-	-	-
-	-	150,734	-	-	-	-	-
-	-	-	-	-	-	-	-
53,942,821	72,200,501	151,570,681	-	-	-	-	-
(449,418,059)	(522,732,735)	(1,019,750,271)	(16,456,623)	(360,150)	1,238,569	(10,479,722)	(26,057,926)
34,649,834	36,518,910	77,164,619	1,752,489	63,880	122,529	1,161,740	3,100,638
6,434,310	6,677,763	13,774,604	288,962	10,674	51,129	206,210	556,975
(421,202,535)	(492,891,588)	(956,360,256)	(14,993,096)	(306,944)	1,309,969	(9,524,192)	(23,514,263)
302,256	201,782	543,773	14,267	941	1,502	14,099	30,809
149,142	52,019	225,741	7,736	270	-	5,044	13,050
153,114	149,763	318,032	6,531	671	1,502	9,055	17,759
3,732,801	2,176,734	6,078,777	-	-	-	-	-
1,983	3,745	1,055,807	-	-	-	-	-
(363,371,816)	(418,360,845)	(797,336,959)	(14,986,565)	(306,273)	1,311,471	(9,515,137)	(23,496,504)
71,169,574	113,966,079	204,715,940	-	-	-	-	-
4,921,163	2,362,251	7,304,171	-	-	-	-	-
-	-	4,854,724	-	-	-	-	-
496,072	-	564,078	-	-	-	-	-
-	-	-	-	-	-	-	-
1,261,120	1,707,506	3,785,294	-	-	-	-	-
77,847,929	118,035,836	221,224,207	-	-	-	-	-
-	-	-	-	-	28,695,490	3,275,000	31,970,490
(441,219,745)	(536,396,681)	(1,018,941,438)	-	-	-	-	-
-	-	380,272	-	-	-	-	-
-	-	-	(14,986,565)	(306,273)	30,006,961	(6,240,137)	8,473,986
-	-	-	-	-	-	-	-
1,761,223,031	1,846,113,411	3,835,660,066	73,438,365	1,925,021	-	45,690,590	121,053,976
$ 1,320,003,286	$ 1,309,716,730	$ 2,817,098,900	$ 58,451,800	$ 1,618,748	$ 30,006,961	$ 39,450,453	$ 129,527,962

Combining Statement of Changes in Fiduciary Net Assets
Pension, Investment and Private-Purpose Trust Funds (Continued)
For the Fiscal Year Ended June 30, 2009

	Private-Purpose Trust Funds			
	Student and Cultural Donations	Mandan Remediation Trust	College SAVE	Total
ADDITIONS				
Contributions:				
Employer	$ -	$ -	$ -	$ -
Employee	-	-	-	-
From Participants	-	-	27,420,196	27,420,196
Transfers from Other Funds	-	-	-	-
Transfers from Other Plans	-	-	-	-
Donations	3,359	-	-	3,359
Total Contributions	3,359	-	27,420,196	27,423,555
Investment Income:				
Net Change in Fair Value of Investments	-	-	(69,463,525)	(69,463,525)
Interest and Dividends	(74,422)	213,377	9,837,249	9,976,204
Less Investment Expense	-	-	-	-
Net Investment Income	(74,422)	213,377	(59,626,276)	(59,487,321)
Securities Lending Activity:				
Securities Lending Income	-	-	-	-
Less Securities Lending Expense	-	-	-	-
Net Securities Lending Income	-	-	-	-
Repurchase Service Credit	-	-	-	-
Miscellaneous Income	3,900	-	-	3,900
Total Additions	(67,163)	213,377	(32,206,080)	(32,059,866)
DEDUCTIONS				
Benefits Paid to Participants	371	-	-	371
Refunds	-	-	-	-
Prefunded Credit Applied	-	-	-	-
Transfer to Other Plans	-	-	-	-
Payments in Accordance with Trust Agreements	697	880,151	32,653,549	33,534,397
Administrative Expenses	1,907	31,360	2,373,215	2,406,482
Total Deductions	2,975	911,511	35,026,764	35,941,250
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	(70,138)	(698,134)	(67,232,844)	(68,001,116)
Net Assets - Beginning of Year	788,539	11,446,286	330,154,784	342,389,609
Net Assets - End of Year	$ 718,401	$ 10,748,152	$ 262,921,940	$ 274,388,493

Combining Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2009

	Bonding	Payroll	Child Support	Student and Other	Tax Collection	Total
ASSETS						
Cash Deposits at the Bank of ND	$ 1,955,179	$ 185,853	$ 3,160,124	$ 1,007,394	$ 8,940,610	$ 15,249,160
Cash and Cash Equivalents	1,772,602	-	262,231	335,727	1,524,279	3,894,839
Investments at the Bank of ND	19,807,655	-	-	50,000	-	19,857,655
Investments	214,755	-	-	16,019	-	230,774
Accounts Receivable - Net	-	6,223,561	-	-	-	6,223,561
Taxes Receivable - Net	19,500	-	-	-	14,160,061	14,179,561
Interest Receivable - Net	99	-	-	310	-	409
Total Assets	$ 23,769,790	$ 6,409,414	$ 3,422,355	$ 1,409,450	$ 24,624,950	$ 59,635,959
LIABILITIES						
Intergovernmental Payable	$ -	$ 6,409,414	$ -	$ -	$ 24,624,085	$ 31,033,499
Tax Refunds Payable	41,800	-	-	-	865	42,665
Amounts Held in Custody for Others	23,727,990	-	3,422,355	1,409,450	-	28,559,795
Total Liabilites	$ 23,769,790	$ 6,409,414	$ 3,422,355	$ 1,409,450	$ 24,624,950	$ 59,635,959

STATE OF NORTH DAKOTA

Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2009

	June 30 2008	Additions	Deductions	June 30 2009
Bonding				
ASSETS				
Cash Deposits at the Bank of ND	$ 1,727,260	$ 449,624	$ 221,706	$ 1,955,178
Cash and Cash Equivalents	2,379,782	4,745,995	5,353,175	1,772,602
Investments at the Bank of ND	13,693,561	6,381,482	267,388	19,807,655
Investments	2,326,894	169,755	2,281,894	214,755
Taxes Receivable - Net	10,500	19,599	10,500	19,599
Total Assets	$ 20,137,997	$ 11,766,455	$ 8,134,663	$ 23,769,789
LIABILITIES				
Tax Refunds Payable	$ 2,500	$ 41,800	$ 2,500	$ 41,800
Amounts Held in Custody for Others	20,135,497	11,755,955	8,163,463	23,727,989
Total Liabilities	$ 20,137,997	$ 11,797,755	$ 8,165,963	$ 23,769,789
Payroll				
ASSETS				
Cash Deposits at the Bank of ND	$ 183,690	$ 85,986,362	$ 85,984,199	$ 185,853
Accounts Receivable - Net	6,916,912	6,223,561	6,916,912	6,223,561
Total Assets	$ 7,100,602	$ 92,209,923	$ 92,901,111	$ 6,409,414
LIABILITIES				
Intergovernmental Payable	$ 6,969,016	$ 7,252,999	$ 7,812,601	$ 6,409,414
Amounts Held in Custody for Others	131,586	85,300,283	85,431,869	-
Total Liabilities	$ 7,100,602	$ 92,553,282	$ 93,244,470	$ 6,409,414
Child Support				
ASSETS				
Cash Deposits at the Bank of ND	$ 3,743,033	$ 106,973,246	$ 107,556,155	$ 3,160,124
Cash and Cash Equivalents	616,433	-	354,202	262,231
Total Assets	$ 4,359,466	$ 106,973,246	$ 107,910,357	$ 3,422,355
LIABILITIES				
Amounts Held in Custody for Others	$ 4,359,466	$ 110,892,109	$ 111,829,220	$ 3,422,355
Total Liabilities	$ 4,359,466	$ 110,892,109	$ 111,829,220	$ 3,422,355

	June 30 2008	Additions	Deductions	June 30 2009
Student and Other				
ASSETS				
Cash Deposits at the Bank of ND	$ 915,267	$ 1,747,826	$ 1,655,699	$ 1,007,394
Cash and Cash Equivalents	517,384	3,141,175	3,322,832	335,727
Investments at the Bank of ND	50,000	-	-	50,000
Investments	16,019	-	-	16,019
Interest Receivable - Net	823	310	823	310
Other Assets	12,868	765,247	778,115	-
Total Assets	$ 1,512,361	$ 5,654,558	$ 5,757,469	$ 1,409,450
LIABILITIES				
Amounts Held in Custody for Others	$ 1,512,361	$ 5,654,558	$ 5,757,469	$ 1,409,450
Total Liabilities	$ 1,512,361	$ 5,654,558	$ 5,757,469	$ 1,409,450
Tax Collection				
ASSETS				
Cash Deposits at the Bank of ND	$ 9,162,580	$ 125,652,525	$ 125,874,494	$ 8,940,611
Cash and Cash Equivalents	848	1,524,279	848	1,524,279
Taxes Receivable - Net	14,342,072	18,516,850	18,698,861	14,160,061
Total Assets	$ 23,505,500	$ 145,693,654	$ 144,574,203	$ 24,624,951
LIABILITIES				
Tax Refunds Payable	$ 207	$ 865	$ 207	$ 865
Intergovernmental Payable	23,505,293	134,780,164	133,661,371	24,624,086
Total Liabilities	$ 23,505,500	$ 134,781,029	$ 133,661,578	$ 24,624,951
Total -All Agency Funds				
ASSETS				
Cash Deposits at the Bank of ND	$ 15,731,830	$ 320,809,583	$ 321,292,253	$ 15,249,160
Cash and Cash Equivalents	3,514,447	9,411,449	9,031,057	3,894,839
Investments at the Bank of ND	13,743,561	6,381,482	267,388	19,857,655
Investments	2,342,913	169,755	2,281,894	230,774
Accounts Receivable - Net	6,916,912	6,223,561	6,916,912	6,223,561
Taxes Receivable - Net	14,352,572	18,536,449	18,709,361	14,179,660
Interest Receivable - Net	823	310	823	310
Other Assets	12,868	765,247	778,115	-
Total Assets	$ 56,615,926	$ 362,297,836	$ 359,277,803	$ 59,635,959
LIABILITIES				
Intergovernmental Payable	$ 30,474,309	$ 142,033,163	$ 141,473,972	$ 31,033,500
Tax Refunds Payable	2,707	42,665	2,707	42,665
Amounts Held in Custody for Others	26,138,910	213,602,905	211,182,021	28,559,794
Total Liabilities	$ 56,615,926	$ 355,678,733	$ 352,658,700	$ 59,635,959

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.

Combining Statement of Net Assets
Nonmajor Component Units - Proprietary Funds
June 30, 2009

	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	$ -	$ -	$ 63,787	$ 3,145,420	$ 275,884	$ 857,588	$ 3,471,662	$ 7,814,341
Accounts Receivable - Net	12,875	23,030	-	-	-	161,707	48,984	246,596
Due from Primary Government	-	-	-	-	-	-	229,619	229,619
Other Assets	-	89,573	-	-	9,361	3,952	2,108	104,994
Total Current Assets	12,875	112,603	63,787	3,145,420	285,245	1,023,247	3,752,373	8,395,550
Noncurrent Assets:								
Restricted Cash and Cash Equivalents	-	319,097	-	-	1,643,851	3,482,271	4,265,304	9,710,523
Restricted Investments	3,389,250	2,234,511	1,719,171	5,279,129	2,284,896	-	1,542,369	16,449,326
Other Noncurrent Assets	-	35,904	-	-	-	206,615	14,587	257,106
Capital Assets:								
Land and Construction in Progress	-	-	-	198,670	-	-	7,890	206,560
Buildings and Equipment - Net	-	78,696	-	-	6,877	623	238,149	324,345
Total Noncurrent Assets	3,389,250	2,668,208	1,719,171	5,477,799	3,935,624	3,689,509	6,068,299	26,947,860
Total Assets	3,402,125	2,780,811	1,782,958	8,623,219	4,220,869	4,712,756	9,820,672	35,343,410
LIABILITIES								
Current Liabilities:								
Accounts Payable	-	5,061	10,000	9,812	17,439	11,523	24,915	78,750
Due to Primary Government	-	-	-	-	1,466,172	31,185	203,586	1,700,943
Notes Payable	-	29,734	-	4,000	-	-	-	33,734
Other Current Liabilities	-	-	-	-	20,000	-	-	20,000
Total Current Liabilities	-	34,795	10,000	13,812	1,503,611	42,708	228,501	1,833,427
Noncurrent Liabilites:								
Notes Payable	-	29,881	-	8,000	-	-	-	37,881
Other Noncurrent Liabilites	-	-	-	-	20,000	43,536	19,795	83,331
Total Noncurrent Liabilities	-	29,881	-	8,000	20,000	43,536	19,795	121,212
Total Liabilites	-	64,676	10,000	21,812	1,523,611	86,244	248,296	1,954,639
NET ASSETS								
Invested in Capital Assets, Net of Related Debt	-	19,081	-	186,670	6,877	623	246,039	459,290
Restricted for:								
Other	3,064,660	3,282,823	1,718,794	8,002,745	1,466,172	4,649,299	9,326,337	31,510,830
Unrestricted	337,465	(585,769)	54,164	411,992	1,224,209	(23,410)	-	1,418,651
Total Net Assets	$ 3,402,125	$ 2,716,135	$ 1,772,958	$ 8,601,407	$ 2,697,258	$ 4,626,512	$ 9,572,376	$ 33,388,771

Combining Statement of Activities
Nonmajor Component Units - Proprietary Funds
For the Fiscal Year Ended June 30, 2009

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue	Adds (Deletes) to Permanent Endowments	Change in Net Assets	Net Assets Beginning of Year	Net Assets End of Year
Lake Region Community College	$ 454,173	$ 102,302	$ (74,981)	$ (426,852)	$ (48,194)	$ (475,046)	$ 3,877,171	$ 3,402,125
MaSU Alumni Foundation	824,077	334,574	199,537	(289,966)	-	(289,966)	3,006,101	2,716,135
MISU-B Development Foundation	203,403	73,430	131,597	1,624	15,471	17,095	1,755,865	1,772,960
NDSCS Development Foundation	958,788	136,485	221,907	(600,396)	-	(600,396)	9,201,803	8,601,407
NDSU Research Foundation	1,810,556	1,540,795	(694,545)	(964,306)	-	(964,306)	3,661,564	2,697,258
VCSU Foundation	1,084,150	21,108	(288,438)	(1,351,480)	197,090	(1,154,390)	5,780,901	4,626,511
WSC Foundation	6,842,191	5,932,459	40,855	(868,877)	426,371	(442,506)	10,014,881	9,572,375
Total Nonmajor Component Units	$ 12,177,338	$ 8,141,153	$ (464,068)	$ (4,500,253)	$ 590,738	$ (3,909,515)	$ 37,298,286	$ 33,388,771

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Four Bears Bridge – New Town

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Schedule 1 -- Net Assets by Component
Last Eight Fiscal Years
(accrual basis of accounting)

	2002	2003	2004
Governmental Activities			
Invested in Capital Assets, Net of Related Debt	$ 1,066,084,756	$ 1,049,297,664	$ 1,027,252,008
Restricted	833,944,103	856,159,519	927,324,320
Unrestricted	318,778,093	291,089,526	353,193,506
Total Governmental Activities Net Assets	**$ 2,218,806,952**	**$ 2,196,546,709**	**$ 2,307,769,834**
Business-Type Activities			
Invested in Capital Assets, Net of Related Debt	$ 459,592,422	$ 462,653,314	$ 499,222,000
Restricted	310,456,870	336,630,733	366,936,437
Unrestricted	688,828,021	670,890,468	711,777,176
Total Business-Type Activities Net Assets	**$ 1,458,877,313**	**$ 1,470,174,515**	**$ 1,577,935,613**
Primary Government			
Invested in Capital Assets, Net of Related Debt	$ 1,525,677,178	$ 1,511,950,978	$ 1,526,474,008
Restricted	1,144,400,973	1,192,790,252	1,294,260,757
Unrestricted	1,007,606,114	961,979,994	1,064,970,682
Total Primary Government Net Assets	**$ 3,677,684,265**	**$ 3,666,721,224**	**$ 3,885,705,447**

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

2005	2006	2007	2008	2009
$ 1,094,550,779	$ 1,077,843,107	$ 1,151,716,486	$ 1,400,535,033	$ 1,323,476,716
1,046,115,113	1,281,416,598	1,384,212,299	1,458,565,511	1,502,237,251
437,010,686	538,891,416	894,967,295	1,119,875,688	1,562,969,653
$ 2,577,676,578	**$ 2,898,151,121**	**$ 3,430,896,080**	**$ 3,978,976,232**	**$ 4,388,683,620**
$ 505,915,735	$ 516,243,464	$ 527,402,572	$ 546,699,435	$ 578,827,822
393,237,729	391,312,218	478,219,512	532,954,637	500,433,232
737,348,941	820,268,283	745,972,838	653,004,847	563,679,410
$ 1,636,502,405	**$ 1,727,823,965**	**$ 1,751,594,922**	**$ 1,732,658,919**	**$ 1,642,940,464**
$ 1,600,466,514	$ 1,594,086,571	$ 1,679,119,058	$ 1,947,234,468	$ 1,902,304,538
1,439,352,842	1,672,728,816	1,862,431,811	1,991,520,148	2,011,110,394
1,174,359,627	1,359,159,699	1,640,940,133	1,772,880,535	2,118,209,152
$ 4,214,178,983	**$ 4,625,975,086**	**$ 5,182,491,002**	**$ 5,711,635,151**	**$ 6,031,624,084**

Schedule 2 -- Changes in Net Assets

Last Eight 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
Special Item - Loss on Discontinuance of Computer Project	-	-	-
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	2008	2009
$ 243,437,116	$ 264,911,163	$ 275,242,149	$ 313,329,720	$ 418,220,944
486,221,447	496,821,495	507,384,841	537,756,698	564,818,600
826,832,059	854,450,025	874,003,750	960,439,610	1,005,299,226
17,966,367	19,676,826	21,180,817	28,265,610	26,581,606
132,996,669	145,479,620	135,581,887	135,067,907	194,263,845
55,795,473	54,457,817	58,591,473	67,941,955	68,057,495
53,440,349	62,430,892	57,850,544	64,090,113	64,816,773
300,321,693	372,245,432	321,278,940	318,241,207	382,619,328
8,103,849	12,880,933	14,438,858	13,293,248	12,683,901
2,125,115,022	2,283,354,203	2,265,553,259	2,438,426,068	2,737,361,718
57,501,500	$ 71,263,587	$ 91,261,449	$ 108,077,704	$ 99,089,692
45,922,148	46,579,809	51,178,023	58,815,920	59,769,233
13,889,079	17,235,546	9,453,454	9,657,603	6,776,733
95,222,870	101,198,217	126,968,527	242,924,564	233,792,242
18,917,023	15,622,027	16,068,060	16,205,287	16,122,996
43,393,675	43,314,505	47,524,928	46,911,958	106,475,262
696,918,168	743,271,216	775,600,118	835,873,088	894,733,624
183,465,747	116,020,938	231,787,346	246,581,569	168,527,183
6,436,187	14,922,322	16,621,718	23,268,976	15,809,783
1,161,666,397	1,169,428,167	1,366,463,623	1,588,316,669	1,601,096,748
$ 3,286,781,419	**$ 3,452,782,370**	**$ 3,632,016,882**	**$ 4,026,742,737**	**$ 4,338,458,466**
$ 24,128,539	$ 23,186,427	$ 22,288,219	$ 18,874,082	$ 24,085,311
4,082,785	3,675,283	3,616,003	3,994,400	4,325,036
18,744,551	29,134,050	24,970,751	31,576,197	34,200,110
16,700,094	17,072,857	20,267,416	21,266,588	19,418,470
6,931,898	7,189,302	7,307,975	9,451,217	10,572,514
16,234,145	22,935,699	19,593,774	28,180,590	22,749,832
23,899,425	20,685,820	22,678,382	26,030,413	26,553,195
61,057,805	77,967,969	74,146,958	71,469,872	87,100,993
1,084,731,432	1,144,749,200	1,148,061,678	1,041,410,981	1,131,838,131
81,850,194	56,556,872	71,115,382	68,471,590	57,064,724
1,338,360,868	1,403,153,479	1,414,046,538	1,320,725,930	1,417,908,316
90,838,000	107,518,000	135,843,000	158,993,000	155,951,000
36,643,000	39,209,000	45,137,000	53,106,863	53,438,021
17,051,963	17,406,328	12,535,071	10,522,025	6,941,602
101,050,302	107,379,916	132,056,652	242,025,576	224,127,818
19,283,424	22,413,359	22,772,976	22,219,058	21,815,381
60,969,669	60,709,015	56,855,823	51,993,327	75,137,232
296,896,978	331,584,391	351,789,074	369,469,634	400,638,083
106,195,254	94,383,040	130,586,004	145,487,917	163,857,781
12,242,970	13,467,869	13,370,412	19,959,736	14,303,486
304,001,326	283,315,181	368,697,788	258,218,249	114,158,181
5,997,781	577,251	7,314,326	9,244,575	10,820,227
1,051,170,667	1,077,963,350	1,276,958,126	1,341,239,960	1,241,188,812
$ 2,389,531,535	**$ 2,481,116,829**	**$ 2,691,004,664**	**$ 2,661,965,890**	**$ 2,659,097,128**
$ (786,754,154)	$ (880,200,724)	$ (851,506,721)	$ (1,117,700,138)	$ (1,319,453,402)
(110,495,730)	(91,464,817)	(89,505,497)	(247,076,709)	(359,907,936)
$ (897,249,884)	**$ (971,665,541)**	**$ (941,012,218)**	**$ (1,364,776,847)**	**$ (1,679,361,338)**
$ 320,048,741	$ 432,071,872	$ 449,064,105	$ 473,235,378	$ 503,975,529
630,178,563	678,820,618	726,913,003	797,614,476	857,770,891
162,919,498	210,169,616	230,118,178	469,244,783	428,669,882
57,831,733	66,601,785	54,780,147	65,487,361	60,813,632
4,105,864	12,408,573	25,822,610	25,149,527	12,830,321
12,829,714	11,712,175	16,097,938	20,062,331	30,990,193
22,337,630	23,696,003	27,836,295	42,051,636	54,636,981
13,635,693	11,156,063	15,995,440	19,181,247	11,573,541
-	-	-	-	(3,314,057)
(170,925,314)	(215,088,572)	(167,116,902)	(254,648,266)	(229,267,859)
1,052,962,122	1,231,548,133	1,379,510,814	1,657,378,473	1,728,679,054
167,349,759	188,108,694	185,840,985	228,140,706	270,189,481
1,220,311,881	1,419,656,827	1,565,351,799	1,885,519,179	1,998,868,535
266,207,968	351,347,409	528,004,093	539,678,335	409,225,652
56,854,029	96,643,877	96,335,488	(18,936,003)	(89,718,455)
$ 323,061,997	**$ 447,991,286**	**$ 624,339,581**	**$ 520,742,332**	**$ 319,507,197**

Schedule 3 -- Fund Balances, Governmental Funds
Last Eight Fiscal Years
(modified accrual basis of accounting)

	2002	2003	2004
General Fund			
Reserved	$ 770,922	$ 1,202,632	$ 1,108,857
Unreserved	114,717,188	125,713,572	195,646,056
Total General Fund	**115,488,110**	**126,916,204**	**196,754,913**
All Other Governmental Funds			
Reserved	675,669,784	699,229,225	772,703,412
Unreserved, Reported in:			
Special Revenue Funds	392,936,521	365,135,360	344,890,456
Total All Other Governmental Funds	**1,068,606,305**	**1,064,364,585**	**1,117,593,868**
Total Fund Balances, Governmental Funds	**$ 1,184,094,415**	**$ 1,191,280,789**	**$ 1,314,348,781**

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	2008	2009
$ 1,532,133	$ 2,050,599	$ 1,690,187	$ 2,479,613	$ 4,123,554
280,287,601	412,886,296	636,773,228	785,459,751	863,093,388
281,819,734	**414,936,895**	**638,463,415**	**787,939,364**	**867,216,942**
846,154,741	999,818,758	1,094,599,293	1,102,476,731	1,021,911,207
440,941,175	475,496,357	576,408,347	870,164,282	1,195,606,640
1,287,095,916	**1,475,315,115**	**1,671,007,640**	**1,972,641,013**	**2,217,517,847**
$ 1,568,915,650	**$ 1,890,252,010**	**$ 2,309,471,055**	**$ 2,760,580,377**	**$ 3,084,734,789**

Schedule 4 -- Changes in Fund Balances, Governmental Funds

Last Eight 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	2008	2009
$ 319,862,263	$ 409,691,305	$ 443,215,760	$ 469,177,140	$ 505,011,491
630,178,563	674,235,802	725,523,596	795,575,768	857,400,779
162,919,498	210,157,778	230,124,520	469,231,373	428,629,782
57,286,643	57,386,606	54,742,121	63,575,524	61,017,632
99,655,471	122,528,304	116,236,397	123,469,151	133,219,868
1,060,896,574	1,079,689,531	1,061,075,404	1,088,706,508	1,252,165,449
39,036,704	45,603,895	41,134,852	49,459,036	48,871,700
54,937,603	64,279,399	64,580,931	96,037,810	125,251,686
14,460,365	12,396,632	14,834,336	10,903,234	15,774,414
69,224,302	82,674,439	147,584,215	(1,522,383)	(110,353,157)
23,326,753	21,348,506	29,215,336	36,478,816	39,327,032
10,820,676	12,673,677	13,801,240	18,152,847	16,502,864
5,728,587	6,115,395	10,327,474	10,178,935	5,863,644
2,548,334,002	2,798,781,269	2,952,396,182	3,229,423,759	3,378,683,184
84,287,121	92,726,091	94,139,748	93,444,373	165,062,399
478,725,082	489,130,108	506,528,869	536,359,840	564,579,714
822,941,681	843,779,436	873,992,858	956,031,462	1,002,699,816
15,364,493	16,039,593	16,987,513	19,696,747	22,284,389
128,185,075	139,043,860	129,458,229	127,347,181	187,059,227
55,747,507	54,658,099	58,249,503	67,675,838	67,987,832
49,843,758	55,557,993	52,990,134	58,128,187	58,433,165
234,262,747	342,590,896	290,317,792	283,717,240	353,240,413
157,867,895	171,942,576	181,498,302	224,406,911	253,363,580
156,323,725	121,433,926	143,672,671	139,215,060	113,879,585
9,586,080	11,235,110	10,215,343	16,215,727	20,207,193
7,836,683	11,799,333	13,341,252	13,264,977	12,280,656
2,200,971,847	2,349,937,021	2,371,392,214	2,535,503,543	2,821,077,969
347,362,155	448,844,248	581,003,968	693,920,216	557,605,215
69,013,223	115,130,668	1,828,225	1,426,000	3,005,000
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	370,888	88,245
1,313,753	1,248,797	230,528	1,052,750	86,625
-	-	-	-	-
303,157,108	195,454,840	241,687,946	302,221,706	278,233,887
(474,082,423)	(410,543,412)	(408,804,848)	(556,869,970)	(507,501,746)
(96,037,888)	(96,635,021)	(165,668,345)	(251,798,626)	(226,087,989)
$ 251,324,267	**$ 352,209,227**	**$ 415,335,623**	**$ 442,121,590**	**$ 331,517,226**
<1%	**<1%**	**<1%**	**<1%**	**<1%**

Schedule 5
Taxable Sales by Industry
Last Ten Calendar Years

	Calendar Year			
	1999	2000	2001	2002
Mining and Oil Extraction	$ 31,086,570	$ 43,752,876	$ 47,349,516	$ 50,329,809
Construction	410,728,462	223,613,918	178,134,203	180,975,424
Manufacturing	341,365,107	312,269,137	324,493,651	301,919,383
Transportation, Communications, And Public Utilities	515,035,737	557,613,208	663,599,972	597,154,517
Wholesale	1,327,812,333	1,395,500,133	1,486,187,871	1,338,621,392
Retail	3,519,004,905	3,562,239,018	3,678,040,583	3,804,865,413
Services	673,331,758	686,301,315	709,196,225	709,805,170
Accommodation and Food Service (1)		-	-	-
Miscellaneous (1)	45,492,709	45,098,067	60,126,069	61,072,167
Total	$6,863,857,581	$ 6,826,387,672	$ 7,147,128,090	$ 7,044,743,275
Effective Tax Rate	4.86%	4.91%	4.84%	4.98%

(1) Information was from SIC prior to 2007, when a switch was made to NAICS. There is no miscellaneous category under NAICS but there is an Accommodation and Food Service category, which was pulled from the SIC Services and Retail category.

Source: ND State Tax Department

Schedule 6
Sales Tax Revenue Payers by Industry
Calendar Years 1999 and 2008
(Dollars are in Millions)

	Calendar Year 1999			
	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
Retail Trade	12,413	46.3%	186.51	54.1%
Wholesale Trade	4,912	18.3%	57.10	16.6%
Services	6,031	22.5%	33.67	9.8%
Transportation, Communications, And Public Utilities	419	1.6%	25.75	7.5%
Manufacturing	1,103	4.1%	17.07	5.0%
Construction	1,382	5.2%	20.54	6.0%
Miscellaneous	412	1.5%	2.27	0.7%
Mining and Oil Extraction	161	0.6%	1.55	0.5%
Total	26,833	100.0%	344.46	100.0%

Source: ND State Tax Department

Calendar Year					
2003	2004	2005	2006	2007	2008
$ 58,538,788	$ 97,973,056	$ 131,849,866	$ 191,615,942	$ 374,201,247	$ 951,773,654
193,399,184	240,018,916	294,678,543	352,454,828	401,485,208	452,093,539
307,802,595	341,688,027	494,987,751	543,692,333	589,463,741	697,482,110
721,601,734	790,441,560	915,437,434	954,523,004	442,079,107	654,070,303
1,293,684,071	1,455,025,213	1,446,044,209	1,612,369,604	1,844,174,252	2,645,755,217
3,963,823,988	4,221,825,146	3,677,485,817	3,892,914,208	4,128,221,158	4,366,831,911
744,082,659	787,170,817	1,558,601,437	1,688,764,982	1,413,161,243	1,479,230,174
-	-	-	-	1,058,245,321	1,149,837,849
64,525,223	66,126,921	47,865,825	47,955,072	-	-
$ 7,347,458,242	$ 8,000,269,656	$ 8,566,950,882	$ 9,284,289,973	$ 10,251,031,277	$ 12,397,074,757
4.95%	4.84%	4.92%	4.95%	4.95%	4.97%

Calendar Year 2008			
Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
9,053	30.8%	240.18	38.9%
4,861	16.5%	111.12	18.0%
6,115	20.8%	58.64	9.5%
354	1.2%	32.70	5.3%
2,161	7.4%	34.87	5.7%
1,477	5.0%	22.60	3.7%
4,987	17.0%	68.99	11.2%
366	1.2%	47.59	7.7%
29,374	100.0%	616.70	100.0%

Schedule 7
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(dollars in thousands)

	Fiscal Year			
	2000	**2001**	**2002**	**2003**
Governmental Activities				
Revenue bonds	$ 126,782	$ 135,167	$ 140,161	$ 146,795
Capital leases	6,145	3,275	1,403	2,240
Notes Payable	827	2,987	507	5,671
Total Governmental Activities	133,754	141,429	142,071	154,706
Business-type Activities				
Revenue bonds	997,551	1,117,828	965,243	886,185
Capital leases	24,375	24,291	30,341	31,798
Notes payable	366,656	264,744	403,860	427,683
Total Business-Type Activities	1,388,582	1,406,863	1,399,444	1,345,666
Total Primary Government	$ 1,522,336	$ 1,548,292	$ 1,541,515	$ 1,500,372
Debt as a Percentage of Personal Income [1]	10.2%	9.6%	9.4%	9.0%
Amount of Debt per Capita [1]	$ 2,402	$ 2,411	$ 2,422	$ 2,367

[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-K of the financial statements.

Fiscal Year					
2004	2005	2006	2007	2008	2009
$ 146,384	$ 204,240	$ 287,016	$ 277,932	$ 265,665	$ 251,526
1,132	5,941	6,361	5,418	5,236	4,056
5,455	5,613	32,314	32,384	35,726	26,523
152,971	215,794	325,691	315,734	306,627	282,105
835,535	887,350	1,038,233	1,073,545	1,197,845	1,051,542
34,130	38,746	45,088	46,131	50,046	68,097
535,253	445,080	283,509	263,820	250,645	318,847
1,404,918	1,371,176	1,366,830	1,383,496	1,498,536	1,438,486
$ 1,557,889	$ 1,586,970	$ 1,692,521	$ 1,699,230	$ 1,805,163	$ 1,720,591
8.6%	8.5%	8.4%	8.1%	8.1%	6.8%
$ 2,461	$ 2,492	$ 2,661	$ 2,666	$ 2,822	$ 2,682

Schedule 8
Pledged-Revenue Coverage
Last Ten Fiscal Years

Fiscal Year	Gross Revenues	Less: Operating Expenses (1)	Net Available Revenues	Debt Service Requirements Principal	Debt Service Requirements Interest	Coverage
	BUILDING AUTHORITY BONDS					
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
2008	11,303,000	-	11,303,000	8,161,000	4,770,000	0.87
2009	12,827,000	-	12,827,000	8,103,000	4,309,000	1.03
	Pledged revenues include interest and lease payments.					
	LIGNITE RESEARCH BONDS (4)					
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					
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
2008	7,623,880	-	7,623,880	1,485,000	4,717,867	1.23
2009	9,526,211	-	9,526,211	4,859,000	4,863,040	0.98
	Pledged revenues inlcude 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
2008	40,706,890	38,728,841	1,978,049	590,150	192,203	2.53
2009	45,225,141	39,036,294	6,188,847	6,613,350	935,650	0.82
	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
2008	425,257	-	425,257	3,160,000	2,162,804	0.08
2009	58,576	-	58,576	3,255,000	2,067,750	0.01
	Pledged revenues include interest and federal and highway fund appropriations.					

Fiscal Year	Gross Revenues	Less: Operating Expenses	Net Available Revenues	Debt Service Requirements Principal	Debt Service Requirements Interest	Coverage
	STUDENT LOAN TRUST					
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
2008	7,192,000	1,367,000	5,825,000	8,900,000	3,790,000	0.46
2009	2,714,000	1,492,000	1,222,000	59,400,000	929,000	0.02
	Pledged revenues include federal revenues, and loan and investment interest.					
	HOUSING FINANCE AGENCY					
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	26,868,000	31,764,000	133,527,000	31,809,000	0.19
2008	67,393,000	34,498,000	32,895,000	8,969,000	37,373,000	0.71
2009	67,073,021	35,458,000	31,615,021	254,020,000	40,733,000	0.11
	Pledged revenues include income and proceeds from mortgage loan activity.					
	STATE FAIR ASSOCIATION (2)					
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)
2008	577,333,810	720,525,986	(143,192,176)	10,771,860	12,946,879	(6.04)
2009	615,327,588	768,207,013	(152,879,425)	31,757,754	13,848,295	(3.35)
	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, 2009

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

Year	Population (a)	Total Personal Income (b) (000's)	Per Capita Personal Income (b)	ND Unemployment Rate (c)	Annual Average UI Covered Employment (d)
1999	633,666	$ 14,933,720	$ 23,567	3.2%	306,207
2000	642,200	16,096,687	25,103	2.9%	309,223
2001	636,211	16,465,318	25,880	2.8%	311,632
2002	633,521	16,743,211	26,429	3.5%	311,808
2003	632,689	18,179,042	28,733	3.6%	314,273
2004	636,196	18,645,054	29,307	3.5%	321,108
2005	635,222	20,054,803	31,571	3.4%	328,121
2006	636,453	20,514,819	32,233	3.2%	335,718
2007	637,904	23,016,715	36,082	3.1%	341,705
2008	641,481	25,223,958	39,321	3.2%	350,442

Source:
(a) Census Bureau
(b) Bureau of Economic Analysis
(c) Local Area Unemployment Statistics program
(d) Quarterly Census of Employment and Wages program

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

	2008			1999		
Industry	Number of Employees	Rank	Percent of Total Nonagricultural Wage and Salary Employment	Number of Employees	Rank	Percent of Total Nonagricultural Wage and Salary Employment
Government	76,100	1	20.74%	72,150	1	22.28%
Educational and Health Services	52,000	2	14.17%	44,550	2	13.76%
Retail Trade	43,200	3	11.77%	41,050	3	12.68%
Leisure and Hospitality	33,500	4	9.13%	29,050	4	8.97%
Professional and Business Services	30,300	5	8.26%	23,950	5	7.40%
Manufacturing	26,400	6	7.19%	22,800	6	7.04%
Construction	20,800	7	5.67%	16,800	8	5.19%
Financial Activities	20,300	8	5.53%	16,250	9	5.02%
Wholesale Trade	19,900	9	5.42%	18,500	7	5.71%
Other Services	15,400	10	4.20%	15,400	10	4.76%
Transportation, Warehousing and Utilities	15,000	11	4.09%	12,000	11	3.71%
Information	7,400	12	2.02%	8,200	12	2.53%
Natural Resources and Mining	6,700	13	1.83%	3,150	13	0.97%
Total	367,000		100%	323,850		100%

Source: Job Service North Dakota: Current Employment Statistics Program.

Schedule 13
Education Enrollment
Last Ten Academic Years

Public School Enrollment

	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
Kindergarten	7,144	7,057	7,012	6,890	6,641	6,578	6,648	6,661	7,197	6,442
Grades 1-3	22,999	22,108	21,473	21,229	21,115	20,736	20,358	20,126	20,030	20,594
Grades 4-6	24,289	23,652	23,241	22,645	22,109	21,390	21,060	20,951	20,847	20,429
Grades 7-8	17,099	16,880	16,514	16,287	16,148	15,864	15,333	14,759	14,573	14,498
Grades 9-12	36,563	35,517	34,773	34,086	33,311	32,552	32,201	31,483	30,727	30,373
Total Enrollment	108,094	105,214	103,013	101,137	99,324	97,120	95,600	93,980	93,374	92,336
Special Education Students	13,650	13,630	13,901	13,868	14,681	13,883	13,825	13,606	13,278	NA

Source: Department of Public Instruction

University System Full-Time Equivalent Student Enrollment

	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
Bismarck State College	2,267	2,473	2,543	2,747	2,800	2,603	2,651	2,793	2,937	3,160
Dakota College at Bottineau	419	416	477	473	447	386	399	401	440	490
Dickinson State University	1,698	1,746	1,939	1,991	2,034	2,031	2,059	2,158	2,294	2,187
Lake Region State College	524	664	683	739	738	738	750	764	784	868
Mayville State University	686	662	657	701	761	722	652	586	563	662
Minot State University	2,647	2,911	2,975	3,029	3,034	3,011	2,928	2,729	2,720	2,832
ND State College Of Science	2,428	2,247	2,253	2,322	2,271	2,223	2,171	2,097	2,041	2,076
North Dakota State University	9,003	9,621	9,993	10,348	10,745	10,807	10,890	11,221	11,794	12,577
University of North Dakota	9,837	10,466	11,155	11,811	11,931	11,155	11,381	10,967	11,137	11,306
Valley City State University	969	896	922	879	956	899	844	807	823	833
Williston State College	585	614	652	703	709	702	648	551	562	573
Total	31,063	32,716	34,249	35,743	36,426	35,277	35,373	35,074	36,095	37,564

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

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
EXECUTIVE BRANCH										
Adjutant General	122	127	128	125	133	132	158	169	171	174
Aeronautics Commission	5	5	5	5	5	5	5	5	5	5
Bank of North Dakota	173	173	172	170	171	169	167	181	179	179
Barley Council	2	2	3	4	4	2	2	5	6	6
Beef Commission	2	2	2	2	2	2	2	2	2	2
Career and Technical Education	27	28	28	25	26	26	25	33	33	34
Corn Council	1	1	1	1	1	2	1	2	2	3
Council on the Arts	4	6	5	5	5	4	5	5	5	5
Department of Agriculture	49	54	56	57	56	54	58	64	67	68
Department of Commerce	29	33	55	55	54	54	56	67	68	68
Department of Corrections and Rehabilitation	513	531	553	581	590	602	627	664	681	703
Department of Emergency Services	21	20	20	20	22	19	53	54	56	57
Department of Financial Institutions	22	20	21	21	21	23	24	26	26	26
Department of Human Services	2,153	2,156	2,145	2,095	1,951	1,946	1,938	2,133	2,297	2,275
Department of Public Instruction	129	130	85	90	90	88	89	95	95	98
Department of Transportation	1,014	1,010	1,027	1,017	1,015	1,014	1,021	1,054	1,061	1,056
Game and Fish Department	128	129	137	140	138	139	139	154	154	156
Highway Patrol	190	191	190	187	192	171	176	186	193	193
Historical Society	51	53	54	55	56	56	56	58	61	63
Indian Affairs Commission	3	4	4	4	3	3	3	3	4	4
Industrial Commission	57	58	59	58	55	48	48	53	55	58
Information Technology Department	166	168	243	243	245	244	240	313	316	338
Job Service North Dakota	387	379	371	357	357	333	286	352	309	309
Milk Marketing Board	5	5	5	4	4	4	4	6	6	6
ND Department of Health	298	294	303	316	318	295	292	324	335	343
ND Horse Racing Commission	0	0	0	0	0	0	2	2	2	2
ND Housing Finance Agency	32	33	36	38	38	40	37	38	43	42
ND Mill and Elevator Association	117	114	116	117	118	117	121	127	125	126
ND Vision Services/School for the Blind	28	26	26	28	30	26	26	30	30	32
North Dakota University System	6,393	6,378	6,858	7,093	7,351	7,543	7,336	6,015	7,171	7,261
Office of Administrative Hearings	5	6	5	5	5	6	7	7	7	7
Office of Management and Budget	147	148	128	129	129	129	120	133	133	133
Office of the Attorney General	143	138	145	143	139	164	174	177	185	188

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
EXECUTIVE BRANCH, Continued										
Office of the Governor	16	17	18	18	17	18	16	18	18	18
Office of the Insurance Commissioner	43	42	40	38	43	40	40	46	46	46
Office of the Labor Commissioner	9	9	10	10	10	10	10	12	11	12
Office of the State Auditor	53	53	52	52	51	50	53	56	56	56
Office of the State Tax Commissioner	136	134	132	133	129	125	123	133	133	133
Office of the State Treasurer	7	7	6	6	6	6	5	7	7	7
Oilseed Council	1	1	1	1	1	1	1	1	1	1
Parks and Recreation Department	39	38	43	44	44	44	42	50	49	49
Protection and Advocacy	22	21	22	25	26	24	24	25	27	28
Public Employees Retirement System	26	26	27	25	28	27	28	33	33	33
Public Service Commission	41	40	41	41	41	41	39	43	44	44
Retirement and Investment Office	16	17	17	17	18	17	16	17	17	17
School for the Deaf	63	61	60	60	55	50	49	49	44	44
Secretary of State	26	24	26	26	26	26	26	27	27	28
Securities Department	8	8	8	8	8	8	8	9	9	9
Seed Department	23	25	25	24	25	23	22	32	31	30
Soybean Council	3	3	3	3	3	3	3	5	5	5
State Fair Association	12	13	12	12	16	15	15	24	26	26
State Land Department	18	16	18	18	19	17	17	21	21	20
State Library	28	27	27	27	27	29	28	30	30	30
State Radio	31	30	31	29	28	28	0	0	0	0
Veteran's Affairs Department	6	6	6	6	6	6	6	6	7	7
Veterans Home	83	84	86	84	84	82	86	88	92	98
Water Commission	79	79	81	82	80	77	77	84	84	84
Wheat Commission	7	7	6	6	6	6	5	8	8	8
Workforce Safety and Insurance	173	187	229	226	223	219	216	239	239	240
LEGISLATIVE BRANCH										
Legislative Council	32	30	31	31	30	31	31	33	33	33
JUDICIAL BRANCH										
Judiciary Branch	235	327	335	329	323	323	339	352	367	368
Total State Employees	**13,652**	**13,754**	**14,379**	**14,571**	**14,697**	**14,806**	**14,623**	**13,985**	**15,348**	**15,494**

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

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General Government										
Office of the Tax Commissioner										
Number of returns filed electronically [1]	28,589	50,685	78,932	103,910	129,509	147,683	166,733	186,329	203,279	222,254
Education										
Department of Public Instruction										
Public School Enrollment [2]	108,094	105,214	103,013	101,137	99,324	97,120	95,600	93,980	93,374	92,336
North Dakota University System										
Full Tme Equivalent Student Enrollment [3]	31,063	32,716	34,249	35,743	36,426	35,277	35,373	35,074	36,095	37,564
Health and Human Services										
North Dakota Department of Health										
Number of Autopsies Performed in ND [4]	196	172	225	226	195	221	240	237	274	NA
Air Quality - Percent of Facilities in Compliance [4]	99	99	100	99	100	100	100	98	99	NA
Public Water Systems - Percent of Facilities in Compliance [4]	94	94	96	97	92	92	94	95	95	NA
Department of Human Services										
Number of TANF Caseloads	5,581	5,612	NA	5,988	5,887	5,524	5,259	5,112	4,927	4,733
Number of Medicaid Recipients	61,781	62,492	NA	76,377	77,378	77,018	77,799	75,470	75,732	77,637
Regulatory										
Office of the Insurance Commissioner										
Licensed Insurance Agents [4]	17,680	20,905	23,372	25,856	31,645	33,323	39,230	47,437	47,399	48,308
Public Service Commission										
Weighing and Measuring Devices Inspected	12,407	15,321	13,853	14,971	14,605	13,944	12,414	13,183	11,476	11,395
Gas Pipeline Safety Inspections	59	47	63	62	50	54	68	65	61	67
Public Safety and Corrections										
Department of Corrections and Rehabilitation										
Average Daily Adult Prison Population [4]	1,016	1,099	1,160	1,198	1,299	1,366	1,409	1,429	1,447	NA
Office of the Attorney General-Bureau of Investigations										
Criminal Cases Opened [4]	222	296	302	302	286	319	351	299	369	NA
Drug Cases Opened [3]	313	363	573	549	623	553	472	425	380	NA
Office of the Attorney General-Crime Laboratory										
Toxicology Alcohol Blood and Breath Analyses [4]	4,434	4,552	4,847	5,646	6,411	6,378	6,517	6,915	6,007	NA
Methamphetamine/Amphetamine Samples Processed [4]	1,218	1,505	2,419	1,990	2,813	2,779	1,552	1,009	636	NA
Office of the Adjutant General										
Assigned National Guard [5]	4,363	4,366	4,269	4,241	4,106	4,043	4,243	4,211	4,262	4,299
Agriculture and Commerce										
Department of Agriculture										
Pounds of Pesticide Waste Collected	158,938	166,949	147,857	190,759	155,158	129,994	172,791	170,817	215,521	205,021
Department of Commerce										
Net Job Growth from Nonfarm Employment [4]	3,900	1,950	150	2,800	5,250	6,850	7,500	6,200	8,600	NA
New Private Sector Businesses [4]	203	-29	206	332	458	558	429	-324	395	NA
Natural Resources										
Game and Fish Department										
Registered Boats [4]	46,819	51,483	45,076	49,249	52,961	44,499	49,641	53,519	46,067	NA
Hunting and Fishing Licenses Issued	294,967	312,853	322,728	321,304	323,479	314,465	332,644	324,770	330,524	NA
Department of Parks and Recreation										
Park Visitations [4]	1,091,257	1,052,399	1,051,752	1,045,390	972,151	923,181	940,113	898,235	889,231	NA
Camping Nights [4]	43,046	44,168	47,489	49,533	47,484	48,599	51,945	52,904	51,529	NA
Snowmobile Registrations [4]	17,563	4,134	17,459	2,649	15,961	2,223	14,198	11,322	3,845	NA
OHV Registrations [4]	NA	NA	NA	NA	NA	NA	NA	9,200	18,237	NA
Transportation										
Department of Transportation										
Registered Vehicles [4]	NA	790,933	809,459	815,042	836,927	843,054	878,443	902,581	934,502	NA
Licensed Drivers	457,890	456,055	455,921	457,743	459,566	466,701	468,711	470,731	473,019	476,561
Unemployment Compensation										
Job Service North Dakota										
Number of Covered Workers [4]	309,223	311,632	311,808	314,273	321,108	328,121	335,718	341,705	350,442	NA
Workforce Safety and Insurance										
Number of Claims Filed	20,045	20,320	19,950	18,753	19,184	19,887	21,588	21,309	21,061	20,543
Number of Covered Workers	296,663	299,714	301,913	301,777	304,287	311,200	318,240	326,100	332,170	340,915

NA-Not Available
[1] Calendar Year Received
[2] Academic Year End Enrollment
[3] Academic Year Enrollment
[4] Statistics on a Calendar Year Basis
[5] 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

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General Government										
Office of Management and Budget										
Capitol Complex Buildings	7	7	7	7	7	7	7	7	7	7
Education										
Department of Land										
Common Schools Trust										
Land Acreage	635,682	635,695	635,703	635,534	635,529	635,574	632,408	632,248	632,248	597,426
ND University System										
Buildings	501	501	512	512	527	527	516	516	516	516
Buildings Square Footage	13,014,194	13,014,194	13,056,392	13,056,392	13,440,708	13,491,510	13,491,510	13,491,510	14,003,445	14,003,445
Health and Human Services										
Dept. of Human Services										
Buildings	78	77	77	74	74	74	74	74	74	74
Public Safety and Corrections										
Department of Corrections and Rehabilitation										
Buildings	NA	NA	64	70	70	71	71	71	71	72
Office of the Adjutant General										
Headquarters, Camp and Armory Buildings	524	524	528	530	539	551	567	475	475	421
Natural Resources										
Game and Fish Department										
Wildlife Management Areas	NA	NA	NA	183	183	185	186	186	186	189
Boats, ATV's, Snowmobiles, Tractors,Othe	NA	NA	NA	NA	344	364	393	397	417	425
Dept. of Parks and Recreation										
Park/Recreational Sites	16	16	16	16	15	15	15	15	15	15
Park Maintanenace Vehicles/Equipment	NA	NA	NA	NA	196	207	222	230	235	255
Transportation										
Department of Transportation										
Lane Miles Maintained	8,394	8,402	8,410	8,412	8,414	8,450	8,469	8,479	8,511	8,515
Fleet Vehicles	2,933	2,879	2,943	2,988	3,097	3,137	3,220	3,316	3,307	3,273
Heavy Equipment	598	593	589	577	565	552	527	359	340	341
Buildings	77	77	77	77	77	77	77	79	80	81

NA-Not Available

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

Schedule 17
Claims Development Information
Last Ten Fiscal Years

The following tables illustrate how the individual funds' earned revenues and investment income compare to related costs of loss and other expenses assumed by the funds as of the end of each of the last ten years. The rows of the tables are defined as follows: (1) This line shows the total of each fiscal year's earned contribution revenues and investment revenues. (2) This line shows each fiscal year's other operation costs of the fund including overhead and claims expense not allocable to individual claims. (3) This line shows the funds' incurred claims and allocated claim adjustment expense (both paid and accrued) as originally reported at the end of the first year in which the event that triggered coverage under the contract occurred (called policy year). (4) This section of 10 columns shows the cumulative amounts paid as of the end of successive years for each policy year. (5) This section of 10 columns shows how each policy year's incurred claims increased or decreased as of the end of successive years. This annual re-estimation results from new information received regarding unknown claims, reevaluation of existing information on known claims, as well as emergence of new claims not previously known. (6) This line compares the latest re-estimated incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of claims cost is greater or less than originally thought. As data for individual policy years mature, the correlation between original estimates and re-estimated amounts is commonly used to evaluate the accuracy of incurred claims currently recognized in less mature policy years. The columns of the tables show data for successive policy years (expressed in thousands).

Schedule 17
Claims Development Information
Last Ten Fiscal Years
(Expressed In Thousands)

Bonding Fund

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
1 Net Earned Required Contribution and Investment Revenues	$ 637	$ 116	$ (50)	$ 405	$ 448	$ 319	$ 179	$ 401	$ 22	$ 157
2 Unallocated Expenses	84	93	46	58	42	53	51	57	37	25
3 Estimated Incurred Claims and Expense, End of Policy Year	60	71	26	259	253	64	392	173	(268)	128
4 Paid (Cumulative) as of:										
End of Policy Year	(22)	(32)	(100)	(107)	(85)	(226)	(254)	(328)	(417)	(61)
One Year Later	(22)	(32)	(100)	(107)	(85)	(226)	(254)	(328)	(417)	
Two Years Later	(22)	(32)	(100)	(107)	(85)	(226)	(254)	(328)		
Three Years Later	(22)	(32)	(100)	(107)	(85)	(226)	(254)			
Four Years Later	(22)	(32)	(100)	(107)	(85)	(226)				
Five Years Later	(22)	(32)	(100)	(107)	(85)					
Six Years Later	(22)	(32)	(100)	(107)						
Seven Years Later	(22)	(32)	(100)							
Eight Years Later	(22)	(32)								
Nine Years Later	(22)									
5 Reestimated Incurred Claims and Expenses:										
End of Policy Year	60	71	26	259	253	64	392	173	(268)	128
One Year Later	60	71	26	259	253	64	392	173	(268)	
Two Years Later	60	71	26	259	253	64	392	173		
Three Years Later	60	71	26	259	253	64	392			
Four Years Later	60	71	26	259	253	64				
Five Years Later	60	71	26	259	253					
Six Years Later	60	71	26	259						
Seven Years Later	60	71	26							
Eight Years Later	60	71								
Nine Years Later	60									
6 Increase in Estimated Incurred Claims and Expense From End of Policy Year	0	0	0	0	0	0	0	0	0	0

Schedule 17
Claims Development Information
Last Ten Fiscal Years
(Expressed In Thousands)

Fire and Tornado Fund

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
1 Net Earned Required Contribution and Investment Revenues	$ 5,482	$ 4,540	$ 2,437	$ 6,646	$ 4,864	$ 5,073	$ 5,193	$ 6,934	$ 7,849	$ (492)
2 Unallocated Expenses	1,026	812	991	613	621	552	986	847	979	819
3 Estimated Incurred Claims and Expense, End of Policy Year	2,104	6,828	5,481	2,523	1,135	1,775	2,852	1,536	10,548	1,744
4 Paid (Cumulative) as of:										
End of Policy Year	303	269	(1,589)	(3,974)	(227)	986	1,660	1,133	9,434	989
One Year Later	303	269	(1,589)	(3,974)	(227)	986	1,660	1,133	9,434	
Two Years Later	303	269	(1,589)	(3,974)	(227)	986	1,660	1,133		
Three Years Later	303	269	(1,589)	(3,974)	(227)	986	1,660			
Four Years Later	303	269	(1,589)	(3,974)	(227)	986				
Five Years Later	303	269	(1,589)	(3,974)	(277)					
Six Years Later	303	269	(1,589)	(3,974)						
Seven Years Later	303	269	(1,589)							
Eight Years Later	303	269								
Nine Years Later	303									
5 Reestimated Incurred Claims and Expenses:										
End of Policy Year	2,104	6,828	5,481	2,523	1,135	1,775	2,852	1,536	10,548	1,744
One Year Later	2,104	6,828	5,481	2,523	1,135	1,775	2,852	1,536	10,548	
Two Years Later	2,104	6,828	5,481	2,523	1,135	1,775	2,852	1,536		
Three Years Later	2,104	6,828	5,481	2,523	1,135	1,775	2,852			
Four Years Later	2,104	6,828	5,481	2,523	1,135	1,775				
Five Years Later	2,104	6,828	5,481	2,523	1,135					
Six Years Later	2,104	6,828	5,481	2,523						
Seven Years Later	2,104	6,828	5,481							
Eight Years Later	2,104	6,828								
Nine Years Later	2,104									
6 Increase in Estimated Incurred Claims and Expense From End of Policy Year	0	0	0	0	0	0	0	0	0	0

Schedule 17
Claims Development Information
Last Ten Fiscal Years
(Expressed In Thousands)

Workforce Safety & Insurance

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
1 Net Earned Required Contribution and Investment Revenues	$ 210	$ 117	$ 86	$ 175	$ 194	$ 193	$ 148	$ 221	$ 166	$ 48
2 Unallocated Expenses	25	28	23	22	21	25	33	40	41	31
3 Estimated Incurred Claims and Expense, End Of Policy Year	81	83	81	93	103	111	105	120	131	169
4 Paid (Cumulative) as of:										
End of Policy Year	16	17	17	19	20	22	21	21	27	32
One Year Later	30	29	30	33	36	34	36	37	47	
Two Years Later	35	35	37	38	42	39	41	43		
Three Years Later	40	40	41	41	46	42	46			
Four Years Later	43	42	43	44	49	45				
Five Years Later	47	45	47	46	52					
Six Years Later	48	47	48	48						
Seven Years Later	50	49	52							
Eight Years Later	52	51								
Nine Years Later	56									
5 Reestimated Incurred Claims and Expenses:										
End of Policy Year	81	83	81	93	103	111	105	120	131	169
One Year Later	80	81	84	94	103	104	112	119	140	
Two Years Later	79	83	83	93	99	100	113	120		
Three Years Later	81	83	88	89	100	101	116			
Four Years Later	79	79	86	90	106	101				
Five Years Later	82	77	90	91	105					
Six Years Later	82	85	91	92						
Seven Years Later	89	87	98							
Eight Years Later	89	89								
Nine Years Later	94									
6 Increase in Estimated Incurred Claims and Expense From End of Policy Year	13	6	18	0	2	(10)	11	0	9	0

Schedule 18
Agricultural Production

Value of Export Shares of Agricultural Commodities - 2007-2008

	2007 Dollars (Mil.)	2007 % of U.S.	2008 Dollars (Mil.)	2008 % of U.S.
Wheat and Products	1,066.0	12.28	1,663.2	11.21
Soybeans and Products	447.5	4.06	687.8	3.56
Vegetables and Preparations	242.5	5.64	332.6	6.45
Feed Grains and Products	312.9	2.64	559.4	3.08
Sunflower Seed and Oil	102.7	52.34	100.2	44.18
Feeds and Fodders	136.9	4.74	341.7	8.57
Seeds	72.4	7.76	78.9	6.60
Live Animals and Meats Excluding Poultry	5.9	0.09	9.0	0.10
Dairy Products	0.0	0.00	0.0	0.00
Poultry and Products	2.5	0.07	0.0	0.00
Hides and Skins	0.7	0.03	0.7	0.03
Fats, Oils and Greases	0.3	0.04	0.5	0.05
Other (1)	187.1	1.67	175.5	1.38
Total (2)	$ 2,577.5	3.13	$ 3,949.5	3.42

Source: Complied by ERS using data from USDA, National Agricultural Service and U.S. Department of Commerce, Census Bureau.

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

2008 Crop Rank Among States

North Dakota Ranks	Crop Description	North Dakota Produces
1st	Flaxseed	96%
	Canola	90%
	Pinto Beans	65%
	Dry Edible Peas	64%
	Durum Wheat	50%
	Navy Beans	46%
	Spring Wheat	45%
	Oil Sunflowers	44%
	All Sunflowers	44%
	Non-oil Sunflowers	42%
	All Dry Edible Beans	39%
	Barley	36%
	Lentils	35%
2nd	Sugarbeets	19%
	All Wheat	12%

Source: North Dakota Agricultural Statistics June 2009

State Of North Dakota

Comprehensive Annual Financial Report

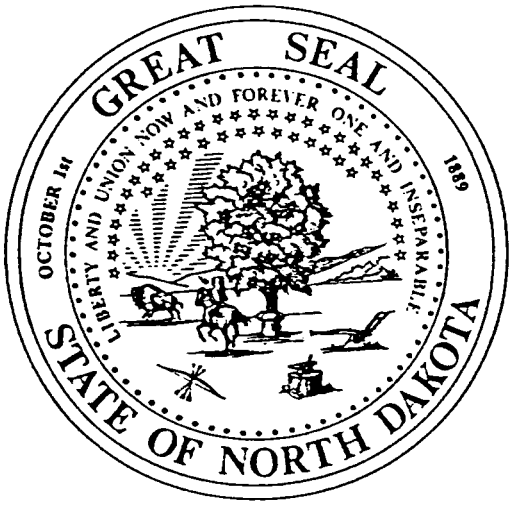
For the
Fiscal Year Ended
June 30, 2010

STATE OF NORTH DAKOTA

Comprehensive Annual Financial Report

FOR THE FISCAL YEAR ENDED

June 30, 2010



Prepared by the Office of Management and Budget

State of North Dakota
Office of Management and Budget
Fiscal Management Division
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701-328-2680

This CAFR is also available at our Fiscal Management website: http://www.nd.gov/fiscal/cafr/

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COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
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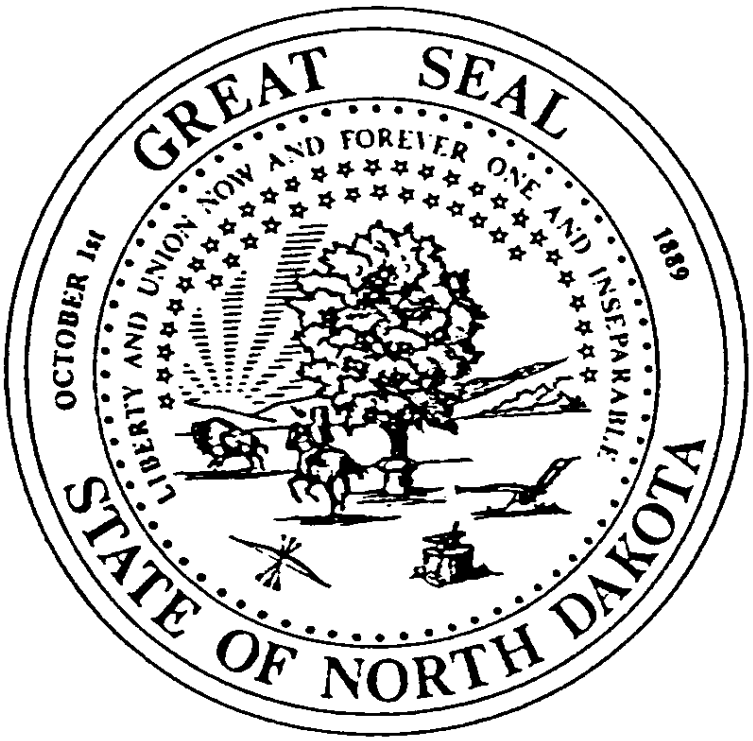

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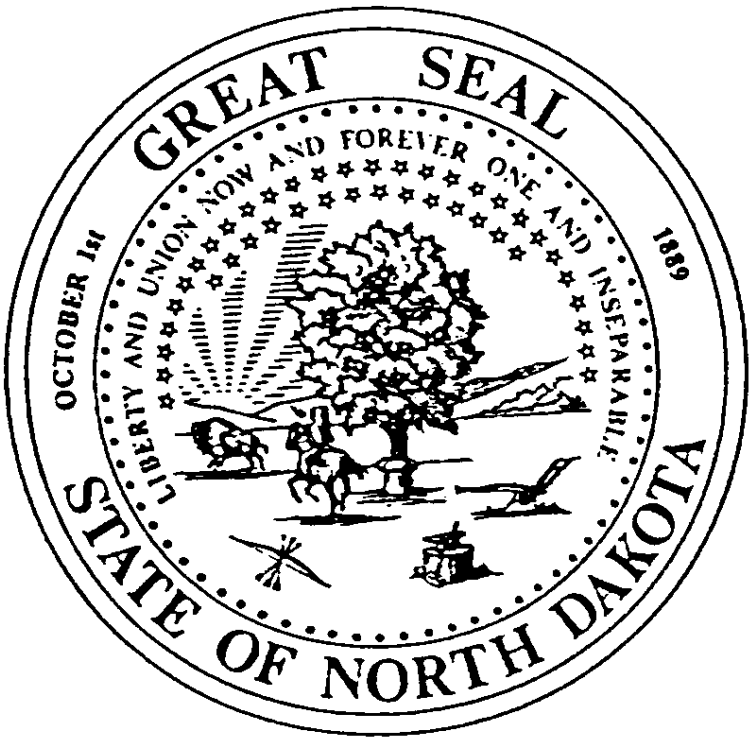
Introductory Section



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OFFICE OF MANAGEMENT AND BUDGET

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

December 15, 2010

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, 2010 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 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, 2010 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, 2010, 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.

Management's Discussion and Analysis (MD&A) immediately follows the Independent Auditor's Report and provides a narrative introduction, overview and analysis of the basic financial statements. This letter of transmittal is intended to complement MD&A and should be read in conjunction with it.

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 make headlines as it outperforms the nation. While nationally, one in ten workers is unemployed, North Dakota has the lowest unemployment of any state. In October 2010, North Dakota's non-seasonally adjusted unemployment rate was only 2.8%, one-third the national rate of 9.0%.

Several factors have driven this exceptional economic performance. Although the North Dakota economy is increasingly diversified, the agricultural industry continues to play a key role in the state's economy. The USDA reports that North Dakota is the nation's leading producer of durum wheat, spring wheat, barley, dry edible beans, canola, flaxseed, lentils, dry edible peas, sunflowers, and several other crops. Agricultural commodity and cattle prices have fallen from recent record highs, but remain high by historic standards.

The energy industry plays an important role in the state's economy. The development of wind and coal resources, the production of ethanol and bio-diesel, and oil and natural gas extraction all contribute the state's economy. Oil production continues to set new records each month and has increased over 200 percent in just the last four years. North Dakota's current crude oil production ranks fourth in the nation, with only Texas, Alaska, and California producing more oil. State and local tax revenues have been bolstered by increased oil and gas tax collections.

Manufacturing is also a prominent player in the state's economy, accounting for 6.5% of employment. Machinery and transportation equipment make up over 40% of the state's exports. Exports totaled nearly $2.2 billion in 2009.

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, information technology companies, energy producers, and retail companies.

LONG-TERM FINANCIAL PLANNING

The long-term financial plan of the state is to target aggressive economic development efforts at five industry sectors where North Dakota has a competitive advantage because of natural or human resources – value-added agriculture, advanced manufacturing, technology-based businesses, energy, and tourism. Economic growth in these industries has grown state revenues and allowed the state to meet three primary budget objectives that have guided the budget process -- to fund priorities, such as education and human services, build significant financial reserves, and provide tax relief.

Revenue forecasting is a critical component of the state's financial planning process. The state utilizes a Revenue Forecasting Advisory Committee, comprised of representatives of the major industries in the state and the legislative and executive branches of government, along with the expertise of a national economic forecasting consultant. With the assistance of these experts, the state's Tax Department and Office of Management and Budget develop a forecast based on state trends, national forecasting models, and input from private industry experts.

The budgeting process begins with the development of a biennial budget proposal reflecting the Governor's priorities for the next two years. The budget is submitted to the legislature for their consideration and eventual enactment. 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 fiscally responsible budgeting and revenue forecasting, combined with economic growth, has allowed the accumulation of significant reserve balances. Projected June 30, 2011, balances in the general fund, permanent oil tax trust fund, budget stabilization fund, and foundation aid stabilization fund total $1.159 billion. In addition, the state's voters approved measure no. 1 on the November 2010 general election ballot, creating the legacy fund. The legacy fund will receive 30.0 percent of the state's oil and gas tax collections, beginning July 1, 2011. This fund will accumulate oil and gas tax revenues and investment interest. No expenditures of the accumulated principal and interest can be made until after June 30, 2017. The June 30, 2013, balance in the fund is estimated to be $619 million.

RELEVANT FINANCIAL POLICIES

North Dakota's financial policies 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 2.5 percent or more, the state is able to access funds from the budget stabilization fund. The budget stabilization fund currently has a balance of $325 million, or 10 percent of the biennial state general fund budget. In addition, the Governor is able to reduce general fund expenditures to alleviate the effects of a revenue shortfall, if necessary.

In the event of such a general fund expenditure reduction, the foundation aid stabilization fund was established to protect 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, the volatility of oil price and production levels make it difficult to rely on oil tax revenue to fund general government operations. Thus the permanent oil tax trust fund has been established to accumulate oil tax revenue for appropriation by the legislative assembly while limiting general fund reliance on oil tax revenues. Oil tax collections are split between the state and local political subdivisions. Of the state share, the first $71 million each biennium is deposited in the general fund; all oil tax collections in excess of $71 million are deposited into the permanent oil tax trust fund.

Major Initiatives

North Dakota continues to implement programs and policies that improve the lives and well being of its citizens by creating more opportunities and better jobs. Priorities include excellence in education, creating a strong business climate, enhancing energy development, improving agriculture, taking care of people, and providing tax relief for the citizens of North Dakota.

Education

A record $1.3 billion K-12 education funding package was approved by the 2009 Legislative Assembly. Included in this funding package is an additional $120 million of state funds and one-time fiscal stimulus funding of $150 million. State funding significantly increased payments to schools using the state school aid formula and targeted funding to new initiatives, such as mentorships, additional counselors and tutors, and establishment of an Early Childhood Learning Council.

Higher Education received $795 million of state support. This funding package included $161 million of additional funding to support students and families, improve campuses, and hold the line on tuition. To make higher education more affordable, more than $32 million was included for financial aid for students.

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 agriculture 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 $2 million grant program for the installation of blender pumps at motor fuel retailers to promote expanded use of ethanol and biodiesel.

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, 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 the state. Recently funded state government technology initiatives include:

- Longitudinal data system to follow student progress from kindergarten to career in order to improve educational adequacy and meet the needs of the future workplace.
- Funding for the Medicaid Management Information System.

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:

- A $20 million appropriation for Centers of Excellence awards. These projects will continue to transform and expand North Dakota's economy.
- Increased funding for the North Dakota Trade office, which helps grow North Dakota's exports.
- More than $5 million in loan and grant programs for childcare workforce development, quality improvement and technical assistance to establish and expand safe childcare facilities in North Dakota.
- $2.5 million to support innovation and entrepreneurship.

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 $380 million increase in the Department of Human Services budget to help seniors, children, and persons with disabilities.
- Increased medical payments to hospitals, physicians, dentists, chiropractors and ambulance service providers to advance quality healthcare in North Dakota.
- Increased funding for home and community based care to help our seniors live more independently.
- Expanded eligibility for SCHIP from 150 to 160 percent net of the federal poverty level.
- Approval for a major expansion of the North Dakota Heritage Center.
- An enhanced Veteran's Bonus Program that removes the current caps for both domestic and overseas service, and compensates for actual time served.

Energy Development
Energy is a one of the largest industries in North Dakota. Energy development in North Dakota has expanded greatly from traditional oil, gas and coal energy to renewable energies such as ethanol, biodiesel and wind energy. Recent efforts to further the development of energy in North Dakota include:

- A streamlined oil extraction tax option to promote exploration and development in the Bakken Reserve.
- A carbon credit incentive against coal conversion privilege taxes to help facilities achieve a required level of carbon dioxide capture, and a new tax incentive for cleaner-burning beneficiated coal.
- An extended property tax reduction and sales and use tax exemption for wind power, as well as an extended income tax credit for the installation of any renewable energy device.
- $3 million for the renewable energy fund.

Tax Relief
In addition to the initiatives above, the 2009 Legislative Assembly supported broad-based tax relief and reform for the people of North Dakota. Elements of the broad-based tax relief include:

- $295 million property tax relief to help homeowners, farmers, ranchers and commercial businesses by reducing the average school district levy by 75 mills and capping the rate at 110 mills.
- $90 million in individual income tax rate reductions.
- $10 million in corporate income tax reductions.
- An increase in the Homestead Tax Credit to help reduce the burden of taxes on seniors and people with disabilities.
- Establishment of a Disabled Veterans Credit program.

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, 2009. This was the 19th 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 2009-2011 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

Pam Sharp, Director
Office of Management and Budget

Certificate of Achievement for Excellence in Financial Reporting

Presented to

State of North Dakota

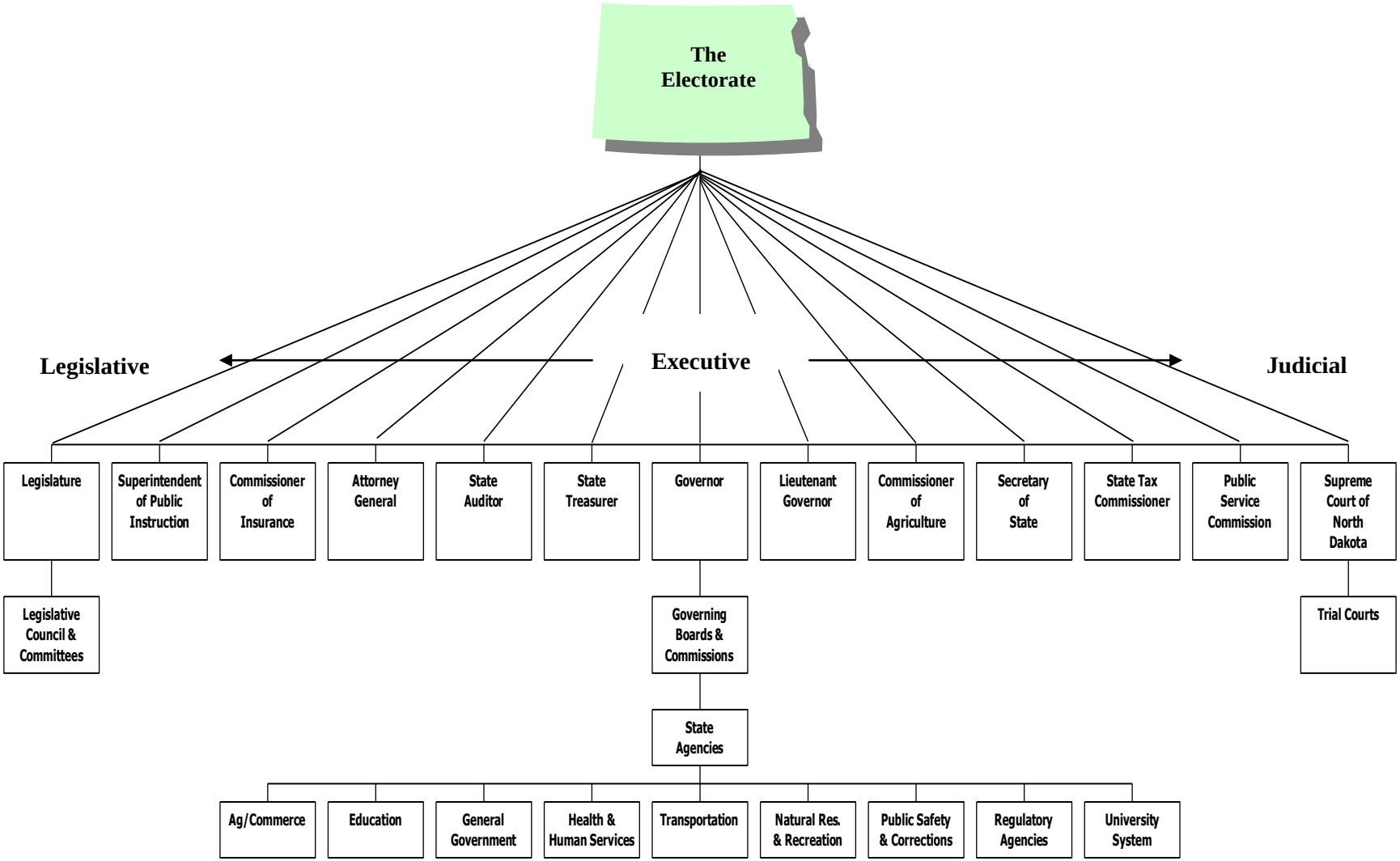
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2009

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, 2010

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

Brian Kalk, Public Service Commissioner

Doug Goehring, Commissioner of Agriculture

Robert R. Peterson, State Auditor

Adam Hamm, Commissioner of Insurance

Dr. Wayne Sanstead, Superintendent of Public Instruction

Cory Fong, Tax Commissioner

Kelly Schmidt, State Treasurer

LEGISLATIVE

David Monson, Speaker of the House

Al Carlson, House Majority Leader

Merle Boucher, House Minority Leader

Lt. Gov. Jack Dalrymple, President of the Senate

Bob Stenehjem, Senate Majority Leader

David O'Connell, Senate Minority Leader

JUDICIAL

Gerald W. 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 AUDITOR
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STATE CAPITOL
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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, 2010, 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:

	Percent of Assets	Percent of Revenues
Government-Wide Financial Statements		
Governmental Activities	28%	14%
Business-Type Activities	83%	34%
Aggregate Discretely Presented Component Units	100%	100%
Fund Financial Statements		
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	76%	54%

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. The financial statements of the North Dakota University System's component units were not audited in accordance with *Government Auditing Standards.* 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 $795 million at June 30, 2010. 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 will never fully fund the unfunded actuarial accrued liability based on current actuarial assumptions.

The actuary for the North Dakota Public Employees Retirement System has determined that the Fund's unfunded actuarial accrued liability is approximately $586 million at June 30, 2010. Also, the actuary for the Highway Patrolmen's Retirement System has determined that the Fund's unfunded actuarial accrued liability is approximately $7 million at June 30, 2010. 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. If unchanged, this difference will further increase the actuarial contribution requirement in future valuations.

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, 2010, 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 17 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.

As described in Note 20 to the basic financial statements, the State of North Dakota implemented two new accounting standards for the year ending June 30, 2010. The new standards were GASB Statement No. 51, "Accounting and Financial Reporting for Intangible

Assets" and GASB Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments."

In accordance with *Government Auditing Standards*, we have also issued under separate cover, our report dated December 15, 2010 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 and related reconciliations and notes 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

Edwin J. Nagel, Jr., CPA
Director

December 15, 2010

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, 2010. 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 $7 billion (reported as net assets), an increase of $1 billion from the previous year. The net assets of governmental activities increased by 18.6% while the net assets of the business-type activities showed an increase of 11.6%.

Fund Level:
As of the close of fiscal year 2010 the State's governmental funds reported combined ending fund balances of $3.8 billion, an increase of $690 million. Of this amount, $2.4 billion represents unreserved fund balance, with the remaining amount of $1.4 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 $834 million.

The enterprise funds reported net assets at year-end of $1.8 billion, an increase of $190 million during the year.

Long-term Debt:
The State's total debt (bonds and notes payable) increased approximately 19% during the fiscal year to $1.96 billion, an increase of $317 million, which represents the net difference between new issuances and payments. During the year the State issued $479 million in bonds and $116 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 19 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 non-major 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 non-major 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 $7 billion at the end of fiscal year 2010. Net assets increased 16.8% from the prior fiscal year.

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2009	2010	2009	2010	2009	2010
Current and Other Assets	$3,613,541	$4,425,230	$6,016,829	$6,810,240	$7,928,465	$9,516,877
Capital Assets	1,542,653	1,646,653	835,095	919,401	2,377,748	2,566,054
Total Assets	5,156,194	6,071,883	6,851,924	7,729,641	10,306,213	12,082,931
Long-Term Liabilities Outstanding	326,031	300,423	2,249,525	2,620,631	2,575,556	2,921,055
Other Liabilities	441,479	564,344	2,959,459	3,270,034	1,699,033	2,115,784
Total Liabilities	767,510	864,767	5,208,984	5,890,665	4,274,589	5,036,839
Net Assets						
Invested in Capital Assets, Net of Related Debt	1,323,477	1,450,350	578,828	644,109	1,902,305	2,094,459
Restricted	1,502,237	1,984,324	500,433	445,609	2,002,670	2,429,933
Unrestricted	1,562,970	1,772,442	563,679	749,258	2,126,649	2,521,700
Total Net Assets	$4,388,684	$5,207,116	$1,642,940	$1,838,976	$6,031,624	$7,046,092

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 unrestricted net assets. Unrestricted net assets may be used at the State's discretion, but often have limitations on use based on State statutes. Restricted net assets make up thirty-four percent (34%) 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.

Thirty percent (30%) 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	
	2009	2010	2009	2010	2009	2010
Revenues:						
Program Revenues:						
Charges for Services	$ 229,005	$ 245,410	$1,116,210	$1,110,240	$1,345,215	$1,355,650
Operating Grants & Contributions	1,131,838	2,025,395	114,158	412,398	1,245,996	2,437,793
Capital Grants & Contributions	57,065	63,035	10,820	19,762	67,885	82,797
General Revenues:						
Income Taxes	503,976	379,938	-	-	503,976	379,938
Sales Taxes	857,771	885,446	-	-	857,771	885,446
Other Taxes	489,484	695,521	-	-	489,484	695,521
Investment Earnings	12,830	33,926	-	-	12,830	33,926
Tobacco Settlement	30,990	23,559	-	-	30,990	23,559
Other	54,637	150,819	-	-	54,637	150,819
Total Revenues	3,367,596	4,503,049	1,241,188	1,542,400	4,608,784	6,045,449
Expenses						
General Government	418,221	393,432	-	-	418,221	393,432
Education	564,819	849,337	-	-	564,819	849,337
Health and Human Services	1,005,299	1,149,202	-	-	1,005,299	1,149,202
Regulatory	26,582	26,187	-	-	26,582	26,187
Public Safety and Corrections	194,264	284,846	-	-	194,264	284,846
Agriculture and Commerce	68,057	85,328	-	-	68,057	85,328
Natural Resources	64,817	81,304	-	-	64,817	81,304
Transportation	382,619	463,846	-	-	382,619	463,846
Interest on Long Term Debt	12,684	11,774	-	-	12,684	11,774
Bank of North Dakota	-	-	99,090	80,132	99,090	80,132
Housing Finance	-	-	59,769	62,932	59,769	62,932
Loan Programs	-	-	6,777	6,316	6,777	6,316
Mill and Elevator	-	-	233,792	170,076	233,792	170,076
State Lottery	-	-	16,123	18,178	16,123	18,178
Unemployment Compensation	-	-	106,475	137,474	106,475	137,474
University System	-	-	894,733	963,820	894,733	963,820
Workforce Safety and Insurance	-	-	168,527	218,186	168,527	218,186
Other	-	-	15,810	18,331	15,810	18,331
Total Expenses	2,737,362	3,345,256	1,601,096	1,675,446	4,338,458	5,020,701
Increase (decrease) in Net Assets Before Contributions & Transfers	630,234	1,157,793	(359,908)	(133,045)	270,326	1,024,748
Contributions to Permanent Fund Principal	11,574	11,203	-	-	11,574	11,203
Special Item-Loss on Discontin. of Computer Project	(3,314)	-	-	-	(3,314)	-
Transfers	(229,268)	(350,497)	270,189	324,786	40,921	(25,711)
Increase in Net Assets	409,226	818,499	(89,719)	191,741	319,507	1,010,240
Net Assets - Beginning -As Restated	3,979,458	4,388,617	1,732,659	1,647,235	5,712,117	6,035,852
Net Assets- Ending	$4,388,684	$5,207,116	$1,642,940	$1,838,976	$6,031,624	$7,046,092

Governmental Activities

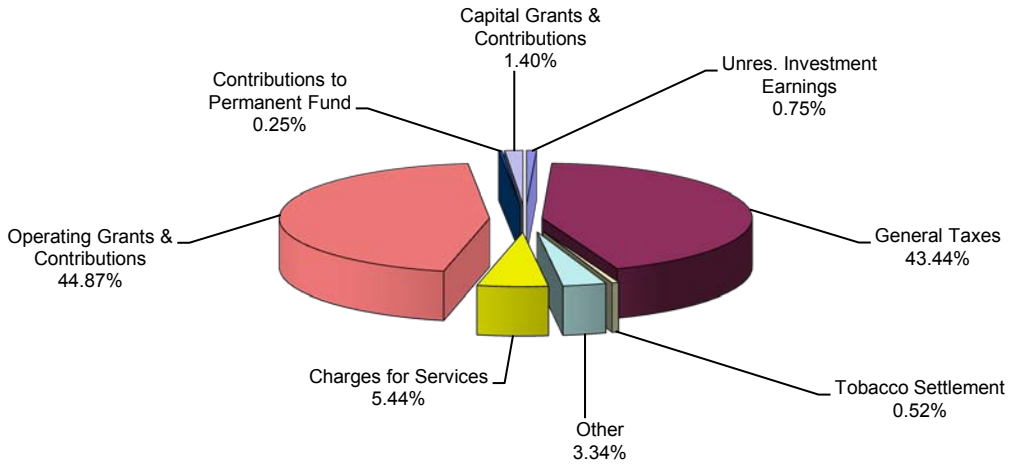
Governmental Activities increased the State's net assets by $818 million. The largest dollar increase in the State's revenues for fiscal year 2010 was from the State's intergovernmental revenue, a 35% increase primarily from increased federal funding through the American Recovery and Reinvestment Act (ARRA) and from federal disaster assistance. Oil and gas tax revenues increased from the prior fiscal year by 47.8% because of the increased level of oil and gas production in the state. Individual and corporate income taxes had a combined decrease of 24.7%. Individual taxes went down primarily because of a rate reduction enacted by the 2009 Legislative Assembly and a decrease in capital gains. Corporate tax decreases were brought on by the national recession. Other general revenues nearly tripled because of the significant increase (225%) in mineral lease royalty income.

Expenses for total governmental activities increased by 22% from the prior fiscal year. Education expenses rose significantly (50%) for various reasons. The 2009 Legislature elected to fund the primary education formula at the prior year's level, but then awarded school districts with increased general state aid funding over the amount funded by the primary formula. The Legislature also awarded school districts one-time supplemental grants for infrastructure projects. In addition, the state enacted major legislation providing funding for statewide school district mill levy reductions and then provided grants to school districts in exchange for reducing school district property tax levies. The state was also awarded ARRA education stabilization funds, which were spent on school funding.

Public Safety and Corrections expenditures show a 47% increase in expenditures primarily due to costs relating to the 2009 spring flood disaster in the state. Transportation expenses increased about 21% because of an increase in highway construction made possible by ARRA funding. Health and Human Services expenditures went up $144 million (a 14.4% increase) because of an increase in rates for medical providers.

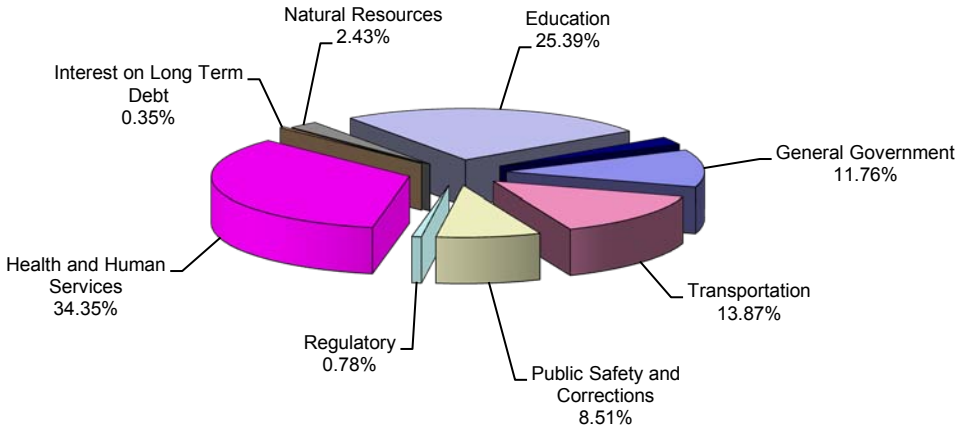
The following chart depicts revenues of the governmental activities for the fiscal year:

Revenues - Governmental Activities
Fiscal Year Ending June 30, 2010



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

Expenditures - Governmental Activities
Fiscal Year Ending June 30, 2010



Business-type Activities

Net assets of the business-type activities increased by $192 million during the fiscal year.

Workforce Safety and Insurance's (WSI) net assets increased $71 million because of underwriting and investment income.

The Bank of North Dakota had an increase of $47 million, which 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 University System's net assets increased $70 million. The University System's net asset change is from increases in tuition, housing, and grants and contracts revenue.

Housing Finance had a $9.7 million increase from program operations and financing activities.

The Mill and Elevator's net assets increased $6 million because their short term borrowing from the Bank of North Dakota was down from prior years.

FINANCIAL ANALYSIS OF THE STATE'S FUNDS

Governmental Funds

As the State completed the year, its governmental funds reported combined fund balances of $3.8 billion, an increase of $690 million from the prior fiscal year. Approximately $2.4 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 $834 million and reserved fund balance was $5 million.

Total fund balance decreased during the fiscal year by $28 million, due primarily to a $121 million decrease in income tax revenues. There was a $295 million legislatively mandated transfer from the Permanent Oil Tax trust fund to the general fund in fiscal year 2010, but general fund expenditures increased approximately $195 million, of which more than $150 million was from education expenditures.

The School Permanent Trust Fund balance at June 30, increased $397 million because of increased royalty revenues of nearly $200 million, increased investment income of more than $200 million and additional oil and gas tax revenues of $10 million. Transfers out also increased about $6 million.

The Federal Fund balance at June 30, showed an increase of $.9 million primarily because of prepaid items.

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 ending June 30, 2010, was the first year of the 2009-11 budget cycle. The original budget increased $63.2 million.

At the beginning of the 2009-11 budget cycle, there was an increase in the original budget of $65.7 million due to the authorized carryover of general fund appropriation authority from the 2007-09 biennium, a $6.8 million increase for capital construction carryover, and reductions of $9.2 million.

The reductions were for appropriations that were authorized to start a few months prior to the beginning of the 2009-11 biennium but to continue through the 2009-11 biennium. The beginning appropriations needed to be reduced for the expenditures made prior to the start of the biennium.

The increases to the beginning appropriated budget are from authorized carryover of general fund appropriation authority and the larger ones 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 Adjutant General, $3.1 million, Office of Management and Budget, $38.5 million, the University System, $18.9 million, Legislative Council, $2.2 million and Legislative Assembly, $1.6 million. $37 million of the $38.5 million for the Office of Management and Budget was for a transfer to the Adjutant General for flood and snow disaster relief.

Of the $6.1 million in capital construction carryover dollars, $1.2 million was for the Office of Management and Budget; $2.4 million was for the Department of Human Services and various smaller amounts for several other state agencies.

There were no expenditures in excess of general fund authority.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets: At the end of the fiscal year 2010, the State had invested $2.6 billion, net of accumulated depreciation, in a broad range of capital assets. Depreciation charges for this fiscal year totaled $128 million.

(Net of Depreciation, Expressed in Thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2009	2010	2009	2010	2009	2010
Land and Land Improvements	$ 68,120	$ 69,338	$ 18,764	$ 18,764	$ 86,884	$ 88,102
Building & Building Improvements	250,634	250,199	520,272	553,664	770,906	803,863
Equipment	112,663	127,392	151,100	164,292	263,763	291,684
Intangibles						
Software	30,536	30,517	14,546	13,853	45,082	44,370
Other	4,106	4,484	328	466	4,434	4,950
Infrastructure	635,706	706,375	89,477	91,402	725,183	797,777
Construction in Progress	442,892	458,348	42,869	76,960	485,761	535,308
Total	$1,544,657	$1,646,653	$ 837,356	$ 919,401	$2,382,013	$2,566,054

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 $429 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, 2010.

The State does have a number of revenue bonds outstanding at June 30, 2010. 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 $403.8 million. The advances have a fixed rate of interest, ranging from 3.01 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	
	2009	2010	2009	2010	2009	2010
Revenue Bonds	$ 251,526	$ 232,101	$1,051,542	$1,301,368	$1,303,068	$1,533,469
Notes Payable	26,523	19,493	318,847	412,095	345,370	431,588
Total	$ 278,049	$ 251,594	$1,370,389	$1,713,463	$1,648,438	$1,965,057

The State's total debt increased approximately 19% during the current fiscal year.

ECONOMIC CONDITION AND OUTLOOK

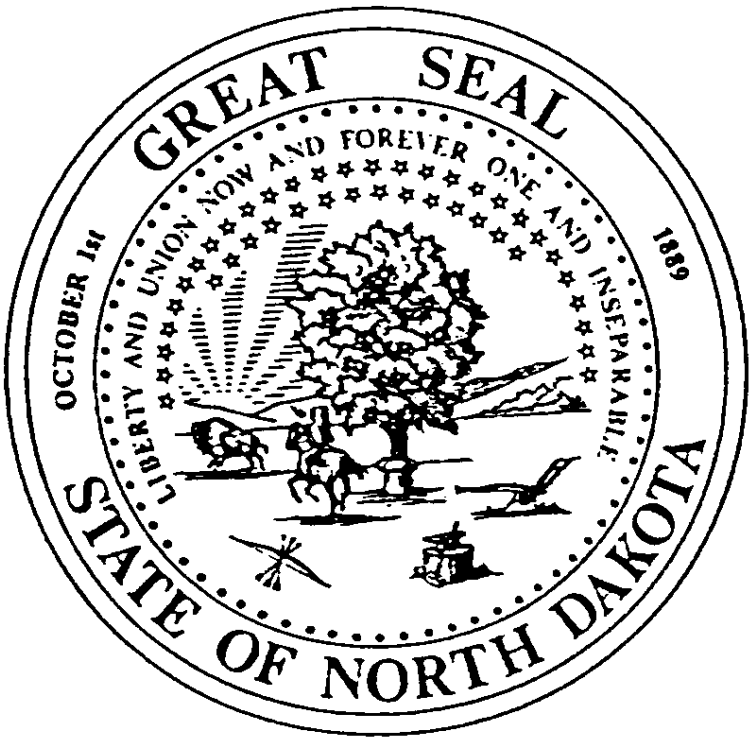
In the midst of a lingering national recession, the North Dakota economy continues to thrive. The state's diversified economy has seen growth in various sectors, including manufacturing, agriculture, and energy. Moody's Analytics, formerly Moody's Economy.com, recently completed its analysis of the North Dakota economy for its Précis U.S. State October 2010 publication. The report depicts a strong, growing economy, leading the nation in several areas. Moody's notes that "North Dakota is one of the few states where payroll employment has already surpassed its prerecession peak. The state's unemployment rate is also the lowest in the nation."

As the rest of the nation recovers from recession, the outlook for North Dakota continues to be positive. "Increases in global business investment and favorable exchange rates will provide a boost to manufacturers and other export-related industries. Commodity prices will increase as the global recovery accelerates, supporting gains in state income." Gross state product, which was $24.6 billion in 2009, is projected to grow by $5.0 billion by 2014, a 20.3 percent increase. Total employment is expected to grow from 366,000 in 2009 to 395,000 in 2014, an increase of 29,000 jobs, or 7.9 percent. Personal income is expected to grow by 4.0 to 5.2 percent each year from 2011 through 2014.

Median household income and per capita income for North Dakota have both surpassed the national average. For 2008, median household income was $50,075 in North Dakota and $49,777 for the U.S. Per capita income was $40,727 for North Dakota, based on 2009 Bureau of Economic Analysis data, but only $39,626 for the U.S.

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, 2010

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Units
ASSETS				
Cash and Cash Equivalents	$ 12,825,115	$ 933,335,668	$ 946,160,783	$ 36,875,106
Investments	1,661,851,841	1,603,857,871	3,265,709,712	39,806,398
Accounts Receivable - Net	60,515,093	105,784,304	166,299,397	27,380,412
Taxes Receivable - Net	304,216,529	-	304,216,529	-
Interest Receivable - Net	12,818,970	44,519,704	57,338,674	79,349
Intergovernmental Receivable - Net	289,312,855	42,646,940	331,959,795	-
Internal Receivable	1,949,309,970	-	230,716,348	-
Due from Component Units	1,299,700	10,940,422	12,240,122	-
Due from Primary Government	-	-	-	60,733,226
Prepaid Items	7,126,918	2,644,102	9,771,020	-
Inventory	17,357,537	24,458,122	41,815,659	543,595
Loans and Notes Receivable - Net	105,238,420	2,761,446,259	2,866,684,679	11,259,934
Unamortized Bond Financing Costs	999,247	11,931,373	12,930,620	2,635,151
Pension Assets	2,357,756	-	2,357,756	-
Other Assets	-	12,222,089	12,222,089	37,065,892
Restricted Assets:				
Cash and Cash Equivalents	-	250,994,855	250,994,855	8,268,086
Investments	-	45,251,863	45,251,863	761,084,558
Interest Receivable - Net	-	3,857,000	3,857,000	4,312,000
Loans and Notes Receivable - Net	-	936,599,000	936,599,000	-
Restricted Deferred Outflows	-	19,751,000	19,751,000	-
Capital Assets:				
Nondepreciable	527,686,123	95,723,978	623,410,101	5,324,017
Depreciable, Net	1,118,967,390	823,676,900	1,942,644,290	135,499,556
Total Assets	6,071,883,464	7,729,641,450	12,082,931,292	1,130,867,280

*** 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

STATE OF NORTH DAKOTA

Statement of Net Assets
June 30, 2010

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Units
LIABILITIES				
Accounts Payable	234,113,356	41,544,411	275,657,767	8,569,743
Accrued Payroll	40,704,170	29,055,866	69,760,036	130,145
Securities Lending Collateral	117,503,120	7,472,318	124,975,438	-
Interest Payable	3,089,937	19,003,898	22,093,835	1,813,000
Intergovernmental Payable	73,038,480	3,947,946	76,986,426	-
Tax Refunds Payable	74,386,399	-	74,386,399	-
Internal Payable	-	1,718,593,622	-	-
Due to Component Units	-	61,965,505	61,965,505	-
Due to Primary Government	-	-	-	12,240,122
Contracts Payable	10,511,581	2,330,802	12,842,383	-
Federal Funds Purchased	-	329,510,000	329,510,000	-
Reverse Repurchase Agreements	-	8,117,000	8,117,000	-
Other Deposits	-	900,689,842	900,689,842	3,293,494
Amounts Held In Custody for Others	-	19,300,067	19,300,067	-
Unearned Revenue	10,996,972	97,670,474	108,667,446	7,789,143
Financial Derivative Instrument	-	19,751,000	19,751,000	-
Other Liabilities	-	11,081,397	11,081,397	27,072,619
Long-Term Liabilities				
Due within one year	24,332,468	312,186,277	336,518,745	17,435,828
Due in more than one year	276,090,865	2,308,444,948	2,584,535,813	248,686,022
Total Liabilities	864,767,348	5,890,665,373	5,036,839,099	327,030,116
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	1,450,350,320	644,108,459	2,094,458,779	111,818,553
Restricted for:				
General Government	3,880,181	-	3,880,181	-
Education	160,329,635	-	160,329,635	-
Health and Human Services	50,590,048	-	50,590,048	-
Regulatory Purposes	27,442,635	-	27,442,635	-
Public Safety & Corrections	33,392,689	-	33,392,689	-
Agriculture and Commerce	21,876,686	-	21,876,686	-
Cultural and Natural Resources	144,750,188	-	144,750,188	-
Transportation	212,564,244	-	212,564,244	-
Capital Projects	3,040,000	148,864	3,188,864	-
Debt Service	21,463,652	114,494,213	135,957,865	53,998,000
Loan Purposes	-	45,930,458	45,930,458	247,139,000
Pledged Assets	-	136,456,000	136,456,000	-
Unemployment Compensation	-	99,518,255	99,518,255	-
Permanent Fund and University System - Expendable	-	28,478,879	28,478,879	-
Permanent Fund and University System - Nonexpendable	1,300,483,003	19,346,395	1,319,829,398	-
Other	4,511,240	1,236,348	5,747,588	338,378,501
Unrestricted	1,772,441,595	749,258,206	2,521,699,801	52,503,110
Total Net Assets	$ 5,207,116,116	$ 1,838,976,077	$ 7,046,092,193	$ 803,837,164

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, 2010

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	$ 393,432,224	$ 20,683,111	$ 120,162,246	$ -
Education	849,337,255	5,440,633	569,522,599	-
Health and Human Services	1,149,201,916	31,858,461	803,057,024	10,794,832
Regulatory	26,187,266	23,963,949	4,791,790	-
Public Safety and Corrections	284,846,465	12,310,270	173,919,718	-
Agriculture and Commerce	85,327,633	29,530,575	38,696,350	-
Natural Resources	81,304,271	30,854,355	20,623,868	8,740,159
Transportation	463,845,880	90,768,728	294,621,772	43,500,000
Interest on Long Term Debt	11,773,684	-	-	-
Total Governmental Activities	3,345,256,594	245,410,082	2,025,395,367	63,034,991
Business-Type Activities:				
Bank of North Dakota	80,132,606	138,081,000	5,046,000	-
Housing Finance	62,931,910	48,814,007	19,286,000	-
Loan Programs	6,315,852	6,013,058	369,610	-
Mill and Elevator	170,075,842	183,287,534	10,778	-
State Lottery	18,177,724	24,498,988	10,934	-
Unemployment Compensation	137,473,630	115,951,800	4,094,375	-
University System	963,820,452	418,085,075	247,976,185	19,762,204
Workforce Safety & Insurance	218,185,899	157,710,330	131,239,065	-
Other	18,330,675	17,797,890	4,365,375	-
Total Business-Type Activities	1,675,444,590	1,110,239,682	412,398,322	19,762,204
Total Primary Government	$ 5,020,701,184	$ 1,355,649,764	$ 2,437,793,689	$ 82,797,195
Component Units:	$ 133,888,057	$ 70,889,657	$ 98,561,341	$ -

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 Perm 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			
Governmental Activities	Business-Type Activities	Total	Component Units
$ (252,586,867)		$ (252,586,867)	
(274,374,022)		(274,374,022)	
(303,491,600)		(303,491,600)	
2,568,473		2,568,473	
(98,616,476)		(98,616,476)	
(17,100,709)		(17,100,709)	
(21,085,889)		(21,085,889)	
(34,955,380)		(34,955,380)	
(11,773,684)		(11,773,684)	
(1,011,416,154)		(1,011,416,154)	
	62,994,394	62,994,394	
	5,168,097	5,168,097	
	66,816	66,816	
	13,222,470	13,222,470	
	6,332,198	6,332,198	
	(17,427,455)	(17,427,455)	
	(277,996,988)	(277,996,988)	
	70,763,496	70,763,496	
	3,832,590	3,832,590	
-	(133,044,382)	(133,044,382)	
(1,011,416,154)	(133,044,382)	(1,144,460,536)	
			$ 35,562,941
379,938,009	-	379,938,009	-
885,445,674	-	885,445,674	-
633,445,059	-	633,445,059	-
62,075,915	-	62,075,915	-
33,925,667	-	33,925,667	-
23,559,384	-	23,559,384	-
150,818,789	-	150,818,789	-
11,203,425	-	11,203,425	19,011,618
(350,496,669)	324,785,928	(25,710,741)	-
1,829,915,253	324,785,928	2,154,701,181	19,011,618
818,499,099	191,741,546	1,010,240,645	54,574,559
4,388,617,017	1,647,234,531	6,035,851,548	749,262,605
$ 5,207,116,116	$ 1,838,976,077	$ 7,046,092,193	$ 803,837,164

The Accompanying Notes are an Integral Part of the Financial Statements

STATE OF NORTH DAKOTA

Balance Sheet
Governmental Funds
June 30, 2010

	General	Federal	School Permanent Trust Fund	Other Governmental Funds	Total
ASSETS					
Cash Deposits at the Bank of ND	$ 412,854,086	$ -	$ 7,379,958	$ 1,273,230,206	$ 1,693,464,250
Cash and Cash Equivalents	6,960,648	-	-	5,857,528	12,818,176
Investments at the Bank of ND	91,146,121	4,500,000	-	149,109,980	244,756,101
Investments	192,871,979	-	1,326,212,728	136,066,430	1,655,151,137
Accounts Receivable - Net	3,847,807	6,628,515	15,405,681	34,292,952	60,174,955
Taxes Receivable - Net	188,463,334	-	2,800,477	112,952,718	304,216,529
Interest Receivable - Net	1,335,995	-	9,690,305	1,736,863	12,763,163
Intergovernmental Receivable - Net	-	276,012,392	-	13,062,452	289,074,844
Due from Other Funds	125,831,461	18,097,926	3,704,573	16,930,005	164,563,965
Due from Component Units	1,299,700	-	-	-	1,299,700
Prepaid Items	2,097,328	1,003,199	-	1,819,026	4,919,553
Inventory	2,811,009	8,625,556	-	5,826,886	17,263,451
Loans and Notes Receivable - Net	166,545	209,190	43,837,503	61,025,182	105,238,420
Total Assets	$ 1,029,686,013	$ 315,076,778	$ 1,409,031,225	$ 1,811,910,228	$ 4,565,704,244
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	$ 38,921,604	$ 154,522,731	$ 5,996,251	$ 31,388,011	$ 230,828,597
Accrued Payroll	19,639,189	10,176,243	-	9,047,487	38,862,919
Securities Lending Collateral	-	-	105,955,200	11,495,457	117,450,657
Interest Payable	-	-	-	290,764	290,764
Intergovernmental Payable	3,315,128	17,577,647	-	52,121,383	73,014,158
Tax Refunds Payable	73,310,873	-	-	1,075,526	74,386,399
Due to Other Funds	18,143,016	103,942,956	97,641	41,901,664	164,085,277
Contracts Payable	-	7,797,799	-	2,713,782	10,511,581
Deferred Revenue	37,344,849	16,473,162	-	29,335,460	83,153,471
Total Liabilities	190,674,659	310,490,538	112,049,092	179,369,534	792,583,823
Fund Balances:					
Reserved For:					
Inventory	2,811,009	8,625,556	-	5,826,886	17,263,451
Long - Term Receivables	81,903	68,558	-	54,475,445	54,625,906
Capital Projects	-	-	-	3,040,000	3,040,000
Debt Service	-	-	-	21,463,652	21,463,652
Prepaid Expenditures	2,097,328	1,003,199	-	1,819,026	4,919,553
Legal Requirements	-	-	-	15,696,600	15,696,600
Undistributed Revenue	-	-	9,690,305	-	9,690,305
Permanent Trust Fund	-	-	1,287,291,828	-	1,287,291,828
Unreserved, Reported in:					
General Fund	834,021,114	-	-	-	834,021,114
Special Revenue Funds	-	(5,111,073)	-	1,530,219,085	1,525,108,012
Total Fund Balances	839,011,354	4,586,240	1,296,982,133	1,632,540,694	3,773,120,421
Total Liabilities and Fund Balances	$ 1,029,686,013	$ 315,076,778	$ 1,409,031,225	$ 1,811,910,228	$ 4,565,704,244

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, 2010

Total Fund Balances-Governmental Funds		$ 3,773,120,421
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 $4,388,813,757 and the accumulated depreciation is $2,827,240,897.		1,561,572,860
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.		72,156,500
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.		80,501,554
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.		966,000
The pension assets resulting from contributions in excess of annual required contribution are not financial resources and, therefore, are not reported in the funds.		2,357,756
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	(229,178,862)	
Notes Payable	(9,621,029)	
Accrued Interest on Long-Term Liabilities	(2,712,716)	
Compensated Absences	(37,542,340)	
Intergovernmental Payable	(143,757)	
Capital Leases	(2,583,227)	
Pension Obligation (Reported as Accounts Payable)	(284,143)	
Claims and Judgments	(1,492,901)	
Total Long-Term Liabilities		(283,558,975)
Net Assets of Governmental Activities		$ 5,207,116,116

The Accompanying Notes are an Integral Part of the Financial Statements

STATE OF NORTH DAKOTA

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2010

	General	Federal	School Permanent Trust Fund	Other Governmental Funds	Total
REVENUES					
Individual and Corporate Income Taxes	$ 370,701,175	$ -	$ -	$ 9,367,795	$ 380,068,970
Sales and Use Taxes	652,637,635	-	-	230,627,808	883,265,443
Oil, Gas, and Coal Taxes	66,580,964	-	28,361,274	538,555,374	633,497,612
Business and Other Taxes	43,595,585	-	-	18,749,037	62,344,622
Licenses, Permits and Fees	14,582,256	-	-	128,934,268	143,516,524
Intergovernmental	483,925	1,648,332,788	-	43,257,979	1,692,074,692
Sales and Services	3,169,232	-	-	44,824,296	47,993,528
Royalties and Rents	16,018,329	9,867	271,075,289	119,947,792	407,051,277
Fines and Forfeits	3,619,471	-	1,923,207	7,739,824	13,282,502
Interest and Investment Income	32,219,877	104,026	132,153,065	17,348,531	181,825,499
Tobacco Settlement	-	-	9,280,218	23,559,384	32,839,602
Commodity Assessments	-	-	-	19,558,592	19,558,592
Miscellaneous	4,418,693	968,644	-	6,482,937	11,870,274
Total Revenues	1,208,027,142	1,649,415,325	442,793,053	1,208,953,617	4,509,189,137
EXPENDITURES					
Current:					
General Government	104,567,397	3,830,926	-	9,737,529	118,135,852
Education	543,749,463	251,089,024	5,275,129	48,991,064	849,104,680
Health and Human Services	318,415,722	784,594,037	-	44,493,379	1,147,503,138
Regulatory	10,089,640	3,683,054	-	8,342,118	22,114,812
Public Safety and Corrections	106,116,921	159,258,720	-	11,343,466	276,719,107
Agriculture and Commerce	17,084,236	33,729,098	-	34,327,682	85,141,016
Natural Resources	18,818,180	17,365,769	-	37,175,982	73,359,931
Transportation	550,000	287,441,015	-	137,939,356	425,930,371
Intergovernmental - Revenue Sharing	-	-	-	273,118,310	273,118,310
Capital Outlay	28,729,039	81,201,106	-	45,218,231	155,148,376
Debt Service:					
Principal	11,521,165	74,491	-	18,917,845	30,513,501
Interest and Other Charges	788,089	9,211	-	11,520,772	12,318,072
Total Expenditures	1,160,429,852	1,622,276,451	5,275,129	681,125,734	3,469,107,166
Revenues over Expenditures	47,597,290	27,138,874	437,517,924	527,827,883	1,040,081,971
OTHER FINANCING SOURCES (USES)					
Capital Lease Acquisitions	105,791	38,626	-	22,534	166,951
Sale of Capital Assets	-	7,000	404,000	60,890	471,890
Transfers In	312,102,565	423,319	-	162,459,227	474,985,111
Transfers Out	(388,011,234)	(26,678,825)	(41,133,000)	(369,658,720)	(825,481,779)
Total Other Financing Uses	(75,802,878)	(26,209,880)	(40,729,000)	(207,116,069)	(349,857,827)
Net Change in Fund Balances	(28,205,588)	928,994	396,788,924	320,711,814	690,224,144
Fund Balances - Beginning of Year, as Adjusted	867,216,942	3,657,246	900,193,209	1,311,828,880	3,082,896,277
Fund Balances - End of Year	$ 839,011,354	$ 4,586,240	$ 1,296,982,133	$ 1,632,540,694	$ 3,773,120,421

The Accompanying Notes are an Integral Part of the Financial Statements

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, 2010

Net Change in Fund Balances-Total Governmental Funds		$ 690,224,144
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.		93,493,315
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.		(997,756)
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.		(166,951)
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.		2,263,000
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		5,558,915
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.		(140,000)
The pension assets resulting from contributions in excess of annual required contribution are not financial resources and, therefore, are not reported in the funds.		(113,766)
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	18,770,000	
Note payments	10,901,793	
Capital lease payments	1,236,154	
Total long-term debt repayment		30,907,947
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	823,953	
Net increase/decrease in compensated absences	(3,462,202)	
Net increase/decrease in net pension obligation (reported as accounts payable	(69,757)	
Net increase/decrease in claims and judgments	178,257	
Total additional expenditures		(2,529,749)
Change in Net Assets of Governmental Activities		$ 818,499,099

The Accompanying Notes are an Integral Part of the Financial Statements

STATE OF NORTH DAKOTA

Statement of Net Assets
Proprietary Funds
June 30, 2010

	Business-Type Activities - Enterprise Funds							Governmental Activities
	Bank of North Dakota	Housing Finance	Mill and Elevator	University System	Workforce Safety and Insurance	Other Enterprise Funds	Total	Internal Service Funds
ASSETS								
Current Assets:								
Cash Deposits at the Bank of ND		$ 2,351,000	$ 33,614	$ 61,781,387	$ 1,364,416	$ 30,027,467	$ 95,557,884	$ 16,084,020
Cash and Cash Equivalents		40,000	-	7,489,704	-	84,566,964	92,096,668	6,938
Investments at the Bank of ND		-	-	75,764,411	35,096,736	14,224,000	125,085,147	-
Investments		-	-	902,306	1,176,848,461	25,366,997	1,203,117,764	6,700,705
Accounts Receivable - Net		547,000	28,601,856	17,494,035	34,276,825	24,795,236	105,714,952	340,137
Interest Receivable - Net		157,000	-	-	7,769,602	2,045,102	9,971,704	55,807
Intergovernmental Receivable - Net		174,000	-	38,529,926	-	3,943,014	42,646,940	238,011
Due from Other Funds		117,000	-	16,111,603	99,157	1,069,122	17,396,882	5,784,314
Due from Fiduciary Funds		-	-	-	-	69,352	69,352	-
Due from Component Units		-	-	7,272,422	-	-	7,272,422	-
Prepaid Items		50,000	659,921	-	597,060	1,337,121	2,644,102	2,207,365
Inventory		-	15,240,691	7,815,762	-	1,401,669	24,458,122	94,086
Loans and Notes Receivable - Net		-	286,545	8,929,737	-	8,885,438	18,101,720	-
Other Assets		498,000	-	2,993,264	-	-	3,491,264	-
Restricted Cash at the Bank of ND		10,774,000	-	-	-	4,442,952	15,216,952	3,972,854
Restricted Cash and Cash Equivalents		250,606,000	-	-	-	-	250,606,000	-
Restricted Investments at the Bank of ND		-	-	-	-	5,000,000	5,000,000	-
Restricted Interest Receivable - Net		3,857,000	-	-	-	-	3,857,000	-
Restricted Loans Receivable - Net		17,773,000	-	-	-	-	17,773,000	-
Total Current Assets		286,944,000	44,822,627	245,084,557	1,256,052,257	207,174,434	2,040,077,875	35,484,237
Noncurrent Assets:								
Restricted Cash at the Bank of ND		-	-	11,841,326	-	252,223	12,093,549	-
Restricted Cash and Cash Equivalents		-	-	388,855	-	-	388,855	-
Restricted Investments at the Bank of ND		-	-	6,892,325	-	-	6,892,325	-
Restricted Investments		12,292,000	-	32,738,867	-	220,996	45,251,863	-
Investments at the Bank of ND		-	-	58,063,751	-	-	58,063,751	-
Investments		-	-	7,038,107	-	-	7,038,107	-
Loans and Notes Receivable - Net		-	-	32,110,034	-	53,963,505	86,073,539	-
Restricted Loans Receivable - Net		904,626,000	-	-	-	14,200,000	918,826,000	-
Unamortized Bond Issuance Costs		7,909,000	-	3,939,147	-	83,226	11,931,373	33,247
Restricted Deferred Outflows		19,751,000	-	-	-	-	19,751,000	-
Other Noncurrent Assets		3,329,000	291,221	-	-	3,295,604	6,915,825	-
Capital Assets:								
Nondepreciable		-	221,553	79,942,708	10,327,959	4,060,758	94,552,978	-
Depreciable, Net		85,000	36,504,621	755,278,146	9,524,341	10,538,792	811,930,900	85,080,653
Total Noncurrent Assets		947,992,000	37,017,395	988,233,266	19,852,300	86,615,104	2,079,710,065	85,113,900
Bank Related Assets:								
Cash and Cash Equivalents	$ 841,239,000						$ 841,239,000	
Investments	393,702,000						393,702,000	
Interest Receivable - Net	34,548,000						34,548,000	
Due from Other Funds	14,509,000						14,509,000	
Due from Component Units	3,668,000						3,668,000	
Loans and Notes Receivable - Net	2,657,271,000						2,657,271,000	
Other Assets	1,815,000						1,815,000	
Capital Assets:								
Nondepreciable	1,171,000						1,171,000	
Depreciable, Net	11,746,000						11,746,000	
Total Bank Related Assets	3,959,669,000						3,959,669,000	
Total Assets	3,959,669,000	1,234,936,000	81,840,022	1,233,317,823	1,275,904,557	293,789,538	8,079,456,940	120,598,137

The Accompanying Notes are an Integral Part of the Financial Statements

STATE OF NORTH DAKOTA

Statement of Net Assets
Proprietary Funds
June 30, 2010

	Business-Type Activities - Enterprise Funds							Governmental Activities
	Bank of North Dakota	Housing Finance	Mill and Elevator	University System	Workforce Safety and Insurance	Other Enterprise Funds	Total	Internal Service Funds
LIABILITIES								
Current Liabilities:								
Accounts Payable		1,248,000	8,987,346	23,621,102	4,366,105	3,321,858	41,544,411	3,000,619
Accrued Payroll		-	967,384	27,792,137	-	296,345	29,055,866	1,841,251
Securities Lending Collateral		-	-	-	7,257,842	214,476	7,472,318	52,463
Interest Payable		18,474,000	-	140,249	-	99,762	18,714,011	34,873
Intergovernmental Payable		520,000	-	147,597	-	3,971,946	4,639,543	24,321
Due to Other Funds		18,000	20,319,453	2,967,065	78,874	9,605,899	32,989,291	7,120,883
Due to Component Units		-	-	2,969,474	-	-	2,969,474	-
Contracts Payable		-	-	2,330,802	-	-	2,330,802	-
Other Deposits		-	-	6,307,922	-	-	6,307,922	-
Amounts Held in Custody for Others		10,774,000	-	-	-	8,526,067	19,300,067	-
Claims/Judgments Payable		-	-	-	96,500,000	815,178	97,315,178	1,337,671
Dividends Payable		-	-	-	76,500,000	-	76,500,000	-
Compensated Absences Payable		142,000	39,712	1,488,916	914,140	39,395	2,624,163	151,064
Notes Payable		-	-	1,005,844	-	-	1,005,844	1,918,382
Capital Leases Payable		-	-	5,355,146	-	26,087	5,381,233	187,100
Bonds Payable		119,051,000	-	8,624,262	-	190,000	127,865,262	681,658
Deferred Revenue		-	-	14,511,713	78,320,109	4,838,652	97,670,474	-
Other Current Liabilities		-	-	-	-	564	564	-
Total Current Liabilities		150,227,000	30,313,895	97,262,229	263,937,070	31,946,229	573,686,423	16,350,285
Noncurrent Liabilities:								
Intergovernmental Payable		1,054,000	-	1,207,287	-	6,332,635	8,593,922	-
Due to Component Units		-	-	54,102,031	-	-	54,102,031	-
Claims/Judgments Payable		-	-	-	675,595,000	780,767	676,375,767	3,744,373
Compensated Absences Payable		81,000	754,526	26,681,792	161,319	332,432	28,011,069	1,574,939
Notes Payable		-	-	7,309,764	-	-	7,309,764	7,953,247
Capital Leases Payable		-	-	35,727,405	-	156,451	35,883,856	123,487
Bonds Payable		948,692,000	-	184,871,539	-	14,786,031	1,148,349,570	2,240,880
Financial Derivative Instrument		19,751,000	-	-	-	-	19,751,000	-
Other Noncurrent Liabilities		-	-	1,231,003	-	7,275,830	8,506,833	-
Total Noncurrent Liabilities		969,578,000	754,526	311,130,821	675,756,319	29,664,146	1,986,883,812	15,636,926
Bank Related Liabilities:								
Interest Payable	277,595						277,595	
Due to Other Funds	2,532,405						2,532,405	
Due to Component Units	4,894,000						4,894,000	
Federal Funds Purchased	329,510,000						329,510,000	
Reverse Repurchase Agreements	8,117,000						8,117,000	
Deposits Held for Other Funds	2,086,290,158						2,086,290,158	
Other Deposits	849,100,842						849,100,842	
Other Liabilities	2,574,000						2,574,000	
Long Term Liabilities:								
Due within one year	803,000						803,000	
Due in more than one year	403,921,000						403,921,000	
Total Bank Related Liabilities	3,688,020,000						3,688,020,000	
Total Liabilities	3,688,020,000	1,119,805,000	31,068,421	408,393,050	939,693,389	61,610,375	6,248,590,235	31,987,211
NET ASSETS								
Invested in Capital Assets, Net of Related Debt	12,917,000	85,000	36,726,174	561,021,967	19,852,300	13,506,018	644,108,459	74,898,606
Restricted for:								
Capital Projects	-	-	-	148,864	-	-	148,864	-
Debt Service	-	99,937,000	-	13,317,994	-	1,239,219	114,494,213	-
Loan Purposes	-	-	-	45,319,180	-	611,278	45,930,458	-
Pledged Assets	136,456,000	-	-	-	-	-	136,456,000	-
Unemployment Compensation	-	-	-	-	-	99,518,255	99,518,255	-
University System-Nonexpendable	-	-	-	13,231,395	-	-	13,231,395	-
University System-Expendable	-	-	-	34,593,879	-	-	34,593,879	-
Other	-	-	-	189,765	-	1,046,583	1,236,348	-
Unrestricted	122,276,000	15,109,000	14,045,427	157,101,729	316,358,868	116,257,810	741,148,834	13,712,320
Total Net Assets	$ 271,649,000	$ 115,131,000	$ 50,771,601	$ 824,924,773	$ 336,211,168	$ 232,179,163	$ 1,830,866,705	$ 88,610,926

Reconciliation of the Proprietary Funds Statement of Net Assets to the Statement of Net Assets
June 30, 2010

Total Net Assets - Enterprise Funds	$1,830,866,705
Amounts reported for business-type activities in the statement of net assets are different because:	
Prior year net assets restatement and reduction of current year expenses based on the allocation of internal service fund's net income	$8,109,372
Net Assets of Business-Type Activities	$1,838,976,077

The Accompanying Notes are an Integral Part of the Financial Statements

STATE OF NORTH DAKOTA

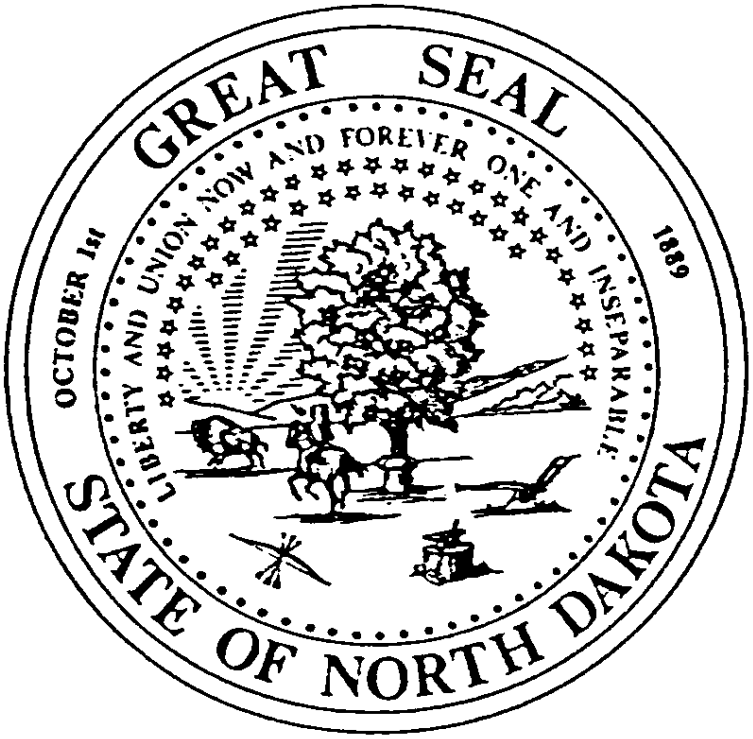
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Year Ended June 30, 2010

	Business-Type Activities - Enterprise Funds							Governmental Activities
	Bank of North Dakota	Housing Finance	Mill and Elevator	University System	Workforce Safety and Insurance	Other Enterprise Funds	Total	Internal Service Funds
OPERATING REVENUES								
Sales and Services	$ 6,160,000	$ 1,782,000	$ 183,224,005	$ 61,730,681	$ 155,441,150	$ 161,652,908	$ 569,990,744	$ 80,958,518
Auxiliary Sales Pledges for Bonds	-	-	-	98,486,095	-	-	98,486,095	-
Tuition and Fees	-	-	-	253,693,095	-	-	253,693,095	-
Grants and Contributions	-	-	-	164,519,128	-	-	164,519,128	-
Royalties and Rents	-	-	-	-	710,081	116,651	826,732	-
Fines and Forfeits	-	-	-	-	1,559,099	-	1,559,099	-
Interest and Investment Income	136,967,000	47,032,007	-	-	-	2,490,630	186,489,637	-
Miscellaneous	-	-	-	1,461,178	-	1,374	1,462,552	-
Total Operating Revenues	143,127,000	48,814,007	183,224,005	579,890,177	157,710,330	164,261,563	1,277,027,082	80,958,518
OPERATING EXPENSES								
Cost of Sales and Services	-	-	163,659,310	38,271,721	-	2,474,987	204,406,018	1,122,704
Salaries and Benefits	10,474,000	2,636,000	2,272,912	607,926,781	16,094,038	4,621,851	644,025,582	22,160,820
Operating	17,981,000	5,657,000	709,292	215,126,735	4,261,519	30,607,132	274,342,678	34,387,425
Claims	-	-	-	-	117,606,375	140,597,680	258,204,055	4,058,645
Dividends Expense	-	-	-	-	74,868,560	-	74,868,560	-
Scholarships and Fellowships	-	-	-	38,637,684	-	-	38,637,684	-
Interest	50,994,000	36,644,000	-	-	-	601,015	88,239,015	-
Depreciation	951,000	25,000	2,918,773	48,453,001	254,599	1,039,791	53,642,164	12,735,917
Miscellaneous	-	-	-	-	-	4,000	4,000	-
Total Operating Expenses	80,400,000	44,962,000	169,560,287	948,415,922	213,085,091	179,946,456	1,636,369,756	74,465,511
Operating Income (Loss)	62,727,000	3,852,007	13,663,718	(368,525,745)	(55,374,761)	(15,684,893)	(359,342,674)	6,493,007
NONOPERATING REVENUES (EXPENSES)								
Grants and Contracts	-	-	-	49,237,969	-	545,080	49,783,049	-
Gifts	-	-	-	24,107,951	-	-	24,107,951	-
Interest and Investment Income	-	19,286,000	10,778	10,111,137	131,239,065	8,295,214	168,942,194	938,367
Interest Expense	-	(17,979,000)	(507,819)	(13,723,617)	(5,206,073)	(141,931)	(37,558,440)	(570,634)
Gain (Loss) on Sale of Capital Assets	-	-	-	(662,060)	-	(1,522)	(663,582)	54,399
Other	-	-	13,233	685,481	-	(218,900)	479,814	22,420
Total Nonoperating Revenues (Expenses)	-	1,307,000	(483,808)	69,756,861	126,032,992	8,477,941	205,090,986	444,552
Income (Loss) Before Contributions and Transfers	62,727,000	5,159,007	13,179,910	(298,768,884)	70,658,231	(7,206,952)	(154,251,688)	6,937,559
Capital Grants and Contributions	-	-	-	19,762,204	-	-	19,762,204	66,285
Transfers In	-	4,602,993	-	355,694,851	-	1,390,154	361,687,998	-
Transfer Out	(15,000,000)	(30,000)	(6,953,857)	(6,674,706)	-	(8,243,507)	(36,902,070)	-
Changes in Net Assets	47,727,000	9,732,000	6,226,053	70,013,465	70,658,231	(14,060,305)	190,296,444	7,003,844
Total Net Assets - Beginning of Year, as Adjusted	223,922,000	105,399,000	44,545,548	754,911,308	265,552,937	246,239,468	1,640,570,261	81,607,082
Total Net Assets - End of Year	$ 271,649,000	$ 115,131,000	$ 50,771,601	$ 824,924,773	$ 336,211,168	$ 232,179,163	$ 1,830,866,705	$ 88,610,926

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, 2010

Net Change in Net Assets-Total Enterprise Funds	$ 190,296,444
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	1,445,102
Change in Net Assets of Business-Type Activities	$ 191,741,546

The Accompanying Notes are an Integral Part of the Financial Statements



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STATE OF NORTH DAKOTA

Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2010

	Business-Type Activities - Enterprise Funds		
	Bank of North Dakota	Housing Finance	Mill and Elevator
Cash Flows from Operating Activities:			
Receipts from Customers and Users	$ 6,127,000	$ 169,040,007	$ 224,865,832
Receipts from Tuition and Fees	-	-	-
Interest Income on Loans	-	-	-
Receipts from Loan Principal Repayments	-	-	-
Receipts from Other Funds	-	-	-
Receipts from Grants and Contracts	-	-	-
Receipts from Others	-	-	-
Payments for Loan Funds	-	-	-
Payments to Other Funds	-	(393,000)	-
Payments for Scholarships and Fellowships	-	-	-
Payments to Suppliers	(7,607,000)	(222,307,000)	(187,304,593)
Payments to Employees	(10,406,000)	(2,630,000)	(9,150,018)
Claim Payments	-	-	-
Payments to Others	-	(1,001,000)	-
Other	-	-	(336,841)
Net Cash Provided by (Used for) Operating Activities	(11,886,000)	(57,290,993)	28,074,380
Cash Flows from Noncapital Financing Activities:			
Proceeds from Bonds	-	570,402,000	
Proceeds from Sale of Notes and Other Borrowings	105,387,000	-	10,400,000
Principal Payments - Bonds	-	(354,181,000)	-
Principal Payments - Notes and Other Borrowings	(15,986,000)	-	(35,600,000)
Interest Payments - Bonds	-	(37,499,000)	-
Interest Payments - Notes and Other Borrowings	(16,801,000)	-	(507,819)
Payment of Bond Issue Costs	-	(2,517,000)	-
Transfers In	-	4,602,993	-
Transfers Out	(30,000,000)	(30,000)	(34,404)
Net Increase in Non-Interest Bearing Deposits	128,967,000	-	-
Net Decrease in Interest Bearing Deposits	164,736,000	-	-
Payments of Interest on Deposits	(39,994,000)	-	-
Interest Paid on Federal Funds and Reverse Repurchase Agreements	(842,000)	-	-
Net Decrease in Federal Funds and Reverse Repurchase Agreements	33,607,000	-	-
Collection of Advances Made	-	-	
Principal Payments on Due To Other Funds	-	-	-
Grants and Gifts Received for Other than Capital Purposes	-	-	-
Agency Fund Cash Increase	-	-	-
Grants Given for Other than Capital Purposes	-	-	-
Other	-	-	-
Net Cash Provided by (Used for) Noncapital Financing Activities	329,074,000	180,777,993	(25,742,223)
Cash Flows from Capital and Related Financing Activities:			
Acquisition and Construction of Capital Assets	(438,000)	(14,000)	(2,356,046)
Proceeds from Sale of Capital Assets	-	-	-
Proceeds from Bonds	-	-	
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	-	-	-
Capital Appropriations	-	-	-
Payment on Capital Leases	-	-	-
Interest Payments - Capital Leases	-	-	-
Other	-	-	
Capital Grants and Gifts Received	-	-	-
Insurance Proceeds	-	-	-
Other	-	-	-
Net Cash Used for Capital and Related Financing Activities	(438,000)	(14,000)	(2,356,046)
Cash Flows from Investing Activities:			
Proceeds from Sale and Maturities of Investment Securities	159,562,000	1,260,000	-
Purchase of Investment Securities	(220,470,000)	-	-
Interest and Dividends on Investments	12,928,000	980,000	10,778
Proceeds from Sale of Other Real Estate	238,000	-	-
Net Decrease in Loans	(100,197,000)	-	-
Receipt of Loan Principal Repayments	-	-	-
Loan Income Received	119,705,000	-	-
Net Cash Provided by (Used for) Investing Activities	(28,234,000)	2,240,000	10,778

The Accompanying Notes are an Integral Part of the Financial Statements

(Continued on Next Page)

Business-Type Activities - Enterprise Funds				Governmental Activities
University System	Workforce Safety and Insurance	Other Enterprise Funds	Total	Internal Service Funds
$ 154,870,317	$ 149,428,978	$ 326,712,618	$ 1,031,044,752	$ 81,682,540
257,985,956	-	-	257,985,956	-
-	-	404,897	404,897	-
4,882,038	-	12,959,839	17,841,877	-
-	-	(129,745)	(129,745)	12,810
163,620,078	-	-	163,620,078	-
1,532,499	3,188,689	85,391	4,806,579	-
(6,754,418)	-	(12,901,369)	(19,655,787)	-
-	(1,746,010)	5,857	(2,133,153)	143,325
(38,637,684)	-	-	(38,637,684)	-
(251,810,180)	-	(249,034,288)	(918,063,061)	(35,034,318)
(603,349,602)	(11,808,275)	(4,567,132)	(641,911,027)	(22,004,139)
-	(118,166,322)	(87,595,088)	(205,761,410)	(852,875)
-	(16,452,254)	(333,619)	(17,786,873)	(3,977,309)
-	-	(206,811)	(543,652)	6,312
(317,660,996)	4,444,806	(14,599,450)	(368,918,253)	19,976,346
-	-	-	570,402,000	-
-	-	-	115,787,000	-
-	-	(1,000,000)	(355,181,000)	-
-	-	-	(51,586,000)	-
-	-	(535,000)	(38,034,000)	-
-	-	(11,905)	(17,320,724)	-
-	-	-	(2,517,000)	(1,606)
312,499,742	-	1,360,154	318,462,889	-
(6,527,809)	-	(7,877,132)	(44,469,345)	-
-	-	-	128,967,000	-
-	-	-	164,736,000	-
-	-	-	(39,994,000)	-
-	-	-	(842,000)	-
-	-	-	33,607,000	-
	-	-	-	7,000,000
-	-	(334,916)	(334,916)	-
73,307,584	-	545,080	73,852,664	-
(1,618,025)	-	-	(1,618,025)	-
(871,132)	-	-	(871,132)	-
2,493,287	-	-	2,493,287	-
379,283,647	-	(7,853,719)	855,539,698	6,998,394
(101,940,452)	(2,426,432)	(2,402,000)	(109,576,930)	-
1,186,199	-	10,600	1,196,799	(24,773,801)
-	-	-	-	2,430,846
47,408,782	-	301,371	47,710,153	-
-	-	(190,000)	(190,000)	4,950,000
(25,297,989)	-	(24,927)	(25,322,916)	-
-	-	(34,861)	(34,861)	(1,716,372)
(12,968,810)	-	(3,182)	(12,971,992)	-
36,021,345	-	(10,540)	36,010,805	(790,686)
-	-	(26,087)	(26,087)	-
-	-	-	-	(147,452)
-	-	-	-	(28,689)
19,932,018	-	-	19,932,018	-
378,046	-	-	378,046	-
-	-	(61)	(61)	-
(35,280,861)	(2,426,432)	(2,379,687)	(42,895,026)	(20,076,154)
59,688,389	21,600,000	28,582,989	270,693,378	-
(75,887,780)	(24,284,191)	(33,881,441)	(354,523,412)	(1,276,691)
7,643,332	-	6,599,913	28,162,023	401,052
	-	-	238,000	-
-	-	(1,924,000)	(102,121,000)	-
-	-	934,669	934,669	-
-	-	520,487	120,225,487	-
(8,556,059)	(2,684,191)	832,617	(36,390,855)	(875,639)

STATE OF NORTH DAKOTA

Statement of Cash Flows
Proprietary Funds (Continued)
For the Fiscal Year Ended June 30, 2010

	Business-Type Activities - Enterprise Funds		
	Bank of North Dakota	Housing Finance	Mill and Elevator
Net Change In Cash:			
Net Increase (Decrease) in Cash and Cash Equivalents	288,516,000	125,713,000	(13,111)
Cash and Cash Equivalents at June 30, 2009	552,723,000	138,058,000	46,725
Cash and Cash Equivalents at June 30, 2010	$ 841,239,000	$ 263,771,000	$ 33,614
Reconciliation:			
Current:			
Cash Deposits at the Bank of North Dakota	$ -	$ 2,351,000	$ 33,614
Cash and Cash Equivalents	841,239,000	40,000	-
Restricted Cash Deposits at the Bank of North Dakota	-	10,774,000	-
Restricted Cash and Cash Equivalents	-	250,606,000	-
Noncurrent:			
Restricted Cash Deposits At The Bank of North Dakota	-	-	-
Restricted Cash and Cash Equivalents	-	-	-
Cash and Cash Equivalents	$ 841,239,000	$ 263,771,000	$ 33,614
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used for) Operating Activities:			
Operating Income (Loss)	$ 62,727,000	$ 3,852,007	$ 13,663,718
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation	951,000	25,000	2,918,773
Amortization\Accretion	-	1,986,000	-
Reclassification of Interest Revenue\Expense	(80,778,000)	36,821,000	-
Gain on Sale of Real Estate	(21,000)	-	-
Net Increase in Fair Value of Investments	(5,046,000)	-	-
Interest Received on Program Loans	-	-	-
Receipt of Loan Principal Repayments	-	-	-
Provision for Losses	10,300,000	-	-
Contributed Property and Equipment	1,000	-	
Other	-	(586,000)	(273,312)
Change in Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable	-	(98,153,000)	2,447,458
(Increase) Decrease in Interest Receivable	-	(338,000)	-
(Increase) Decrease in Due From	(4,000)	(19,000)	-
(Increase)in Due From Fiduciary Funds	-	-	-
(Increase) Decrease in Intergovernmental Receivable	-	(17,000)	-
(Increase) in Notes Receivable	-	-	-
(Increase) Decrease in Prepaid Items	-	(4,000)	(184,101)
(Increase) Decrease in Inventories	-	-	4,723,581
(Increase) Decrease in Other Assets	74,000	(1,267,000)	(21,500)
Increase (Decrease) in Accounts Payable	-	-	3,330,093
Increase (Decrease) In Notes Payable	-	-	
Increase (Decrease)In Interest Payable	-	-	
Increase (Decrease) In Contracts Payable	-	-	-
Increase (Decrease) in Claims\Judgments Payable	-	-	-
Increase in Intergovernmental Payable	-	4,000	-
Increase in Accrued Payroll	-	-	883,915
Increase in Compensated Absences Payable	-	22,000	48,793
Increase in Amounts Held for Others	-	232,000	-
Decrease in Other Deposits	-	-	-
Increase (Decrease) in Due To Other Funds	94,000	(18,000)	-
Increase in Deferred Revenue	-	-	-
Increase (Decrease) in Other Liabilities	(184,000)	169,000	536,962
Decrease in Dividends Payable	-	-	-
Total Adjustments	(74,613,000)	(61,143,000)	14,410,662
Net Cash Provided by (Used for) Operating Activities	$ (11,886,000)	$ (57,290,993)	$ 28,074,380
Noncash Transactions:			
Net Increase (Decrease) in Fair Value of Investments	$ 5,046,000	$ 207,000	$ -
Change in Securities Lending Collateral	-	-	-
Interest on Investments	-	-	-
Amortization of Bond Discount	-	-	-
Amortization of Bond Issuance Costs	-	-	-
Assets Acquired Through Capital Lease	-	-	-
Assets Acquired Through Special Assessments	-	-	-
Assets Acquired Through Derivatives	-	-	618,488
Gifts of Capital Assets	-	-	-
Interest Revenue on Prize Reserves	-	-	-
Total Noncash Transactions	$ 5,046,000	$ 207,000	$ 618,488

The Accompanying Notes are an Integral Part of the Financial Statements

(Continued on Next Page)

Business-Type Activities - Enterprise Funds				Governmental Activities
University System	Workforce Safety and Insurance	Other Enterprise Funds	Total	Internal Service Funds
17,785,731	(665,817)	(24,000,239)	407,335,564	6,022,947
63,715,541	2,030,233	143,289,845	899,863,344	14,040,865
$ 81,501,272	$ 1,364,416	$ 119,289,606	$ 1,307,198,908	$ 20,063,812
$ 61,781,387	$ 1,364,416	$ 30,027,467	$ 95,557,884	$ 16,084,020
7,489,704	-	84,566,964	933,335,668	6,938
-	-	4,695,175	15,469,175	-
-	-	-	250,606,000	-
11,841,326	-	-	11,841,326	3,972,854
388,855	-	-	388,855	-
$ 81,501,272	$ 1,364,416	$ 119,289,606	$ 1,307,198,908	$ 20,063,812
$ (368,525,745)	$ (55,374,761)	$ (15,684,893)	$ (359,342,674)	$ 6,493,007
48,453,001	254,599	1,039,791	53,642,164	12,729,268
-	-	48,000	2,034,000	6,649
-	-	23,534	(43,933,466)	-
	-	-	(21,000)	-
-	-	-	(5,046,000)	-
-	-	441,000	441,000	-
-	-	6,229,000	6,229,000	-
-	-	1,128,000	11,428,000	-
		-	1,000	-
(666,449)	-	(151,811)	(1,677,572)	6,312
(1,879,890)	(16,537,771)	(6,306,334)	(120,429,537)	185,948
-	-	38,931	(299,069)	-
-	(10,606)	(195,449)	(229,055)	611,714
-	-	(47)	(47)	-
(899,049)	-	266,168	(649,881)	77,143
(507,366)	-	(536,457)	(1,043,823)	-
-	(534,649)	(691,952)	(1,414,702)	(596,251)
(605,199)	-	(389,608)	3,728,774	12,219
(1,062,471)	-	(47,945)	(2,324,916)	(174)
48,247	239,153	(513,657)	3,103,836	1,264,948
-	-	-	-	-
-	-	(1,000)	(1,000)	-
-	-	-	-	-
-	195,000	651,758	846,758	(986,892)
-	-	1,238,941	1,242,941	37,096
2,114,377	-	16,469	3,014,761	30,759
2,462,801	91,256	38,250	2,663,100	125,922
-	-	140,054	372,054	-
1,082,550	-	-	1,082,550	-
-	(48,653)	(1,748,728)	(1,721,381)	(21,322)
2,324,197	1,315,868	368,535	4,008,600	-
-	-	-	521,962	-
-	74,855,370	-	74,855,370	-
50,864,749	59,819,567	1,085,443	(9,575,579)	13,483,339
$ (317,660,996)	$ 4,444,806	$ (14,599,450)	$ (368,918,253)	$ 19,976,346
$ 2,843,332	$ 58,552,647	$ 2,180,225	$ 68,829,204	$ 510,056
-	(53,489,252)	(243,102)	(53,732,354)	(57,500)
-	67,537,881	-	67,537,881	-
-	-	8,754	8,754	-
-	-	3,335	3,335	-
18,813,748	-	-	18,813,748	-
899,079	-	-	899,079	-
-	-	-	618,488	-
5,023,754	-	-	5,023,754	-
-	-	620	620	-
$ 27,579,913	$ 72,601,276	$ 1,949,832	$ 108,002,509	$ 452,556

Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2010

	Pension and Other Employee Benefit Trust Funds	Investment Trust Funds	Private-Purpose Trust Funds	Agency Funds
ASSETS				
Cash Deposits at the Bank of ND	$ 47,070,630	$ 3,704,679	$ 9,090,700	$ 16,685,193
Cash and Cash Equivalents	-	-	420,751	7,623,151
Receivables:				
Contributions Receivable	15,739,807	-	-	-
Accounts Receivable - Net	-	-	-	22,766
Taxes Receivable - Net	-	-	-	17,038,558
Interest Receivable - Net	9,442,057	85,601	2,615	211
Due from Other Funds	13,457	-	14	-
Due from Fiduciary Funds	165,248	-	-	-
Total Receivables	25,360,569	85,601	2,629	17,061,535
Investments, at Fair Value:				
Investments at the Bank of ND	-	-	21,327	20,500,043
Equity Pool	1,603,410,729	73,007,866	-	-
Fixed Income	2,218,657	-	-	-
Fixed Income Pool	1,052,147,658	64,548,980	2,092,504	286,384
Cash and Cash Pool	19,224,994	979,672	-	-
Real Estate Pool	209,115,342	9,244,236	-	-
Alternative Investments	126,827,981	4,281,788	-	-
Annuities	94,200	-	-	-
Mutual Funds	42,111,043	-	285,254,032	-
Total Investments	3,055,150,604	152,062,542	287,367,863	20,786,427
Invested Securities Lending Collateral	17,623,848	967,353	48,575	-
Capital Assets (Net of Depreciation)	6,139,688	-	-	-
Other Assets	-	-	-	1,419
Total Assets	3,151,345,339	156,820,175	296,930,518	$ 62,157,725
LIABILITIES				
Accounts Payable	5,361,895	233,492	500,240	$ -
Accrued Payroll	118,634	-	-	-
Securities Lending Collateral	17,623,848	967,353	48,575	-
Intergovernmental Payable	-	-	-	31,525,892
Tax Refunds Payable	-	-	-	7,053
Due to Other Funds	110,004	-	-	-
Due to Fiduciary Funds	156,614	-	-	-
Amounts Held in Custody for Others	-	-	-	30,624,780
Claims/Judgments Payable	23,534	-	-	-
Deferred Revenue	43,460	-	-	-
Compensated Absences Payable	141,687	-	-	-
Total Liabilities	23,579,676	1,200,845	548,815	$ 62,157,725
NET ASSETS				
Net Assets Held in Trust for:				
Pension Benefits	3,126,374,104	-	-	
Other Employee Benefits	1,391,559	-	-	
External Investment Pool Participants	-	155,619,330	-	
Other Purposes	-	-	296,381,703	
Total Net Assets Held in Trust	$ 3,127,765,663	$ 155,619,330	$ 296,381,703	

The Accompanying Notes are an Integral Part of the Finanacial Statements

Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Fiscal Year Ended June 30, 2010

	Pension and Other Employee Benefit Trust Funds	Investment Trust Funds	Private-Purpose Trust Funds
ADDITIONS			
Contributions:			
Employer	$ 80,317,268	$ -	$ -
Employee	83,322,954	-	-
From Participants	-	-	21,998,892
Transfers from Other Funds	537,858	-	-
Transfers from Other Plans	225,582	-	-
Donations	-	-	7,710
Total Contributions	164,403,662	-	22,006,602
Investment Income:			
Net Change in Fair Value of Investments	321,854,653	14,659,780	31,870,182
Interest and Dividends	69,732,482	3,735,969	7,791,896
Less Investment Expense	13,151,983	648,765	-
Net Investment Income	378,435,152	17,746,984	39,662,078
Securities Lending Activity:			
Securities Lending Income	75,156	6,722	-
Less Securities Lending Expense	(168,372)	(7,271)	-
Net Securities Lending Income	243,528	13,993	-
Repurchase Service Credit	5,656,787	-	-
Miscellaneous Income	860,662	-	3,900
Total Additions	549,599,791	17,760,977	61,672,580
DEDUCTIONS			
Benefits Paid to Participants	222,355,896	-	-
Refunds	6,503,457	-	-
Prefunded Credit Applied	5,563,631	-	-
Transfer to Other Plans	537,858	-	-
Payments in Accordance with Trust Agreements	-	-	37,645,172
Administrative Expenses	3,972,186	-	2,034,198
Total Deductions	238,933,028	-	39,679,370
Purchase of Units at Net Asset Value of $1.00 Per Unit	-	8,330,391	-
Change in Net Assets Held in Trust for:			
Pension Benefits	310,570,846	-	-
Other Employee Benefits	95,917	-	-
External Investment Pool Participants	-	26,091,368	-
Other Purposes	-	-	21,993,210
Total Change in Net Assets	310,666,763	26,091,368	21,993,210
Net Assets - Beginning of Year, as Adjusted	2,817,098,900	129,527,962	274,388,493
Net Assets - End of Year	$ 3,127,765,663	$ 155,619,330	$ 296,381,703

The Accompanying Notes are an Integral Part of the Financial Statements

Combining Statement of Net Assets
Component Units - Proprietary Funds
June 30, 2010

	BSC Foundation	DSU Foundation	CHAND	Public Finance Authority	ND Development Fund	NDSU Development Foundation
ASSETS						
Current Assets:						
Cash and Cash Equivalents	$ 82,962	$ 2,192,231	$ 2,911,535	$ 1,000	$ 6,651,928	$ 2,063,433
Investments	-	-	-	-	8,110,340	25
Accounts Receivable - Net	1,053,305	2,229,698	-	-	-	5,134,286
Interest Receivable - Net	-	-	-	-	79,349	-
Due from Primary Government	145,233	-	-	-	-	1,313,472
Inventory	-	-	-	-	-	-
Loans and Notes Receivable - Net	-	-	-	-	2,365,688	-
Other Assets	61,495	49,414	-	-	-	434,582
Restricted Cash and Cash Equivalents	-	-	-	1,233,000	-	-
Restricted Investments	-	-	-	33,013,000	-	-
Restricted Interest Receivable - Net	-	-	-	4,312,000	-	-
Total Current Assets	1,342,995	4,471,343	2,911,535	38,559,000	17,207,305	8,945,798
Noncurrent Assets:						
Restricted Cash and Cash Equivalents	147,370	260,488	-	-	-	603,356
Restricted Investments	11,117,260	8,748,305	-	431,372,000	-	97,187,074
Investments	301,558	300,000	-	-	-	19,194,660
Due from Primary Government	2,071,137	-	-	3,668,000	-	18,024,225
Loans and Notes Receivable - Net	-	-	-	-	7,234,496	-
Unamortized Bond Issuance Costs	38,993	-	-	905,000	-	-
Other Noncurrent Assets	571,840	3,872,996	-	-	-	5,983,069
Capital Assets:						
Nondepreciable	1,200,000	80,000	-	-	-	868,809
Depreciable, Net	10,838,098	828,575	-	-	-	4,613,033
Total Noncurrent Assets	26,286,256	14,090,364	-	435,945,000	7,234,496	146,474,226
Total Assets	27,629,251	18,561,707	2,911,535	474,504,000	24,441,801	155,420,024
LIABILITIES						
Current Liabilities:						
Accounts Payable	36,752	827,124	2,682,720	34,000	63,400	1,100,726
Accrued Payroll	-	68,096	-	-	-	-
Interest Payable	-	-	-	1,813,000	-	-
Intergovernmental Payable	-	-	-	289,000	-	-
Due to Primary Government	85,120	327,653	-	-	1,299,700	-
Other Deposits	-	-	-	-	-	623,238
Notes Payable	-	16,148	-	-	-	209,149
Capital Leases Payable	-	-	-	-	-	-
Bonds Payable	808,098	261,062	-	11,580,000	-	681,913
Deferred Revenue	-	-	143,844	-	-	-
Other Current Liabilities	-	-	-	-	-	-
Total Current Liabilities	929,970	1,500,083	2,826,564	13,716,000	1,363,100	2,615,026
Noncurrent Liabilities:						
Intergovernmental Payable	-	-	-	188,000	-	-
Due to Primary Government	-	-	-	3,668,000	-	-
Notes Payable	-	282,595	-	-	-	1,584,336
Capital Leases Payable	-	-	-	-	-	-
Bonds Payable	2,622,701	8,938,938	-	152,702,000	-	21,054,531
Other Noncurrent Liabilities	2,782,255	1,270,773	-	-	-	5,630,717
Total Noncurrent Liabilities	5,404,956	10,492,306	-	156,558,000	-	28,269,584
Total Liabilities	6,334,926	11,992,389	2,826,564	170,274,000	1,363,100	30,884,610
Net Assets						
Invested in Capital Assets, Net of Related Debt	9,583,475	609,832	-	-	-	5,481,842
Restricted for:						
Debt Service	-	-	-	53,998,000	-	-
Loan Purposes	-	-	-	247,139,000	-	-
Other	13,050,322	7,306,749	-	-	-	115,154,232
Unrestricted	(1,339,472)	(1,347,263)	84,971	3,093,000	23,078,701	3,899,340
Total Net Assets	$ 21,294,325	$ 6,569,318	$ 84,971	$ 304,230,000	$ 23,078,701	$ 124,535,414

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
$ 3,220,485	$ 2,467,564	$ 4,421,749	$ 3,639,197	$ 9,223,022	$ 36,875,106
-	-	-	-	6,410,169	14,520,534
245,222	1,237,665	4,032,480	12,489,718	958,038	27,380,412
-	-	-	-	-	79,349
880,000	96,387	105,771	422,332	-	2,963,195
-	405,571	127,187	-	10,837	543,595
-	-	-	-	-	2,365,688
60,666	131,283	187,206	31,852	34,935	991,433
-	-	-	-	-	1,233,000
-	-	-	-	-	33,013,000
-	-	-	-	-	4,312,000
4,406,373	4,338,470	8,874,393	16,583,099	16,637,001	124,277,312
250,599	3,593,294	-	-	2,179,979	7,035,086
-	-	-	141,924,488	37,722,431	728,071,558
-	-	6,310	4,523,676	959,660	25,285,864
22,765,000	-	1,420,945	9,820,724	-	57,770,031
1,659,750	-	-	-	-	8,894,246
1,691,158	-	-	-	-	2,635,151
499,563	-	345,340	22,769,036	2,032,615	36,074,459
-	-	1,108,984	-	2,066,224	5,324,017
4,216,083	76,793,605	16,779,147	1,775,200	19,655,815	135,499,556
31,082,153	80,386,899	19,660,726	180,813,124	64,616,724	1,006,589,968
35,488,526	84,725,369	28,535,119	197,396,223	81,253,725	1,130,867,280
219,987	1,356,497	1,094,143	442,986	711,408	8,569,743
62,049	-	-	-	-	130,145
-	-	-	-	-	1,813,000
28,491	-	-	-	-	317,491
-	3,601,083	190,334	22,601	3,045,631	8,572,122
-	-	-	2,670,256	-	3,293,494
48,000	-	1,161,737	100,000	158,840	1,693,874
-	-	42,805	-	41,260	84,065
880,000	351,089	-	738,521	39,715	15,340,398
-	1,383,727	6,256,613	4,959	-	7,789,143
-	-	-	-	40,000	40,000
1,238,527	6,692,396	8,745,632	3,979,323	4,036,854	47,643,475
437,446	-	-	-	-	625,446
-	-	-	-	-	3,668,000
600,000	-	6,614,961	-	7,186,271	16,268,163
-	-	1,741,321	-	194,498	1,935,819
26,455,000	3,170,391	-	12,513,466	2,399,567	229,856,594
1,003,700	-	-	15,995,675	349,499	27,032,619
28,496,146	3,170,391	8,356,282	28,509,141	10,129,835	279,386,641
29,734,673	9,862,787	17,101,914	32,488,464	14,166,689	327,030,116
-	73,272,125	8,327,307	1,775,200	12,768,772	111,818,553
-	-	-	-	-	53,998,000
-	-	-	-	-	247,139,000
327,162	3,593,294	-	151,195,059	47,751,683	338,378,501
5,426,691	(2,002,837)	3,105,898	11,937,500	6,566,581	52,503,110
$ 5,753,853	$ 74,862,582	$ 11,433,205	$ 164,907,759	$ 67,087,036	$ 803,837,164

STATE OF NORTH DAKOTA

Combining Statement of Activities
Component Units - Proprietary Funds
For the Fiscal Year Ended June 30, 2010

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue
BSC Foundation	$ 2,355,931	$ 164,688	$ 2,131,871	$ (59,372)
DSU Foundation	13,155,310	348,537	3,077,810	(9,728,963)
CHAND	13,894,106	12,178,374	431,366	(1,284,366)
Public Finance Authority	11,849,000	1,469,000	37,331,000	26,951,000
ND Development Fund	1,509,366	865,557	91,968	(551,841)
NDSU Development Foundation	12,200,670	951,783	18,525,988	7,277,101
NDSU Research and Technology Park	3,144,195	2,795,630	270,459	(78,106)
RE Arena, Inc., UND Arena Services & Affiliates	12,643,562	8,220,936	-	(4,422,626)
UND Aerospace Foundation	25,612,853	30,508,387	329,902	5,225,436
UND Alumni Association & UND Foundation	18,403,445	4,579,353	22,574,604	8,750,512
Nonmajor Component Units	19,119,619	8,807,296	13,796,373	3,484,050
Total Component Units	$ 133,888,057	$ 70,889,541	$ 98,561,341	$ 35,562,825

The Accompanying Notes are an Integral Part of the Financial Statements

Adds to Permanent Endowments	Change in Net Assets	Net Assets Beginning of Year, as Adjusted	Net Assets End of Year
$ 430,372	$ 371,000	$ 20,923,325	$ 21,294,325
964,078	(8,764,885)	15,334,203	6,569,318
-	(1,284,366)	1,369,337	84,971
-	26,951,000	277,279,000	304,230,000
-	(551,841)	23,630,542	23,078,701
4,410,652	11,687,753	112,847,661	124,535,414
-	(78,106)	5,831,959	5,753,853
-	(4,422,626)	79,285,208	74,862,582
-	5,225,436	6,207,769	11,433,205
11,595,926	20,346,438	144,561,321	164,907,759
1,610,590	5,094,640	61,992,396	67,087,036
$ 19,011,618	$ 54,574,443	$ 749,262,721	$ 803,837,164

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NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2010

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, 2010, 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, 2009, 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, 2009, 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, 2010, 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 ten) 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 ten 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, 2010, 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, 2010, 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, 2010, 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, 2010, 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, 2010, 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) 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, 2010, 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, 2009, and their combined report has been previously issued under separate cover.

NONMAJOR COMPONENT UNITS

Dakota College at 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 DCB. 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 DCB. 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, 2010, and their combined report has been previously issued under separate cover.

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, 2010, 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 15-member board of directors comprised of leading citizens, both alumni and friends of the university, as well as one ex-officio member 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 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, 2010, and their report has been previously issued under 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, 2010, and their report has been previously issued under separate cover.

NDSU FOUNDATIONS

North Dakota 4-H Foundation is a legally separate, non-profit 501(c)(3) organization committed to supporting 4-H programs with private funds for furthering leadership development, education, research and scholarships and creating opportunities for the youth of North Dakota. The foundation is managed by board of directors comprised of 15 voting members, of which 2 are employees of NDSU.

North Dakota State University Research Foundation is a legally separate, non-profit 501(c)(3) 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. 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 directors, comprised of five NDSU employees and six individuals who are not employed by NDSU.

North Dakota State University Team Makers Clubs was established in 1950 by a group of local business leaders who recognized the need for a community-based support group to benefit NDSU Bison Athletics. Team Makers is a legally separate, non-profit 501(c)(3) organization to provide financial support, promotion and spirit for NDSU student-athletes and the NDSU Athletics Department in order to achieve excellence. The foundation is managed by board of directors comprised of 11 voting members, of which one is an employee of NDSU.

UND FOUNDATIONS

University of North Dakota Center for Innovation Foundation was incorporated in 1991. The Foundation supports the Center for Innovation at the University of North Dakota to fulfill their mission of helping entrepreneurs, innovators, researchers and students launch new technologies, products and ventures, develop business and marketing plans, access talent and secure sources of venture financing. This fiscal year the foundation supported the College of Business and Public Administration in the amount of $200,831 plus $50,000 for the support of an international marketing specialist at UND. The foundation is managed by a board of directors comprised of 9 members as well as four ex-officio non-voting members who are officers of UND.

The University of North Dakota Research Foundation is the newest foundation and was formed in 2006 to assist the University of North Dakota to advance its research agenda, to commercialize its university innovations and discoveries, and to create economic opportunities for Grand Forks and the State of North Dakota. The foundation works with UND to build successful and strategic partnerships between the university and private companies, resulting in mutual gains for each.

The Fellows of the University of North Dakota was organized in 1970 as a nonprofit corporation for the purpose of supporting and promoting the University of North Dakota. The Fellows provides scholarships, promotion and special project fund-raising for UND. In FY10, the Fellows is managed by a board of directors comprised of five members, including two officers of UND. The Fellows transferred $346,467 to UND for scholarships and special project funding.

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 22-member board of directors comprised of leading citizens, both alumni and friends of the university, as well as one ex-officio member 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

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.
1854 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

Dakota College at 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

North Dakota 4-H Foundation
FLC 219 Dept 7280
PO Box 6050
Fargo, ND 58108-6050

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

North Dakota State University Team Makers
NDSU Dept 1200
PO Box 6050
Fargo, ND 58108-6050

University of North Dakota Center for Innovation Foundation
4200 James Ray Drive
Grand Forks, ND 58203

University of North Dakota Research Foundation
4201 James Ray Drive
Grand Forks, ND 58202

Fellows of the University of North Dakota
264 Centennial Drive, Twamley Hall
Grand Forks, ND 58202

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.

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 Mill and Elevator Fund engages in the business of manufacturing and marketing farm products.

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 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 2007-2009 biennium, there were general, federal and other funds supplemental appropriations totaling $383,927,075.

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, 2010.

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 reported at fair value. Quoted market prices, when available, have been used to value investments. The fair value for securities that have no quoted market price represent estimated fair value. Many factors are considered in arriving at that value. International securities are valued based upon quoted foreign market prices and translated into U.S. dollars at the exchange rate in effect at June 30. In general, corporate debt securities have been valued at quoted market prices or, if not available, values are based on yields currently available on comparable securities of issuers with similar credit ratings. Mortgages have been valued on the basis of their future principal and interest payments discounted at prevailing interest rates for similar instruments. The fair value of real estate investment securities, including timberland, is based on appraisals plus fiscal year-to-date capital transactions. Publicly traded alternative investments are valued based on quoted market prices. When not readily available, alternative investment securities are valued using current estimates of fair value from the investment manager. Such valuations consider variables such as financial performance of the issuer, comparison of comparable companies' earnings multiples, cash flow analysis, recent sales prices of investments, withdrawal restrictions, and other pertinent information. Because of the inherent uncertainty of the valuation for these other alternative investments, the estimated fair value may differ from the values that would have been used had a ready market existed. 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. 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.

The State lends its securities to broker-dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. The State has contracted with a third party securities lending agent (Agent) to lend the State's securities portfolios. The Agent lends securities of the type on loan at June 30, 2010, for collateral in the form of cash or other securities at 102% of the loaned securities fair value plus accrued interest for domestic securities and 105% of the loaned securities fair value plus accrued interest for international securities. The collateral for the loans is maintained at 100% per the contractual requirements. As of June 30, 2010, 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.

The Average Duration of the collateral investments as of June 30, 2010, was one day. The Average Weighted Maturity of collateral investments as of June 30, 2010, was one day. (Land Department was 73 days.) The interest rate sensitivity (duration) of the securities on loan matched the duration of the collateral investments, however the Land Department has an interest sensitivity of 24 days.

The Agent provides indemnification if the borrowers fail to return the underlying securities (and if collateral is inadequate to replace the securities lent) or fails to pay income distributions on them. All open securities loans can be terminated on demand by either the State or the borrower. All term securities loans can be terminated with five days notice by either the State or the borrower. Cash collateral is invested in accordance with investment guidelines approved by the State. The State cannot pledge or sell collateral securities received unless the borrower defaults.

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.

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, intangibles (software, easements and other), 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 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. Exceptions include: infrastructure reported by the Department of Transportation, the threshold is $100,000; intangible assets such as easements, water rights, patents and trademarks, the threshold is $25,000; and software internally developed, the threshold is $50,000. 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, which includes amortization of intangible assets, 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:

Assets	Years
Buildings	10-50
Infrastructure	10-50
Furniture, Automobiles, and Equipment	3-20
Intangibles	3-99

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. This normally occurs only if an employee has unused reimbursable leave still outstanding at the time of their retirement or resignation. 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 five 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.). 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.

T. CHANGE IN ACCOUNTING PRINCIPLE

The State has implemented GASB Statement No. 51, "Accounting and Financial Reporting for Intangible Assets", which is effective for fiscal years June 30, 2010. This statement establishes criteria that governments will use to establish accounting and financial reporting requirements for intangible assets such as software, easements and other intangibles.

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):

					Component Units	
	Government-wide Governmental Activities	Government-wide Business Activities	Other Governmental Funds	University System	NDSU Development Foundation	UND Aerospace Foundation
June 30, 2009, fund balance/net assets, as previously reported	$ 4,388,684	$ 1,642,941	$ 1,313,668	$ 750,617	$ 104,460	$ 7,994
Prior period adjustment:						
Change in accounting principle	1,772	2,243	-	2,243	-	-
Correction of errors	(1,839)	2,051	(1,839)	2,051	8,388	(1,786)
June 30, 2009, fund balance/net assets, as restated	$ 4,388,617	$ 1,647,235	$ 1,311,829	$ 754,911	$ 112,848	$ 6,208

CORRECTION OF ERRORS

The beginning net assets of the Government-wide Governmental Activities $(1,838,521) and Other Governmental Funds Public Safety and Corrections $(1,838,521) were restated for an over estimated accrual of receivables and revenue in the prior period. The beginning net assets of the Government-wide Business Activities $2,051,466 and University System $2,051,466 were restated to properly recognize capital asset payments previously made. The beginning net assets of the Major Component Unit NDSU Development Foundation was restated by $8,387,783, to properly reflect the under accrual of pledges receivable in previous periods. The beginning net assets of the Major Component Unit UND Aerospace Foundation was restated by $(1,785,984) for the over accrual of a receivable related to an airport hangar.

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, 2010, the bank balance of the primary government's deposits was $790,572,903. Of the bank amount, $671,253,791 was uncollateralized and uninsured.

There were significant concentrations of uninsured and uncollateralized deposits in the Bank of North Dakota and University System at June 30, 2010. Their uninsured and uncollateralized deposits totaled $664.0 million and $5 million, and their bank deposits totaled $664.8 million and $7.2 million, respectively.

At June 30, 2010, the bank balance of the major component units' deposits was $61,310,164. Of the bank amount, $11,721,151 was uncollateralized and uninsured.

The internal receivable amount in the governmental activities column in the Statement of Net Assets includes Cash and Investments at the Bank of North Dakota for governmental activities. The internal payable amount in the business-type activities column includes 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.

   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 allows the Board to invest in first mortgages on farmlands 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, 2010, the following table shows the debt securities of the primary government and major component units by investment type and maturity (expressed in thousands).

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	$ 34,954	$ 6,461	$ 5,505	$ 2,557	$ 20,431
Commercial Mortgage-Backed	36,606	3,974	1,034	71	31,527
Corporate Bonds	1,072,966	141,258	491,738	258,612	181,358
Corporate Convertible Bonds	139,746	28	123,795	2,791	13,132
Government Agencies	163,031	27,054	106,715	14,717	14,545
Government Bonds	512,097	197,390	190,941	59,435	64,331
Government Mortgage-Backed	348,357	-	236,592	12,126	99,639
Index-Linked Government Bonds	114,002	1,652	109,577	-	2,773
Municipal/Provincial Bonds	30,402	1,350	7,020	1,080	20,952
Non-Government-Backed CMOs	70,861	16,004	-	6,127	48,730
Short Term Bills and Notes	5,455	5,455	-	-	-
Short Term Investment Funds	31,135	31,135	-	-	-
Pooled Investments	620,818	66,676	307,689	246,150	303
Total Debt Securities	$ 3,180,430	$ 498,437	$ 1,580,606	$ 603,666	$ 497,721

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	$ 288	$ 30	$ 46	$ 211	$ 1
Money Market Funds	590	590	-	-	-
Corporate Bonds	2,685	190	1,035	1,345	115
Mutual Bond Funds	36,838	-	18,394	45	18,399
Total Debt Securities	$ 40,401	$ 810	$ 19,475	$ 1,601	$ 18,515

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, however the Bank of North Dakota has established a minimum credit quality rating for its investment in debt securities. 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.

As of June 30, 2010, 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	$ 34,955	$ 13,216	$ 5,543	$ 1,820	$ 5,632
Commercial Mortgage-Backed	35,814	26,988	1,943	3,503	2,323
Corporate Bonds	1,050,774	22,460	45,087	187,627	440,515
Corporate Convertible Bonds	139,747	2,336	1,556	22,746	26,303
Government Agencies	153,914	143,918	1,242	3,785	3,725
Government Bonds	205,161	141,298	529	28,789	11,057
Government Mortgage Backed	183,522	183,219	-	-	303
Index Linked Government Bonds	112,350	2,773	-	-	-
Municipal/Provincial Bonds	21,186	3,172	5,031	7,431	1,149
Non-Government Backed CMOs	70,860	35,323	2,037	1,464	1,576
Pooled Investments	651,953	262,433	256,418	1,637	119,731
Total Credit Risk Debt Securities	2,660,236	$ 837,136	$ 319,386	$ 258,802	$ 612,314
US Gov't & Agencies	520,194				
Total Debt Securities	$ 3,180,430				

*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	CC	C	D	Not Rated
$ 575	$ 4,327	$ 1,235	$ 63	$ -	$ 176	$ 2,368
-	-	-	-	-	-	1,057
131,063	93,768	24,282	1,754	347	1,643	102,228
26,812	17,982	6,705	-	-	-	35,307
103	136	-	-	-	-	1,005
5,010	170	-	-	-	-	18,308
-	-	-	-	-	-	-
-	-	-	-	-	-	109,577
2,751	-	-	-	-	-	1,652
4,746	5,365	14,772	1,769	278	566	2,964
2,087	9,452	-	-	-	-	195
$ 173,147	$ 131,200	$ 46,994	$ 3,586	$ 625	$ 2,385	$ 274,661

Component Units

S & P Credit Rating*	Total Market Value	Money Market Funds	Corporate Bonds	Mutual Bond Funds
AAA	$ 401	$ -	$ 186	$ 215
AA	523	-	523	-
A	1,165	-	1,040	125
BBB	955	-	114	841
BB	105	-	105	-
B	171	-	171	
C	25	-	25	-
NR	36,768	590	521	35,657
Total Credit Risk Debt Securities	40,113	$ 590	$ 2,685	$ 36,838
US Treasuries	288			
Total Debt Securities	$ 40,401			

*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, however the Bank of North Dakota has established asset allocation ranges for investments as a percentage of their total portfolio.

The Bank of North Dakota had the following concentrations at June 30, 2010 (expressed in thousands):

	Amount	Percent
Federal Agency		
Federal Home Loan Bank	$ 67,147	16.9%
Mortgage-backed		
Fannie Mae	74,449	18.8%
Freddie Mac	80,601	20.3%
Corporate Bonds		
Bank of America	25,195	6.3%
JP Morgan Chase & Co	25,149	6.3%
Morgan Stanley	25,173	6.3%
Federal Home Loan Bank Stock	22,193	5.6%

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, 2010, 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	$ (11,700)	$ 10,287	$ 21,648	$ 20,235
Brazilian real	-	5,849	8,369	14,218
British pound sterling	362	6,122	71,106	77,590
Canadian dollar	(3,823)	4,198	8,358	8,733
Chinese yuan renminbi	2,236	-	-	2,236
Danish krone	(311)	19	3,918	3,626
Euro	(26,079)	(368)	111,916	85,469
Hong Kong dollar	(2,958)	-	9,316	6,358
Hungarian forint	(254)	190	-	(64)
Iceland krona	30	-	-	30
Indonesian rupiah	-	4,931	-	4,931
Israeli shekel	-	-	1,200	1,200
Japanese yen	(24,088)	-	75,123	51,035
Malaysian ringgit	-	5,607	-	5,607
Mexican peso	(313)	6,973	-	6,660
New Zealand dollar	1,456	4,111	126	5,693
Norwegian krone	1,703	2,481	2,644	6,828
Polish zloty	(135)	6,518	-	6,383
Singapore dollar	(589)	-	4,100	3,511
South African rand	-	1,382	61	1,443
South Korean won	-	6,070	544	6,614
Swedish krona	(5,093)	5,581	7,176	7,664
Swiss franc	(8,281)	-	28,791	20,510
Turkish lira	3,989	-	-	3,989
International commingled funds (various currencies)	-	75,976	332,729	408,705
Total international investment securities	$ (73,848)	$ 145,927	$ 687,125	$ 759,204

Derivative Securities – Derivatives are financial arrangements between two parties whose payments are based on, or "derived" from, the performance of some agreed upon benchmark. The investment policies of the States' clients allow the use of derivative securities to hedge or replicate underlying exposures but not for speculation. All derivatives are considered investment derivative instruments. The fair value of all derivative securities is reported in the Statements of Net Assets. At June 30, 2010, the State had four types of derivative securities: futures, options, swaps and currency forwards.

Futures – Futures represent commitments to purchase (asset) or sell (liability) securities at a future date and at a specific price. Futures contracts are traded on organized exchanges (exchange traded) thereby minimizing the States' credit risk. The net change in the futures contracts' value is settled daily in cash with the exchanges. Net gains or losses resulting from the daily settlements are included in net change in fair value of investments in the Statement of Changes in Net Assets and totaled $97.4 million. At June 30, 2010, the State investment portfolio had the notional futures shown below (expressed in thousands).

Futures	Notional Value
Cash and cash equivalent derivative futures	
Long	$110,876
Short	(31,990)
Equity derivative futures	
Long	492,773
Short	-
Fixed income derivative futures	
Long	40,488
Short	(43,571)
Total futures	$568,576

Options – Options represent or give buyers the right, but not the obligation, to buy (call) or sell (put) an asset at a preset price over a specified period. Options are traded on organized exchanges (exchange traded) thereby minimizing the States' credit risk. The option's price is usually a small percentage of the underlying asset's value. As a seller of a financial option, the State, through its investment manager, receives a premium at the beginning of the agreement and bears the risk of an unfavorable change in the price of the financial instrument underlying the option. As a buyer of a financial option, the State, through its investment manager, pays a premium at the beginning of the agreement and the counterparty bears the risk of an unfavorable change in the price of the financial instrument underlying the option. Gains and losses on options are determined based on fair values and recorded with the net change in fair value of investments in the Statement of Changes in Net Assets and totaled $1.5 million. At June 30, 2010, the State investment portfolio had the following option balances (expressed in thousands).

Options	Fair Value
Cash and cash equivalent options	
Call	$ (22)
Put	-
Equity options	
Call	-
Put	1,934
Fixed income options	
Call	25
Put	(2)
Total options	$ 1,935

Swaps – A swap is a derivative in which counterparties exchange certain benefits of one party's financial instrument for those of the other party's financial instrument. Specifically, the two counterparties agree to exchange one stream of cash flows for another stream. The State, through its investment managers, has entered into various swap agreements in an attempt to manage its exposure to interest rate and credit risk.

Interest rate risk represents the exposure to fair value losses arising from future changes in prevailing market interest rates. In the most common type of interest rate swap arrangement, one party agrees to pay fixed interest payments on designated dates to a counterparty, who in turn agrees to make return interest payments that float with some reference rate.

Credit risk represents the exposure to fair value losses arising from a credit event such as default, failure to pay, restructuring or bankruptcy. All counterparties were rated "Aa" by Moody's as of June 30, 2010. In a credit default swap (CDS) contract, the protection buyer of the CDS makes a series of payments to the protection seller and, in exchange, receives a payoff if the credit instrument experiences a credit event. CDS contracts are also used to establish exposure to a desired credit instrument.

Gains and losses on swaps are determined based on fair values and are recorded with the net change in fair value of investments in the Statement of Changes in Net Assets and totaled $729 thousand. The maximum loss that would be recognized at June 30, 2010, if all counterparties failed to perform as contracted is $345 thousand. Swap fair values are determined by a third party pricing source. At June 30, 2010, the States' investment portfolio had the swap fair value balances as shown below (expressed in thousands).

Credit Default Swaps

Counterparty	Notional Amount	Expiration Date	Fair Value
Deutsche Bank AG New York	$ 45	3-20-2014	$ (9)
Deutsche Bank AG New York	120	9-20-2013	4
Deutsche Bank AG New York	75	3-20-2012	(4)
Barclays Capital Securities London	105	6-20-2011	(4)
Total credit default swaps	$ 345		$ (13)

Interest Rate Swaps

Counterparty	Notional Amount	Rate	Counterparty Rate	Expiration Date	Fair Value
Barclays Bank PLC London	$ 1,376	4.25%	LIBOR*	4-27-2013	$ 23

*One month London interbank Offered Rate (LIBOR)

Currency Forwards – Currency forwards represent forward exchange contracts that are entered into in order to manage the exposure to changes in currency exchange rates on the currency denominated portfolio holdings. A forward exchange contract is a commitment to purchase or sell a currency at a future date at a negotiated forward rate. The gain or loss arising from the difference between the original contracts and the closing of such contracts is included in the net change in fair value of investments in the Statement of Changes in Net Assets and totaled $9.8 million. At June 30, 2010, the States' investment portfolio included the currency forwards balances shown below (expressed in thousands).

Currency	Cost	Purchases	Sales	Fair Value
Australian dollar	$ (20,566)	$ 495	$ (19,781)	$ (19,286)
Brazilian real	270	4,201	(4,201)	-
British pound sterling	(16,125)	11,662	(27,651)	(15,989)
Canadian dollar	(12,535)	86	(12,435)	(12,349)
Chinese yuan renminbi	2,281	2,236	-	2,236
Danish krone	(5,243)	-	(5,194)	(5,194)
Euro	(74,628)	3,931	(77,611)	(73,680)
Hong Kong dollar	(4,417)	-	(4,417)	(4,417)
Hungarian forint	30,805	8	(2,067)	(2,059)
Japanese yen	(28,483)	-	(29,226)	(29,226)
Mexican peso	(1,914)	150	(2,019)	(1,869)
New Zealand dollar	(1,459)	1,840	(3,177)	(1,337)
Norwegian krone	(1,217)	2,361	(3,560)	(1,199)
Polish zloty	(1,745)	1,882	(3,549)	(1,667)
Singapore dollar	(653)	-	(652)	(652)
Swedish krona	(5,197)	2,956	(8,049)	(5,093)
Swiss franc	(11,808)	-	(12,292)	(12,292)
Turkish lira	3,941	3,989	-	3,989
United States dollar	181,803	217,538	(35,735)	181,803
Total forwards subject to currency risk				$ 1,719

Derivative Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the value of an interest rate-based derivative investment. The State does not have a formal investment policy regarding such derivative investments. At June 30, 2010, the tables below show the States' derivative investments subject to interest rate risk (expressed in thousands).

	Total Notional Value	3 Months or Less	3 to 6 Months	6 to 12 Months	1-5 Years	Greater Than 5 Years
Futures-interest rate contracts	$ (18,276)	$ (19,738)	$ 12,114	$ (10,652)	$ -	$ -

	Total Market Value	3 Months or Less	3 to 6 Months	6 to 12 Months	1-5 Years	Greater Than 5 Years
Options on interest rate futures	$ 1	$ 1	$ -	$ -	$ -	$ -
Swaps-interest rate contracts	23	-	-	-	23	-
Total	$ 24	$ 1	$ -	$ -	$ 23	$ -

Mill and Elevator Derivative Financial Instruments – The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2010, and the changes in fair value of such derivative instruments for the year then ended as reported in the State's financial statements are $618,488, classified as derivative-grain futures contract (one contract equals 5,000 bushels) and $618,488, classified as deferred inflowed of resources. The fair value of the grain futures contracts was determined on the Minneapolis Grain Exchange. The margin requirement is $.60 per bushel, unless the market price changes the limit for two consecutive days, then the margin requirement is $.90 per bushel. 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 fluctuation of the commodity. The price protection is needed to cover any long or short positions compared to flour sales.

Futures	Brokerage Firm	Number of Contracts	Average Cost	Fair Value	Effective Date
Sept 2010	ADM Investor Services	(202)	$ 5.3480	$ 5.1225	June 2010
Sept 2010	MF Global	(277)	5.3820	5.1225	June 2010
Dec 2010	ADM Investor Services	22	5.3160	5.2850	June 2010
Dec 2010	MF Global	133	5.2400	5,2850	March, April, June 2010
March 2011	MF Global	41	5.4530	5.4825	Sept 2009, Jan, March, June 2010
May 2011	MF Global	3	5.6600	5.5775	May 2010

The Mill is exposed to credit risk on hedging derivative instruments that are in asset positions. All grain futures trades are completed using two different national brokerage firms on the Minneapolis Grain Exchange. The firms are rated A and BBB by the Standard & Poors Rating Service.

The Mill is exposed to rollover risk on grain futures trades whenever the hedge ration (defined in aggregate of the size across all futures months relative to the underlying net cash position) does not equal 1.0. At June 30, 2010, the table below shows the hedge ratio by futures month going forward:

Period	Hedge Ratio
Sept 2010	0.9
Dec 2010	1.0
Mar 2011	1.1
May 2011	0.9
Net Position	0.9

Alternative Investments - In relation to investment asset allocation, the State considers alternative investments to be any investments that do not fit into any of the other specific asset classes available for investment. Examples of investments the State has included in the alternative investments asset class are private equity, venture capital and distressed debt. All of the investments in this asset class are in the form of limited partnerships with specific time horizons and capital commitments.

Private Equity - Private Equity investments are typically private interests in corporations across different areas of the capital structure and in different stages of the corporations' development via limited partnership vehicles. Private Equity investments are illiquid and long term in nature (10-12 years), typically held until maturity. Private Equity portfolios generally have a "J-Curve Effect" whereby there are low to negative returns in the initial years due to the payment of investment whereby there are low to negative returns in the initial years due to the payment of investment management fees and initial funding of investments made by the General Partner during a period when investments are typically carried at cost and returns have not been realized. To diversify the program, Private Equity investments are made across business cycles, vintage years, and different strategies.

Venture Capital - These include investments in companies in a range of stages of development from start-up/seed stage, early stage, and later/expansion stage. Investments are typically made in years one through six and returns typically occur in years four through ten.

Distressed Debt - These include investments in the debt instruments of companies which may be publicly traded or privately held that are financially distressed and are either in bankruptcy or likely candidates for bankruptcy. Typical holdings are senior and subordinated debt instruments, mortgages and bank loans.

The AICPA expands the definition of Alternative Investments for the purpose of performing audits. The expanded definition includes investments for which a readily determinable fair value does not exist (that is, investments not listed on national exchanges or over-the-counter markets, or for which quoted market prices are not available from sources such as financial publications, the exchanges, or Nasdaq). These types of

investments can be held within any of the asset classes used by the State based on underlying portfolio holdings and analysis of risk and return relationships. These investments can be structured in different ways, including limited partnerships, limited liability companies, common trusts and mutual funds. Some are closed-ended with a specific life and capital commitment while others are open-ended with opportunity for ad hoc contributions or withdrawals and termination upon proper notice.

Commingled/Mutual Funds - These types of funds are generally open-ended funds and may be utilized in equities or fixed income asset classes. They are funds made up of underlying securities that have readily available market values (publically traded stocks or bonds). The State owns units of these funds rather than the individual securities. Contributions or withdrawals from these fund can be done as needed.

Private Equity – See definition above. The State has determined that private equity investments add diversification opportunities within asset classes that traditionally hold public equity investments. Therefore, there are private equity investments within equity asset classes as well as the alternative investments asset class.

Distressed Equity - See definition above. The State has determined that certain distressed debt investments add diversification and return opportunities within traditional fixed income asset classes. Therefore, there are distressed debt investments within fixed income asset classes as well as the alternative investments asset class.

Mezzanine Debt - This strategy is a hybrid of debt and equity financing. It is basically debt capital that gives the lender the rights to convert to an ownership or equity interest in the company if the loan is not paid back in time and in full. It is generally subordinated to senior debt. The State utilizes this strategy, through a limited partnership structure, in its high yield bond allocation.

Equity Long/Short - This strategy is a combination of long and short positions, primarily in publicly traded equities. The State utilizes this strategy in its US equity allocations.

Portable Alpha Strategies - This strategy separates alpha from beta in a portfolio by investing in securities that differ from the market index from which their beta is derived. Alpha is the return achieved over and above the return that results from the correlation between the portfolio and the market (beta). This strategy involves investing in areas that have little to no correlation with the beta of the portfolio. The State utilizes this strategy in its US equity and fixed income allocation by "porting" various types of fixed income-based portfolios over S&P 500 beta futures contracts.

Real Estate and Real "Tangible" Assets - These investments are intended to provide allocations to tangible assets that are expected to be inflation protected and provide performance above the inflation rate as indicated by the CPI. Investments in Real Estate and Real Estate Assets include:

Real Estate – includes investments in private vehicles through limited partnerships or commingled vehicles that have an ownership interest in direct real estate properties. The investment strategies may include "value added" strategies, which derive their return from both income and appreciation, "opportunistic", which derive their return primarily through appreciation, and "alternative" which invest in less traditional types of property. Both domestic and international real estate funds are utilized. The State has a dedicated asset class for these types of investments.

Timberland – includes investments in limited liability companies that have an ownership interest in properties where the value of the property is derived mainly from income-producing timber but also from the "higher and better use" value of the underlying land. The State has analyzed this type of investment and determined that its risk and return profile is very similar to bonds. Therefore, they have chosen to include timberland in fixed income asset allocations to provide additional diversification and return options.

Infrastructure – includes investments in limited partnerships that have an ownership interest in transportation assets such as toll roads, tunnels and bridges; and regulated assets such as electricity transmission, gas and oil distribution and wastewater collection. Other possible investments would include communication assets and social infrastructure. Similar to timberland, the State has included these types of investments in fixed income asset allocations.

C. SECURITIES LENDING

The following represents the balances relating to the securities lending transactions at June 30, 2010 (expressed in thousands).

Primary Government (Includes Pension and Investment Trust Funds)

Securities Lent	Underlying Securities	Non-Cash Collateral Value	Cash Collateral Investment Value
Lent for cash collateral:			
US agency securities	$ 7,721	$ -	$ 7,920
US government securities	13,506	-	13,754
US corporate fixed income securities	71,160	-	73,140
Global government fixed income securities	2,862	-	3,014
US equities	40,476	-	42,075
Global equities	3,478	-	3,712
Lent for non-cash collateral:			
US agency securities	-	-	-
US government securities	-	47	-
US corporate fixed income securities	266	273	-
US equities	16	16	-
Global equities	-	-	-
Total	$ 139,485	$ 336	$ 143,615

D. ENDOWMENT FUNDS

The endowment funds reported herein are donor-restricted funds in the custody of the University System. NDCC Section 59-21 applies to the investment of endowments governed by a gift instrument. 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. NDCC Section 59-21-02.5a(7) applies to standard of conduct in the administration of powers to make and retain investments. It states that in managing and investing an institutional fund, the needs of the institution and the fund to make distributions and to preserve capital must be considered. Given the flexibility in NDCC 59-21-02, campuses have differing policies with respect to spending investment income and net appreciation on endowment funds. UND's policy allows up to 4.5% of the average of the last five years of assets in the Alerus endowment pool to be expended. NDSU allows expenditure of 80 percent of appreciation. MiSU allows for 4.5 percent of earning to be used for scholarships and .5 percent for administrative expenses. MaSU, VCSU, and WSC give departments authority to spend all investment income earned on the endowment funds. Net appreciation on investments are available for expenditure and consists of the following at June 30, 2010:

		Reflected in net assets as:
Mayville State University	$ 453	Expendable scholarships & fellowships
Minot State University	54,568	Expendable scholarships & fellowships
University of North Dakota	458,000	Non –expendable scholarships & fellowships
Williston State College	3,685	Cash in bank
Total NDUS	$ 516,706	

Endowment funds reported herein do not include the Federal Land Grant Fund held by the State Land Department. The annual proceeds from assets held by the State Land Commissioner are deposited into each college/university's operating fund at the State Treasury and are used for current operating purposes. Bismarck State College, Lake Region State College and Williston State College do not participate in the proceeds allocated by the State Land Department. Total assets held by the State Land Department and proceeds for the fiscal year ended June 30, 2010 are $51.7 million and $1.67 million respectively.

E. 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, 2010, the State had reverse repurchase agreements of $8,117,000 included in securities lending collateral on the statement of net assets. The highest month end balance for the previous year was $8,117,000, with an average daily balance of $1,434,000. The weighted average interest rate as of year end was 0.25 percent. The weighted average interest rate paid during the year was .25 percent. The fair value of these securities at June 30, 2010, was $8,117,000.

F. RECEIVABLES

Receivables at June 30, 2010, consist of the following (expressed in thousands):

	General	Federal	School Permanent Trust Fund	Other Governmental Funds	Bank of North Dakota	Housing Finance	Mill & Elevator	University System
Receivables:								
Accounts	$ 8,056	$ 6,629	$ 15,406	$ 47,004	$ -	$ 547	$ 30,355	$ 20,945
Less Allowance	(4,208)	-	-	(12,711)	-	-	(1,753)	(3,451)
Taxes	210,477	-	2,800	113,247	-	-	-	-
Less Allowance	(22,014)	-	-	(294)	-	-	-	-
Interest	1,336	-	9,690	2,696	34,548	4,014	-	-
Less Allowance	-	-	-	(959)	-	-	-	-
Current Loans and Notes	193	209	2,870	64,357	453,618	17,773	287	10,405
Less Allowance	(26)	-	-	(3,332)	-	-	-	(1,475)
Noncurrent Loans and Notes	-	-	40,968	-	2,246,121	904,626	-	37,525
Less Allowance	-	-	-	-	(42,468)	-	-	(5,415)
Net Receivables	$ 193,814	$ 6,838	$ 71,734	$ 210,008	$ 2,691,819	$ 926,960	$ 28,889	$ 58,534

	Workforce Safety & Insurance	Other Enterprise Funds	Internal Service Funds	Fiduciary Funds	Major Component Units	Total
Receivables:						
Accounts	$ 38,777	$ 29,897	$ 340	$ 23	$ 26,422	$ 224,401
Less Allowance	(4,500)	(5,102)	-	-	-	(31,725)
Taxes	-	-	-	19,230	-	345,754
Less Allowance	-	-	-	(2,191)	-	(24,499)
Interest	7,770	2,045	56	9,531	4,391	76,077
Less Allowance	-	-	-	-	-	(959)
Current Loans and Notes	-	8,885	-	-	2,366	560,963
Less Allowance	-	-	-	-	-	(4,833)
Noncurrent Loans and Notes	-	69,137	-	-	13,396	3,311,773
Less Allowance	-	(973)	-	-	(4,502)	(53,358)
Net Receivables	$ 42,047	$ 103,889	$ 396	$ 26,593	$ 42,073	$ 4,403,594

G. INTERFUND ACCOUNTS AND TRANSFERS

DUE FROM OTHER FUNDS/DUE TO OTHER FUNDS

Interfund balances at June 30, 2010, consist of the following (expressed in thousands):

Due To General Fund From:	
Federal Fund	$ 93,319
Nonmajor Governmental Funds	18,439
Bank of North Dakota	1,871
Mill and Elevator	6,260
Nonmajor Enterprise Funds	5,157
All Others	785
Total Due To General Fund	$ 125,831

Due To Federal Fund From:	
General Fund	$ 2,193
Nonmajor Governmental Funds	15,628
All Others	277
Total Due To Federal Fund	$ 18,098

Due To Internal Service Funds From:	
General Fund	$ 2,998
Federal Fund	707
Nonmajor Governmental Funds	879
University System	705
All Others	495
Total Due To Internal Service Funds	$ 5,784

Due To School Permanent Trust Fund From:	
Nonmajor Enterprise Funds	$ 2,788
All Others	917
Total Due To School Permanent Trust Fund	$ 3,705

Included in the Nonmajor Enterprise Funds is an advance from the Developmentally Disabled Fund for $636,568. This is not expected to be repaid within one year.

Due To Nonmajor Governmental Funds From:	
General Fund	$ 703
Federal Fund	6,459
Nonmajor Governmental Funds	2,084
Internal Service Funds	7,248
All Others	436
Total Due To Nonmajor Governmental Funds	$ 16,930

Due To Bank of North Dakota From:	
Housing Finance	$ 7,574
Mill and Elevator	6,000
Nonmajor Enterprise Funds	612
All Others	323
Total Due To Bank of North Dakota	$ 14,509

Included in the Nonmajor Enterprise Funds amount is a loan to Roughrider Industries for $434,962. Of this $385,030 is not expected to be repaid within one year.

Due To University System From:	
General Fund	$ 11,532
Federal Fund	3,091
Nonmajor Enterprise Funds	1,138
All Others	351
Total Due To University System	$ 16,112

Due To All Other Funds From:	
All Other	$ 1,533

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, 2010.

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

Due From's		$ 202,502
Differences:		
Bank of ND/General Fund	(1,871)	
Bank of ND/Housing Finance	(7,588)	
Mill & Elevator/Bank of ND	7,400	
Bank of ND/University System	2,473	
Bank of ND/Student Loan Trust	23	
School Permanent Trust Fund/ Developmentally Disabled Loan Fund	(85)	
Bank of ND/Guaranteed Student Loan	779	
Governmental Agencies/Bank of ND	3,191	
Enterprise Funds/Bank of ND	171	
Total Differences		4,493
Due To's		$ 206,995

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, 2010, follows (expressed in thousands):

	Transfers In						
	General	Federal	Non-major Governmental	Housing Finance	University System	Non-major Enterprise	Total
Transfers Out							
General	$ -	$ 41	$ 45,597	$ -	$ 330,381	$ 11,992	$ 388,011
Federal	-	-	22,076	4,603	-	-	26,679
School Permanent Trust Fund	-	-	39,485	-	1,648	-	41,133
Non-major Governmental	312,103	381	33,509	-	23,666	-	369,659
Bank of North Dakota	15,000	-	-	-	-	-	15,000
Housing Finance	-	-	30	-	-	-	30
University System	-	-	6,675	-	-	-	6,675
Non-major Enterprise	-	-	8,244	-	-	-	8,244
Mill & Elevator	-	-	6,954	-	-	-	6,954
Total	$ 327,103	$ 422	$ 162,570	$ 4,603	$ 355,695	$ 11,992	$ 862,385

(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, 2010, legislatively-mandated transfers were made to the general fund of $295 million and $5.1 million from the Permanent Oil Tax and the State Lottery respectively.

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

Transfers In		$ 836,674
Differences:		
General Fund/Bank of ND	15,000	
Federal Fund/Bank of ND	(1)	
Beginning Farmer/PACE	110	
State Fair/Bank of ND	10,602	
Total Differences		25,711
Transfers Out		$ 862,385

The above timing differences of $25,711,000 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.

H. CAPITAL ASSETS

PRIMARY GOVERNMENT:

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

Description	Balance July 1, 2009	Increases	Decreases	Balance June 30, 2010
Governmental Activities:				
Capital Assets Not Being Depreciated				
Land	$ 68,120	$ 1,268	$ (50)	$ 69,338
Construction in Progress	442,892	95,903	(80,447)	458,348
Total Capital Assets Not Being Depreciated	511,012	97,171	(80,497)	527,686
Capital Assets Being Depreciated:				
Buildings and Improvements	436,299	9,541	(209)	445,631
Equipment	214,785	36,020	(14,759)	236,046
Intangibles				
Software	61,852	5,355	-	67,207
Other	4,834	960	-	5,794
Infrastructure	3,145,263	111,467	(10)	3,256,720
Total Capital Assets Being Depreciated	3,863,033	163,343	(14,978)	4,011,398
Less Accumulated Depreciation for:				
Buildings and Improvements	(185,665)	(9,875)	108	(195,432)
Equipment	(102,122)	(17,755)	11,223	(108,654)
Intangibles				
Software	(31,316)	(5,374)	-	(36,690)
Other	(728)	(582)	-	(1,310)
Infrastructure	(2,509,557)	(40,798)	10	(2,550,345)
Total Accumulated Deprecation	(2,829,388)	(74,384)	11,341	(2,892,431)
Total Capital Assets Being Depreciated, Net	1,033,645	88,959	(3,637)	1,118,967
Governmental Activities Capital Assets, Net	$ 1,544,657	$ 186,130	$ (84,134)	$ 1,646,653

Infrastructure assets of the State Water Commission, with a carrying value of $30,516,290 are considered temporarily impaired at June 30, 2010.

Description	Balance July 1, 2009	Increases	Decreases	Balance June 30, 2010
Business-Type Activities:				
Capital Assets Not Being Depreciated				
Land	$ 18,764	$ -	$ -	$ 18,764
Construction in Progress	42,869	64,982	(30,891)	76,960
Total Capital Assets Not Being Depreciated	61,633	64,982	(30,891)	95,724
Capital Assets Being Depreciated:				
Buildings and Improvements	917,418	56,249	(634)	973,033
Equipment	394,345	39,565	(16,780)	417,130
Intangibles				
Software	30,291	1,679	(6)	31,964
Other	339	177	-	516
Infrastructure	158,422	6,064	(6)	164,480
Total Capital Assets Being Depreciated	1,500,815	103,734	(17,426)	1,587,123
Less Accumulated Depreciation for:				
Buildings and Improvements	(397,146)	(22,780)	557	(419,369)
Equipment	(243,245)	(24,474)	14,881	(252,838)
Intangibles				
Software	(15,745)	(2,366)	-	(18,111)
Other	(11)	(39)	-	(50)
Infrastructure	(68,945)	(4,133)	-	(73,078)
Total Accumulated Deprecation	(725,092)	(53,792)	15,438	(763,446)
Total Capital Assets Being Depreciated, Net	775,723	49,942	(1,988)	823,677
Business-Type Activities Capital Assets, Net	$ 837,356	$ 114,924	$ (32,879)	$ 919,401

Description	Balance July 1, 2009	Increases	Decreases	Balance June 30, 2010
Major Component Units:				
Capital Assets Not Being Depreciated				
Land	$ 3,237	$ 21	$ -	$ 3,258
Construction in Progress	1	-	(1)	-
Total Capital Assets Not Being Depreciated	3,238	21	(1)	3,258
Capital Assets Being Depreciated:				
Buildings and Improvements	131,877	333	-	132,210
Equipment	30,218	5,439	(2,210)	33,447
Infrastructure	1,248	-	-	1,248
Total Capital Assets Being Depreciated	163,343	5,772	(2,210)	166,905
Less Accumulated Depreciation for:				
Buildings and Improvements	(33,769)	(6,592)	-	(40,361)
Equipment	(7,898)	(2,913)	413	(10,398)
Infrastructure	(262)	(40)	-	(302)
Total Accumulated Deprecation	(41,929)	(9,545)	413	(51,061)
Total Capital Assets Being Depreciated, Net	121,414	(3,773)	(1,797)	115,844
Major Component Unit Capital Assets, Net	$ 124,652	$ (3,752)	$ (1,798)	$ 119,102

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	$ 9,259
Education	340
Health and Human Services	4,054
Regulatory	296
Public Safety & Corrections	8,080
Agriculture and Commerce	146
Natural Resources	7,798
Transportation	44,411
Total Governmental Activities Depreciation Expense	$ 74,384

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

Project Description:

Governmental Activities	Amount Authorized	Amount Expended Through June 30, 2010	Balance Authorized
Office of Management and Budget	$ 1,500	$ 1,500	$ -
State Courts	1,948	1,376	572
Legislative Assembly	6,130	3,674	2,456
Secretary of State	1,807	1,807	-
State Historical Society	51,700	1,904	49,796
Veterans Home	35,077	21,157	13,920
Department of Human Services	5,446	4,011	1,435
Adjutant General	43,349	34,389	8,960
Department of Corrections	64,534	2,921	61,613
Job Service North Dakota	5,516	211	5,305
Department of Transportation	500,844	385,265	115,579
Seed Department	375	133	242
Total Governmental Activities	$ 718,226	$ 458,348	$ 259,878

Business-Type Activities	Amount Authorized	Amount Expended Through June 30, 2010	Balance Authorized
Workforce Safety and Insurance	$ 14,000	$ 9,426	$ 4,754
State Fair	1,614	1,220	394
PERS Group Insurance	2,759	2,450	309
University System	187,758	63,864	123,894
Total Business-Type Activities	$ 206,131	$ 76,960	$ 129,351

I. 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, 2010, amounted to $12,121,220 for governmental activities and $9,982,899 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, 2010, for all fund types are as follows (expressed in thousands):

Year Ending June 30	Governmental Activities	Business-type Activities
2011	$ 8,838	$ 7,835
2012	2,913	5,650
2013	1,484	4,402
2014	837	3,452
2015	653	2,657
2016-2020	998	7,376
2021-2025	119	11
Total Minimum Lease Payments	$ 15,842	$ 31,383

J. 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, 2010 (expressed in thousands):

Year Ending June 30	Governmental Activities	Business-type Activities	Major Component Units
2011	$ 1,237	$ 10,551	$ 131
2012	1,016	8,189	126
2013	814	7,844	126
2014	17	7,254	126
2015	4	6,844	126
2016-2020	-	28,627	632
2021-2025	-	16,244	632
2026-2030	-	14,198	632
2031-2035	-	4,572	442
2036-2040	-	1,821	-
2041-2045	-	364	-
Total Minimum Lease Payments	3,088	106,508	2,973
Less: Amount Representing Interest	(246)	(34,047)	(1,189)
Present Value of Future Minimum Lease Payments	$ 2,842	$ 72,461	$ 1,784

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, 2010, is as follows (expressed in thousands):

	Governmental Activities	Business-Type Activities	Major Component Units
Infrastructure	$ -	$ 1,660	$ -
Buildings	-	63,918	-
Equipment	10,463	33,337	1,978
Less: Accumulated Depreciation	(6,207)	(33,149)	(599)
Total	$ 4,256	$ 65,766	$ 1,379

K. 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, 2010, 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 2001 Series A Bonds, the 2002 Series A and D Bonds, the 2003 Series 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 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.

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, 2005 B and 2007 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

Interest is payable semiannually on June 1 and December 1 of each year. The proceeds of the Series 2000 B Bonds were used to provide funds for the acquisition of student loans from the Bank of North Dakota. The 2000 Series B Bonds are fixed rate bonds. Under certain conditions, the Industrial Commission may call for early redemption of the 2000 Series 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 lesser of either the one-month LIBOR plus .7% or Federal Home Loan Bank 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 2.1 of the Fourth Supplemental Resolution to the State of North Dakota Student Loan Revenue Bonds First General Bond Resolution. Section 2.2 of the Fourth Supplemental Resolution to the State of North Dakota Student Loan Revenue Bonds First General Bond Resolution has deemed these to be Federally Taxable Bonds. 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 lesser of either the one-month LIBOR plus .7% or Federal Home Loan Bank plus .7%. Details of the terms and provisions of the variable rate bonds are outlined in Section 2.1 of the Fourth 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.

Revenues Pledged – The agency has homeownership bonds outstanding in the amount of $1,067,743 maturing at various times from July 1, 2010, through July 1, 2041. The bonds have been issued to provide financing to purchase mortgage loans. Annual principal and interest payments on the bonds are expected to require 98 percent of net revenues. Principal and interest paid for the current year and total customer net revenues $255,370 and $166,885, respectively. Bond principal was reduced through customer revenues and the refunding of older bonds with proceeds from new bond issues.

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.

Revenue Bonds outstanding (expressed in thousands):

Fund Type/Fund	Maturities	Interest Rates	Balance 6/30/09
Primary Government			
Governmental:			
Building Authority	2011-2025	2.50-5.25	$ 84,334
Water Commission	2011-2049	2.50-5.50	101,903 [1]
Department of Transportation	2011-2020	3.00-5.00	42,942
Information Technology Department	2011-2014	4.00-5.25	2,923
Proprietary:			
State Fair	2011-2012	3.50-4.60	776
Student Loan Trust	2011-2029	1.05-5.85	14,200 [2]
Housing Finance:			
Homeownership	2011-2042	0.00-6.15	1,067,743 [2]
University System:			
VCSU—Valley City	2011-2033	5.68-7.25	3,085
Williston State College	2011-2019	0-3.00	256
Lake Region State College	2011-2017	3.00-5.125	675
UND—Grand Forks	2011-2036	1.00-5.00	70,139
NDSU—Fargo	2011-2037	1.5-5.60	111,110
NDSCS—Wahpeton	2011-2016	4.0-5.50	780
MiSU–Minot	2011-2030	0-6.60	15,241
Dakota College of Bottineau	2011-2012	6.25-6.90	56
MaSU—Mayville	2011-2018	1.55-6.63	5,859
DSU—Dickinson	2011-2020	3.75-5.00	575
BSC—Bismarck	2011-2030	3.4-5.35	3,915
NDUS – Univ. Sys. State Office	2011-2014	4.28	6,958
Total Revenue Bonds Payable— Primary Government			$ 1,533,470
Major Component Units			
Proprietary:			
Public Finance Authority	2011-2034	2.00-10.00	$ 164,282
NDSU Research and Technology Park, Inc.	2011-2032	3.00-5.40	27,335
NDSU Development Foundation	2011-2039	1.50-5.19	21,736
Arena Holdings Charitable LLC	2011-2030	4.60	3,522
UND Foundation	2011-2027	2.50-5.00	13,252
DSU Foundation	2011-2024	5.89	9,200
BSC Foundation	2011-2032	4.50-5.25	3,431
Total Revenue Bonds Payable— Major Component Units			$ 242,758

[1] Approximately $53 million of the Water Commission's bonds payable is not associated with fixed assets of the State.
[2] Entire amount of bonds payable are not associated with fixed assets of the State.

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

Fiscal Year	Principal	Interest
2011	$ 15,653	$ 10,097
2012	16,707	9,339
2013	16,720	8,675
2014	17,630	7,970
2015	17,297	7,233
2016-2020	81,501	24,638
2021-2025	46,896	9,202
2026-2030	9,644	2,112
2031-2035	2,777	956
2036-2040	1,201	645
2041-2045	1,478	380
2046-2050	925	88
Bond Premium	3,673	(3,673)
Total	$ 232,102	$ 77,662

Business-type Activities

Fiscal Year	Principal	Interest
2011	$ 128,476	$ 52,925
2012	33,350	51,859
2013	32,094	50,709
2014	35,752	49,477
2015	31,218	48,125
2016-2020	162,926	220,427
2021-2025	176,402	182,899
2026-2030	224,151	137,179
2031-2035	260,270	81,900
2036-2040	195,315	21,483
2041-2045	14,630	587
Bond Premium	6,784	(6,784)
Total	$ 1,301,368	$ 890,786

Major Component Units

Fiscal Year	Principal	Interest
2011	$ 15,301	$ 10,724
2012	15,540	10,117
2013	15,288	9,458
2014	15,691	8,794
2015	15,796	8,077
2016-2020	76,117	29,644
2021-2025	50,846	14,815
2026-2030	31,862	4,873
2031-2035	4,569	535
2036-2040	421	40
Bond Premium	1,327	(1,327)
Total	$ 242,758	$ 95,750

2. NOTES PAYABLE

The following is a schedule of notes payable outstanding at June 30, 2010 (expressed in thousands):

Fund Type/Fund	Maturities	Interest Rates	Balance 6/30/08
Primary Government			
Governmental:			
Department of Corrections	2011-2015	4.59	$ 406
Department of Human Services	2011-2015	4.24	2,774
Department of Transportation	2011-2022	4.18	2,195
Office of Management and Budget	2011-2022	4.18	4,010
School for the Deaf	2011-2021	4.8408	236
Information Technology Department	2011-2014	3.47-3.90	9,872
Proprietary:			
Bank of North Dakota	2011-2025	3.01-7.35	403,779
University System	2011-2017	4.22-9.90	8,316
Major Component Units			
UND Aerospace Foundation	2011-2019	2.50-6.00	7,777
NDSU Development Foundation	2011-2013	2.77-6.86	1,793
NDSU Research & Tech Park	2011-2017	0.0-4.00	648
UND Foundation	2011	5.00	100
DSU Foundation	2011-2025	5.625	299

(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 $3,668,000 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
2011	$ 2,978	$ 722
2012	4,415	593
2013	4,023	421
2014	3,103	286
2015	563	201
2016–2020	3,059	655
2021–2025	1,352	67
Total	$ 19,493	$ 2,945

Business-type Activities

Fiscal Year	Principal	Interest
2011	$ 1,006	$ 19,286
2012	33,982	18,481
2013	748	17,265
2014	62,384	15,674
2015	15,354	14,058
2016–2020	237,004	50,683
2021–2025	61,617	10,330
Total	$ 412,095	$ 145,777

Major Component Units

Fiscal Year	Principal	Interest
2011	$ 1,535	$ 499
2012	1,378	427
2013	2,200	331
2014	953	264
2015	2,507	151
2016–2020	1,927	150
2021-2025	117	12
Total	$ 10,617	$ 1,834

Changes in General Long-Term Liabilities

Changes in Long-Term Liabilities for the year ended June 30, 2010, are summarized as follows (expressed in thousands):

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Notes Payable	$ 26,523	$ 4,950	$ (11,980)	$ 19,493	$ 2,978
Bonds Payable	251,526	-	(19,425)	232,101	15,785
Capital Leases Payable	4,056	167	(1,381)	2,842	1,118
Intergovernmental Payable	505	32	(393)	144	144
Compensated Absences	35,680	27,674	(24,086)	39,268	2,116
Claims/Judgments Payable	7,742	4,805	(5,972)	6,575	2,191
Total Long-Term Liabilities	$ 326,032	$ 37,628	$ (63,237)	$ 300,423	$ 24,332
Business-Type Activities:					
Short-Term Notes Payable	$ -	$ 10,000	$ (10,000)	$ -	$ -
Notes Payable	317,844	101,108	(6,857)	412,095	1,006
Bonds Payable	1,051,542	478,293	(228,467)	1,301,368	128,817*
Capital Leases Payable	68,096	19,732	(15,367)	72,461	6,677*
Intergovernmental Payable	8,578	13,464	(12,756)	9,286	692
Compensated Absences	28,848	4,881	(2,149)	31,580	3,427
Dividends Payable	1,645	74,855	-	76,500	76,500
Claims/Judgments Payable	772,844	136,732	(135,885)	773,691	97,315
Total Long-Term Liabilities	$ 2,249,397	$ 839,065	$ (411,481)	$ 2,676,981	$ 314,434
Major Component Units:					
Notes Payable	$ 11,534	$ 2,605	$ (3,522)	$ 10,617	$ 1,535
Bonds Payable	259,232	3,875	(20,349)	242,758	15,301
Capital Leases Payable	1,866	-	(82)	1,784	43
Intergovernmental Payable	802	167	(26)	943	317
Total Long-Term Liabilities	$ 273,434	$ 6,647	$ (23,979)	$ 256,102	$ 17,196

*Bonds Payable and Capital Leases Payable includes $25,152,687 and $31,196,308 respectively, classified as Due to Component Units in the Statement of Net Assets for the University System. Of the above amounts, $951,500 and $1,295,464 are shown as current.

Bonds payable reductions include amortization of premium and deferred bond refunding costs.

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, $1,726,003 of internal service fund compensated absences and $5,082,044 of claims and judgments are included in the above amounts. Other governmental activities compensated absences generally have been liquidated by the General Fund (52%), the Highway Fund (16%), the Federal Fund (22%), and other various funds. Other governmental activities claims and judgments have all been liquidated by the Petroleum Release Compensation Fund.

3. DEFEASED DEBT

Primary Government

Building Authority

On November 15, 2006, the Authority issued $9,770,000 Lease Revenue Refunding Bonds, 2006 B. The proceeds of the issue were for an advance refunding of a portion of the 2001 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 $483,000. 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 $627,000 and resulted in an economic gain of $520,000. As of June 30, 2010, there were bonds of $9,405,000.

Water Commission

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, 2010, $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.

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, 2010, $2,030,000 of bonds outstanding is considered defeased.

University System

North Dakota State University

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, 2010, of the original bonds refunded by the advance refunding total $285,000.

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). These bonds were used to (1) refund, defease and discharge outstanding North Dakota State School of Science Married Student Housing Revenue Bonds 1970 and Dormitory Revenue Bonds of 1972; (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, 2010, of the original bonds refunded is $275,000.

Component Units

Public Finance Authority Bonds

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, 2009, $11,005,000 of bonds outstanding is considered defeased, and the liability has been removed from the balance sheet.

L. 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 $2,143,757 at June 30, 2010. 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 $2,429,933,613 of restricted net assets, of which $646,643,112 is restricted by enabling legislation.

NOTE 5 – 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, 2003, 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, 2010, the number of participating local political subdivisions in PERS was:

Cities and Park Districts	81
Counties	48
School Districts	115
Other	69
Total Participating Local	313

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 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. The plan permits early retirement at ages 50-55 with three or more years of service.

Employees may elect to receive the pension benefits in the form of a single life, joint and survivor, level social security, term-certain annuity, or partial lump sum with ongoing 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. 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 months out of the last 120 months of service. The percentage is equal to the sum of the first 25 years of service multiplied by 3.60% 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.

Members may elect to receive the pension benefits in the form of a single life, joint and survivor, term-certain annuity, or partial lump sum with ongoing annuity. Members 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 members' accumulated contributions plus interest.

The System is funded by employee contributions of 10.30% (of which the State is paying 4%) of total compensation and an employer contribution of 16.70%. The required contributions are determined using an entry age normal cost method. The North Dakota Retirement Board was created by the State Legislature and is the governing authority of NDHPRS. Benefit and contribution provisions are administered in accordance with chapter 39-03 of the North Dakota Century Code.

REFUNDS OF MEMBER CONTRIBUTIONS

Upon termination, if an employee is not vested (is not 65 or does not have 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.

Benefits are established through the plan document, as amended. The System provides a post-retirement cost-of living adjustment each year based on the Consumer Price Index. 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, which is the same as the aggregate 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. The "scheduled contribution" and amortization will be determined when the plan is not in surplus and will be based on a funding policy adopted by the employer.

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, 2010, the number of participating employer units in TFFR was:

Type	Number
Special Education Units	21
Vocational Education Units	5
Public School Districts	183
County Superintendents	11
Other	11
Total	231

Effective July 1, 2008, for purposes of determining pension benefits, members are classified as those employed before July 1, 2008, who have not taken a refund (Tier 1), and those employed after July 1, 2008 (Tier 2).

Tier 1 - 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 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 Section 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.

Tier 2 - A member is entitled to receive full benefits when five 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 90. 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 90. 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 Section 15-39.1-10. Monthly benefits under TFFR are equal to the five highest annual salaries earned divided by 60 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.

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 8.25% (increasing to 8.75% effective July 1, 2010) of the teacher's salary, until the fund reaches 90% funded ratio on an actuarial basis.

A vested member who terminates covered employment may elect a refund of assessments paid plus 6% or defer payment until eligible for pension benefits. A nonvested member who terminates covered employment must claim a refund of contributions paid before 70 ½. 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:	7,416	113	211	6,672
Special Prior Service Retirees:	18	-	-	-
Terminated Employees:				
Vested	3,375	4	4	1,472
Nonvested	2,183	1	-	331
Total Terminated Employees	5,558	5	4	1,803
Active Employees:				
Vested	14,891	63	31	8,356
Nonvested	5,777	76	-	1,551
Total Active Employees	20,668	139	31	9,907
Date of Annual Valuation	July 1, 2010	July 1, 2010	July 1, 2010	July 1, 2010

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

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PLAN ASSET MATTERS

BASIS OF ACCOUNTING

The public employee retirement systems described above are considered part of the State of North Dakota's reporting entity and are included in the State's financial statements as pension trust funds. The financial statements of these systems are prepared using the accrual basis of accounting. Employee contributions are recognized as revenues in the period in which they are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contribution. Benefits and refunds are recognized when due and payable in accordance with the terms of the plans.

METHOD USED TO DETERMINE EMPLOYER CONTRIBUTIONS

Employer contributions for the PERS 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, 2010	July 1, 2010	July 1, 2010
Actuarial Cost Method	Entry Age Normal	Frozen Initial Liability**	Entry Age Normal
Amortization Method	Level Percent Open	Level Dollar Closed	Level Percentage 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 14.75%
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, 2010, the actuarial value of assets exceeds the present value of projected benefits; therefore, the unfunded actuarial accrued liability is currently zero. The frozen initial liability actuarial cost method is the same as the aggregate cost method.

*** 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 8.75% statutory employer contribution rate. Payroll is assumed to increase at 3.25% per annum.

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, 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%
July 1, 2008	1,609.8	1,737.6	127.8	92.6%	640.7	19.9%
July 1, 2009	1,617.1	1,901.2	284.1	85.1%	697.7	40.7%
July 1, 2010	1,621.7	2,208.4	586.7	73.4%	769.7	76.2%
NDHPRS						
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%
July 1, 2008	50.8	54.6	3.8	93.0%	6.5	58.5%
July 1, 2009	50.2	57.6	7.4	87.2%	7.0	105.0%
July 1, 2010	49.3	61.8	12.5	79.8%	7.7	161.0%
JSND						
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	70.7	(5.0)	107.1%	1.8	0.0%
July 1, 2008	77.0	70.8	(6.2)	108.8%	1.8	0.0%
July 1, 2009	74.5	71.1	(3.4)	104.7%	1.7	0.0%
July 1, 2010	73.5	70.1	(3.4)	104.8%	1.6	0.0%
TFFR						
July 1, 2005	$ 1,469.7	$ 1,965.5	$ 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%
July 1, 2008	1,909.5	2,330.6	421.1	81.9%	417.7	100.8%
July 1, 2009	1,900.3	2,445.9	545.6	77.7%	440.0	124.0%
July 1, 2010	1,842.0	2,637.2	795.2	69.8%	465.0	171.0%

*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, which is the same as the aggregate cost method.

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 8.25 percent (increasing to 8.75 percent effective July 1, 2010) of the teacher's salary, until the fund reaches 90% funded ratio on an actuarial basis.

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

Schedule of Employer Contributions

	Annual Required Contribution	Percentage Contributed
PERS		
2008	$ 35,875,117	70.0%
2009	40,327,067	69.0%
2010	54,157,866	56.0%
TFFR		
2008	$ 44,114,585	76.4%
2009	41,986,174	89.3%
2010	52,053,217	76.5%

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, 2010:

	NDHPRS	JSND
Annual required contributions	$ 1,312,591	$ -
Interest on net pension obligations	(66,328)	(123,180)
Adjustment to annual required contributions	57,864	129,361
Annual pension costs	1,304,127	6,181
Contributions made	1,196,562	-
Increase in net pension obligations	107,565	6,181
Net pension obligations, beginning of year	(829,104)	(1,642,398)
(Assets in excess of) net pension obligations, end of year	$ (721,539)	$ (1,636,217)

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			
2008	$ 905,591	117%	$ (724,722)
2009	1,025,737	109%	(829,104)
2010	1,312,591	91%	(721,539)
JSND			
2008	$ 6,229	0%	$ (1,648,603)
2009	6,205	0%	(1,642,398)
2010	6,181	0%	(1,636,217)

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 293 participants as of June 30, 2010.

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 $638,120 and $619,544 respectively, for the fiscal year ended June 30, 2010.

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 or	0.00%	8.33%*	8.33%*
	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 $26,512,291 to TIAA-CREF during the fiscal year ending June 30, 2010.

NOTE 6 - POST-RETIREMENT BENEFITS

The Retiree Health Insurance Credit Fund, a cost-sharing multiple-employer plan, 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), and the Highway Patrolmen's Retirement System 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.

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 1.14 percent of covered compensation. The employer contribution for non-teaching employees of the Office of the Superintendent of Public Instruction is 3.24 percent of covered compensation beginning in the month following the transfer under chapter 54-52-02.13 of the North Dakota Century Code and continuing thereafter for a period of eight years. The employer contribution for employees of the State Board of Career and Technical Education is 2.99 percent of covered compensation beginning in the month following the transfer under NDCC 54-52-02.14 and continuing thereafter for a period of eight years. Employees participating in the retirement plan as part-time/temporary members are required to contribute 1.14 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, or the Defined Contribution Retirement Plan, are eligible to receive credit toward their monthly health insurance premium under the state health plan. The benefits are equal to $5.00 for each of the employee's years of credited service not to exceed the premium in effect for selected coverage. 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 $5.00 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, 2010. 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 RP-2000 Combined Healthy Mortality, (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 $97,000 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 changes in actuarial assumptions	(0.06)%	$ (476,180)
Changes in plan experience during the year	(0.05)%	(396,817)
	(0.11)%	$ (872,997)

Employer contributions totaling $8,392,847 were made for the year ended June 30, 2010. The actuarially required employer contribution of $7,199,033 for the year ended June 30, 2010, is 0.90 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, 2010, the cost of benefits incurred for the fund was $5,563,631.

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, 2008	$ 42.5	$ 87.6	$ 45.1	48.5%	$ 660.9	6.8%
June 30, 2009	44.8	102.2	57.4	43.9%	719.8	8.0%
June 30, 2010	48.7	102.8	54.1	47.4%	793.6	6.8%

Employee membership is as follows:

Retirees receiving benefit	4,105
Active participants	21,047
Total Membership	25,152

The fair value of the net assets available for benefits at June 30, 2010, is $45,778,797.

Another component of the Retiree Health Insurance Credit Fund provides health care coverage to eligible retires who are not eligible for Medicare. The premiums for this coverage are set under NDCC 54-52.1-02 as a percent of the active member single and family plan rates and are paid by the retiree. The premiums for this coverage are not age-rated. Currently, the premiums for their group do not cover the costs of the coverage; therefore, the costs of this group are being subsidized through the active group rates. This subsidy is not funded in advance and there is no guarantee that the subsidy for the 2009-11 biennium will continue in the future. In the event the legislature does not fund the subsidy beyond the current biennium, the coverage would discontinue and the unfunded actuarial accrued liability displayed in the table below for the retiree health implicit subsidy would be reduced to zero.

A member must be receiving a retirement from NDPERS to be eligible for the retiree health care coverage. In addition, a member receiving a retirement allowance from NDTFFR or TIAA-CREF is also eligible for the retiree health care coverage.

The premiums for this plan are reported as employee contributions on the statement of changes in Plan Assets as they are fully paid by the retirees. The full amount of the premiums collected are expended each year and are reported as health premiums paid on the statement of changes in Plan Assets.

Significant actuarial assumption for the implicit subsidy unfunded plan include; using the 1983 Group Annuity Maturity Table, applied on a gender-specific basis; health care cost trends of 10% for select and 6% for ultimate with select trends reduced 0.5% each year until reaching the ultimate trend; and retirement and termination probabilities have been developed from the assumptions for the NDPERS pension plans. The funded status of the plan as of the most recent actuarial valuation dates is as follows:

(Dollars in Millions)

Actuarial Valuation Date June 30	Actuarial Value Of Plan Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio
2009	$ -	$ 53.7	$ 53.7	0.0%

JOB SERVICE NORTH DAKOTA

Job Service North Dakota engaged an actuary to determine the Agency's liability for post-employment benefits other than pensions as of June 30, 2010. The actuary determined the obligation the agency has to record as of June 30, 2010 is the difference between the Annual Required Contribution (ARC), defined as the normal cost plus an amortization for prior years unfunded liability, and the amount paid during the year.

Former employees receiving retirement benefits under the Retirement Plan for Employees of Job Service North Dakota are eligible to participate in the Retiree Health Benefits Fund, a cost-sharing multiple-employer plan, as administered by the Public Employees Retirement Board. The retired employee is provided a credit toward their monthly health insurance premium under the state health plan based upon their years of credited service. In accordance with NDCC 54-52.1-03.2, Job Service North Dakota reimburses the Retiree Health Benefits Fund monthly for credit received by members of the retirement plan established by Job Service North Dakota. This benefit is equal to $5.00 for each of the employee's, or decreased employee's years of credited service not to exceed the premium in effect for selected coverage.

Job Service North Dakota employees who had a Met Life Insurance policy in effect on December 1, 1999, when the Met Life Insurance benefit plan was discontinued for new employees, receive the following benefits: Job Service North Dakota pays 33% of the monthly Basic Met Life Insurance premium of current employees with a Met Life Insurance policy and upon retirement the employees Basic Met Life Insurance premiums are covered 100% by Job Service North Dakota. The Basic Life Insurance Benefits are equal to the employees annual salary up to a maximum of $45,000 and are decreased at a rate of 2% per month at age 65 until the benefit is 25% of the original amount. Job Service has authority to change the funding and benefit policy of this plan.

Membership of the Other Post Retirement Benefit plans consisted of the following at July 1, 2010, the date of the latest actuarial valuation:

	Retiree Health Benefits Fund	Met Life Insurance Benefit
Retirees and beneficiaries currently receiving benefits	209	177
Terminated employees entitled to benefits but not yet receiving them	4	-
Current vested employees	32	56
Total	245	233

The funding policy of the plans thru June 30, 2010 is pay-as-you go plan, contributing annually the amount necessary to pay benefits of retirees. Below is listed the actuarial methods and assumptions which were used in the actuary report and study conducted by the Segal Company.

Valuation Date	June 30, 2010
Actuarial Cost Method	Projected Unit Credit
Amortization Method	30-Year Amortization Open
Remaining Amortization Period	30 years
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Investment Rate of Return	4.5%
Includes Inflation at	5%

Annual OPEB Cost and Net OPEB Obligation – The Agency's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period of thirty years. The following table shows the components of the Agency's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Agency's net OPEB obligation:

	Retiree Health Benefits Fund	Insurance Benefit	Total
Annual required contributions	$ 251,756	$ 104,761	$ 356,517
Interest on OPEB obligation	6,810	2,837	9,647
Adjustment to annual required contributions	(8,780)	(4,118)	(12,898)
Annual OPEB costs	249,786	103,480	353,266
Contributions made	232,784	50,725	283,509
Increase in net OPEB obligation	17,002	52,755	69,757
Net OPEB obligations, beginning of year	129,947	84,439	214,386
Net OPEB obligations, end of year	$ 146,949	$ 137,194	$ 284,143

The following schedule presents the annual OPEB cost contributed, the net pension obligations, and the percentage contributed:

June 30	Annual Retiree Health Benefits OPEB Costs	Annual Met Life Insurance OPEB Costs	Annual Retiree Health Benefit Cost Contributed	Annual Met Life Insurance Cost Contributed	OPEB Obligation	Annual OPEB Cost Contributed
2008	$ 282,723	$ 93,786	$ 222,801	$ 52,078	$ 101,630	73.0%
2009	282,723	93,786	212,698	51,055	112,756	70.1%
2010	249,460	103,806	232,784	50,725	69,757	80.3%

Funded Status and Funding Progress – As of June 30, 2010 the most recent actuarial valuation date, the plans were unfunded. The actuarial liability for benefits was $5,482,756, and the actuarial value of assets was $0.00 resulting in an unfunded actuarial accrued liability (UAAL) of $5,482,756. The covered payroll (annual payroll of active employees covered by the plans) was $3,199,800 and the ratio of the UAAL to the covered payroll was 171.34 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment and mortality. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer as made about the future.

Actuarial Methods and Assumptions – Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing the benefit of costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

NOTE 7 - 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	$	24,212
Other Jurisdictions		3,730
Total Value	$	27,942

NOTE 8 - 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. In accordance with the contract for the 2005-2007 biennium, the system deposited a total of $14,227,761 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 of $3,966,104. The system has entered into a similar contract with BCBS for the 2007-2009 biennium. The accumulated surplus and other invested funds in the amount of $6,043,500 are shown as cash on the State's financial statements. These funds are being held by BCBS.

NOTE 9 - SEGMENT INFORMATION

North Dakota Housing Finance Agency maintains two separate funds which account for general agency operations and provide loans to finance construction of rental residential housing and single-family ownership. The two funds are accounted for in a single fund, but investors in 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, 2010, was as follows (expressed in thousands):

	Home-Ownership Bond Funds
Condensed Statement of Net Assets	
Current assets – other	$ 273,187
Noncurrent assets – other	938,450
Total Assets	1,211,637
Current liabilities – other	142,203
Noncurrent liabilities – other	969,497
Total Liabilities	1,111,700
Net assets – restricted	99,937
Total Net Assets	$ 99,937
Condensed Statement of Revenues, Expenses and Change in Fund Net Assets	
Operating revenues	$ 50,284
Operating expenses	43,202
Operating income	7,082
Non-operating revenue	139
Change in net assets	
Total net assets, beginning of year	89,748
Equity transfer in	2,968
Total net assets, end of year	$ 99,937
Condensed Statement of Cash Flows	
Net cash used for operating activities	$ (54,118)
Net cash from noncapital financing activities	180,139
Net change in cash and cash equivalents	126,021
Cash and cash equivalents, beginning of year	124,585
Cash and cash equivalents, end of year	250,606

NOTE 10 - MAJOR COMPONENT UNIT TRANSACTIONS

NORTH DAKOTA DEVELOPMENT FUND

In 2010, the State appropriated funds to the North Dakota Development Fund to develop a child care loan program for the purpose of providing loans to new and expanding child care facilities within the State of North Dakota. The program has a sunset date of June 30, 2011. On that date, the appropriation amount is set to be returned to the State. As of June 30, 2010, $1,299,700 is due back to the State.

BISMARCK STATE COLLEGE AND BISMARCK STATE COLLEGE FOUNDATION

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.

On October 19, 2007, BSC and BSC Foundation entered into a 25-year lease agreement to facilitate the construction of the National Energy Center of Excellence building. Under the agreement, BSC is responsible for 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 $5.0 million 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 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 building and grounds services. For the year ended June 30, 2010, DSU has valued these services at approximately $157,000.

The Dickinson State University Foundation issued two series of revenue bonds of $9,200,000 on June 4, 2009, to finance the Badland Activities Center project. The bonds will be paid off with private donations raised by the Foundation and are summarized as follows:

$5,000,000 bond at a fixed rate of 5.89%. The bond is amortized over 15 years with semi-annual payments due each January and July 20th. The payments in 2010 will be interest only, with the first principal payment due in January of 2011.

$4,200,000 bond with a variable rate of interest, currently 1.65%. The bond is repriced every six months and has payments each January and July. The 2010 payments will be interest only, with the first principal payment due in January 2011. There are neither time limits nor prepayment penalties on this issue.

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 facility 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 2010 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, a reclassification entry was made to ending balances in the component unit consolidation financial statements to show the appropriate due from primary institution.

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 2010 were approximately $2.3 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 $331,935 in fiscal year 2010 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 $3,415,000 as of June 30, 2010. 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, a reclassification entry was made to ending balances in the component unit consolidating financial statements to show the appropriate due from primary institution.

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 $3.5 million 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 $338,240 in fiscal year 2010 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 $2,701,216 as of June 30, 2010. 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, a reclassification entry was made to

ending balances in the component unit consolidating financial statements to show the appropriate due from primary institution.

NDSU DOWNTOWN CAMPUS

The former Northern School Supply building was donated to the NDSU Development Foundation by 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 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 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. During fiscal year 2010, NDSU made $322,919 of debt service to the NDSU Development Foundation on the aircraft lease. 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.

BARRY HALL BUSINESS BUILDING AND KLAI HALL ARCHITECTURE BUILDING

Effective November 28, 2007, NDSU and the NDSU Development Foundation entered into a lease agreements for two buildings in downtown Fargo, formerly known as the “Pioneer Mutual Building” and “Lincoln Mutual Building”. The Foundation financed the construction of the Barry Hall business building and Klai Hall architecture building projects through the sale of $18.52 million of 20-year University Facilities Revenue Bonds issue by the City of Fargo, North Dakota. The City has loaned the bond proceeds to the Foundation for payments equal to the sum of the semi-annual interest payments and installments of varying principal amounts on the variable rate bonds and the semi-annual principal and interest payment on the fixed-rate bonds. The principal payments on the variable rate bonds will be funded from payments on donor pledges restricted for the project. Under the terms of the loan, the Foundation is responsible for the real estate taxes, insurance, repairs and maintenance, and other costs incident to ownership of the property. The property is included with property in the financial statements and the bonds have been recorded as a direct obligation of the Foundation. Ownership of the property will transfer to NDSU when the bonds are repaid in full. The bonds are guaranteed by the Foundation. This property is leased to NDSU for rental equal to the sum of the semi-annual interest only payments on the variable term bonds plus the semi-annual principal and interest payments on the fixed-rate bonds for the term of the bonds, plus all the costs incurred by the Foundation incident to ownership of the property. During fiscal year 2010, NDSU paid $853,379 to the NDSU Development Foundation for under the leases for debt service, property taxes and insurance on Barry Hall and Klai Hall. NDSU has an option to acquire the property upon full payment of the bonds. The bonds payable have a balance of $13,651,323 at June 30, 2010.

PRESIDENT’S RESIDENCE

On September 15, 2008, the NDSU Development Foundation financed the construction of a new residence for the NDSU President through the sale of $900,000 of 30 year University Facilities Bonds. The interest rate is a fixed rate of 4.20% with semi-annual principal and interest payments. The repayment source is private donations and pledges. The bonds payable have a balance of $871,651 at June 30, 2010. The NDSU Development Foundation incurred a total $1,498,998 of costs related to the construction of the President’s House during fiscal years 2009 and 2010. NDSU incurred a total of $703,837 during fiscal years 2009 and 2010. In addition, donated services of $403,147 were contributed to the construction of the President’s residence through June 30, 2010. The President’s House was capitalized on NDSU’s books for the sum of the foundation and NDSU costs, plus the donated services ($2,605,983). In addition, during the construction period there were transition costs (i.e., rent, utilities) for the NDSU president paid by the NDSU Development Foundation ($32,694) and NDSU

($67,157). These costs were considered operating expenses, along with some minor completion costs of $2,090 incurred in June 2010.

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 2010 were $695,657. 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 $15.0 million in fiscal year 2010. 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 $1.2 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, 2010, the Foundation has recorded accounts payable to UND of $190,334 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 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, a reclassification entry was made to ending balances in the component unit consolidating financial statements to show the appropriate due from primary institution.

UNIVERSITY OF NORTH DAKOTA AND RE ARENA, INC.

RE Arena, Inc. manages, operates and maintains an arena know as the Ralph Englestad Arena, which was constructed in 2001 for the benefit of UND athletics. UND and RE Arena, Inc. enter into an annual operating agreement from July 1 to June 30. The operating agreement sets forth the facility usage, fees and services, ticket administration and revenue allocation, sponsorship sales administration and revenue allocation, and net income disposition. In accordance with this agreement: (i) RE Arena, Inc. collects all ticket revenue from ticketed UND athletic events (men's and women's hockey, football, men's and women's basketball, and volleyball), RE Arena, Inc. retains 52% of such ticket revenue and remits 48% to UND, and (ii) RE Arena, Inc. collects all sponsorship sales revenue from UND Athletic events, RE Arena, Inc. retains 64% of such sponsorship revenue, net of direct costs and remits 36% to UND. In addition, UND and RE Arena Inc. jointly utilize UND and RE Arena, Inc. marketing staff to market and promote UND athletic 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, RE Arena, Inc. retained approximately $1,887,365 in fiscal year 2010 in ticket revenue and $621,798 in sponsorship revenue from UND athletic events. Additionally, under the agreement, RE Arena, Inc. makes annual deposits to a reserve for extraordinary repairs, maintenance, and building improvements. The amount reserved in fiscal year 2010 was $500,000. On an annual basis, RE Arena, Inc. will remit to UND its net income after adding back depreciation and amortization, the funded reserve, equity retention and capital expenditures for the fiscal year. RE Arena, Inc. paid UND $350,000 under this agreement in fiscal year 2010.

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, 2010, RE Arena, Inc. has a payable to UND of $147,825 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 4.15 percent at June 30, 2010. The foundation may pay down principal in increments of $100,000 on interest payment dates without penalty. Principal balance outstanding at June 30, 2010, is $3,356,606. 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, 2010.

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 2.5 to 5.0 percent and mature in 2027. The lease revenue bond has a balance of $6,880,000 at June 30, 2010. 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.

On April 16, 2008, the UND Foundation issued bonds of $2,200,000 to build a University Presidents Home and an addition to the Jodsaas Center Engineering building. Series B for the President's residence was $900,000 and Series A for the Jodsaas Center Engineering Building was $1,300,000. Semi-annual payments are required on Series A. Series B requires semi-annual payments with principal paid annually. The interest rate is fixed at 4.15%. Payments on both series are due through 2038. The bonds have a balance of $2,039,159 at June 30, 2010. The UND Foundation incurred $919,571 in costs related to the President's residence and also incurred $424,080 in costs related to infrastructure and land improvements related to the President's residence.

On December 22, 2008, the UND Foundation issued bonds of $1,200,000 to fund construction of the North Dakota Center for Human Safety. Annual payments of principal along with semi-annual payments of interest are required at a fixed interest rate of 3.5%. Payments are due through 2013. The bonds have a balance of $976,221 at June 30, 2010.

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 remaining term of one year. At June 30, 2010, due to timing of receipts and payments, the UND Foundation recorded a payable of $22,601 to UND.

NOTE 11 - 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	$	585,960
Financial standby letters of credit		396,951
	$	982,911

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.

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 $738,000 at December 31, 2009.

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 $40,479,000 at June 30, 2010. 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 $19,097,000 at June 30, 2010.

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 $116,947,000 at December 31, 2009.

NOTE 12 - 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 cash flow hedges or swaps in connection with various variable-rate housing bond series. The Agency cash flow hedges are pay-fixed. 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 issuance and maturity date. Some of the swaps have optional termination dates. Under the swaps, the authority 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 swap notional amount. 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 Index plus 0.25% or (ii) the Maximum Rate as defined within the applicable series resolution. The Agency had optionally terminated two swaps with an aggregate notional amount of $20,095,000 at par and entered into an additional swap with a $50,530,000 notional amount.

As of June 30, 2010, the Agency is exposed to credit risk on the swaps that have a positive fair value, which total $5,039,000. 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 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.

The Agency has entered into netting arrangements whenever it has entered into more than one derivative instrument transaction with a counterparty. Under the terms of these arrangements netting provisions permit each party to net the transactions' fair values so that a single sum will be owed by, or owed to, the other party. At June 30, 2010, the Agency owed the swap providers a fixed rate on the notional amount of the swaps of $3,907,000 and the swap providers owed the Agency a variable rate on the notional amounts of $453,000 making the net payment that the Agency owed the swap providers $3,454,000.

Due to the difference in the variable rate indices, the swaps had a net negative fair value of $19,751,000 as of June 30, 2010. Accordingly, the financial derivative instrument is reported as a liability and the accumulated changes in fair value of the swaps are reported as a deferred outflow at June 30, 2010. The coupon 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.

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, 2010. 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 terminations 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.

The Agency is exposed to rollover risk on hedging derivative instruments that are hedges of debt that mature or may be terminated prior to maturity of the hedged debt. When these hedging derivative instruments terminate, or in the case of a termination option, if the counterparty exercises its option, the Agency will be re-exposed to the risks being hedged by the hedging derivative instrument. The Agency also is exposed to rollover risk on the swaps that mature and the Agency does not call the related variable rate debt.

1.	Bond Series	2002 B	2003 A
2.	Issuance Date	8/28/2002	5/14/2003
3	Maturity Date	7/1/2011	1/1/2012
4.	Notional Amount	$ 900,000	$ 2,060,000
5.	Variable-rate Bonds	$ 900,000	$ 2,060,000
6.	Fixed Rate	2.940%	2.463%
7.	LIBOR Percentage	70.60%	62.50%
8.	Additional Percentage	0.00%	0.44%
9.	Bonds Variable-rate	0.26000%	0.29000%
10.	Fair Value	$ (20,000)	$ (44,000)
11.	Percentage of LIBOR	0.22401%	0.65602%
12.	Synthetic Rate	2.95590%	2.09698%
13.	Actual Synthetic Rate	3.17828%	2.36406%
14.	Change in Fair Value	$ 35,000	$ 30,000
15.	Optional Termination Date	-	-

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	$ 2,170,000	$14,205,000	$ 4,025,000	$12,990,000
5.	Variable-rate Bonds	$ 2,170,000	$14,205,000	$ 4,025,000	$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	0.37%	0.37%	0.34%	0.34%
9.	Bonds Variable-rate	0.29000%	0.29000%	0.29000%	0.29000%
10.	Fair Value	$ (64,000)	$ (738,000)	$ (117,000)	$ (1,046,000)
11.	Percentage of LIBOR	0.58620%	0.58620%	0.55775%	0.55775%
12.	Synthetic Rate	2.85880%	4.23380%	2.35225%	3.71225%
13.	Actual Synthetic Rate	3.08398%	4.44579%	2.60419%	3.95005%
14.	Change in Fair Value	$ 57,000	$ 37,000	$ 52,000	$ (333,000)
15.	Optional Termination Date	-	7/1/2011	-	7/1/2013

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	$21,885,000	$23,100,000	$12,000,000	$30,210,000
5.	Variable-rate Bonds	$21,885,000	$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	0.26000%	0.27000%	0.27000%	0.27000%
10.	Fair Value	$ (1,306,000)	$ (1,667,000)	$(1,207,000)	$(4,341,000)
11.	Percentage of LIBOR	0.55775%	0.53740%	0.52775%	0.52775%
12.	Synthetic Rate	3.79725%	3.60260%	3.63125%	3.69725%
13.	Actual Synthetic Rate	4.06602%	3.84242%	3.86474%	3.92823%
14.	Change in Fair Value	$ 143,000	$ (286,000)	$ (417,000)	$ (880,000)
15.	Optional Termination Date	7/1/2011	7/1/2012	1/1/2016	7/1/2016

1.	Bond Series	2008 A	2008 B	2008 D	2009 B
2.	Issuance Date	2/26/2008	2/26/2008	8/5/2008	7/30/2009
3.	Maturity Date	1/1/2017	7/1/2038	7/1/2039	1/1/2025
4.	Notional Amount	$13,700,000	$14,310,000	$21,850,000	$50,005,000
5.	Variable-rate Bonds	$13,700,000	$14,310,000	$21,850,000	$50,005,000
6.	Fixed Rate	3.198%	4.725%	3.919%	3.108%
7.	LIBOR Percentage	63.00%	100.00%	63.70%	64.70%
8.	Additional Percentage	0.32%	0.00%	0.20%	0.23%
9.	Bonds Variable-rate	0.27000%	0.32000%	0.21000%	0.26000%
10.	Fair Value	$ (1,338,000)	$ (1,764,000)	$ (2,750,000)	$ (3,349,000)
11.	Percentage of LIBOR	0.53775%	0.34563%	0.42017%	0.45362%
12.	Synthetic Rate	2.93025%	4.69937%	3.70883%	2.91438%
13.	Actual Synthetic Rate	3.15313%	5.49327%	3.85625%	2.99969%
14.	Change in Fair Value	$ (498,000)	$ (482,000)	$ (816,000)	$ (3,349,000)
15.	Optional Termination Date	1/1/2017	1/1/2020	7/1/2018	7/1/2016

Using rates as of June 30, 2010, 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, 2010. 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 Principal	Variable-Rate Bond Interest	Interest Rate Swap, Net	Total
2011	$ 9,755	$ 576	$ 7,057	$ 17,388
2012	9,725	549	6,781	17,055
2013	7,660	526	6,532	14,718
2014	6,230	508	6,327	13,065
2015	5,415	493	6,147	12,055
2016-2020	76,055	1,760	22,301	100,116
2021-2025	40,910	1,100	14,663	56,673
2026-2030	17,865	747	10,428	29,040
2031-2035	28,640	419	6,193	35,252
2036-2040	20,975	94	1,540	22,609
	$ 223,230	$ 6,772	$ 87,969	$ 317,971

NOTE 13 – 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 14 – 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 2010, a total of $117,606,375 in claims was recognized. Incurred but not reported claims of $772,095,000 have been accrued as a liability based primarily upon actuarial estimates.

RISK MANAGEMENT FUND

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

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

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

The following table presents the changes in claims liabilities balance for the fiscal years ending June 30, 2009, and June 30, 2010:

Fiscal Year	Beginning Balance	Current Year Claims and Changes In Estimates	Claims Payments	Ending Balance
2009	$ 2,067,030	$ 377,736	$ 478,058	$ 1,966,078
2010	1,966,078	728,583	858,680	1,835,981

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, thirteen claims exceeded coverage by $1,462,394.

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, 2010:

Fiscal Year	Beginning Balance	Current Year Claims and Changes in Estimates	Claims Payments	Ending Balance
2009	$ 3,849,552	$ 3,000,740	$ 2,745,908	$ 4,104,384
2010	4,104,384	3,330,692	4,189,013	3,246,063

NOTE 15 – 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 $9.5 billion. The Bonding Fund is used to provide fidelity bonding of public employees and officials. The Fund has issued 2,971 policies to participating entities. The total coverage for the Bonding Fund is $600.0 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, 2010, coverage extended to the following employers:

Annual Premium	
$250 - $5,000	15,629
$5,001 - $50,000	4,168
$50,001 - $100,000	345
Over $100,000	286
Total Employers	20,428

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, 2010, 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):

	Low	Expected Value	High
Full Value Basis (undiscounted)	$1,206,339	$ 1,313,946	$ 1,450,670
Present Value Basis (discounted at 5% rate)	$ 708,430	$ 772,095	$ 851,902

WSI has adjusted the estimated liability for unpaid loss and loss adjustment expense to the actuary's five percent discounted expected value of $772,095,000 at June 30, 2010.

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, 2010.

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	
	2010	2009	2010	2009	2010	2009
Unpaid claims and claims adjustment expenses at the beginning of the year	$ 755	$ 1,114	$ 189	$ 149	$ 771,900	$ 740,600
Incurred claims and claims adjustment expenses:						
Provision for current fiscal year	3,075	1,744	49	128	160,265	168,964
Change in provision for prior fiscal year	-	-	-	-	(26,657)	9,427
Payments and claims and adjustment expenses attributable to:						
Current fiscal year insured events	(1,676)	(989)	148	61	(30,861)	(32,054)
Prior fiscal years' insured events	(755)	(1,114)	(189)	(149)	(82,601)	(81,137)
Total Payments	(2,431)	(2,103)	(41)	(88)	(113,462)	(113,191)
Change in provision for discount	-	-	-	-	(19,951)	(33,900)
Total unpaid claims and claims adjustment expenses at the end of the year	$ 1,399	$ 755	$ 197	$ 189	$ 772,095	$ 771,900

NOTE 16 – SCHOOL PERMANENT TRUST FUND

On June 30, 2009, the Attorney General certified to the Secretary of State that recent amendments to two federal statutes, the 1889 Enabling Act and the 1862 Morrill Act, removed any inconsistencies between these two federal laws and sections 1 and 2 of Article IX of the North Dakota State Constitution. With that certification, the historic changes that were approved by North Dakota voters as Constitutional Measure No. 1 during the November 7, 2006, general election became effective on July 1, 2009. Effective July 1, 2009, biennial distributions from the perpetual trust funds will be ten percent of the five-year value of trust assets, excluding the value of lands and minerals. The average value of trust assets is determined by using the assets' ending value for the fiscal year that ends one year before the beginning of the biennium and the assets' ending value for the four preceding fiscal years. Equal amounts must be distributed during each year of the biennium.

NOTE 17 – 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 18 - COMMITMENTS AND CONTINGENCIES

A. LONG-TERM COMMITMENTS

BANK OF NORTH DAKOTA

S.B. 2332, Sections 8 and 9 – The Health Information Technology Office Director may request the Bank of North Dakota to transfer up to $8,000,000 to the Health Information Technology Loan Fund to meet any required match for federal funds or to the Electronic Health Information Exchange Fund to meet any required match for federal funds or as directed, a portion to both funds to meet any required match for federal funds. The Health Information Technology Office Director shall request fund transfers from the Bank only as necessary to comply with federal requirements and to meet cash flow needs of the funds. The Health Information Technology Office Director may request the Bank of North Dakota to transfer up to $5,000,000 to the Health Information Technology Planning Loan Fund. The Health Information Technology Office Director shall request transfers from the Bank only as necessary to meet cash flow needs of the fund.

Under chapter 61-02.1-04 of North Dakota Century Code, principal and interest on State Water Commission bonds issued are payable from transfers to be made and appropriated by the legislative assembly from the water development trust fund as provided in section 61-02.1-05, then from transfers to be made and appropriated by the legislative assembly from revenues in the resources trust fund other than revenues from state taxes, then from appropriations of other available revenues in the then current biennium, and then from any other revenues the State Water Commission makes available during the then current biennium for that purpose, including any federal moneys received by the state for the construction of flood control or reduction projects to pay bonds issued for that project. If sufficient funds from these sources are not available, then from transfers to be made and appropriated by the legislative assembly from the first available current biennial earnings of the Bank of North Dakota not to exceed $6,500,000 per biennium prorated with any other bonds payable from transfers to be made and appropriated by the legislative assembly from the available current biennial earnings of the Bank of North Dakota, to be credited by the trustee to the fund established for paying principal and interest on the bonds under a trust indenture. If the bank has to provide a transfer to the State Water Commission to make principal and interest payments on these bonds, the State Water Commission would then have to request from the next legislative assembly funding to repay the transfer made by the bank.

Chapter 6-09.7-09 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 may have no more than $8,000,000 in outstanding loan guarantees under this program. The Bank may guarantee up to 75% of the amount of principal due the lender. The guarantee term may not exceed 5 years. As of December 31, 2009, the Bank has guarantees outstanding totaling $1,342,000. The Bank had no guarantee commitments outstanding as of December 31, 2009.

Chapter 6-09.15 provides that the Bank of North Dakota provide a Beginning Entrepreneur Loan Guarantee Program. The program includes 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 shall pay the lender the amount agreed upon up to 85 percent of the amount of principal due the lender on a loan at the time the claim is approved. The total outstanding loans that the Bank may

guarantee cannot exceed 5% of the Bank's tier one capital as define by the Department of Financial Institutions. A lender may apply to the Bank for a loan guarantee for a loan of up to $100,000. The term of the guarantee may not exceed five years. As of December 31, 2009, the Bank has guarantees outstanding totaling $4,223,000 and had guarantee commitments outstanding of $202,000 included in commitments to extend credit.

Chapter 6-09-41 of the North Dakota Century Code provides that the Bank of North Dakota establish and administer a loan guarantee program that is designed to expand livestock feeding and dairy farming in this state. This program was effective through June 30, 2009. 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 livestock feeding operation or to the owner of a new or expanding dairy operation. 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, 2009, the Bank has guarantees outstanding totaling $1,466,000.

PUBLIC EMPLOYEE RETIREMENT SYSTEM

The system has entered into agreements with Sagitec Solutions, LLC and L.R. Wechsler, Ltd for the development of its new integrated benefits administration system. The contract with Sagitec is $7.7 million and the contract with L.R. Wechsler is $1 million, and the total appropriation for this project is approximately $9.6 million, which is anticipated to be fully completed by September 2011. As of June 30, 2010, the system has paid $7.0 million towards these contracts. The remaining $2.6 million will be paid as the project is completed. It is anticipated that final payments to Sagitec, which are due upon completion of the warranty period, may be carried over to the 2011-2013 biennium.

RETIREMENT AND INVESTMENT OFFICE (RIO)

The State Investment Board has at June 30, 2010, committed to fund certain alternative private equity partnerships for an amount of $957.5 million. Funding of $751.3 million has been provided leaving an unfunded commitment of $206.2 million.

MANDAN REMEDIATION TRUST

As of November 23, 2004, the North Dakota Department of Health entered into a quick start contract with Leggette, 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 $264,861 during 2009 for services rendered under the contract.

INDUSTRIAL COMMISSION

Under the Lignite Vision 21 Program, the Commission has entered into an amended contract for the amount of $10,000,000 with American Lignite Energy. The purpose of the amended contract is for conducting the FEED process for a coal-to-liquids plant in McLean County. The balance outstanding at June 30, 2010, is $8,649,998. In addition, the Commission has entered into a contract for conducting pre-FEED and FEED studies with Great Northern Power Development. The balance outstanding at June 30, 2010, is $4,251,717.

The Commission also has various significant commitments at June 30, 2010, for the purchase of various types of research, services and other goods totaling $9,258,120.

MILL AND ELEVATOR

As of June 30, 2010, the Mill had commitments to purchase 3,789,908 bushels of spring wheat and 105,917 bushels of durum.

STATE FAIR

The State Fair entered into agreements with contractors for the construction of the new grandstand and the demolition of the old grandstand. Commitments remaining on the demolition and subsequent construction total $408,221.

BUILDING AUTHORITY

The Authority has committed funds to complete various construction and modernization programs at June 30, 2010, totaling $1,414,000. In addition, the 2009 Legislature authorized the Authority to bond up to $2,575,000 during the 2009-2011 biennium for the Veteran's Home construction project.

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, 2009, $4,271,000 of credit was available

through these letters of credit and no funds have been advanced.

JOB SERVICE NORTH DAKOTA

As of June 30, 2010, Job Service has commitments to pay $124,235 for purchase orders and contracts awarded for goods, services, software licenses, software support, and software server hosting to be provided in future periods.

DEPARTMENT OF HUMAN SERVICES

As of June 30, 2010, the Department of Human Services had significant commitments for the purchase of various types of services totaling $83,393,413.

STATE JUDICIARY

As of June 30, 2010, State Judiciary had significant commitments of $1,028,534. The majority consists of contracts to provide various types of judicial services.

AERONAUTICS COMMISSION

As of June 30, 2010, the Aeronautics Commission had significant commitments of $3,800,000. This amount consists of grants to political subdivisions for maintenance and improvements of their airports.

DAIRY PRODUCTS PROMOTION COMMISSION

As of June 30, 2010, the Dairy Products Commission had significant commitments of $170,000. 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, 2010, the North Dakota Soybean Council had significant commitments of $1,357,864. This amount mainly consists of grants for the research and development of soybeans.

STATE WATER COMMISSION

As of June 30, 2010, the State Water Commission had long-term commitments of $153,608,858 for various water projects.

NORTH DAKOTA DEPARTMENT OF TRANSPORTATION

At June 30, 2010, the North Dakota Department of Transportation (Special Revenue Fund) had non-construction contract commitments of approximately $23.58 million of which $19.76 million represents federal programs which are cost reimbursable.

Construction commitments at June 30, 2010, totaled approximately $273.87 million, of which $207.0 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	$ 2,450	$ 368	$ 2,082
DCB	979	113	866
DSU	15,199	14,281	918
MASU	8,807	2,284	6,523
MiSU	11,870	9,327	2,543
NDSCS	5,642	4,791	851
NDSU	63,542	33,291	30,251
UND	16,994	6,683	10,311
VCSU	1,191	673	518
WSC	12,231	2,060	10,171

NORTH DAKOTA DEVELOPMENT FUND

The board of directors has approved equity investments, loans, grants, and guaranty of collections at June 30, 2010, for which funds have not been disbursed or written agreements entered into in the amount of $1,843,313.

OTHER CONSTRUCTION COMMITMENTS

Legislative Assembly	$ 2,456
Human Services	1,435
Adjutant General	8,960
State Historical Society	1,273
Department of Corrections	61,613
Transportation	115,574
Veterans Home	11,198
State Courts	1,960
Seed Department	367

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 also estimated at zero.

The estimated gain in all the litigation brought by the State in which a gain is probable is estimated at zero.

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, 2010, in which the settlement had not been paid as of June 30, 2010.

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, 2008, was completed and issued in March of 2009. As a result of this audit, approximately $1,634,000 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.

The 2009-2010 single audit will be issued sometime in March 2011. It is anticipated there will be potential questioned costs against the State as a result of their audit. The State does not believe the results will have a material impact.

NOTE 19 - SUBSEQUENT EVENTS

In February 2009, the State was notified of legal action being taken against one of its investment advisors. The principals of WG Trading Company, the broker/dealer for the Westridge Capital management portfolios, were charged with securities fraud for allegedly diverting investor funds for their personal use. The State was an investor along with numerous other public and private pensions funds whose investments totaled more than $1.5 billion. Subsequent to the filing of a criminal complaint by federal prosecutors, a receiver was appointed by the court to reconstruct the alleged fraud and determine what recoverable assets exist. The receiver issued a report in May 2009, indicating that approximately $893 million of recoverable assets were identified which equaled to 60% of the investors' account values. The State, through the State Investment Board, held three portfolios with Westridge/WG Trading at the time the fraud was discovered. The three portfolios had been valued at a combined $161.3 million in the month prior to the court actions. $23.3 million was recovered immediately through liquidation of futures and related collateral positions at Westridge. The remaining assets were held for WG Trading and were frozen by the courts and remain frozen as of the balance sheet date. The market value reported on the balance sheet reflects a reduction of 40% of the last known fair value, based on the receiver's initial report.

Subsequent to June 30, 2010, additional information was made available by the receiver regarding the assets readily available for distribution. The amount was reduced from the original $893 million in May 2009 to approximately $800 million due to lack of liquidity. Therefore, the carrying value of these investments has been reduced by an additional 11% to reflect this new information. Due to the uncertainty of the distribution of assets between the parties as of the balance sheet date, this valuation is considered the best available.

MANDAN REMEDIATION TRUST

Subsequent contracts with Leggette, Brashears and Graham, Inc. for various remediation efforts have been signed totaling $245,753.

JOB SERVICE NORTH DAKOTA

Subsequent to June 30, 2010, Job Service entered into a lease agreement with Key Government Finance, Inc. to replace the Unemployment Insurance mainframe system. The lease term is from October 1, 2010 thru September 30, 2015. Total lease amount is $1,407,289 with quarterly payments of $77,718.

VALLEY CITY STATE UNIVERSITY

Subsequent to June 30, 2010, VCSU issued $3.4 million in revenue bonds for the renovation of the Snoeyenbos Residence Hall. Revenues from rental charges and other income from the operation of Snoeyenbos Hall are pledges to the bond issue. The bonds mature on July 1, 2040, with principal and interest payments due beginning July 1, 2012. The Recovery Zone Economic Development Bonds carry a 45% federal subsidy to offset the interest expense.

WILLISTON STATE COLLEGE

Subsequent to June 30, 2010, WSC issued $9.375 million in revenue bonds for the construction of a new residence hall. Revenues from the new residence hall are pledged to the bond issue. The bonds mature on June 30, 2041, with interest due January 1, 2011 and principal and interest payments due beginning June 30, 2011.

HOUSING FINANCE

Subsequent to June 30, 2010, the agency issued the 2010 Series C and D Homeownership Revenue Bonds totaling $40.0 million and the 2010 Series E and F Housing Finance Program Bonds totaling $81.2 million.

NOTE 20 – NEW PRONOUNCEMENTS

The State implemented the following new pronouncement for fiscal year 2010:

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.

GASB Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments" was issued in June 2008. This statement requires that the fair value of financial arrangements called "derivatives" or "derivative instruments" be reported in the financial statements of state and local governments. Additional information about derivatives is disclosed in the notes to the financial statements, including identification of the risks to which hedging derivative instruments themselves expose the State. The provisions of this statement are effective for periods beginning after June 15, 2009.

GASB Statement No. 58, "Accounting and Financial Reporting for Chapter 9 Bankrupticies," was issued in December 2009. This statement establishes accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2009.

The State will implement the following new pronouncements for fiscal years ending after 2010:

GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions", was issued in March 2009. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The provisions of this statement are effective for periods beginning after June 15, 2010.

GASB Statement No. 59, "Financial Instruments Omnibus", was issued in June 2010. The statement's objective is to update and improve existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice. The provisions of this statement are effective for periods beginning after June 15, 2010.

Required Supplementary Information - Budgetary Schedule

STATE OF NORTH DAKOTA

Required Supplemental Information
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2010

	Approved Budget 2009-2011 Biennium	Appropriation Adjustments 2009-2011 Biennium	Adjusted Budget 2009-2011 Biennium	Actual Biennium To Date Thru 6-30-10	Difference Uncollected/ Unspent Thru 6-30-10
Budgetary Fund Balance, July 1	$ 321,091,738		$ 321,091,738	$ 490,412,895	$ 169,321,157
Resources (Inflows):					
Sales and Use Tax	1,109,974,800		1,109,974,800	554,253,326	(555,721,474)
Income Tax	894,618,000		894,618,000	389,512,927	(505,105,073)
Financial Institutions Tax	9,500,000		9,500,000	2,830,665	(6,669,335)
Oil And Gas Production Tax	39,309,315		39,309,315	32,718,333	(6,590,982)
Oil Extraction Tax	31,690,685		31,690,685	38,281,667	6,590,982
Insurance Premium Tax	66,000,000		66,000,000	31,252,315	(34,747,685)
Cigarette, Cigar and Tobacco Tax	45,428,000		45,428,000	22,435,315	(22,992,685)
Wholesale Liquor Tax	13,644,000		13,644,000	7,367,872	(6,276,128)
Coal Conversion Tax	45,005,000		45,005,000	21,113,869	(23,891,131)
Gaming Tax	16,799,316		16,799,316	8,202,195	(8,597,121)
Lottery	11,155,000		11,155,000	5,100,000	(6,055,000)
Department Fees and Collections	60,961,920		60,961,920	33,191,948	(27,769,972)
Mineral Leasing Fees	22,715,000	-	22,715,000	8,033,904	(14,681,096)
Motor Vehicle Excise Tax	86,978,250		86,978,250	55,476,899	(31,501,351)
Interest on Public Funds	27,000,000		27,000,000	23,400,448	(3,599,552)
Gas Tax Administration	1,288,000		1,288,000		(1,288,000)
Transfers In	475,735,836		475,735,836	301,290,224	(174,445,612)
Total Revenue Inflows	2,957,803,122	-	2,957,803,122	1,534,461,907	(1,423,341,215)
Amounts Available for Appropriation	3,278,894,860	-	3,278,894,860	2,024,874,802	1,254,020,058
Charges to Appropriations (Outflows):					
General Government:					
Governor's Office	3,447,358	27,000	3,474,358	1,523,533	1,950,825
Secretary of State	5,774,588	68,421	5,843,009	3,256,462	2,586,547
Secretary of State Public Printing	337,000	-	337,000	236,722	100,278
Office of Management and Budget	41,107,196	30,810,270	71,917,466	15,299,951	56,617,515
Information Technology	19,105,785	562,718	19,668,503	9,173,981	10,494,522
State Auditor	6,662,229	100,000	6,762,229	3,345,326	3,416,903
State Treasurer	2,228,985	64,000	2,292,985	970,458	1,322,527
Attorney General	28,060,432	900,000	28,960,432	12,874,836	16,085,596
Tax Department	44,046,586	472,970	44,519,556	26,963,321	17,556,235
Legislative Assembly	16,014,554	2,182,417	18,196,971	5,976,007	12,220,964
Legislative Council	10,439,503	1,568,176	12,007,679	4,317,311	7,690,368
Supreme Court	82,590,015	-	82,590,015	38,060,506	44,529,509
Legal Counsel for Indigents	9,470,148	-	9,470,148	4,306,029	5,164,119
Public Employees Retirement System	13,000	-	13,000	-	13,000
Education:	-	-		-	-
Public Instruction	1,109,405,590	50,000	1,109,455,590	526,683,391	582,772,199
Education Practices & Standards Board	-	-	-	-	-
State Library	4,601,028	50,000	4,651,028	2,206,389	2,444,639
School for the Deaf	7,099,896	305,219	7,405,115	3,110,747	4,294,368
School for the Blind	3,492,068	18,000	3,510,068	1,658,652	1,851,416
Vocational Education	25,941,008	40,000	25,981,008	12,229,335	13,751,673
Health & Human Services:	-	-		-	-
Dept. of Health	27,081,665	152,600	27,234,265	9,889,809	17,344,456
Veteran's Home	16,751,722	91,901	16,843,623	13,245,474	3,598,149
Indian Affairs Commission	682,585	2,000	684,585	303,475	381,110
Veteran's Affairs	1,031,487	9,350	1,040,837	486,803	554,034
Dept. of Human Services-Management	26,332,259	1,102,703	27,434,962	12,504,019	14,930,943
Dept. of Human Services-Program and Policy	489,166,022	214,173	489,380,195	236,219,102	253,161,093
Dept. of Human Services-Centers	135,147,533	2,652,564	137,800,097	68,059,940	69,740,157
Protection and Advocacy	1,555,815	170,000	1,725,815	755,209	970,606
Job Service	1,565,442	2,090	1,567,532	576,495	991,037
Regulatory:				-	-
Insurance Commission	-	-	-	-	-
Industrial Commission	13,800,254	475,000	14,275,254	8,461,076	5,814,178
Labor Commission	1,401,583	20,000	1,421,583	575,460	846,123
Public Service Commission	5,603,165	73,000	5,676,165	2,441,426	3,234,739
Securities Commissioner	1,788,362	10,000	1,798,362	851,531	946,831
Public Safety and Corrections:	-	-		-	-
Highway Patrol	31,007,985	350,000	31,357,985	14,403,180	16,954,805
Division of Emergency Management			-		-
Corrections & Rehab	164,090,829	3,991,102	168,081,931	73,894,723	94,187,208
Adjutant General	40,725,214	(4,508,125)	36,217,089	16,499,774	19,717,315
Agriculture & Commerce:	-	-		-	-
Department of Commerce	58,476,303	994,238	59,470,541	36,271,212	23,199,329
Department of Agriculture	7,467,383	80,000	7,547,383	3,217,195	4,330,188
State Fair	15,697,150	-	15,697,150	11,961,896	3,735,254
Racing Commision	295,000	-	295,000	167,982	127,018
Natural Resources:	-	-		-	-
Historical Society	52,174,252	809,542	52,983,794	7,997,963	44,985,831
Council on the Arts	1,368,734		1,368,734	634,322	734,412
Parks and Recreation	15,333,959	1,071,159	16,405,118	7,970,183	8,434,935
Water Commission	13,823,899	300,324	14,124,223	6,347,480	7,776,743
Transportation:	-	-		-	-
Aeronautics Commission	550,000	-	550,000	550,000	-
Department of Transportation	4,600,000	-	4,600,000	-	4,600,000
Transfers Out	702,009,910	17,934,626	719,944,536	339,707,979	380,236,557
Total Charges to Appropriations	3,249,365,481	63,217,439	3,312,582,920	1,546,186,665	1,766,396,255
Ending Budgetary Fund Balance	$ 29,529,379	$ (63,217,439)	$ (33,688,060)	$ 478,688,137	$ 512,376,197

Required Supplemental Information
Budgetary Comparison Schedule
Budget to GAAP Reconciliation
General Fund
For the Fiscal Year Ended June 30, 2010

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	1,534,461,907
Differences-Budget to GAAP:	
The period of availability for revenue recognition for budget purposes differs from the GAAP basis.	(14,443,621)
Repayment received on loans receivable are revenue for Budget not GAAP	5,630
Proceeds are recorded for new capital leases on GAAP, but not for Budget	105,791
Total revenues and transfers as reported on the statement of revenues, expenditures, and changes in fund balance-governmental funds	$ 1,520,129,707

Uses/Outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	1,546,186,665
Differences-Budget to GAAP:	
Estimated liabilities are recorded as expenditures for GAAP but not for Budget	(6,176,480)
New capital leases are recorded as expenditures for GAAP, but not for Budget	105,791
Certain due to other funds are recorded under GAAP, but not for Budget	8,325,110
Total expenditures and transfers as reported on the statement of revenues, expenditures, and changes in fund balance-governmental funds	$ 1,548,441,086

STATE OF NORTH DAKOTA

Required Supplemental Information
Budgetary Comparison Schedule
Other Funds
For the Fiscal Year Ended June 30, 2010

	Approved Budget 2009-2011 Biennium	Appropriation Adjustments 2009-2011 Biennium	Adjusted Budget 2009-2011 Biennium	Actual Biennium To Date Thru 6-30-10	Difference Uncollected/ Unspent Thru 6-30-10
Budgetary Fund Balance, July 1	$ -	$ -	$ -	$ -	$ -
Resources (Inflows):					
Other Budgeted Income	6,062,595,220	469,735,467	6,532,330,687	2,700,874,715	(3,831,455,972)
Total Revenue Inflows	6,062,595,220	469,735,467	6,532,330,687	2,700,874,715	(3,831,455,972)
Amounts Available for Appropriation	6,062,595,220	469,735,467	6,532,330,687	2,700,874,715	3,831,455,972
Charges to Appropriations (Outflows):					
General Government:					
Governor's Office	104,699,679	685	104,700,364	92,194,223	12,506,141
Secretary of State	12,315,676	350,000	12,665,676	1,529,826	11,135,850
Office of Management & Budget	16,512,414	(6,319,459)	10,192,955	5,015,595	5,177,360
Information Technology	209,171,054	14,225,000	223,396,054	51,167,004	172,229,050
State Auditor	2,312,802	-	2,312,802	900,097	1,412,705
Attorney General	25,061,409	735,142	25,796,551	8,376,572	17,419,979
Tax Department	196,000	24,574	220,574	214,936	5,639
Administrative Hearings	1,498,712	-	1,498,712	807,968	690,744
Legislative Assembly	70,000	-	70,000	22,337	47,663
Supreme Court	2,044,807	40,000	2,084,807	1,006,610	1,078,197
Legal Counsel for Indigents	1,950,217		1,950,217	880,352	1,069,865
Public Employees Retirement System	6,133,488	4,734,726	10,868,214	5,150,965	5,717,249
Education:	-	-		-	
Public Instruction	513,621,154	267,958	513,889,112	284,764,374	229,124,738
State Library	1,927,836	207,500	2,135,336	883,608	1,251,728
School for the Deaf	2,166,450	2,100	2,168,550	456,797	1,711,753
School for the Blind	815,902	3,000	818,902	342,819	476,083
Vocational Education	10,762,882	-	10,762,882	4,723,187	6,039,695
Health & Human Services:	-	-		-	
Dept. of Health	177,856,531	12,571,371	190,427,902	69,035,255	121,392,647
Tobacco Prevention & Control	12,882,000	-	12,882,000	3,543,029	9,338,971
Veteran's Home	16,835,298	17,755,058	34,590,356	10,827,493	23,762,862
Indian Affairs	18,000	-	18,000	-	18,000
Dept. of Human Services-Management	34,525,970	29,500,120	64,026,090	20,832,447	43,193,643
Dept. of Human Services-Program and Policy	1,469,786,292	11,333,868	1,481,120,160	657,024,277	824,095,883
Dept. of Human Services-Centers	132,787,875	819,023	133,606,898	61,845,909	71,760,989
Protection and Advocacy	2,987,503	-	2,987,503	1,288,631	1,698,872
Job Service	69,804,844	487,087	70,291,931	27,981,497	42,310,434
Regulatory:	-	-		-	
Insurance Department	16,058,934	(342,134)	15,716,800	7,001,671	8,715,129
Industrial Commission	49,308,484	231,000	49,539,484	20,646,930	28,892,554
Labor Commission	412,751	-	412,751	229,730	183,021
Public Service Commission	10,627,242	801,350	11,428,592	3,125,001	8,303,591
Finanacial Institutions	6,086,488	100,000	6,186,488	2,742,233	3,444,255
Securities Commission	317,199		317,199	163,373	153,826
Public Safety and Corrections:	-	-		-	
Highway Patrol	10,893,730	-	10,893,730	4,698,116	6,195,614
Division of Emergency Management	-	-	-	-	-
Corrections & Rehab	71,511,745	2,160,781	73,672,526	11,894,440	61,778,086
Adjutant General	236,671,871	125,336,298	362,008,169	175,493,580	186,514,589
Agriculture & Commerce:	-	-		-	
Department of Commerce	138,261,105	1,312,142	139,573,247	36,884,603	102,688,644
Department of Agriculture	14,094,466	87,000	14,181,466	5,095,983	9,085,483
State Fair	3,000,000	-	3,000,000	-	3,000,000
Racing Commission	30,000	75,000	105,000	29,357	75,643
Natural Resources:	-	-		-	
Historical Society	16,343,837	202,678	16,546,515	983,611	15,562,904
Council on the Arts	1,735,486	209,029	1,944,515	1,056,203	888,312
Game and Fish	59,463,938	2,176,122	61,640,060	27,068,264	34,571,796
Parks and Recreation	12,948,054	186,984	13,135,038	3,714,053	9,420,984
Water Commission	312,055,809	(235,555)	311,820,254	66,734,594	245,085,660
Transportation:	-	-		-	
Aeronautics Commission	12,368,666	14,000	12,382,666	2,887,550	9,495,116
Department of Transportation	1,244,015,588	101,757,189	1,345,772,777	551,715,186	794,057,591
Total Charges to Appropriations	5,044,950,188	320,809,636	5,365,759,824	2,232,980,287	3,132,779,537
Ending Budgetary Fund Balance	$ 1,017,645,032	$ 148,925,831	$ 1,166,570,863	$ 467,894,428	$ (698,676,435)

Required Supplemental Information
Budgetary Comparison Schedule
Budget to GAAP Reconciliation
Federal Fund
For the Fiscal Year ended June 30, 2010

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	2,700,874,715
Perspective difference: Non-Federal fund revenues	(979,211,842)
Differences-Budget to GAAP:	
The period of availability for revenue recognition for budget purposes differs from the GAAP basis.	24,460,278
Certain Due From other funds are recorded under GAAP, but not for Budget	(588,087)
Intrafund activity eliminated for GAAP	(95,696,420)
Total revenues and transfers as reported on the statement of revenues, expenditures, and changes in fund balance-governmental funds	$ 1,649,838,644

Uses/Outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	2,232,980,287
Perspective difference: Non-Federal fund expenditures	(511,317,414)
Differences-Budget to GAAP:	
Estimated liabilities are recorded as expenditures for GAAP but not for Budget	16,988,062
New Loans issued are expenditures for Budget but not for GAAP	(393,426)
GAAP, but not Budget expenditures are reduced by year end inventory balances	6,394,187
Intrafund activity eliminated for GAAP	(95,696,420)
Total expenditures and transfers as reported on the statement of revenues, expenditures, and changes in fund balance-governmental funds	$ 1,648,955,276

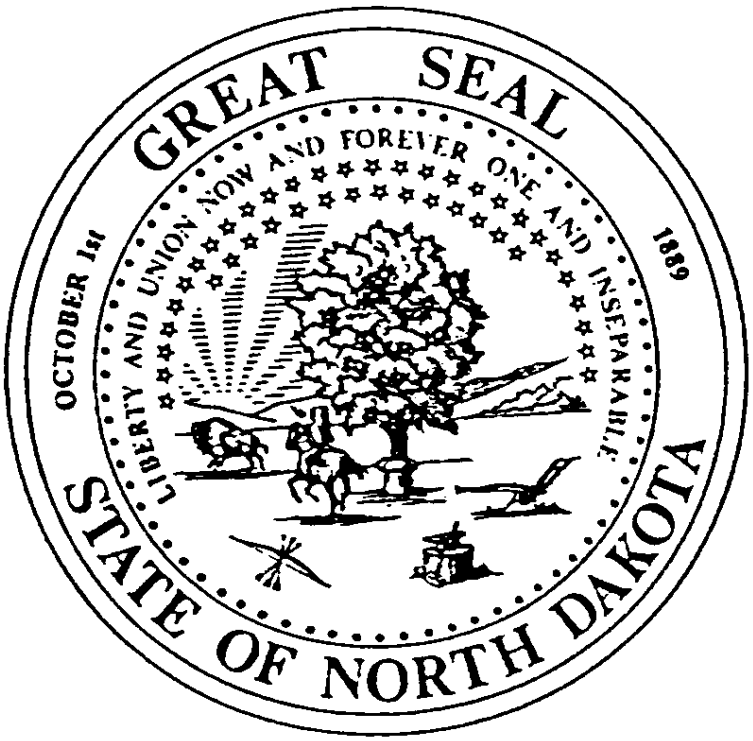
Note To Required Supplemental Information - Budgetary Reporting

For the Fiscal Year Ended June 30, 2010

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 shcedule 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 2009-2011 Biennium Budget and Actual Detail (Budgetary Basis) For the Fiscal Year Ended June 30, 2010." This budget information is available through the Office of Management and Budget, 600 East Boulevard Ave Dept. 110, Bismarck, ND 58505. For the 2009-2011 biennium there were general and federal fund supplemental appropriations of $402,974,973.

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, 2010, 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.



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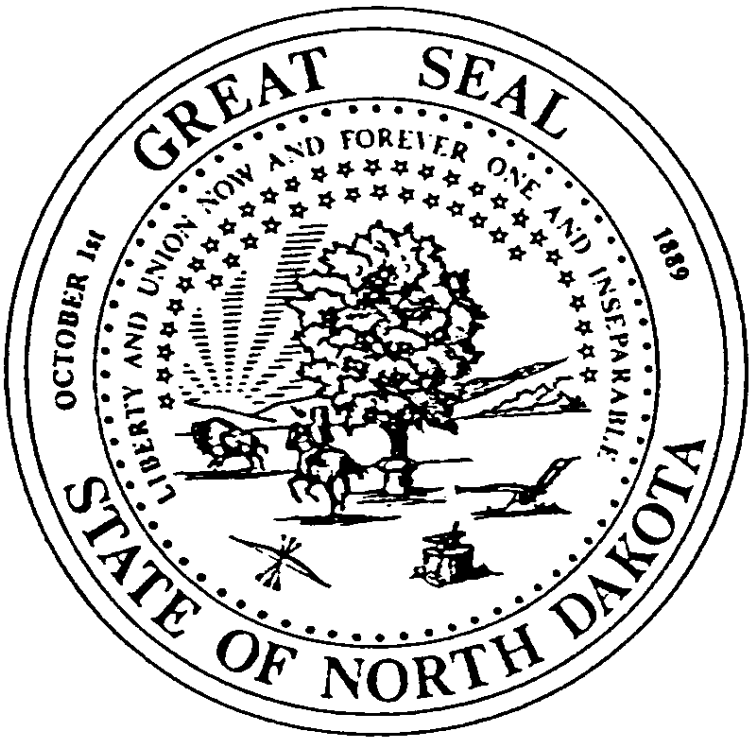
Combining Financial Statements



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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.

224 - Alcohol Motor Vehicle Fuel Fund
Funds used for the enhancement of agricultural research, development, processing, and marketing.

260 - Minor Use Pesticide Fund
Accounts for registration and donations to the pesticide control board.

264 - Anhydrous Ammonia Storage Inspection Fund
Account for inspection fees collected which are related to the distribution of anhydrous ammonia.

306 - Stockmen's Association Fund
Accounts for revenues and expenditures associated with the general operation of the department.

308 - Agriculture Department Fund
Accounts for revenues and expenditures associated with the general operation of the department.

329 - Seed Department Fund
Accounts for revenues and expenditures associated with the general operation of the department.

376 - Environment and Rangeland Protection Fund
To be used for rangeland improvement projects.

447 - Ethanol Production Incentive Fund
Funds are used for paying ethanol production incentives.

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.

COMMODITY PROMOTION

208 - Soybean Council Fund
To promote the sale of North Dakota soybean products.

220 - Spud Fund
To promote the sale of North Dakota potato products.

221 - Turkey Promotion Fund
To promote the sale of North Dakota turkey products.

223 - Honey Promotion Fund
To promote the sale of North Dakota honey products.

227 - Dry Pea and Lentil Council Fund
To promote the sale of North Dakota dry pea and lentil bean products.

228 - Wheat Commission Fund
To promote the sale of North Dakota wheat products.

229 - Beef Commission Fund
To promote the sale of North Dakota beef products.

231 - Barley Growers Check-Off
To promote the sale of North Dakota barley products.

241 - Edible Bean Fund
To promote the sale of North Dakota edible bean products.

245 - Oilseed Fund
To promote the sale of North Dakota oilseed products.

270 - Corn Fund
To promote the sale of North Dakota corn products.

273 - Ethanol Fund
To promote the use of North Dakota ethanol.

309 - Dairy Products Promotion Fund
To promote the sale of North Dakota dairy products.

COMMERCE

278 - Breeders Fund
Accounts for revenues that are used to award racehorse breeders.

290 - Purse Fund
Revenues are used to supplement and improve purses offered at racetracks within the state.

296 - Workforce Enhancement Fund
Provides grants to institutions of higher education assigned responsibility for workforce training in the state.

330 - Economic Development Commission Fund
Accounts for revenues and expenditures associated with the general operation of the economic development division.

334 - Horse Racing Operating Fund
Accounts for the revenues and expenditures for the general operation of the horse racing commission.

339 - Promotion Fund
Revenues are used for the promotion of racing and for the operating expenses of the Racing Commission.

342 - Community Services Fund
Accounts for revenues and expenditures associated with the general operation of the division of community services.

365 - Centers of Excellence Fund
Set up for the purpose of administering the centers of excellence program.

443 - Tourism Fund
Accounts for revenues and expenditures associated with the general operation of the tourism division.

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.

234 - Fossil Excavation and Restoration Fund
Used for funds received by the geological survey for the excavation and restoration of fossils.

236 - State Waterbank Fund
Funds used for the purpose and implementation of wetland conservation and development plans.

243 - Renewable Energy Development Fund
Established to provide financial assistance to foster the development of renewable energy.

253 - Historical Impact Emergency Fund
Used for emergency mitigation of adverse effects on cultural resources and historical buildings, structures, or objects in the state.

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

286 - Pipeline Authority Administrative Fund
Funds are to be used for the administrative costs of the Pipeline Authority.

297 - Biomass Incentive and Research Fund
Funds to be used for various biomass projects.

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.

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.

319 - Geologic Data Preservation Fund
Funds are used to defray the expenses of preserving geologic data and disseminating the data.

327 - State Historical Revolving Fund
Used for making investigations of permit applicants and for the management and analysis of records and artifacts.

381 - NAWS Operation and Maintenance Fund
Accounts for user fees and the maintenance and operation of the northwest area water supply project.

397 - Water Commission Fund
Accounts for revenues and expenditures associated with the general operation of the department.

399 - Arts and Humanities Fund
Accounts for revenues and expenditures associated with the general operation of the department.

413 - NAWS Project Reserve Fund
To be used for the replacement and extraordinary maintenance of the northwest area water supply project.

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.

428 - Geophysical, Geothermal, Subsurface Minerals and Coal Exploration Fund
Used to satisfy unfulfilled reclamation obligations incurred from mineral and coal exploration.

445 - Abandoned Mine Reclamation Setaside Fund
To defray the administrative expenses of the program.

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.

488 - Habitat and Depredation Fund
Funds used to improve private land habitats.

EDUCATION

206 (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.

235 - Displaced Homemakers Fund
Funds for providing services for displaced homemakers.

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.

274 - Independent Study Operating Fund
Accounts for the revenues and expenditures associated with the general operations of the Division of Independent Study.

353 - School for the Deaf Fund
Accounts for revenues and expenditures associated with the general operation of the department.

354 - School for the Blind Fund
Accounts for revenues and expenditures associated with the general operation of the department.

377 - National BD Certification Fund
Funds are used for grants to teachers pursuing National Board Certification.

390 - Library Commission Fund
Accounts for revenues and expenditures associated with the general operation of the department.

391 - Public Instruction Fund
Accounts for revenues and expenditures associated with the general operation of the department.

393 - Career & Technical Education Fund
Accounts for revenues and expenditures associated with the general operation of the department.

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.

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.

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.

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.

HEALTH AND HUMAN SERVICES

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

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

257 - Organ/Tissue Transplant Fund
To provide financial assistance to transplant patients.

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.

285 - Compulsive Gambling Prevention and Treatment Fund
Funds are used for gambling prevention and treatment services.

313 - Environmental Health Practitioners License Administrators Fund
Accounts for revenues and expenditures associated with advisory board duties.

315 - ND Health Care Trust Fund
Funds to be used for long-term care reform.

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.

355 - Provider Assessment Fund
Accounts for an assessment on intermediate care facilities for the mentally retarded.

360 - Human Services Department Fund
Accounts for revenues and expenditures associated with the general operation of the department.

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.

369 - Tobacco Prevention and Control Fund
Fund consists of tobacco settlement dollars to be used for creating a comprehensive plan for the prevention and control of tobacco.

370 - Health and Consolidated Laboratories Fund
Accounts for revenues and expenditures associated with the general operation of the department.

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.

419 - Children's Trust Fund
To aid in the prevention of child abuse and neglect and developing child abuse prevention programs.

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.

931 - Human Services Donor Implied Trust Fund
Funds donated with informal requests to be used for the welfare of the patients the department serves.

938 - State Hospital - Special Revenue Fund
Accounts for funds donated for the patients' religious and welfare needs.

996 - Developmental Center Residents Welfare Fund
Accounts for funds donated for the residents' needs.

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.

237 - Indigent Civil Legal Services Fund
Funds to provide legal services to persons unable to afford private counsel.

250 - Attorney General Refund Fund
Accounts for financial resources of the consumer fraud division.

268 - Restitution Collection Assistance Fund
Accounts for restitution received and used for defraying expenses related to collection of restitution.

279 - Court Facilities Improvement Fund
Used to provide grants to counties for court facilities improvement and maintenance projects.

282 - Indigent Defense Administration Fund
Funds are used to contract for indigent defense services in the state.

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.

322 - Attorney General Fund
Accounts for revenues and expenditures associated with the general operation of the department.

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.

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.

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.

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.

LOCAL GOVERNMENT

238 (925) - Energy Development Impact
Accounts for monies to be distributed through grants to coal impacted political subdivisions.

240 - Insurance Tax Distribution Fund
Accounts for financial resources for fire departments within the State.

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.

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.

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.

405 - Financial Institution Tax Distribution
Accounts for a tax imposed on each financial institution for distribution to counties.

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.

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.

420 - Cigarette Tax Distribution Fund
Accounts for a tax on cigarettes distributed on a per capita basis to the incorporated cities.

424 - Telecommunications Carriers Tax Fund
Accounts for the telecommunications carriers' tax that is allocated to counties.

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.

431 - Transmission Line Tax Distribution Fund
Accounts for tax of transmission lines and the allocation to counties in which such transmission lines are located.

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.

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.

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.

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.

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.

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.

OTHER SPECIAL

212 - Statewide Conference
Accounts for revenues and expenditures for state agencies that have conferences.

246 - State Auditor's Operating Fund
Accounts for revenues and expenditures associated with the operations of the political subdivision of the Office.

249 - Firefighters Death Benefit Fund
Under certain circumstances, provides for payment to the estate of a firefighter.

251 - Capitol Grounds Planning Fund
Funds dedicated to implement the Capitol Grounds Master Plan for the development of the capitol grounds.

256 - Bicentennial Trust Fund
Fund to be used to commemorate and celebrate North Dakota's bicentennial.

259 - Legislative Services Fund
Accounts for fees received for providing legislative information services and copies of documents.

263 - Secretary of State General Services Fund
Accounts for revenues and expenditures relating to certain services provided by the department.

266 - Administrative Hearings Fund
Accounts for revenues and expenditures associated with the general operation of the department.

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.

287 - Integrated Tax System Fund
Accounts for the costs to establish an integrated tax processing system.

302 - Athletic Commission Fund
Accounts for revenues and expenditures associated with the athletic advisory board.

304 - Governor's Special Fund
Moneys that have become available during the biennium from federal funds and private funds.

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.

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.

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.

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.

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.

701 - Postage Revolving Fund
Fund collections from the state offices, departments, and agencies, for postage, shall be paid into the fund.

730 - Central Personnel Training Fund
Fund used for the coordination of employee training and development programs to state departments and agencies.

902 - Capitol Renovation Fund
Funds dedicated and reserved for the exclusive use of renovations needed to the capitol buildings and grounds.

968 - Job Service - Special Revenue
Accounts for revenues and expenditures associated with the general operation of the department.

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.

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.

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).

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.

PUBLIC SAFETY AND CORRECTIONS

214 - National Guard Emergency Fund
Funds used for costs of the national guard in performing emergency State services.

310 - ND Sobriety Program Fund
Authorizes a pilot project using grants, gifts, and donations to cover the expenses necessary for the administration and operation of a sobriety program.

311 - Special Operations Team Reimbursement Fund
Funds are used to reimburse city and county governments that provide special operations team services to rural areas.

320 - Community Service Supervision
Accounts for a court imposed community service fee to be used to provide community service supervision grants.

321 - Probationer Violation Transportation Fund
Funds are used to defray the costs of returning to the state probationers who violate their conditions of supervision.

352 - State Disaster Relief Fund
To be used for defraying the expenses of state disasters.

361 - Highway Patrol Special Fund
Used for distributions from the state highway tax distribution fund to be used for the expenses of the department.

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.

367 - Multijurisdictional Drug Task Force Fund
Established to defray the expenses and operating costs incurred by a multijurisdictional drug task force.

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.

373 - Radio Communications Fund
Accounts for revenues and expenditures associated with the general operation of the department.

375 - Emergency Management Fund
Accounts for revenues and expenditures associated with the general operation of the department.

378 - State Hazardous Chemicals Fund
Account for revenue collected from the state hazardous chemical fee system.

379 - Department of Corrections Operating
Accounts for revenues and expenditures associated with the general operation of the department.

383 - National Guard Fund
Accounts for revenues and expenditures associated with the general operation of the department.

385 - National Guard Military Grounds Fund
Funds used for the improvement of the properties for military uses.

386 - Fire Prevention & Public Safety
Penalties from non-compliance with cigarette ignition propensity standards are deposited in this fund. Revenues used for inspection of compliance with standards.

RECREATION

222 - Game and Fish Department Fund
Accounts for the revenues and expenditures associated with the operation of the game and fish department.

261 - Snowmobile Fund
Fund for administering snowmobile safety programs and establishing and maintaining snowmobile facilities.

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.

398 - Parks and Recreation Fund
Accounts for revenues and expenditures associated with the general operation of the parks and recreation department.

441 - Trail Tax Transfer Fund
Fund used for all-terrain vehicle safety education and promotion.

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.

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.

233 - Petroleum Release Compensation Fund
Funds to provide for cleanup of petroleum spills through the establishment of a petroleum release compensation fund.

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.

242 - Financial Institution Regulatory Fund
Accounts for revenues and expenditures associated with the general operation of the department.

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.

247 - Oil and Gas Research Fund
Funds are to be used for oil and gas research activities.

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.

252 - Carbon Dioxide Storage Facility Trust Fund
Fees from storage operators are deposited and expenses relating to processing permit applications, regulation storage facilities, and making storage amount determinations.

262 - Securities Protection Fund
Accounts for revenues and expenditures from civil penalties collected from securities enforcement actions.

280 - Performance Assurance Fund
Revenues received under the performance assurance plan are to be used to monitor the operation and effect of the plan.

281 - Carbon Dioxide Storage Facility Trust Fund
Fees from storage operations for use in the long-term monitoring and management of closed storage facilities.

301 - Siting Process Recovery Fund
Deposits in this fund are to pay for expenses incurred in the energy conversion facility siting process.

305 - Industrial Commission Fund
Accounts for revenues and expenditures associated with the general operation of the department.

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.

TRANSPORTATION

200,201,277 - Highway Fund
Accounts for revenues and expenditures associated with the general operation of the department.

202 - Abandoned Vehicle Fund
Funds used to dispose abandoned motor vehicles and other forms of scrap metal.

203 - Highway Rail Grade Crossing Safety
Special fuels excise taxes collected on the sale of diesel fuel to a railroad are deposited in this fund and used for highway rail grade crossing safety projects.

205 - Motorcycle Safety Fund
Motorcycle safety education fees used for promoting motorcycle safety.

217 - Dealer Enforcement Fund
Fees from dealer registrations are to be deposited in this fund.

225 - State Infrastructure Bank (SIB)
Funds for funding eligible projects as determined by agreement of the members of the multi-state infrastructure bank.

230 - Special Road Fund
Used for the construction and maintenance of access roads to and roads within recreational, tourist, and historical areas.

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.

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.

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.

380 - Soldiers Home Fund
Accounts for revenues and expenditures associated with the general operation of the department.

410 - Veterans Postwar Trust Fund
Fund is utilized for programs of benefit and service to veterans or their dependents.

433 - Veterans Cemetery Fund
Funds used for the maintenance and operation of the Veteran's Cemetery.

491 - Veterans' Cemetery Trust Fund
Accounts for distinctive motor license plates fees for the operation of the Veterans' Cemetery.

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.

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.

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.

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.

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.

STATE OF NORTH DAKOTA

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2010

	Special Revenue Funds					
	Agriculture	Commodity Promotion	Commerce	Cultural and Natural Resources	Education	Health and Human Services
ASSETS						
Cash Deposits at the Bank of ND	$ 8,619,428	$ 10,482,400	$ 37,298,021	$ 50,105,161	$ 100,467,963	$ 87,737,256
Cash and Cash Equivalents	69,314	110,758	5,806	900	374,075	1,399,756
Investments at the Bank of ND	2,731,662	750,000	1,100,000	3,138,019	-	474,000
Investments	134,000	4,767,000	-	228,322	-	-
Accounts Receivable - Net	755,162	2,657,052	117,587	5,233,176	1,712,919	15,621,860
Taxes Receivable - Net	13,532	-	41,278	135,044	2,828,993	143,813
Interest Receivable - Net	140	3,793	155,988	-	-	181,907
Intergovernmental Receivable - Net	-	-	-	1,376,178	-	1,596,248
Due from Other Funds	316,626	-	31,884	207,016	-	3,764,678
Prepaid Items	-	-	-	162,490	-	27,628
Inventory	-	-	39,876	-	183,851	-
Loans and Notes Receivable - Net	-	-	6,985,591	1,410,058	-	8,476,075
Total Assets	$ 12,639,864	$ 18,771,003	$ 45,776,031	$ 61,996,364	$ 105,567,801	$ 119,423,221
LIABILITIES AND FUND BALANCE						
Liabilities:						
Accounts Payable	$ 2,621,709	$ 864,070	$ 113,602	$ 6,936,872	$ 85,338	$ 2,229,664
Accrued Payroll	217,645	120,847	26,244	67,804	138,266	1,027,963
Securities Lending Collateral	-	-	-	1,715	-	-
Interest Payable	-	-	-	-	-	-
Intergovernmental Payable	5,063	-	-	-	-	8,564
Tax Refunds Payable	-	-	-	-	-	-
Due to Other Funds	12,960	279,775	250,759	108,626	3,816,200	26,556,964
Contracts Payable	-	-	-	1,109,325	-	-
Deferred Revenue	168,078	-	-	-	984,065	-
Total Liabilities	3,025,455	1,264,692	390,605	8,224,342	5,023,869	29,823,155
Fund Balances:						
Reserved For:						
Inventory	-	-	39,876	-	183,851	-
Long - Term Receivables	-	-	5,486,844	1,410,058	-	8,038,723
Capital Projects	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-
Prepaid Expenditures	-	-	-	162,490	-	27,628
Legal Requirements	-	-	-	-	-	-
Unreserved:						
Designated for:						
Fund Activities	-	-	-	-	-	-
Patients Welfare	-	-	-	-	-	36,712
Other	-	-	-	-	-	3,482
Unreserved, Reported in:						
Special Revenue Funds	9,614,409	17,506,311	39,858,706	52,199,474	100,360,081	81,493,521
Total Fund Balances	9,614,409	17,506,311	45,385,426	53,772,022	100,543,932	89,600,066
Total Liabilities and Fund Balances	$ 12,639,864	$ 18,771,003	$ 45,776,031	$ 61,996,364	$ 105,567,801	$ 119,423,221

(Continued on Next Page)

Special Revenue Funds						
Judicial and Legal	Land Department Coal and Mineral	Local Government	Oil Tax Resources	Other Special	PACE Fund	Permanent Oil Tax Trust
$ 12,333,571	$ 67,166,129	$ 39,085,240	$ 6,564,671	$ 4,436,957	$ 26,230,305	$ 493,928,400
216,334	-	518,211	-	34,311	-	-
18,644	-	-	96,250,000	423,780	-	-
-	116,163,117	-	-	2,775,000	-	-
550,270	3,987,205	560,685	-	317,810	-	-
-	278,214	49,084,163	5,657,986	895,213	-	44,049,990
-	616,510	-	25,007	282,512	-	-
-	-	-	170,668	117,187	-	-
172,863	1,201,271	-	32,564	175,605	-	8,806
-	-	-	-	-	1,386,408	-
-	-	-	-	347,006	-	-
-	33,856,922	-	2,933,875	-	-	-
$ 13,291,682	$ 223,269,368	$ 89,248,299	$ 111,634,771	$ 9,805,381	$ 27,616,713	$ 537,987,196
$ 231,997	$ 9,293	$ -	$ -	$ 145,965	$ -	$ 16,728
147,838	-	-	-	140,022	-	1,574
-	11,441,463	-	-	-	-	-
-	-	-	-	-	290,764	-
14,470	-	51,864,512	-	-	-	-
-	-	1,061	-	895,213	-	-
76,573	533,102	-	-	44,407	-	27,479
-	-	-	-	-	-	-
319,242	-	27,080,574	25,007	194,116	-	-
790,120	11,983,858	78,946,147	25,007	1,419,723	290,764	45,781
-	-	-	-	347,006	-	-
-	30,774,738	-	2,603,247	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	1,386,408	-
-	-	-	-	-	15,696,600	-
18,688	-	-	-	-	-	-
-	-	-	-	-	-	-
-	21,026,092	-	-	-	10,242,941	-
12,482,874	159,484,680	10,302,152	109,006,517	8,038,652	-	537,941,415
12,501,562	211,285,510	10,302,152	111,609,764	8,385,658	27,325,949	537,941,415
$ 13,291,682	$ 223,269,368	$ 89,248,299	$ 111,634,771	$ 9,805,381	$ 27,616,713	$ 537,987,196

STATE OF NORTH DAKOTA

Combining Balance Sheet
Nonmajor Governmental Funds (Continued)
June 30, 2010

	Special Revenue Funds					
	Public Safety and Corrections	Recreation	Regulatory	Transportation	Veterans	Total
ASSETS						
Cash Deposits at the Bank of ND	$ 88,376,306	$ 11,083,254	$ 15,147,961	$ 201,450,846	$ 6,384,576	$ 1,266,898,445
Cash and Cash Equivalents	10,624	123,396	237,078	130,383	398,262	3,629,208
Investments at the Bank of ND	-	24,000,000	4,392,000	-	-	133,278,105
Investments	-	-	7,905,135	-	4,093,856	136,066,430
Accounts Receivable - Net	1,479,695	44,139	100,566	923,659	231,167	34,292,952
Taxes Receivable - Net	230,226	-	59,942	9,534,324	-	112,952,718
Interest Receivable - Net	-	-	65,763	194,375	30,172	1,556,167
Intergovernmental Receivable - Net	532,617	18,650	-	8,825,703	425,201	13,062,452
Due from Other Funds	1,025,613	12,626	3,712	9,718,230	216,511	16,888,005
Prepaid Items	-	-	-	242,500	-	1,819,026
Inventory	-	183,324	139,093	4,887,722	46,014	5,826,886
Loans and Notes Receivable - Net	-	-	-	7,277,608	85,053	61,025,182
Total Assets	$ 91,655,081	$ 35,465,389	$ 28,051,250	$ 243,185,350	$ 11,910,812	$ 1,787,295,576
LIABILITIES AND FUND BALANCE						
Liabilities:						
Accounts Payable	$ 4,924,420	$ 312,392	$ 79,823	$ 12,700,337	$ 112,801	$ 31,385,011
Accrued Payroll	132,461	1,064,519	386,149	5,137,135	439,020	9,047,487
Securities Lending Collateral	-	-	52,279	-	-	11,495,457
Interest Payable	-	-	-	-	-	290,764
Intergovernmental Payable	209,204	-	-	19,570	-	52,121,383
Tax Refunds Payable	-	-	-	179,252	-	1,075,526
Due to Other Funds	3,211,025	605,888	3,936,540	2,281,757	51,609	41,793,664
Contracts Payable	-	-	-	1,604,457	-	2,713,782
Deferred Revenue	364,281	-	59,512	124,119	16,466	29,335,460
Total Liabilities	8,841,391	1,982,799	4,514,303	22,046,627	619,896	179,258,534
Fund Balances:						
Reserved For:						
Inventory	-	183,324	139,093	4,887,722	46,014	5,826,886
Long - Term Receivables	-	-	-	6,140,816	21,019	54,475,445
Capital Projects	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-
Prepaid Expenditures	-	-	-	242,500	-	1,819,026
Legal Requirements	-	-	-	-	-	15,696,600
Unreserved:						
Designated for:						
Fund Activities	-	-	-	-	-	18,688
Patients Welfare	-	-	-	-	63,689	100,401
Other	-	-	-	-	-	31,272,515
Unreserved, Reported in:						
Special Revenue Funds	82,813,690	33,299,266	23,397,854	209,867,685	11,160,194	1,498,827,481
Total Fund Balances	82,813,690	33,482,590	23,536,947	221,138,723	11,290,916	1,608,037,042
Total Liabilities and Fund Balances	$ 91,655,081	$ 35,465,389	$ 28,051,250	$ 243,185,350	$ 11,910,812	$ 1,787,295,576

Debt Service Funds				Capital Projects Funds		
Building Authority	Department of Transportation	Water Commission	Total	Building Authority	Total	Total Nonmajor Governmental Funds
$ 130,000	$ 86,277	$ 2,967,484	$ 3,183,761	$ 3,148,000	$ 3,148,000	$ 1,273,230,206
-	-	2,228,320	2,228,320	-	-	5,857,528
10,005,000	-	5,826,875	15,831,875	-	-	149,109,980
-	-	-	-	-	-	136,066,430
-	-	-	-	-	-	34,292,952
-	-	-	-	-	-	112,952,718
-	-	180,696	180,696	-	-	1,736,863
-	-	-	-	-	-	13,062,452
42,000	-	-	42,000	-	-	16,930,005
-	-	-	-	-	-	1,819,026
-	-	-	-	-	-	5,826,886
-	-	-	-	-	-	61,025,182
$ 10,177,000	$ 86,277	$ 11,203,375	$ 21,466,652	$ 3,148,000	$ 3,148,000	$ 1,811,910,228
$ 3,000	$ -	$ -	$ 3,000	$ -	$ -	$ 31,388,011
-	-	-	-	-	-	9,047,487
-	-	-	-	-	-	11,495,457
-	-	-	-	-	-	290,764
-	-	-	-	-	-	52,121,383
-	-	-	-	-	-	1,075,526
-	-	-	-	108,000	108,000	41,901,664
-	-	-	-	-	-	2,713,782
-	-	-	-	-	-	29,335,460
3,000	-	-	3,000	108,000	108,000	179,369,534
-	-	-	-	-	-	5,826,886
-	-	-	-	-	-	54,475,445
-	-	-	-	3,040,000	3,040,000	3,040,000
10,174,000	86,277	11,203,375	21,463,652	-	-	21,463,652
-	-	-	-	-	-	1,819,026
-	-	-	-	-	-	15,696,600
-	-	-	-	-	-	18,688
-	-	-	-	-	-	100,401
-	-	-	-	-	-	31,272,515
-	-	-	-	-	-	1,498,827,481
10,174,000	86,277	11,203,375	21,463,652	3,040,000	3,040,000	1,632,540,694
$ 10,177,000	$ 86,277	$ 11,203,375	$ 21,466,652	$ 3,148,000	$ 3,148,000	$ 1,811,910,228

STATE OF NORTH DAKOTA

Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2010

	Special Revenue Funds					
	Agriculture	Commodity Promotion	Commerce	Cultural and Natural Resources	Education	Health and Human Services
REVENUES						
Individual and Corporate Income Taxes	$ -	$ -	$ -	$ -	$ -	$ 11,907
Sales and Use Taxes	2,225,006	-	570	-	-	-
Oil, Gas, and Coal Taxes	-	-	-	1,777,739	28,339,136	-
Business and Other Taxes	256,236	-	316,426	-	-	4,181,590
Licenses, Permits and Fees	4,946,102	20,609	53,835	2,086,869	14,000	2,602,501
Intergovernmental	-	-	-	8,485,027	1,000	2,503,185
Sales and Services	2,544,479	8,449	192,517	251,832	4,925,508	21,114,986
Royalties and Rents	5,720	6,000	-	-	264,468	350,028
Fines and Forfeits	-	1,131	-	7,167	4,723,879	14,164
Interest and Investment Income	32,683	133,923	348,155	540,343	604	197,863
Tobacco Settlement	-	-	-	9,279,966	-	14,279,418
Commodity Assessments	4,267	19,554,325	-	-	-	-
Miscellaneous	178,831	13,240	590,744	269,899	188,490	890,204
Total Revenues	10,193,324	19,737,677	1,502,247	22,698,842	38,457,085	46,145,846
EXPENDITURES						
Current:						
General Government	-	-	-	-	-	-
Education	-	-	-	-	48,762,486	-
Health and Human Services	144,332	-	-	-	-	39,859,481
Regulatory	-	-	-	294,127	-	-
Public Safety and Corrections	-	-	-	-	-	-
Agriculture and Commerce	7,602,438	14,563,089	1,538,634	6,488,024	-	-
Natural Resources	-	-	-	24,460,493	-	-
Transportation	-	-	-	-	-	-
Intergovernmental - Revenue Sharing	-	-	-	-	-	-
Capital Outlay	265,525	11,622	-	24,233,204	-	415,990
Debt Service:						
Principal	1,685	3,113	-	-	-	5,313
Interest and Other Charges	439	687	-	-	-	1,015
Total Expenditures	8,014,419	14,578,511	1,538,634	55,475,848	48,762,486	40,281,799
Revenues over (under) Expenditures	2,178,905	5,159,166	(36,387)	(32,777,006)	(10,305,401)	5,864,047
OTHER FINANCING SOURCES (USES)						
Capital Lease Acquisitions	-	11,622	-	-	-	-
Sale of Capital Assets	-	-	-	-	-	-
Transfers In	694,575	-	25,550,000	49,316,922	39,385,999	15,629,869
Transfers Out	(41,300)	(1,906,581)	(4,349,006)	(8,936,705)	(19,474)	(82,696)
Total Other Financing Sources (Uses)	653,275	(1,894,959)	21,200,994	40,380,217	39,366,525	15,547,173
Net Change in Fund Balances	2,832,180	3,264,207	21,164,607	7,603,211	29,061,124	21,411,220
Fund Balances - Beginning of Year, as Adjusted	6,782,229	14,242,104	24,220,819	46,168,811	71,482,808	68,188,846
Fund Balances - End of Year	$ 9,614,409	$ 17,506,311	$ 45,385,426	$ 53,772,022	$ 100,543,932	$ 89,600,066

(Continued on Next Page)

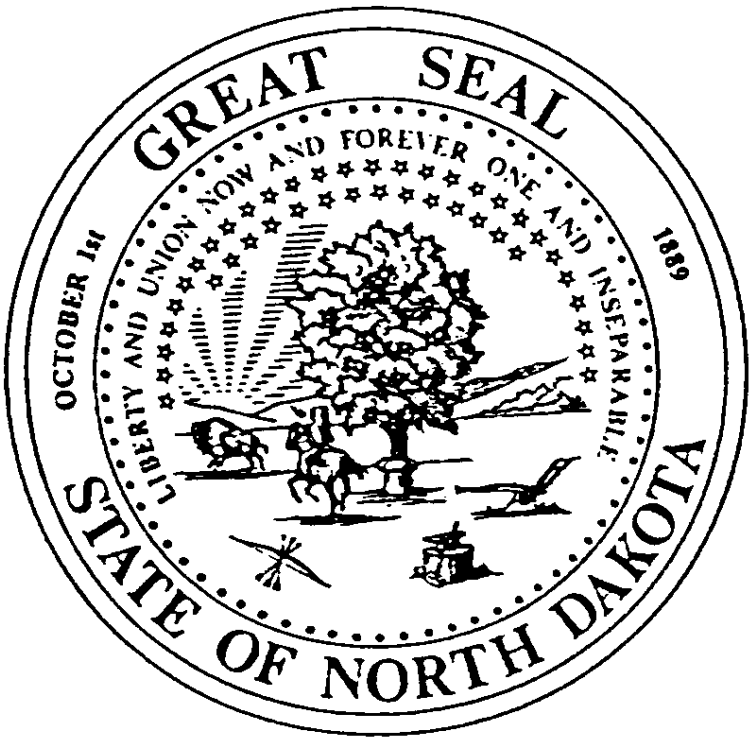
Special Revenue Funds						
Judicial and Legal	Land Department Coal and Mineral	Local Government	Oil Tax Resources	Other Special	PACE Fund	Permanent Oil Tax Trust
$ -	$ -	$ 6,741,117	$ -	$ 2,614,771	$ -	$ -
-	-	107,668,160	-	-	-	-
-	3,306,257	89,759,637	56,678,271	-	-	355,291,366
-	-	13,984,386	-	10,000	-	-
404,708	-	30,088,539	-	43,893	-	-
-	-	22,330,490	1,587,661	-	-	-
1,738,707	-	-	-	2,528,928	-	-
-	116,537,927	-	3,911	1,633,738	-	-
2,692,325	-	791	-	-	-	-
118	2,682,034	8,000,000	1,231,847	444,747	294,299	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
73,849	-	-	-	1,219,967	-	-
4,909,707	122,526,218	278,573,120	59,501,690	8,496,044	294,299	355,291,366
3,399,542	655,495	-	-	4,575,089	-	1,008,100
-	-	-	-	228,578	-	-
-	-	-	-	403,275	-	753,556
367,453	-	-	-	-	-	-
857,917	-	-	-	163,124	-	-
-	-	-	-	30,090	4,105,407	-
-	-	-	-	657,437	-	-
-	-	-	-	342,246	-	-
-	-	273,118,310	-	-	-	-
229,512	629,320	-	-	63,335	-	-
12,175	-	-	-	-	-	358
1,075	-	-	-	-	-	64
4,867,674	1,284,815	273,118,310	-	6,463,174	4,105,407	1,762,078
42,033	121,241,403	5,454,810	59,501,690	2,032,870	(3,811,108)	353,529,288
10,912	-	-	-	-	-	-
-	-	-	-	-	-	-
15,909	-	-	-	146,122	10,100,000	-
-	(3,819,552)	-	(42,475,000)	(148,698)	-	(298,786,830)
26,821	(3,819,552)	-	(42,475,000)	(2,576)	10,100,000	(298,786,830)
68,854	117,421,851	5,454,810	17,026,690	2,030,294	6,288,892	54,742,458
12,432,708	93,863,659	4,847,342	94,583,074	6,355,364	21,037,057	483,198,957
$ 12,501,562	$ 211,285,510	$ 10,302,152	$ 111,609,764	$ 8,385,658	$ 27,325,949	$ 537,941,415

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, 2010

	Special Revenue Funds					
	Public Safety and Corrections	Recreation	Regulatory	Transportation	Veterans	Total
REVENUES						
Individual and Corporate Income Taxes	$ -	$ -	$ -	$ -	$ -	$ 9,367,795
Sales and Use Taxes	2,068,270	3,484	-	118,662,318	-	230,627,808
Oil, Gas, and Coal Taxes	-	-	3,402,968	-	-	538,555,374
Business and Other Taxes	-	-	399	-	-	18,749,037
Licenses, Permits and Fees	2,393,409	13,786,627	7,501,080	64,960,281	31,815	128,934,268
Intergovernmental	1,032,243	3,560	14,156	1,045,364	1,954,720	38,957,406
Sales and Services	317,821	2,594,875	3,217,025	550,234	3,164,475	43,149,836
Royalties and Rents	227,846	535,228	-	123,497	259,429	119,947,792
Fines and Forfeits	35,334	14,385	250,648	-	-	7,739,824
Interest and Investment Income	267,969	5,521	852,283	926,688	426,709	16,385,786
Tobacco Settlement	-	-	-	-	-	23,559,384
Commodity Assessments	-	-	-	-	-	19,558,592
Miscellaneous	1,215,934	112,160	58,016	1,545,563	126,040	6,482,937
Total Revenues	7,558,826	17,055,840	15,296,575	187,813,945	5,963,188	1,202,015,839
EXPENDITURES						
Current:						
General Government	30,148	-	22,337	-	46,818	9,737,529
Education	-	-	-	-	-	48,991,064
Health and Human Services	-	-	-	3,555	3,329,180	44,493,379
Regulatory	-	-	7,680,538	-	-	8,342,118
Public Safety and Corrections	10,069,845	-	193,622	-	58,958	11,343,466
Agriculture and Commerce	-	-	-	-	-	34,327,682
Natural Resources	-	12,058,052	-	-	-	37,175,982
Transportation	-	-	-	137,597,110	-	137,939,356
Intergovernmental - Revenue Sharing	-	-	-	-	-	273,118,311
Capital Outlay	-	2,806,435	17,995	16,521,310	23,983	45,218,231
Debt Service:						
Principal	-	-	-	125,201	-	147,845
Interest and Other Charges	-	-	-	95,566	-	98,846
Total Expenditures	10,099,993	14,864,487	7,914,492	154,342,742	3,458,939	650,933,809
Revenues over (under) Expenditures	(2,541,167)	2,191,353	7,382,083	33,471,203	2,504,249	551,082,030
OTHER FINANCING SOURCES (USES)						
Capital Lease Acquisitions	-	-	-	-	-	22,534
Sale of Capital Assets	-	32,100	-	25,790	3,000	60,890
Transfers In	945,166	256,367	281,934	196,173	316,289	142,835,325
Transfers Out	(919,769)	(1,141,508)	(4,489,045)	(2,101,196)	(14,360)	(369,231,720)
Total Other Financing Sources (Uses)	25,397	(853,041)	(4,207,111)	(1,879,233)	304,929	(226,312,971)
Net Change in Fund Balances	(2,515,770)	1,338,312	3,174,972	31,591,970	2,809,178	324,769,060
Fund Balances - Beginning of Year, as Adjusted	85,329,460	32,144,278	20,361,975	189,546,753	8,481,738	1,283,267,982
Fund Balances - End of Year	$ 82,813,690	$ 33,482,590	$ 23,536,947	$ 221,138,723	$ 11,290,916	$ 1,608,037,042

Debt Service Funds				Capital Projects Funds		
Building Authority	Department of Transportation	Water Commission	Total	Building Authority	Total	Total Nonmajor Governmental Funds
$ -	$ -	$ -	$ -	$ -	$ -	$ 9,367,795
-	-	-	-	-	-	230,627,808
-	-	-	-	-	-	538,555,374
-	-	-	-	-	-	18,749,037
-	-	-	-	-	-	128,934,268
-	4,300,573	-	4,300,573	-	-	43,257,979
-	-	1,674,460	1,674,460	-	-	44,824,296
-	-	-	-	-	-	119,947,792
-	-	-	-	-	-	7,739,824
375,000	1,585	459,160	835,745	127,000	127,000	17,348,531
-	-	-	-	-	-	23,559,384
-	-	-	-	-	-	19,558,592
-	-	-	-	-	-	6,482,937
375,000	4,302,158	2,133,620	6,810,778	127,000	127,000	1,208,953,617
-	-	-	-	-	-	9,737,529
-	-	-	-	-	-	48,991,064
-	-	-	-	-	-	44,493,379
-	-	-	-	-	-	8,342,118
-	-	-	-	-	-	11,343,466
-	-	-	-	-	-	34,327,682
-	-	-	-	-	-	37,175,982
-	-	-	-	-	-	137,939,356
-	-	-	-	-	-	273,118,310
-	-	-	-	-	-	45,218,231
10,360,000	3,355,000	5,055,000	18,770,000	-	-	18,917,845
4,005,000	2,397,783	5,019,143	11,421,926	-	-	11,520,772
14,365,000	5,752,783	10,074,143	30,191,926	-	-	681,125,734
(13,990,000)	(1,450,625)	(7,940,523)	(23,381,148)	127,000	127,000	527,827,883
-	-	-	-	-	-	22,534
-	-	-	-	-	-	60,890
10,651,000	1,448,322	7,524,580	19,623,902	-	-	162,459,227
-	-	-	-	(427,000)	(427,000)	(369,658,720)
10,651,000	1,448,322	7,524,580	19,623,902	(427,000)	(427,000)	(207,116,069)
(3,339,000)	(2,303)	(415,943)	(3,757,246)	(300,000)	(300,000)	320,711,814
13,513,000	88,580	11,619,318	25,220,898	3,340,000	3,340,000	1,311,828,880
$ 10,174,000	$ 86,277	$ 11,203,375	$ 21,463,652	$ 3,040,000	$ 3,040,000	$ 1,632,540,694



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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.

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.

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.

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.

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.

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.

PERS UNIFORM GROUP INSURANCE

980 - Public Employees Retirement System Group Insurance
Accounts for the administrative revenues and expenses associated with this insurance purchasing pool.

ROUGHRIDER INDUSTRIES

926 - Roughrider Industries
Accounts for the revenues and expenses associated with the operation, manufacture and sale of products made by the prison inmates.

STATE FAIR

601 (977) - State Fair
Accounts for revenues and expenditures associated with the operation of the State Fair.

STATE LOTTERY FUND

966 (292) - State Lottery Fund
Accounts for operations of the North Dakota lottery.

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.

UNEMPLOYMENT COMPENSATION FUND

967 - Job Service-Expendable Trust Fund
Accounts for State unemployment taxes collected from employers for the purpose of paying unemployment benefits.

Combining Statement of Net Assets
Nonmajor Enterprise Funds
June 30, 2010

	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	$ 2,619,189	$ 1,231,225	$ 3,635,968	$ 11,138	$ 2,823,336	$ 4,398,013
Cash and Cash Equivalents	-	-	-	-	-	-
Investments at the Bank of ND	-	-	-	-	-	6,150,000
Investments	-	1,557,818	-	-	23,809,179	-
Accounts Receivable - Net	-	44,533	-	-	59,205	-
Interest Receivable - Net	232,141	27,149	193,734	3,750	128,508	-
Intergovernmental Receivable - Net	-	-	-	-	-	2,906,222
Due from Other Funds	-	-	-	-	984	728,566
Due from Fiduciary Funds	-	-	-	-	-	-
Prepaid Items	1,071,831	-	-	-	197,446	-
Inventory	-	-	-	-	-	-
Loans and Notes Receivable - Net	1,687,356	-	672,978	191,104	-	-
Restricted Cash at the Bank of ND	-	-	-	-	-	4,442,952
Restricted Investments at the Bank of ND	-	-	-	-	-	4,000,000
Total Current Assets	5,610,517	2,860,725	4,502,680	205,992	27,018,658	22,625,753
Noncurrent Assets:						
Restricted Cash at the Bank of ND	-	-	-	-	-	-
Restricted Investments	-	-	-	-	-	-
Loans and Notes Receivable - Net	6,709,767	-	16,764,599	626,139	-	-
Restricted Loans Receivable - Net	-	-	-	-	-	-
Unamortized Bond Issuance Costs	-	-	-	-	-	-
Other Noncurrent Assets	2,249,021	-	-	-	-	-
Capital Assets:						
Nondepreciable	-	-	-	-	-	-
Depreciable, Net	-	-	-	-	-	-
Total Noncurrent Assets	8,958,788	-	16,764,599	626,139	-	-
Total Assets	14,569,305	2,860,725	21,267,279	832,131	27,018,658	22,625,753
LIABILITIES						
Current Liabilities:						
Accounts Payable	-	26	-	-	53,252	519,707
Accrued Payroll	-	1,160	-	-	38,887	-
Securities Lending Collateral	-	12,902	-	-	201,574	-
Interest Payable	-	1,034	-	-	42,317	-
Intergovernmental Payable	-	-	-	-	-	890,751
Due to Other Funds	11,180	75	22,261	832,131	27,874	1,508,055
Amounts Held in Custody for Others	-	-	-	-	-	-
Claims/Judgments Payable	-	165,998	-	-	649,180	-
Compensated Absences Payable	-	1,998	-	-	2,659	-
Capital Leases Payable	-	-	-	-	-	-
Bonds Payable	-	-	-	-	-	-
Deferred Revenue	-	-	-	-	-	879,000
Other Current Liabilities	-	-	-	-	-	-
Total Current Liabilities	11,180	183,193	22,261	832,131	1,015,743	3,797,513
Noncurrent Liabilities:						
Intergovernmental Payable	-	-	-	-	-	6,332,635
Claims/Judgments Payable	-	30,767	-	-	750,000	-
Compensated Absences Payable	-	-	-	-	49,376	-
Capital Leases Payable	-	-	-	-	-	-
Bonds Payable	-	-	-	-	-	-
Other Noncurrent Liabilities	-	-	-	-	-	7,275,830
Total Noncurrent Liabilities	-	30,767	-	-	799,376	13,608,465
Total Liabilities	11,180	213,960	22,261	832,131	1,815,119	17,405,978
Net Assets						
Invested in Capital Assets, Net of Related Debt	-	-	-	-	-	-
Restricted for:						
Debt Service	-	-	-	-	-	-
Loan Purposes	-	-	-	-	-	611,278
Unemployment Compensation	-	-	-	-	-	-
Other	-	-	-	-	-	-
Unrestricted	14,558,125	2,646,765	21,245,018	-	25,203,539	4,608,497
Total Net Assets	$ 14,558,125	$ 2,646,765	$ 21,245,018	$ -	$ 25,203,539	$ 5,219,775

PERS Uniform Group Insurance	Roughrider Industries	State Fair	State Lottery Fund	Student Loan	Unemployment Compensation	Total
$ 5,082,984	$ 423,671	$ 2,951,326	$ 6,021,710	$ 781,000	$ 47,907	$ 30,027,467
6,043,500	900	-	-	-	78,522,564	84,566,964
-	-	-	-	8,074,000	-	14,224,000
-	-	-	-	-	-	25,366,997
5,664	584,655	37,500	192,449	-	23,871,230	24,795,236
-	-	-	-	671,000	788,820	2,045,102
-	-	-	-	61,000	975,792	3,943,014
-	169,015	-	155,625	9,000	5,932	1,069,122
69,352	-	-	-	-	-	69,352
-	12,763	43,121	4,960	7,000	-	1,337,121
-	1,401,669	-	-	-	-	1,401,669
-	-	-	-	6,334,000	-	8,885,438
-	-	-	-	-	-	4,442,952
-	-	-	-	1,000,000	-	5,000,000
11,201,500	2,592,673	3,031,947	6,374,744	16,937,000	104,212,245	207,174,434
-	-	252,223	-	-	-	252,223
-	-	220,996	-	-	-	220,996
-	-	-	-	29,863,000	-	53,963,505
-	-	-	-	14,200,000	-	14,200,000
-	-	7,226	-	76,000	-	83,226
-	-	-	1,046,583	-	-	3,295,604
2,449,576	-	1,611,182	-	-	-	4,060,758
-	1,272,322	9,232,009	34,461	-	-	10,538,792
2,449,576	1,272,322	11,323,636	1,081,044	44,139,000	-	86,615,104
13,651,076	3,864,995	14,355,583	7,455,788	61,076,000	104,212,245	293,789,538
486,038	176,258	31,446	619,264	13,000	1,422,867	3,321,858
53,576	149,772	-	52,950	-	-	296,345
-	-	-	-	-	-	214,476
-	411	12,000	-	44,000	-	99,762
-	-	-	-	-	3,081,195	3,971,946
10,064	440,627	-	5,163,704	1,400,000	189,928	9,605,899
8,526,067	-	-	-	-	-	8,526,067
-	-	-	-	-	-	815,178
3,037	5,462	20,000	6,239	-	-	39,395
-	26,087	-	-	-	-	26,087
-	-	190,000	-	-	-	190,000
3,687,046	-	-	272,606	-	-	4,838,652
-	564	-	-	-	-	564
12,765,828	799,181	253,446	6,114,763	1,457,000	4,693,990	31,946,229
-	-	-	-	-	-	6,332,635
-	-	-	-	-	-	780,767
56,395	152,947	37,134	36,580	-	-	332,432
-	156,451	-	-	-	-	156,451
-	-	586,031	-	14,200,000	-	14,786,031
-	-	-	-	-	-	7,275,830
56,395	309,398	623,165	36,580	14,200,000	-	29,664,146
12,822,223	1,108,579	876,611	6,151,343	15,657,000	4,693,990	61,610,375
2,449,576	954,821	10,067,160	34,461	-	-	13,506,018
-	-	473,219	-	766,000	-	1,239,219
-	-	-	-	-	-	611,278
-	-	-	-	-	99,518,255	99,518,255
-	-	-	1,046,583	-	-	1,046,583
(1,620,723)	1,801,595	2,938,593	223,401	44,653,000	-	116,257,810
$ 828,853	$ 2,756,416	$ 13,478,972	$ 1,304,445	$ 45,419,000	$ 99,518,255	$ 232,179,163

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, 2010

	Beginning Farmer Revolving Loan	Bonding	Community Water Facility Loan	Developmentally Disabled Facility Loan	Fire and Tornado	Guaranteed Student Loan
OPERATING REVENUES						
Sales and Services	$ -	$ -	$ -	$ -	$ 6,667,984	$ 3,522,428
Royalties and Rents	-	-	-	-	-	-
Interest and Investment Income	366,149	-	502,680	50,801	-	-
Miscellaneous	-	-	-	-	-	-
Total Operating Revenues	366,149	-	502,680	50,801	6,667,984	3,522,428
OPERATING EXPENSES						
Cost of Sales and Services	-	-	-	-	-	-
Salaries and Benefits	-	12,241	-	-	474,527	-
Operating	1,016,675	20,392	91,097	8,874	2,919,361	3,669,191
Claims	-	48,845	-	-	3,075,205	-
Interest	-	-	-	42,015	-	-
Depreciation	-	-	-	-	-	-
Miscellaneous	4,000	-	-	-	-	-
Total Operating Expenses	1,020,675	81,478	91,097	50,889	6,469,093	3,669,191
Operating Income (Loss)	(654,526)	(81,478)	411,583	(88)	198,891	(146,763)
NONOPERATING REVENUES (EXPENSES)						
Grants and Contracts	-	-	-	-	-	-
Interest and Investment Income	18,759	217,667	17,073	88	3,561,416	274,690
Interest Expense	-	(4,477)	-	-	(91,596)	-
Loss on Sale of Capital Assets	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total Nonoperating Revenues (Expenses)	18,759	213,190	17,073	88	3,469,820	274,690
Income (Loss) Before Contributions and Transfers	(635,767)	131,712	428,656	-	3,668,711	127,927
Transfers In	-	-	-	-	30,000	-
Transfer Out	(110,000)	-	-	-	-	(321,007)
Change in Net Assets	(745,767)	131,712	428,656	-	3,698,711	(193,080)
Total Net Assets - Beginning of Year	15,303,892	2,515,053	20,816,362	-	21,504,828	5,412,855
Total Net Assets - End of Year	$ 14,558,125	$ 2,646,765	$ 21,245,018	$ -	$ 25,203,539	$ 5,219,775

PERS Uniform Group Insurance	Roughrider Industries	State Fair	State Lottery Fund	Student Loan	Unemployment Compensation	Total
$ 948,810	$ 4,863,936	$ 5,198,962	$ 24,498,988	$ -	$ 115,951,800	$ 161,652,908
-	116,651	-	-	-	-	116,651
-	-	-	-	1,571,000	-	2,490,630
-	1,374	-	-	-	-	1,374
948,810	4,981,961	5,198,962	24,498,988	1,571,000	115,951,800	164,261,563
-	2,474,987	-	-	-	-	2,474,987
516,802	1,684,200	1,276,161	657,920	-	-	4,621,851
431,553	223,974	3,791,501	17,509,514	925,000	-	30,607,132
-	-	-	-	-	137,473,630	140,597,680
-	-	-	-	559,000	-	601,015
-	99,300	930,201	10,290	-	-	1,039,791
-	-	-	-	-	-	4,000
948,355	4,482,461	5,997,863	18,177,724	1,484,000	137,473,630	179,946,456
455	499,500	(798,901)	6,321,264	87,000	(21,521,830)	(15,684,893)
-	-	545,080	-	-	-	545,080
26,663	-	14,549	10,934	59,000	4,094,375	8,295,214
-	(13,722)	(32,136)	-	-	-	(141,931)
-	-	(1,522)	-	-	-	(1,522)
(206,811)	-	(12,089)	-	-	-	(218,900)
(180,148)	(13,722)	513,882	10,934	59,000	4,094,375	8,477,941
(179,693)	485,778	(285,019)	6,332,198	146,000	(17,427,455)	(7,206,952)
-	-	1,360,154	-	-	-	1,390,154
-	-	-	(5,722,500)	(2,090,000)	-	(8,243,507)
(179,693)	485,778	1,075,135	609,698	(1,944,000)	(17,427,455)	(14,060,305)
1,008,546	2,270,638	12,403,837	694,747	47,363,000	116,945,710	246,239,468
$ 828,853	$ 2,756,416	$ 13,478,972	$ 1,304,445	$ 45,419,000	$ 99,518,255	$ 232,179,163

STATE OF NORTH DAKOTA

Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Fiscal Year Ended June 30, 2010

	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	$ 184	$ 24,211	$ -	$ -	$ 6,616,727	$ 4,475,822
Interest Income on Loans	404,897	-	-	-	-	-
Receipts from Loan Principal Repayments	1,886,970	-	-	-	-	11,072,869
Receipts from Other Funds	-	-	-	-	3,073	-
Receipts from Others	-	-	-	-	-	-
Payments to Other Funds	-	66	-	-	11,766	-
Payments for Loan Funds	(2,423,427)	-	-	-	-	(10,477,942)
Payments to Suppliers	(1,641,213)	(17,267)	(89,175)	(9,291)	(2,716,629)	(2,402,935)
Payments to Employees	-	(13,978)	-	-	(465,395)	-
Claim Payments	-	(40,930)	-	-	(2,431,362)	-
Payments to Others	(4,000)	-	-	-	(277,711)	-
Other	-	-	-	-	-	-
Net Cash Provided by (Used for) Operating Activities	(1,776,589)	(47,898)	(89,175)	(9,291)	740,469	2,667,814
Cash Flows from Noncapital Financing Activities:						
Principal Payments - Bonds	-	-	-	-	-	-
Interest Payments - Bonds	-	-	-	-	-	-
Interest Payments - Notes and Other Borrowings	-	-	-	(41,905)	30,000	-
Transfers In	-	-	-	-	-	-
Transfers Out	(110,000)	-	-	-	-	(321,007)
Principal Payments on Due To Other Funds	-	-	-	(334,916)	-	-
Grants Received	-	-	-	-	-	-
Net Cash Provided by (Used for) Noncapital Financing Activities	(110,000)	-	-	(376,821)	30,000	(321,007)
Cash Flows from Capital and Related Financing Activities:						
Acquisition and Construction of Capital Assets	-	-	-	-	-	-
Proceeds from Sale 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	-	-	-	-	-	-
Interest Payments - Capital Leases	-	-	-	-	-	-
Payment on Capital Leases	-	-	-	-	-	-
Other	-	-	-	-	-	-
Net Cash Used for Capital and Related Financing Activities	-	-	-	-	-	-
Cash Flows from Investing Activities:						
Proceeds from Sale and Maturities of Investment Securities	-	-	-	-	-	16,755,000
Purchase of Investment Securities	-	(175,716)	-	-	(1,530,044)	(15,800,000)
Interest and Dividends on Investments	18,759	69,266	17,073	88	1,412,939	450,116
Net Increase In Loans	-	-	(1,924,000)	-	-	-
Receipt of Loan Principal Repayments	-	-	622,202	312,467	-	-
Loan Income Received	-	-	467,716	52,771	-	-
Net Cash Provided by (Used for) Investing Activities	18,759	(106,450)	(817,009)	365,326	(117,105)	1,405,116
Net Change in Cash:						
Net Increase (Decrease) in Cash and Cash Equivalents	(1,867,830)	(154,348)	(906,184)	(20,786)	653,364	3,751,923
Cash and Cash Equivalents at June 30, 2009	4,487,019	1,385,573	4,542,152	31,924	2,169,972	5,089,042
Cash and Cash Equivalents at June 30, 2010	$ 2,619,189	$ 1,231,225	$ 3,635,968	$ 11,138	$ 2,823,336	$ 8,840,965
Reconciliation:						
Current:						
Cash Deposits at the Bank of North Dakota	$ 2,619,189	$ 1,231,225	$ 3,635,968	$ 11,138	$ 2,823,336	$ 4,398,013
Cash and Cash Equivalents	-	-	-	-	-	-
Restricted Cash Deposits at the Bank of North Dakota	-	-	-	-	-	4,442,952
Cash and Cash Equivalents	$ 2,619,189	$ 1,231,225	$ 3,635,968	$ 11,138	$ 2,823,336	$ 8,840,965

(Continued on Next Page)

PERS Uniform Group Insurance	Roughrider Industries	State Fair	State Lottery Fund	Student Loan	Unemployment Compensation	Total
$ 210,360,379	$ 4,984,087	$ 5,429,676	$ 17,589,397	$ 8,257,000	$ 68,975,135	$ 326,712,618
-	-	-	-	-	-	404,897
-	-	-	-	-	-	12,959,839
-	(132,818)	-	-	-	-	(129,745)
-	-	-	-	-	85,391	85,391
-	(5,975)	-	-	-	-	5,857
-	-	-	-	-	-	(12,901,369)
(209,045,034)	(3,125,603)	(3,995,581)	(10,935,191)	(1,010,000)	(14,046,369)	(249,034,288)
(504,590)	(1,660,244)	(1,267,080)	(655,845)	-	-	(4,567,132)
-	-	-	-	-	(85,122,796)	(87,595,088)
-	-	-	(51,908)	-	-	(333,619)
(206,811)	-	-	-	-	-	(206,811)
603,944	59,447	167,015	5,946,453	7,247,000	(30,108,639)	(14,599,450)
-	-	-	-	(1,000,000)	-	(1,000,000)
-	-	-	-	(535,000)	-	(535,000)
-	-	-	-	-	-	(11,905)
-	-	1,360,154	-	-	-	1,360,154
-	-	-	(6,533,125)	(913,000)	-	(7,877,132)
-	-	-	-	-	-	(334,916)
-	-	545,080	-	-	-	545,080
-	-	1,905,234	(6,533,125)	(2,448,000)	-	(7,853,719)
(572,722)	(510,196)	(1,290,882)	(28,200)	-	-	(2,402,000)
-	-	10,600	-	-	-	10,600
-	301,371	-	-	-	-	301,371
-	-	(190,000)	-	-	-	(190,000)
-	(24,927)	-	-	-	-	(24,927)
-	-	(34,861)	-	-	-	(34,861)
-	(3,182)	-	-	-	-	(3,182)
-	(10,540)	-	-	-	-	(10,540)
-	(26,087)	-	-	-	-	(26,087)
-	(61)	-	-	-	-	(61)
(572,722)	(273,622)	(1,505,143)	(28,200)	-	-	(2,379,687)
-	-	443,989	-	11,384,000	-	28,582,989
-	-	(438,681)	-	(15,937,000)	-	(33,881,441)
26,663	-	3,933	10,840	54,000	4,536,236	6,599,913
-	-	-	-	-	-	(1,924,000)
-	-	-	-	-	-	934,669
-	-	-	-	-	-	520,487
26,663	-	9,241	10,840	(4,499,000)	4,536,236	832,617
57,885	(214,175)	576,347	(604,032)	300,000	(25,572,403)	(24,000,239)
11,068,599	638,746	2,627,202	6,625,742	481,000	104,142,874	143,289,845
$ 11,126,484	$ 424,571	$ 3,203,549	$ 6,021,710	$ 781,000	$ 78,570,471	$ 119,289,606
$ 5,082,984	$ 423,671	$ 2,951,326	$ 6,021,710	$ 781,000	$ 47,907	$ 30,027,467
6,043,500	900	-	-	-	78,522,564	84,566,964
-	-	252,223	-	-	-	4,695,175
$ 11,126,484	$ 424,571	$ 3,203,549	$ 6,021,710	$ 781,000	$ 78,570,471	$ 119,289,606

STATE OF NORTH DAKOTA

Combining Statement of Cash Flows
Nonmajor Enterprise Funds (Continued)
For the Fiscal Year Ended June 30, 2010

	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)	$ (654,526)	$ (81,478)	$ 411,583	$ (88)	$ 198,891	$ (146,763)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:						
Depreciation	-	-	-	-	-	-
Amortization\Accretion	-	-	-	-	-	-
Reclassification of Interest Revenue\Expense	-	-	(502,680)	(8,786)	-	-
Interest Received on Program Loans	-	-	-	-	-	-
Receipt of Loan Principal Repayments	-	-	-	-	-	-
Provision for Losses	-	-	-	-	-	1,139,000
Other	-	-	-	-	-	55,000
Change in Assets and Liabilities:						
(Increase) Decrease in Accounts Receivable	-	27,384	-	-	(51,257)	27,368
Decrease in Interest Receivable	38,931	-	-	-	-	-
(Increase) Decrease in Due From	-	-	-	-	3,073	(59,772)
Increase in Due From Fiduciary Funds	-	-	-	-	-	-
(Increase) Decrease in Intergovernmental Receivable	-	-	-	-	-	(538,325)
Increase in Notes Receivable	(536,457)	-	-	-	-	-
(Increase) Decrease in Prepaid Items	(624,889)	-	-	-	(51,937)	-
Increase in inventories	-	-	-	-	-	-
(Increase) Decrease in Other Assets	-	-	-	-	-	-
Increase (Decrease) in Accounts Payable	-	(48)	-	-	(23,042)	440,651
Decrease in Interest Payable	-	-	-	-	-	-
Increase in Claims\Judgments Payable	-	7,915	-	-	643,843	-
Increase (Decrease) in Intergovernmental Payable	-	-	-	-	-	1,355,864
Increase (Decrease) in Accrued Payroll	-	(53)	-	-	1,366	-
Increase (Decrease) in Compensated Absences Payable	-	(1,684)	-	-	7,766	-
Increase (Decrease) in Amounts Held for Others	-	-	-	-	-	-
Increase (Decrease) in Due To	352	66	1,922	(417)	11,766	70,858
Increase (Decrease) in Deferred Revenue	-	-	-	-	-	323,933
Total Adjustments	(1,122,063)	33,580	(500,758)	(9,203)	541,578	2,814,577
Net Cash Provided by (Used for) Operating Activities	$ (1,776,589)	$ (47,898)	$ (89,175)	$ (9,291)	$ 740,469	$ 2,667,814
Noncash Transactions:						
Net Increase in Fair Value of investments	$ -	$ 143,238	$ -	$ -	$ 2,036,987	$ -
Change in Securities Lending Collateral	-	(24,616)	-	-	(218,486)	-
Amortization of Bond Discount	-	-	-	-	-	-
Amortization of Bond Issuance Costs	-	-	-	-	-	-
Interest Revenue on Prize Reserves	-	-	-	-	-	-
Total Noncash Transactions	$ -	$ 118,622	$ -	$ -	$ 1,818,501	$ -

PERS Uniform Group Insurance	Roughrider Industries	State Fair	State Lottery Fund	Student Loan	Unemployment Compensation	Total
$ 455	$ 499,500	$ (798,901)	$ 6,321,264	$ 87,000	$ (21,521,830)	$ (15,684,893)
-	99,300	930,201	10,290	-	-	1,039,791
-	-	-	-	48,000	-	48,000
-	-	-	-	535,000	-	23,534
-	-	-	-	441,000	-	441,000
-	-	-	-	6,229,000	-	6,229,000
-	-	-	-	(11,000)	-	1,128,000
(206,811)	-	-	-	-	-	(151,811)
391,315	101,341	230,714	(64,364)	-	(6,968,835)	(6,306,334)
-	-	-	-	-	-	38,931
-	(132,818)	-	-	-	(5,932)	(195,449)
(47)	-	-	-	-	-	(47)
2,165	-	-	-	-	802,328	266,168
-	-	-	-	-	-	(536,457)
-	(8,324)	(9,591)	2,789	-	-	(691,952)
-	(389,608)	-	-	-	-	(389,608)
-	564	-	(48,509)	-	-	(47,945)
63,849	(29,275)	(194,489)	(234,018)	-	(537,285)	(513,657)
-	-	-	-	(1,000)	-	(1,000)
-	-	-	-	-	-	651,758
(24,535)	-	-	-	(93,000)	612	1,238,941
2,876	11,983	-	297	-	-	16,469
9,336	11,973	9,081	1,778	-	-	38,250
146,029	(5,975)	-	-	-	-	140,054
-	-	-	32,422	12,000	(1,877,697)	(1,748,728)
219,312	(99,214)	-	(75,496)	-	-	368,535
603,489	(440,053)	965,916	(374,811)	7,160,000	(8,586,809)	1,085,443
$ 603,944	$ 59,447	$ 167,015	$ 5,946,453	$ 7,247,000	$ (30,108,639)	$ (14,599,450)
$ -	$ -	$ -	$ -	$ -	$ -	$ 2,180,225
-	-	-	-	-	-	(243,102)
-	-	8,754	-	-	-	8,754
-	-	3,335	-	-	-	3,335
-	-	-	620	-	-	620
$ -	$ -	$ 12,089	$ 620	$ -	$ -	$ 1,949,832

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.

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.

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.

288\275 (912) - Risk Management Fund
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.

STATE OF NORTH DAKOTA

Combining Statement of Net Assets
Internal Service Funds
June 30, 2010

	Central Services	Fleet Services	Information Technology Department	Risk Management	Total
ASSETS					
Current Assets:					
Cash Deposits at the Bank of ND	$ 633,081	$ 1,986,191	$ 9,319,860	$ 4,144,888	$ 16,084,020
Cash and Cash Equivalents	5,919	-	-	1,019	6,938
Investments	-	-	-	6,700,705	6,700,705
Accounts Receivable - Net	110,884	55,836	173,417	-	340,137
Interest Receivable - Net	-	-	-	55,807	55,807
Intergovernmental Receivable - Net	37,598	-	200,413	-	238,011
Due from Other Funds	183,084	1,330,582	4,256,825	13,823	5,784,314
Prepaid Items	3,361	46,246	2,122,568	35,190	2,207,365
Inventory	94,086	-	-	-	94,086
Restricted Cash at the Bank of ND	-	-	3,972,854	-	3,972,854
Total Current Assets	1,068,013	3,418,855	20,045,937	10,951,432	35,484,237
Noncurrent Assets:					
Unamortized Bond Issuance Costs	-	-	33,247	-	33,247
Capital Assets:					
Depreciable, Net	311,838	71,058,844	13,644,333	65,638	85,080,653
Total Noncurrent Assets	311,838	71,058,844	13,677,580	65,638	85,113,900
Total Assets	1,379,851	74,477,699	33,723,517	11,017,070	120,598,137
LIABILITIES					
Current Liabilities:					
Accounts Payable	102,686	581,587	2,065,651	250,695	3,000,619
Accrued Payroll	65,330	143,420	1,600,844	31,657	1,841,251
Securities Lending Collateral	-	-	-	52,463	52,463
Interest Payable	-	-	28,455	6,418	34,873
Intergovernmental Payable	-	-	24,321	-	24,321
Due to Other Funds	6,922	7,095,608	9,669	8,684	7,120,883
Claims/Judgments Payable	-	-	-	1,337,671	1,337,671
Compensated Absences Payable	3,204	66,157	79,916	1,787	151,064
Notes Payable	-	-	1,918,382	-	1,918,382
Capital Leases Payable	185,639	-	-	1,461	187,100
Bonds Payable	-	-	681,658	-	681,658
Total Current Liabilities	363,781	7,886,772	6,408,896	1,690,836	16,350,285
Noncurrent Liabilities:					
Claims/Judgments Payable	-	-	-	3,744,373	3,744,373
Compensated Absences Payable	60,880	-	1,480,945	33,114	1,574,939
Notes Payable	-	-	7,953,247	-	7,953,247
Capital Leases Payable	121,807	-	-	1,680	123,487
Bonds Payable	-	-	2,240,880	-	2,240,880
Total Noncurrent Liabilities	182,687	-	11,675,072	3,779,167	15,636,926
Total Liabilities	546,468	7,886,772	18,083,968	5,470,003	31,987,211
NET ASSETS					
Invested in Capital Assets, Net of Related Debt	4,392	71,058,844	3,772,705	62,665	74,898,606
Unrestricted	828,991	(4,467,917)	11,866,844	5,484,402	13,712,320
Total Net Assets	$ 833,383	$ 66,590,927	$ 15,639,549	$ 5,547,067	$ 88,610,926

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, 2010

	Central Services	Fleet Services	Information Technology Department	Risk Management	Total
OPERATING REVENUES					
Sales and Services	$ 2,693,422	$ 23,103,406	$ 48,633,238	$ 6,528,452	$ 80,958,518
Total Operating Revenues	2,693,422	23,103,406	48,633,238	6,528,452	80,958,518
OPERATING EXPENSES					
Cost of Sales and Services	1,122,704	-	-	-	1,122,704
Salaries and Benefits	836,499	1,809,376	19,131,773	383,172	22,160,820
Operating	374,312	14,462,820	19,321,839	228,454	34,387,425
Claims	-	-	-	4,058,645	4,058,645
Depreciation	166,553	7,554,570	4,997,892	16,902	12,735,917
Total Operating Expenses	2,500,068	23,826,766	43,451,504	4,687,173	74,465,511
Operating Income (Loss)	193,354	(723,360)	5,181,734	1,841,279	6,493,007
NONOPERATING REVENUES (EXPENSES)					
Interest and Investment Income	-	-	35,407	902,960	938,367
Interest Expense	(30,161)	-	(516,182)	(24,291)	(570,634)
Gain on Sale of Capital Assets	-	54,399	-	-	54,399
Other	6,312	-	16,108	-	22,420
Total Nonoperating Revenues (Expenses)	(23,849)	54,399	(464,667)	878,669	444,552
Income (Loss) Before Contributions and Transfers	169,505	(668,961)	4,717,067	2,719,948	6,937,559
Capital Grants and Contributions	-	66,285	-	-	66,285
Changes in Net Assets	169,505	(602,676)	4,717,067	2,719,948	7,003,844
Total Net Assets - Beginning of Year	663,878	67,193,603	10,922,482	2,827,119	81,607,082
Total Net Assets - End of Year	$ 833,383	$ 66,590,927	$ 15,639,549	$ 5,547,067	$ 88,610,926

STATE OF NORTH DAKOTA

Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2010

	Central Services	Fleet Services	Information Technology	Risk Management	Total
Cash Flows from Operating Activities:					
Receipts from Customers and Users	$ 2,662,276	$ 23,292,776	$ 49,199,036	$ 6,528,452	$ 81,682,540
Receipts from Other Funds	-	12,810	-	-	12,810
Payments to Other Funds	-	143,325	-	-	143,325
Payments to Suppliers	(1,443,398)	(14,667,260)	(18,758,715)	(164,945)	(35,034,318)
Payments to Employees	(832,238)	(1,782,888)	(19,010,319)	(378,694)	(22,004,139)
Claim Payments	-	-	-	(852,875)	(852,875)
Payments to Others	-	-	-	(3,977,309)	(3,977,309)
Other	6,312	-	-	-	6,312
Net Cash Provided by (Used for) Operating Activities	392,952	6,998,763	11,430,002	1,154,629	19,976,346
Cash Flows from Noncapital Financing Activities:					
Interest Payments - Notes and Other Borrowings	(1,606)	-	-	-	(1,606)
Collection of Advances to Other Funds	-	7,000,000	-	-	7,000,000
Net Cash Provided by (Used for) Noncapital Financing Activities	(1,606)	7,000,000	-	-	6,998,394
Cash Flows from Capital and Related Financing Activities:					
Acquisition and Construction of Capital Assets	-	(19,761,851)	(5,011,950)	-	(24,773,801)
Proceeds from Sale of Capital Assets	-	2,430,846	-	-	2,430,846
Proceeds from Sale of Notes and Other Borrowings	-	-	4,950,000	-	4,950,000
Principal Payments - Notes and Other Borrowings	-	-	(1,716,372)	-	(1,716,372)
Interest Payments - Notes and Other Borrowings	-	-	(790,686)	-	(790,686)
Payment on Capital Leases	(146,261)	-	-	(1,191)	(147,452)
Interest Payments - Capital Leases	(28,380)	-	-	(309)	(28,689)
Net Cash Used for Capital and Related Financing Activities	(174,641)	(17,331,005)	(2,569,008)	(1,500)	(20,076,154)
Cash Flows from Investing Activities:					
Proceeds from Sale and Maturities of Investment Securities	-	-	-	(1,276,691)	(1,276,691)
Interest and Dividends on Investments	-	-	35,407	365,645	401,052
Net Cash Provided by Investing Activities	-	-	35,407	(911,046)	(875,639)
Net Change in Cash:					
Net Increase (Decrease) in Cash and Cash Equivalents	216,705	(3,332,242)	8,896,401	242,083	6,022,947
Cash and Cash Equivalents at June 30, 2009	422,295	5,318,433	4,396,313	3,903,824	14,040,865
Cash and Cash Equivalents at June 30, 2010	$ 639,000	$ 1,986,191	$ 13,292,714	$ 4,145,907	$ 20,063,812
Reconciliation:					
Cash Deposits at the Bank of North Dakota	$ 633,081	$ 1,986,191	$ 9,319,860	$ 4,144,888	$ 16,084,020
Cash and Cash Equivalents	5,919	-	-	1,019	6,938
Restricted Cash Deposits at the Bank of North Dakota	-	-	3,972,854	-	3,972,854
Cash and Cash Equivalents	$ 639,000	$ 1,986,191	$ 13,292,714	$ 4,145,907	$ 20,063,812
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used for) Operating Activities:					
Operating Income	$ 193,354	$ (723,360)	$ 5,181,734	$ 1,841,279	$ 6,493,007
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:					
Depreciation	166,553	7,554,570	4,991,243	16,902	12,729,268
Amortization\Accretion	-	-	6,649	-	6,649
Other	6,312	-	-	-	6,312
Change in Assets and Liabilities:					
(Increase) Decrease in Accounts Receivable	(65,152)	189,371	61,729	-	185,948
Decrease in Due From	55,323	-	548,934	7,457	611,714
(Increase) Decrease in Intergovernmental Receivable	(21,317)	143,325	(44,865)	-	77,143
(Increase) Decrease in Prepaid Items	2,951	(46,246)	(598,160)	45,204	(596,251)
Decrease in Inventories	12,219	-	-	-	12,219
(Decrease) In Other Assets	(174)	-	-	-	(174)
Increase (Decrease) in Accounts Payable	43,139	(158,195)	1,145,391	234,613	1,264,948
Decrease in Claims\Judgments Payable	-	-	-	(986,892)	(986,892)
Increase In Intergovernmental Payable	-	12,810	24,286	-	37,096
Increase in Accrued Payroll	1,259	319	26,912	2,269	30,759
Increase in Compensated Absences Payable	3,002	26,169	94,542	2,209	125,922
(Decrease) in Due To	(4,517)	-	(8,393)	(8,412)	(21,322)
Total Adjustments	199,598	7,722,123	6,248,268	(686,650)	13,483,339
Net Cash Provided by (Used For) Operating Activities	$ 392,952	$ 6,998,763	$ 11,430,002	$ 1,154,629	$ 19,976,346
Noncash Transactions:					
Net Increase in Fair Value of investments	$ -	$ -	$ -	$ 510,056	$ 510,056
Change in Securities Lending Collateral	-	-	-	(57,500)	(57,500)
Total Noncash Transactions	$ -	$ -	$ -	$ 452,556	$ 452,556

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.

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.

HIGHWAY PATROLMEN'S RETIREMENT

982 - Highway Patrolmen's Retirement Fund
A single employer defined benefit pension plan covering officers of the State Highway Patrol.

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.

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.

PUBLIC EMPLOYEES' RETIREMENT

470 (983) - Public Employees Retirement System
Accounts for the financial resources associated with the Public Employees Retirement System.

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.

TEACHERS' RETIREMENT

964 - North Dakota Teachers' Fund For Retirement
Accounts for the financial resources of the Teachers' Retirement Fund.

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.

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.

936 - City of Grand Forks RIO Investments
Account for the investment assets held by the State Investment Board in a trustee capacity as an agent for the City of Grand Forks.

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.

Private Purpose Trust Funds

STUDENT AND CULTURAL DONATIONS

928 - Indian Cultural Education Trust Fund
Trust accounts for donations provided for the purpose of generating income to benefit Indian Culture.

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.

988 - School for the Deaf Scholarship Trust Fund
Account for funds donated to provide scholarships to deaf students.

989 - School for the Deaf Student Trust Funds
Accounts for funds donated to the School for the Deaf for the benefit of the students.

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.

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.

403 - Motor Fuel Cash Bond Deposit Fund
Accounts for cash received in lieu of a surety bond for motor vehicle fuel dealers.

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.

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.

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.

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.

947 - District Court Bond Fund
Accounts for bail bonds posted for civil and criminal court cases.

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.

CHILD SUPPORT

463 - Child Support Disbursement Unit Fund
Accounts for all child support payments received by the state disbursement unit.

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.

946 - District Court Collection Fund
Accounts for collections for third parties.

986 - Developmental Center Residents' Funds
Accounts for funds belonging to patients of the State Developmental Center.

990 - Veteran's Home-Custodial
Accounts for resident's personal funds.

991 - State Hospital Patients
Accounts for patient's personal funds.

992 - Prisoner Accounts
Accounts for prisoner's personal fund.

993 - Youth Correctional Center Student Accounts
Account for the student's personal funds.

994 - School for the Deaf Students
Account for the students personal funds.

TAX COLLECTION

434 - City Lodging Tax Suspense
Accounts for city lodging tax collected by the State Tax Commissioner.

435 - City Sales Tax Suspense
Accounts for city sales and use taxes collected by the State Tax Commission.

437 - City Motor Vehicle Rental Tax
Accounts for city motor vehicle rental tax collected by the state tax commissioner.

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.

STATE OF NORTH DAKOTA

Combining Statement of Fiduciary Net Assets
Pension, Investment and Private-Purpose Trust Funds
June 30, 2010

	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	$ 110,149	$ 1,104	$ -	$ 2,504	$ 193,927	$ 110,678
Cash and Cash Equivalents	-	-	-	-	-	-
Receivables:						
Contributions Receivable	-	103,713	174,168	9,323	541,973	615,944
Interest Receivable - Net	-	-	73,757	156,782	-	64,413
Due from Other Funds	-	-	-	-	-	-
Due from Fiduciary Funds	36,047	-	-	-	20,342	-
Total Receivables	36,047	103,713	247,925	166,105	562,315	680,357
Investments, at Fair Value:						
Investments at the Bank of ND	-	-	-	-	-	-
Equity Pool	-	-	22,212,347	29,873,970	-	25,388,750
Fixed Income	-	2,218,657	-	-	-	-
Fixed Income Pool	-	-	17,747,892	47,629,114	-	19,519,126
Cash and Cash Pool	-	-	585,849	86,685	-	-
Real Estate Pool	-	-	2,175,128	-	-	-
Alternative Investments	-	-	1,872,282	-	-	-
Annuities	94,200	-	-	-	-	-
Mutual Funds	27,847,283	14,263,760	-	-	-	-
Total Investments	27,941,483	16,482,417	44,593,498	77,589,769	-	44,907,876
Invested Securities Lending Collateral	-	-	278,611	484,406	-	-
Capital Assets (Net of Depreciation)	1,633,050	22,606	27,820	19,532	816,525	309,670
Total Assets	29,720,729	16,609,840	45,147,854	78,262,316	1,572,767	46,008,581
LIABILITIES						
Accounts Payable	265,966	-	-	100,365	135,365	29,335
Accrued Payroll	30,815	-	-	-	19,521	-
Securities Lending Collateral	-	-	278,611	484,406	-	-
Due to Other Funds	2,656	12,383	-	3,134	1,486	62,467
Due to Fiduciary Funds	-	-	31,087	10,516	-	115,011
Claims/Judgments Payable	-	-	-	-	-	-
Deferred Revenue	43,460	-	-	-	-	-
Compensated Absences Payable	39,829	-	-	-	24,836	-
Total Liabilities	382,726	12,383	309,698	598,421	181,208	206,813
NET ASSETS						
Net Assets Held in Trust for:						
Pension Benefits	29,338,003	16,597,457	44,838,156	77,663,895	-	45,801,768
Other Employee Benefits	-	-	-	-	1,391,559	-
External Investment Pool Participants	-	-	-	-	-	-
Other Purposes	-	-	-	-	-	-
Total Net Assets	$ 29,338,003	$ 16,597,457	$ 44,838,156	$ 77,663,895	$ 1,391,559	$ 45,801,768

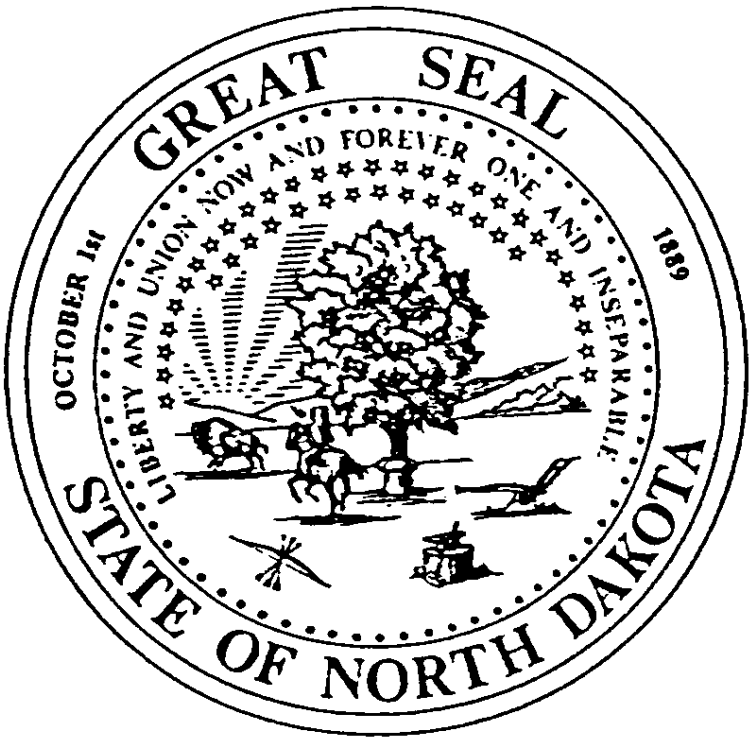
(Continued on Next Page)

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 Grand Forks	City of Fargo	Total
$ 13,668,999	$ 32,983,269	$ 47,070,630	$ 409,423	$ 95,702	$ 2,697,796	$ 501,758	$ 3,704,679
-	-	-	-	-	-	-	-
4,483,815	9,810,871	15,739,807	-	-	-	-	-
2,422,345	6,724,760	9,442,057	80,493	1,986	3,122	-	85,601
13,457	-	13,457	-	-	-	-	-
108,859	-	165,248	-	-	-	-	-
7,028,476	16,535,631	25,360,569	80,493	1,986	3,122	-	85,601
-	-	-	-	-	-	-	-
729,505,050	796,430,612	1,603,410,729	28,360,826	916,315	18,893,375	24,837,350	73,007,866
-	-	2,218,657	-	-	-	-	-
582,881,959	384,369,567	1,052,147,658	29,479,881	861,606	12,585,539	21,621,954	64,548,980
7,597,774	10,954,686	19,224,994	105,429	-	800,177	74,066	979,672
71,436,241	135,503,973	209,115,342	6,160,841	-	1,710,385	1,373,010	9,244,236
61,490,084	63,465,615	126,827,981	1,119,019	-	1,835,800	1,326,969	4,281,788
-	-	94,200	-	-	-	-	-
-	-	42,111,043	-	-	-	-	-
1,452,911,108	1,390,724,453	3,055,150,604	65,225,996	1,777,921	35,825,276	49,233,349	152,062,542
9,150,222	7,710,609	17,623,848	373,543	14,718	240,380	338,712	967,353
3,244,472	66,013	6,139,688	-	-	-	-	-
1,486,003,277	1,448,019,975	3,151,345,339	66,089,455	1,890,327	38,766,574	50,073,819	156,820,175
2,479,238	2,351,626	5,361,895	80,325	4,679	40,683	107,805	233,492
68,298	-	118,634	-	-	-	-	-
9,150,222	7,710,609	17,623,848	373,543	14,718	240,380	338,712	967,353
19,981	7,897	110,004	-	-	-	-	-
-	-	156,614	-	-	-	-	-
23,534	-	23,534	-	-	-	-	-
-	-	43,460	-	-	-	-	-
77,022	-	141,687	-	-	-	-	-
11,818,295	10,070,132	23,579,676	453,868	19,397	281,063	446,517	1,200,845
1,474,184,982	1,437,949,843	3,126,374,104	-	-	-	-	-
-	-	1,391,559	-	-	-	-	-
-	-	-	65,635,587	1,870,930	38,485,511	49,627,302	155,619,330
-	-	-	-	-	-	-	-
$ 1,474,184,982	$ 1,437,949,843	$ 3,127,765,663	$ 65,635,587	$ 1,870,930	$ 38,485,511	$ 49,627,302	$ 155,619,330

STATE OF NORTH DAKOTA

Combining Statement of Fiduciary Net Assets
Pension, Investment and Private-Purpose Trust Funds (Continued)
June 30, 2010

	Private-Purpose Trust Funds			
	Student and Cultural Donations	Mandan Remediation Trust	College SAVE	Total
ASSETS				
Cash Deposits at the Bank of ND	$ 122,645	$ 8,968,055	$ -	$ 9,090,700
Cash and Cash Equivalents	11,768	54,697	354,286	420,751
Receivables:				
Contributions Receivable	-	-	-	-
Interest Receivable - Net	1,183	1,432	-	2,615
Due from Other Funds	14	-	-	14
Due from Fiduciary Funds	-	-	-	-
Total Receivables	1,197	1,432	-	2,629
Investments, at Fair Value:				
Investments at the Bank of ND	21,327	-	-	21,327
Equity Pool	-	-	-	-
Fixed Income	-	-	-	-
Fixed Income Pool	592,504	1,500,000	-	2,092,504
Cash and Cash Pool	-	-	-	-
Real Estate Pool	-	-	-	-
Alternative Investments	-	-	-	-
Annuities	-	-	-	-
Mutual Funds	-	-	285,254,032	285,254,032
Total Investments	613,831	1,500,000	285,254,032	287,367,863
Invested Securities Lending Collateral	48,575	-	-	48,575
Capital Assets (Net of Depreciation)	-	-	-	-
Total Assets	798,016	10,524,184	285,608,318	296,930,518
LIABILITIES				
Accounts Payable	342	70,008	429,890	500,240
Accrued Payroll	-	-	-	-
Securities Lending Collateral	48,575	-	-	48,575
Due to Other Funds	-	-	-	-
Due to Fiduciary Funds	-	-	-	-
Claims/Judgments Payable	-	-	-	-
Deferred Revenue	-	-	-	-
Compensated Absences Payable	-	-	-	-
Total Liabilities	48,917	70,008	429,890	548,815
NET ASSETS				
Net Assets Held in Trust for:				
Pension Benefits	-	-	-	-
Other Employee Benefits	-	-	-	-
External Investment Pool Participants	-	-	-	-
Other Purposes	749,099	10,454,176	285,178,428	296,381,703
Total Net Assets	$ 749,099	$ 10,454,176	$ 285,178,428	$ 296,381,703



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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, 2010

	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	$ -	$ 638,120	$ 1,196,562	$ -	$ -	$ 8,392,847
Employee	3,743,725	619,544	741,271	114,626	6,002,296	6,673,673
From Participants	-	-	-	-	-	-
Transfers from Other Funds	534,030	3,828	-	-	-	-
Transfers from Other Plans	225,582	-	-	-	-	-
Donations	-	-	-	-	-	-
Total Contributions	4,503,337	1,261,492	1,937,833	114,626	6,002,296	15,066,520
Investment Income:						
Net Change in Fair Value of Investments	2,456,429	1,374,425	4,571,849	7,565,552	-	4,928,103
Interest and Dividends	654,692	324,712	963,042	2,042,811	1,957	1,830,840
Less Investment Expense	86,747	11,936	191,670	305,699	-	100,256
Net Investment Income	3,024,374	1,687,201	5,343,221	9,302,664	1,957	6,658,687
Securities Lending Activity:						
Securities Lending Income	-	-	1,146	1,814	-	-
Less Securities Lending Expense	-	-	(2,310)	(3,070)	-	-
Net Securities Lending Income	-	-	3,456	4,884	-	-
Repurchase Service Credit	-	-	-	-	-	237,735
Miscellaneous Income	207,700	9,677	25	-	632,632	-
Total Additions	7,735,411	2,958,370	7,284,535	9,422,174	6,636,885	21,962,942
DEDUCTIONS						
Benefits Paid to Participants	729,024	358,872	3,402,021	3,896,011	5,947,421	6,665,443
Refunds	-	-	131	-	-	3,932
Prefunded Credit Applied	-	-	-	-	-	5,563,631
Transfer to Other Plans	-	-	-	-	327,220	-
Payments in Accordance with Trust Agreements	-	-	-	-	-	-
Administrative Expenses	416,407	27,098	18,154	24,318	266,327	102,353
Total Deductions	1,145,431	385,970	3,420,306	3,920,329	6,540,968	12,335,359
Purchase of Units at Net Asset Value of $1.00 Per Unit	-	-	-	-	-	-
Change in Net Assets Held in Trust for:						
Pension Benefits	6,589,980	2,572,400	3,864,229	5,501,845	-	9,627,583
Other Employee Benefits	-	-	-	-	95,917	-
External Investment Pool Participants	-	-	-	-	-	-
Other Purposes	-	-	-	-	-	-
Net Assets - Beginning of Year	22,748,023	14,025,057	40,973,927	72,162,050	1,295,642	36,174,185
Net Assets - End of Year	$ 29,338,003	$ 16,597,457	$ 44,838,156	$ 77,663,895	$ 1,391,559	$ 45,801,768

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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 Grand Forks	City of Fargo	Total
$ 30,253,093	$ 39,836,646	$ 80,317,268	$ -	$ -	$ -	$ -	$ -
28,579,338	36,848,481	83,322,954	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	537,858	-	-	-	-	-
-	-	225,582	-	-	-	-	-
-	-	-	-	-	-	-	-
58,832,431	76,685,127	164,403,662	-	-	-	-	-
148,432,811	152,525,484	321,854,653	5,829,029	196,977	3,488,272	5,145,502	14,659,780
31,269,171	32,645,257	69,732,482	1,632,066	64,365	705,557	1,333,981	3,735,969
6,221,408	6,234,267	13,151,983	281,638	9,513	148,991	208,623	648,765
173,480,574	178,936,474	378,435,152	7,179,457	251,829	4,044,838	6,270,860	17,746,984
37,196	35,000	75,156	1,830	240	931	3,721	6,722
(74,993)	(87,999)	(168,372)	(2,500)	(113)	(2,390)	(2,268)	(7,271)
112,189	122,999	243,528	4,330	353	3,321	5,989	13,993
4,005,571	1,413,481	5,656,787	-	-	-	-	-
3,406	7,222	860,662	-	-	-	-	-
236,434,171	257,165,303	549,599,791	7,183,787	252,182	4,048,159	6,276,849	17,760,977
76,884,950	124,472,154	222,355,896	-	-	-	-	-
3,942,154	2,557,240	6,503,457	-	-	-	-	-
-	-	5,563,631	-	-	-	-	-
210,638	-	537,858	-	-	-	-	-
-	-	-	-	-	-	-	-
1,214,733	1,902,796	3,972,186	-	-	-	-	-
82,252,475	128,932,190	238,933,028	-	-	-	-	-
-	-	-	-	-	4,430,391	3,900,000	8,330,391
154,181,696	128,233,113	310,570,846	-	-	-	-	-
-	-	95,917	-	-	-	-	-
-	-	-	7,183,787	252,182	8,478,550	10,176,849	26,091,368
-	-	-	-	-	-	-	-
1,320,003,286	1,309,716,730	2,817,098,900	58,451,800	1,618,748	30,006,961	39,450,453	129,527,962
$ 1,474,184,982	$ 1,437,949,843	$ 3,127,765,663	$ 65,635,587	$ 1,870,930	$ 38,485,511	$ 49,627,302	$ 155,619,330

Combining Statement of Changes in Fiduciary Net Assets
Pension, Investment and Private-Purpose Trust Funds (Continued)
For the Fiscal Year Ended June 30, 2010

	Private-Purpose Trust Funds			
	Student and Cultural Donations	Mandan Remediation Trust	College SAVE	Total
ADDITIONS				
Contributions:				
Employer	$ -	$ -	$ -	$ -
Employee	-	-	-	-
From Participants	-	-	21,998,892	21,998,892
Transfers from Other Funds	-	-	-	-
Transfers from Other Plans	-	-	-	-
Donations	7,710	-	-	7,710
Total Contributions	7,710	-	21,998,892	22,006,602
Investment Income:				
Net Change in Fair Value of Investments	-	-	31,870,182	31,870,182
Interest and Dividends	24,316	84,729	7,682,851	7,791,896
Less Investment Expense	-	-	-	-
Net Investment Income	24,316	84,729	39,553,033	39,662,078
Securities Lending Activity:				
Securities Lending Income	-	-	-	-
Less Securities Lending Expense	-	-	-	-
Net Securities Lending Income	-	-	-	-
Repurchase Service Credit	-	-	-	-
Miscellaneous Income	3,900	-	-	3,900
Total Additions	35,926	84,729	61,551,925	61,672,580
DEDUCTIONS				
Benefits Paid to Participants	-	-	-	-
Refunds	-	-	-	-
Prefunded Credit Applied	-	-	-	-
Transfer to Other Plans	-	-	-	-
Payments in Accordance with Trust Agreements	3,443	359,889	37,281,840	37,645,172
Administrative Expenses	1,785	18,816	2,013,597	2,034,198
Total Deductions	5,228	378,705	39,295,437	39,679,370
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	30,698	(293,976)	22,256,488	21,993,210
Net Assets - Beginning of Year	718,401	10,748,152	262,921,940	274,388,493
Net Assets - End of Year	$ 749,099	$ 10,454,176	$ 285,178,428	$ 296,381,703

Combining Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2010

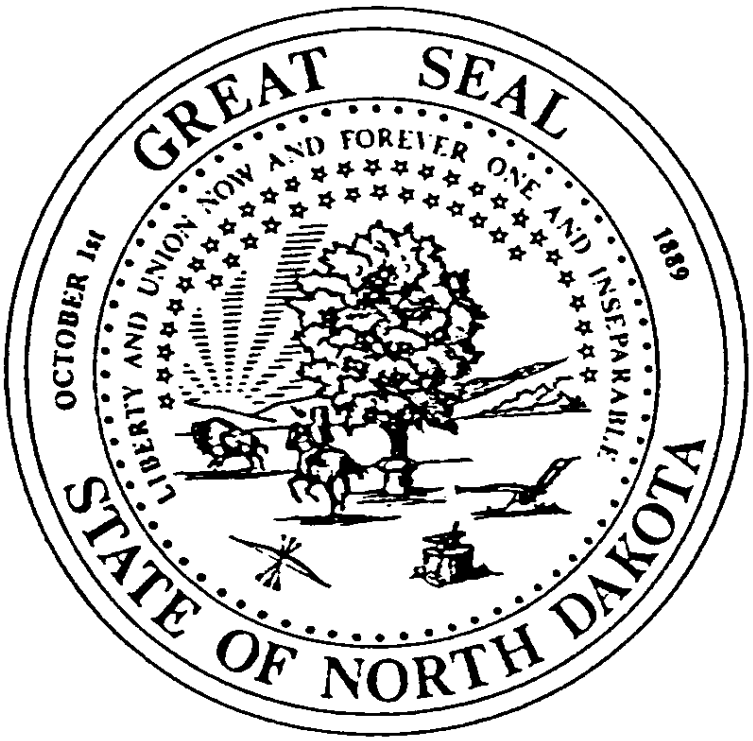
	Bonding	Payroll	Child Support	Student and Other	Tax Collection	Total
ASSETS						
Cash Deposits at the Bank of ND	$ 2,509,147	$ 155,010	$ 1,750,393	$ 1,070,654	$ 11,199,989	$ 16,685,193
Cash and Cash Equivalents	3,754,346	-	279,142	349,298	3,240,365	7,623,151
Investments at the Bank of ND	20,450,043	-	-	50,000	-	20,500,043
Investments	273,627	-	-	12,757	-	286,384
Accounts Receivable - Net	-	22,766	-	-	-	22,766
Taxes Receivable - Net	13,000	-	-	-	17,025,558	17,038,558
Interest Receivable - Net	-	-	-	211	-	211
Other Assets	-	-	-	1,419	-	1,419
Total Assets	$ 27,000,163	$ 177,776	$ 2,029,535	$ 1,484,339	$ 31,465,912	$ 62,157,725
LIABILITIES						
Intergovernmental Payable	$ -	$ 60,933	$ -	$ -	$ 31,464,959	$ 31,525,892
Tax Refunds Payable	6,100	-	-	-	953	7,053
Amounts Held in Custody for Others	26,994,063	116,843	2,029,535	1,484,339	-	30,624,780
Total Liabilites	$ 27,000,163	$ 177,776	$ 2,029,535	$ 1,484,339	$ 31,465,912	$ 62,157,725

STATE OF NORTH DAKOTA

Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2010

	June 30 2009	Additions	Deductions	June 30 2010
Bonding				
ASSETS				
Cash Deposits at the Bank of ND	$ 1,955,178	$ 741,438	$ 187,470	$ 2,509,146
Cash and Cash Equivalents	1,772,602	7,760,639	5,778,895	3,754,346
Investments at the Bank of ND	19,807,655	1,919,404	1,277,016	20,450,043
Investments	214,755	63,872	5,000	273,627
Taxes Receivable - Net	19,599	13,282	19,881	13,000
Due from Other Funds	-	-	-	-
Total Assets	$ 23,769,789	$ 10,498,635	$ 7,268,262	$ 27,000,162
LIABILITIES				
Tax Refunds Payable	$ 41,800	$ 6,100	$ 41,800	$ 6,100
Amounts Held in Custody for Others	23,727,989	10,479,135	7,213,062	26,994,062
Total Liabilities	$ 23,769,789	$ 10,485,235	$ 7,254,862	$ 27,000,162
Payroll				
ASSETS				
Cash Deposits at the Bank of ND	$ 185,853	$ 98,106,025	$ 98,136,868	$ 155,010
Accounts Receivable - Net	6,223,561	22,766	6,223,561	22,766
Total Assets	$ 6,409,414	$ 98,128,791	$ 104,360,429	$ 177,776
LIABILITIES				
Accounts Payable				
Intergovernmental Payable	$ 6,409,414	$ 966,898	$ 7,315,379	$ 60,933
Amounts Held in Custody for Others	-	91,905,230	91,788,387	116,843
Total Liabilities	$ 6,409,414	$ 92,872,128	$ 99,103,766	$ 177,776
Child Support				
ASSETS				
Cash Deposits at the Bank of ND	$ 3,160,124	$ 112,085,915	$ 113,495,646	$ 1,750,393
Cash and Cash Equivalents	262,231	16,911	-	279,142
Total Assets	$ 3,422,355	$ 112,102,826	$ 113,495,646	$ 2,029,535
LIABILITIES				
Amounts Held in Custody for Others	$ 3,422,355	$ 112,326,526	$ 113,719,346	$ 2,029,535
Total Liabilities	$ 3,422,355	$ 112,326,526	$ 113,719,346	$ 2,029,535

	June 30 2009	Additions	Deductions	June 30 2010
Student and Other				
ASSETS				
Cash Deposits at the Bank of ND	$ 1,007,394	$ 1,599,774	$ 1,536,514	$ 1,070,654
Cash and Cash Equivalents	335,727	2,905,701	2,892,129	349,299
Investments at the Bank of ND	50,000	-	-	50,000
Investments	16,019	-	3,262	12,757
Interest Receivable - Net	310	211	310	211
Other Assets	-	784,500	783,081	1,419
Total Assets	$ 1,409,450	$ 5,290,186	$ 5,215,296	$ 1,484,340
LIABILITIES				
Amounts Held in Custody for Others	$ 1,409,450	$ 5,290,186	$ 5,215,296	$ 1,484,340
Total Liabilities	$ 1,409,450	$ 5,290,186	$ 5,215,296	$ 1,484,340
Tax Collection				
ASSETS				
Cash Deposits at the Bank of ND	$ 8,940,611	$ 139,573,361	$ 137,313,983	$ 11,199,989
Cash and Cash Equivalents	1,524,279	1,706,317	(9,769)	3,240,365
Taxes Receivable - Net	14,160,061	21,524,763	18,659,266	17,025,558
Total Assets	$ 24,624,951	$ 162,804,441	$ 155,963,480	$ 31,465,912
LIABILITIES				
Intergovernmental Payable	$ 24,624,086	$ 171,766,016	$ 164,925,143	$ 31,464,959
Tax Refunds Payable	865	953	865	953
Total Liabilities	$ 24,624,951	$ 171,766,969	$ 164,926,008	$ 31,465,912
Total -All Agency Funds				
ASSETS				
Cash Deposits at the Bank of ND	$ 15,249,160	$ 352,106,513	$ 350,670,481	$ 16,685,192
Cash and Cash Equivalents	3,894,839	12,389,568	8,661,255	7,623,152
Investments at the Bank of ND	19,857,655	1,919,404	1,277,016	20,500,043
Investments	230,774	63,872	8,262	286,384
Accounts Receivable - Net	6,223,561	22,766	6,223,561	22,766
Taxes Receivable - Net	14,179,660	21,538,045	18,679,147	17,038,558
Interest Receivable - Net	310	211	310	211
Other Assets	-	784,500	783,081	1,419
Total Assets	$ 59,635,959	$ 388,824,879	$ 386,303,113	$ 62,157,725
LIABILITIES				
Intergovernmental Payable	31,033,500	172,732,914	172,240,522	31,525,892
Tax Refunds Payable	42,665	7,053	42,665	7,053
Amounts Held in Custody for Others	28,559,794	220,001,077	217,936,091	30,624,780
Total Liabilities	$ 59,635,959	$ 392,741,044	$ 390,219,278	$ 62,157,725



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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.

904 - University of North Dakota Foundation
Includes the UND Center for Innovation, the UND Research Foundation, and the Fellows of UND.

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 - Dakota College of Bottineau Foundation
The Foundation was established to act primarily as fund-raising organization to supplement the resources that are available to Dakota College of Bottineau.

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.

958 - Minot State Development Foundation
Established to promote financial support for the benefit of the university.

984 - NDSU Foundations
Consists of three non-profit organizations created to support NDSU: NDSU 4-H Foundation, NDSU Research Foundation, NDSU Research Foundation and NDSU Team Makers Club.

Combining Statement of Net Assets
Nonmajor Component Units - Proprietary Funds
June 30, 2010

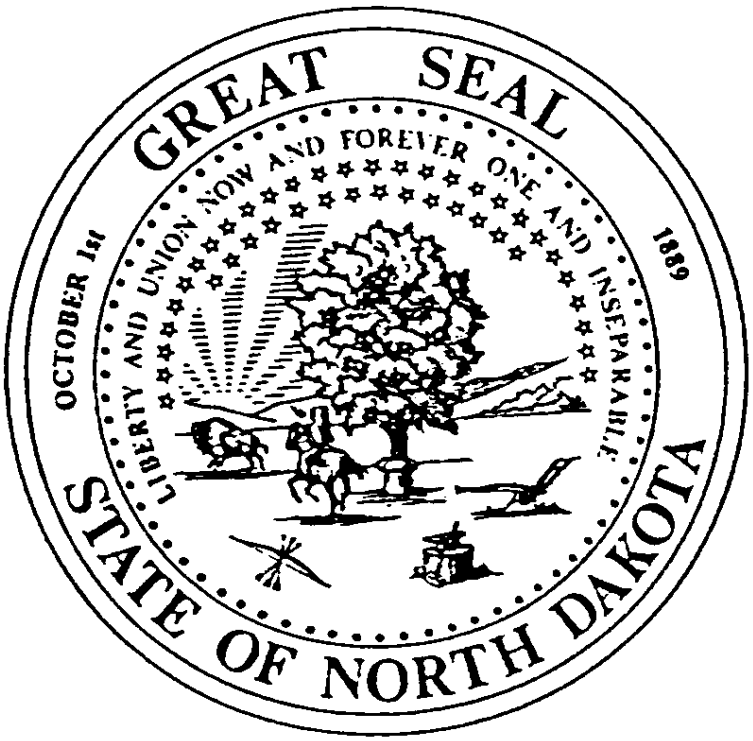
	DC-Bottineau Foundation	Lake Region Community College Foundation	MaSU Alumni Foundation	MISU Development Foundation	NDSCS Development Foundation
ASSETS					
Current Assets					
Cash and Cash Equivalents	$ 81,013	$ -	$ -	$ 400,658	$ 2,811,899
Investments	1,744,814	-	-	-	-
Accounts Receivable - Net	-	253,932	22,176	27,910	-
Inventory	-	-	-	-	-
Other Assets	-	-	758	3,971	-
Total Current Assets	1,825,827	253,932	22,934	432,539	2,811,899
Noncurrent Assets:					
Restricted Cash and Cash Equivalents	-	-	198,476	-	-
Restricted Investments	-	3,886,133	2,588,143	9,840,009	6,033,589
Investments	37,013	-	-	922,647	-
Other Noncurrent Assets	-	-	17,549	356,801	-
Capital Assets:					
Nondepreciable	-	-	-	-	198,550
Depreciable, Net	-	-	67,127	-	-
Total Noncurrent Assets	37,013	3,886,133	2,871,295	11,119,457	6,232,139
Total Assets	1,862,840	4,140,065	2,894,229	11,551,996	9,044,038
LIABILITIES					
Current Liabilities:					
Accounts Payable	-	-	2,763	22,559	12,198
Due to Primary Government	-	-	28,069	468,691	-
Notes Payable	-	-	30,705	-	4,000
Capital Leases Payable	-	-	-	-	-
Bonds Payable	-	-	-	-	-
Other Current Liabilities	-	-	-	-	-
Total Current Liabilities	-	-	61,537	491,250	16,198
Noncurrent Liabilites:					
Notes Payable	-	-	-	-	4,000
Capital Leases Payable	-	-	-	-	-
Bonds Payable	-	-	-	-	-
Other Noncurrent Liabilites	-	-	-	178,140	-
Total Noncurrent Liabilities	-	-	-	178,140	4,000
Total Liabilites	-	-	61,537	669,390	20,198
NET ASSETS					
Invested in Capital Assets, Net of Related Debt	-	-	36,422	922,647	190,550
Restricted for:					
Other	1,740,978	3,501,314	3,208,490	8,643,261	8,254,108
Unrestricted	121,862	638,751	(412,220)	1,316,698	579,182
Total Net Assets	$ 1,862,840	$ 4,140,065	$ 2,832,692	$ 10,882,606	$ 9,023,840

NDSU Foundations	UND Foundations	VCSU Foundation	WSC Foundation	Total
$ 1,570,233	$ 1,039,743	$ 854,880	$ 2,464,596	$ 9,223,022
-	4,665,355	-	-	6,410,169
56,796	338,583	172,575	86,066	958,038
10,837	-	-	-	10,837
11,457	12,571	4,023	2,155	34,935
1,649,323	6,056,252	1,031,478	2,552,817	16,637,001
1,981,503	-	-	-	2,179,979
2,530,922	1,074,919	3,838,713	7,930,003	37,722,431
-	-	-	-	959,660
-	1,324,968	149,647	183,650	2,032,615
-	1,859,784	-	7,890	2,066,224
8,643	19,214,958	414	364,673	19,655,815
4,521,068	23,474,629	3,988,774	8,486,216	64,616,724
6,170,391	29,530,881	5,020,252	11,039,033	81,253,725
339,965	297,668	2,045	34,210	711,408
1,785,957	514,265	25,252	223,397	3,045,631
25,000	99,135	-	-	158,840
-	41,260	-	-	41,260
-	39,715	-	-	39,715
40,000	-	-	-	40,000
2,190,922	992,043	27,297	257,607	4,036,854
119,237	7,063,034	-	-	7,186,271
-	194,498	-	-	194,498
-	2,399,567	-	-	2,399,567
-	116,224	41,756	13,379	349,499
119,237	9,773,323	41,756	13,379	10,129,835
2,310,159	10,765,366	69,053	270,986	14,166,689
8,643	11,237,533	414	372,563	12,768,772
2,450,124	5,844,343	4,972,579	9,136,486	47,751,683
1,401,465	1,683,639	(21,794)	1,258,998	6,566,581
$ 3,860,232	$ 18,765,515	$ 4,951,199	$ 10,768,047	$ 67,087,036

Combining Statement of Activities
Nonmajor Component Units - Proprietary Funds
For the Fiscal Year Ended June 30, 2010

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net Revenue	Adds to Permanent Endowments	Change in Net Assets	Net Assets Beginning of Year	Net Assets End of Year
DC-Bottineau Foundation	$ 185,392	$ 118,096	$ 82,905	$ 15,609	$ 33,894	$ 49,503	$ 1,813,337	$ 1,862,840
Lake Region Community College	448,778	88,165	824,563	463,950	273,990	737,940	3,402,125	4,140,065
MaSU Alumni Foundation	808,228	308,350	566,099	66,221	50,336	116,557	2,716,135	2,832,692
MiSU Development Foundation	906,893	50,254	1,004,093	147,454	617,195	764,649	10,117,957	10,882,606
NDSCS Development Foundation	900,556	151,107	999,248	249,799	172,634	422,433	8,601,407	9,023,840
NDSU Foundations	4,571,568	2,209,479	2,706,900	344,811	-	344,811	3,515,421	3,860,232
UND Foundations	4,804,116	1,101,709	4,783,397	1,080,990	57,397	1,138,387	17,627,128	18,765,515
VCSU Foundation	1,056,184	164,949	1,085,772	194,537	130,151	324,688	4,626,511	4,951,199
WSC Foundation	5,437,904	4,615,187	1,743,396	920,679	274,993	1,195,672	9,572,375	10,768,047
Total Nonmajor Component Units	$ 19,119,619	$ 8,807,296	$ 13,796,373	$ 3,484,050	$ 1,610,590	$ 5,094,640	$ 61,992,396	$ 67,087,036

Statistical Information



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Schedule 1 -- Net Assets by Component
Last Nine Fiscal Years
(accrual basis of accounting)

	2002	2003	2004	2005
Governmental Activities				
Invested in Capital Assets, Net of Related Debt	$ 1,066,084,756	$ 1,049,297,664	$ 1,027,252,008	$ 1,094,550,779
Restricted	833,944,103	856,159,519	927,324,320	1,046,115,113
Unrestricted	318,778,093	291,089,526	353,193,506	437,010,686
Total Governmental Activities Net Assets	**$ 2,218,806,952**	**$ 2,196,546,709**	**$ 2,307,769,834**	**$ 2,577,676,578**
Business-Type Activities				
Invested in Capital Assets, Net of Related Debt	$ 459,592,422	$ 462,653,314	$ 499,222,000	$ 505,915,735
Restricted	310,456,870	336,630,733	366,936,437	393,237,729
Unrestricted	688,828,021	670,890,468	711,777,176	737,348,941
Total Business-Type Activities Net Assets	**$ 1,458,877,313**	**$ 1,470,174,515**	**$ 1,577,935,613**	**$ 1,636,502,405**
Primary Government				
Invested in Capital Assets, Net of Related Debt	$ 1,525,677,178	$ 1,511,950,978	$ 1,526,474,008	$ 1,600,466,514
Restricted	1,144,400,973	1,192,790,252	1,294,260,757	1,439,352,842
Unrestricted	1,007,606,114	961,979,994	1,064,970,682	1,174,359,627
Total Primary Government Net Assets	**$ 3,677,684,265**	**$ 3,666,721,224**	**$ 3,885,705,447**	**$ 4,214,178,983**

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

2006	2007	2008	2009	2010
$ 1,077,843,107	$ 1,151,716,486	$ 1,400,535,033	$ 1,323,476,716	$ 1,450,350,320
1,281,416,598	1,384,212,299	1,458,565,511	1,502,237,251	1,984,324,201
538,891,416	894,967,295	1,119,875,688	1,562,969,653	1,772,441,595
$ 2,898,151,121	**$ 3,430,896,080**	**$ 3,978,976,232**	**$ 4,388,683,620**	**$ 5,207,116,116**
$ 516,243,464	$ 527,402,572	$ 546,699,435	$ 578,827,822	$ 644,108,459
391,312,218	478,219,512	532,954,637	500,433,232	445,609,412
820,268,283	745,972,838	653,004,847	563,679,410	749,258,206
$ 1,727,823,965	**$ 1,751,594,922**	**$ 1,732,658,919**	**$ 1,642,940,464**	**$ 1,838,976,077**
$ 1,594,086,571	$ 1,679,119,058	$ 1,947,234,468	$ 1,902,304,538	$ 2,094,458,779
1,672,728,816	1,862,431,811	1,991,520,148	2,011,110,394	2,429,933,613
1,359,159,699	1,640,940,133	1,772,880,535	2,118,209,152	2,521,699,801
$ 4,625,975,086	**$ 5,182,491,002**	**$ 5,711,635,151**	**$ 6,031,624,084**	**$ 7,046,092,193**

Schedule 2 -- Changes in Net Assets

Last Nine Fiscal Years

(accrual basis of accounting)

	2002	2003	2004	2005
Expenses				
Governmental Activities:				
General Governmental	$ 212,412,396	$ 226,150,473	$ 233,633,735	$ 243,437,116
Education	421,031,864	453,869,441	469,333,531	486,221,447
Health and Human Services	730,285,413	776,275,467	803,600,511	826,832,059
Regulatory	17,757,644	18,141,782	17,756,651	17,966,367
Public Safety and Corrections	129,220,216	99,876,170	107,036,068	132,996,669
Agriculture and Commerce	51,344,782	53,050,858	57,532,612	55,795,473
Natural Resources	44,326,140	58,940,584	63,117,591	53,440,349
Transportation	320,773,349	352,535,072	360,231,121	300,321,693
Interest on Long Term Debt	8,335,096	7,602,467	7,372,042	8,103,849
Total Governmental Activities Expenses	1,935,486,900	2,046,442,314	2,119,613,862	2,125,115,022
Business-Type Activities:				
Bank of North Dakota	90,103,458	67,919,991	58,865,964	57,501,500
Housing Finance	59,502,532	55,744,846	49,646,082	45,922,148
Loan Programs	13,768,752	12,708,660	13,846,154	13,889,079
Mill and Elevator	79,009,119	90,834,520	92,261,275	95,222,870
State Lottery	-	-	5,943,739	18,917,023
Unemployment Compensation	50,485,399	56,753,361	49,327,620	43,393,675
University System	587,778,460	614,871,996	656,811,533	696,918,168
Workers Compensation	78,051,165	171,406,004	125,727,859	183,465,747
Other	15,667,981	10,959,458	9,511,724	6,436,187
Total Business-Type Activities Expenses	974,366,866	1,081,198,836	1,061,941,950	1,161,666,397
Total Primary Government Expenses	**$ 2,909,853,766**	**$ 3,127,641,150**	**$ 3,181,555,812**	**$ 3,286,781,419**
Program Revenues				
Governmental Activities:				
Charges for Services:				
General Governmental	$ 20,113,433	$ 19,420,980	$ 21,798,406	$ 24,128,539
Education	2,890,417	2,727,406	3,443,449	4,082,785
Health and Human Services	19,868,736	11,491,268	19,339,252	18,744,551
Regulatory	14,309,927	14,567,967	19,476,543	16,700,094
Public Safety and Corrections	2,626,650	2,834,399	5,460,128	6,931,898
Agriculture and Commerce	17,223,430	20,349,207	20,260,986	16,234,145
Natural Resources	14,728,718	19,966,065	20,873,885	23,899,425
Transportation	60,347,992	60,534,100	64,565,890	61,057,805
Operating Grants and Contributions	838,814,709	917,576,293	1,050,657,720	1,084,731,432
Capital Grants and Contributions	103,012,904	102,682,160	73,412,734	81,850,194
Total Governmental Activities Program Revenues	1,093,936,916	1,172,149,845	1,299,288,993	1,338,360,868
Business-Type Activities:				
Charges for Services:				
Bank of North Dakota	123,315,000	100,995,000	88,549,000	90,838,000
Housing Finance	51,350,000	46,837,000	39,327,000	36,643,000
Loan Programs	10,724,770	14,054,083	16,980,295	17,051,963
Mill and Elevator	80,960,600	92,785,165	97,914,279	101,050,302
State Lottery	-	-	6,039,180	19,283,424
Unemployment Compensation	48,361,519	60,058,581	64,644,433	60,969,669
University System	229,915,020	237,138,708	270,650,811	296,896,978
Workers Compensation	94,167,427	90,747,299	99,083,053	106,195,254
Other	10,702,036	12,215,700	12,432,831	12,242,970
Operating Grants and Contributions	180,077,823	285,158,222	309,148,951	304,001,326
Capital Grants and Contributions	6,483,747	7,929,417	9,405,153	5,997,781
Total Business-Type Activities Program Revenues	836,057,942	947,919,175	1,014,174,986	1,051,170,667
Total Primary Government Program Revenues	**$ 1,929,994,858**	**$ 2,120,069,020**	**$ 2,313,463,979**	**$ 2,389,531,535**
Net (Expense)/Revenue				
Governmental Activities	$ (841,549,984)	$ (874,292,469)	$ (820,324,869)	$ (786,754,154)
Business-Type Activities	(138,308,924)	(133,279,661)	(47,766,964)	(110,495,730)
Total Primary Government Net Expense	**$ (979,858,908)**	**$ (1,007,572,130)**	**$ (868,091,833)**	**$ (897,249,884)**
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	$ 320,048,741
Sales and Use Taxes	567,901,369	550,220,785	599,064,637	630,178,563
Oil, Gas and Coal Taxes	90,976,331	107,448,761	112,454,541	162,919,498
Business and Other Taxes	59,284,332	62,991,361	61,395,792	57,831,733
Unrestricted Investment Earnings	5,213,490	2,539,604	1,103,625	4,105,864
Tobacco Settlement	14,729,391	14,770,608	12,640,791	12,829,714
Miscellaneous	6,858,007	9,646,690	10,528,733	22,337,630
Contributions to Permanent Fund Principal	13,665,257	13,126,756	11,262,038	13,635,693
Special Item - Loss on Discontinuance of Computer Project	-	-	-	-
Transfers	(170,233,044)	(159,389,462)	(152,421,836)	(170,925,314)
Total Governmental Activities	821,683,410	849,423,447	922,280,901	1,052,962,122
Business-Type Activities:				
Transfers	188,309,895	155,306,013	155,342,786	167,349,759
Total Primary Government	1,009,993,305	1,004,729,460	1,077,623,687	1,220,311,881
Change in Net Assets				
Governmental Activities	(19,866,574)	(24,869,022)	101,956,032	266,207,968
Business-Type Activities	50,000,971	22,026,352	107,575,822	56,854,029
Total Primary Government	**$ 30,134,397**	**$ (2,842,670)**	**$ 209,531,854**	**$ 323,061,997**

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.

2006	2007	2008	2009	2010
$ 264,911,163	$ 275,242,149	$ 313,329,720	$ 418,220,944	$ 393,432,224
496,821,495	507,384,841	537,756,698	564,818,600	849,337,255
854,450,025	874,003,750	960,439,610	1,005,299,226	1,149,201,916
19,676,826	21,180,817	28,265,610	26,581,606	26,187,266
145,479,620	135,581,887	135,067,907	194,263,845	284,846,465
54,457,817	58,591,473	67,941,955	68,057,495	85,327,633
62,430,892	57,850,544	64,090,113	64,816,773	81,304,271
372,245,432	321,278,940	318,241,207	382,619,328	463,845,880
12,880,933	14,438,858	13,293,248	12,683,901	11,773,684
2,283,354,203	2,265,553,259	2,438,426,068	2,737,361,718	3,345,256,594
$ 71,263,587	$ 91,261,449	$ 108,077,704	$ 99,089,692	$ 80,132,606
46,579,809	51,178,023	58,815,920	59,769,233	62,931,910
17,235,546	9,453,454	9,657,603	6,776,733	6,315,852
101,198,217	126,968,527	242,924,564	233,792,242	170,075,842
15,622,027	16,068,060	16,205,287	16,122,996	18,177,724
43,314,505	47,524,928	46,911,958	106,475,262	137,473,630
743,271,216	775,600,118	835,873,088	894,733,624	963,820,452
116,020,938	231,787,346	246,581,569	168,527,183	218,185,899
14,922,322	16,621,718	23,268,976	15,809,783	18,330,675
1,169,428,167	1,366,463,623	1,588,316,669	1,601,096,748	1,675,444,590
$ 3,452,782,370	**$ 3,632,016,882**	**$ 4,026,742,737**	**$ 4,338,458,466**	**$ 5,020,701,184**
$ 23,186,427	$ 22,288,219	$ 18,874,082	$ 24,085,311	$ 20,683,111
3,675,283	3,616,003	3,994,400	4,325,036	5,440,633
29,134,050	24,970,751	31,576,197	34,200,110	31,858,461
17,072,857	20,267,416	21,266,588	19,418,470	23,963,949
7,189,302	7,307,975	9,451,217	10,572,514	12,310,270
22,935,699	19,593,774	28,180,590	22,749,832	29,530,575
20,685,820	22,678,382	26,030,413	26,553,195	30,854,355
77,967,969	74,146,958	71,469,872	87,100,993	90,768,728
1,144,749,200	1,148,061,678	1,041,410,981	1,131,838,131	2,025,395,367
56,556,872	71,115,382	68,471,590	57,064,724	63,034,991
1,403,153,479	1,414,046,538	1,320,725,930	1,417,908,316	2,333,840,440
107,518,000	135,843,000	158,993,000	155,951,000	138,081,000
39,209,000	45,137,000	53,106,863	53,438,021	48,814,007
17,406,328	12,535,071	10,522,025	6,941,602	6,013,058
107,379,916	132,056,652	242,025,576	224,127,818	183,287,534
22,413,359	22,772,976	22,219,058	21,815,381	24,498,988
60,709,015	56,855,823	51,993,327	75,137,232	115,951,800
331,584,391	351,789,074	369,469,634	400,638,083	418,085,075
94,383,040	130,586,004	145,487,917	163,857,781	157,710,330
13,467,869	13,370,412	19,959,736	14,303,486	17,797,890
283,315,181	368,697,788	258,218,249	114,158,181	412,398,322
577,251	7,314,326	9,244,575	10,820,227	19,762,204
1,077,963,350	1,276,958,126	1,341,239,960	1,241,188,812	1,542,400,208
$ 2,481,116,829	**$ 2,691,004,664**	**$ 2,661,965,890**	**$ 2,659,097,128**	**$ 3,876,240,648**
$ (880,200,724)	$ (851,506,721)	$ (1,117,700,138)	$ (1,319,453,402)	$ (1,011,416,154)
(91,464,817)	(89,505,497)	(247,076,709)	(359,907,936)	(133,044,382)
$ (971,665,541)	**$ (941,012,218)**	**$ (1,364,776,847)**	**$ (1,679,361,338)**	**$ (1,144,460,536)**
$ 432,071,872	$ 449,064,105	$ 473,235,378	$ 503,975,529	$ 379,938,009
678,820,618	726,913,003	797,614,476	857,770,891	885,445,674
210,169,616	230,118,178	469,244,783	428,669,882	633,445,059
66,601,785	54,780,147	65,487,361	60,813,632	62,075,915
12,408,573	25,822,610	25,149,527	12,830,321	33,925,667
11,712,175	16,097,938	20,062,331	30,990,193	23,559,384
23,696,003	27,836,295	42,051,636	54,636,981	150,818,789
11,156,063	15,995,440	19,181,247	11,573,541	11,203,425
-	-	-	(3,314,057)	-
(215,088,572)	(167,116,902)	(254,648,266)	(229,267,859)	(350,496,669)
1,231,548,133	1,379,510,814	1,657,378,473	1,728,679,054	1,829,915,253
188,108,694	185,840,985	228,140,706	270,189,481	324,785,928
1,419,656,827	1,565,351,799	1,885,519,179	1,998,868,535	2,154,701,181
351,347,409	528,004,093	539,678,335	409,225,652	818,499,099
96,643,877	96,335,488	(18,936,003)	(89,718,455)	191,741,546
$ 447,991,286	**$ 624,339,581**	**$ 520,742,332**	**$ 319,507,197**	**$ 1,010,240,645**

Schedule 3 -- Fund Balances, Governmental Funds
Last Nine Fiscal Years
(modified accrual basis of accounting)

	2002	2003	2004	2005
General Fund				
Reserved	$ 770,922	$ 1,202,632	$ 1,108,857	$ 1,532,133
Unreserved	114,717,188	125,713,572	195,646,056	280,287,601
Total General Fund	**115,488,110**	**126,916,204**	**196,754,913**	**281,819,734**
All Other Governmental Funds				
Reserved	675,669,784	699,229,225	772,703,412	846,154,741
Unreserved, Reported in:				
Special Revenue Funds	392,936,521	365,135,360	344,890,456	440,941,175
Total All Other Governmental Funds	**1,068,606,305**	**1,064,364,585**	**1,117,593,868**	**1,287,095,916**
Total Fund Balances, Governmental Funds	**$ 1,184,094,415**	**$ 1,191,280,789**	**$ 1,314,348,781**	**$ 1,568,915,650**

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.

2006	2007	2008	2009	2010
$ 2,050,599	$ 1,690,187	$ 2,479,613	$ 4,123,554	$ 4,990,240
412,886,296	636,773,228	785,459,751	863,093,388	834,021,114
414,936,895	**638,463,415**	**787,939,364**	**867,216,942**	**839,011,354**
999,818,758	1,094,599,293	1,102,476,731	1,021,911,207	2,201,584,878
475,496,357	576,408,347	870,164,282	1,195,606,640	1,525,108,012
1,475,315,115	**1,671,007,640**	**1,972,641,013**	**2,217,517,847**	**3,726,692,890**
$ 1,890,252,010	**$ 2,309,471,055**	**$ 2,760,580,377**	**$ 3,084,734,789**	**$ 4,565,704,244**

Schedule 4 -- Changes in Fund Balances, Governmental Funds

Last Nine 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	2008	2009	2010
$ 319,862,263	$ 409,691,305	$ 443,215,760	$ 469,177,140	$ 505,011,491	$ 380,068,970
630,178,563	674,235,802	725,523,596	795,575,768	857,400,779	883,265,443
162,919,498	210,157,778	230,124,520	469,231,373	428,629,782	633,497,612
57,286,643	57,386,606	54,742,121	63,575,524	61,017,632	62,344,622
99,655,471	122,528,304	116,236,397	123,469,151	133,219,868	143,516,524
1,060,896,574	1,079,689,531	1,061,075,404	1,088,706,508	1,252,165,449	1,692,074,692
39,036,704	45,603,895	41,134,852	49,459,036	48,871,700	47,993,528
54,937,603	64,279,399	64,580,931	96,037,810	125,251,686	407,051,277
14,460,365	12,396,632	14,834,336	10,903,234	15,774,414	13,282,502
69,224,302	82,674,439	147,584,215	(1,522,383)	(110,353,157)	181,825,499
23,326,753	21,348,506	29,215,336	36,478,816	39,327,032	32,839,602
10,820,676	12,673,677	13,801,240	18,152,847	16,502,864	19,558,592
5,728,587	6,115,395	10,327,474	10,178,935	5,863,644	11,870,275
2,548,334,002	2,798,781,269	2,952,396,182	3,229,423,759	3,378,683,184	4,509,189,138
84,287,121	92,726,091	94,139,748	93,444,373	165,062,399	118,135,852
478,725,082	489,130,108	506,528,869	536,359,840	564,579,714	849,104,680
822,941,681	843,779,436	873,992,858	956,031,462	1,002,699,816	1,147,503,138
15,364,493	16,039,593	16,987,513	19,696,747	22,284,389	22,114,812
128,185,075	139,043,860	129,458,229	127,347,181	187,059,227	276,719,107
55,747,507	54,658,099	58,249,503	67,675,838	67,987,832	85,141,016
49,843,758	55,557,993	52,990,134	58,128,187	58,433,165	73,359,931
234,262,747	342,590,896	290,317,792	283,717,240	353,240,413	425,930,371
157,867,895	171,942,576	181,498,302	224,406,911	253,363,580	273,118,311
156,323,725	121,433,926	143,672,671	139,215,060	113,879,585	155,148,376
9,586,080	11,235,110	10,215,343	16,215,727	20,207,193	30,513,501
7,836,683	11,799,333	13,341,252	13,264,977	12,280,656	12,318,072
2,200,971,847	2,349,937,021	2,371,392,214	2,535,503,543	2,821,077,969	3,469,107,167
347,362,155	448,844,248	581,003,968	693,920,216	557,605,215	1,040,081,971
69,013,223	115,130,668	1,828,225	1,426,000	3,005,000	-
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	370,888	88,245	166,951
1,313,753	1,248,797	230,528	1,052,750	86,625	471,890
-	-	-	-	-	-
303,157,108	195,454,840	241,687,946	302,221,706	278,233,887	474,985,111
(474,082,423)	(410,543,412)	(408,804,848)	(556,869,970)	(507,501,746)	(825,481,779)
(96,037,888)	(96,635,021)	(165,668,345)	(251,798,626)	(226,087,989)	(349,857,827)
$ 251,324,267	**$ 352,209,227**	**$ 415,335,623**	**$ 442,121,590**	**$ 331,517,226**	**$ 690,224,144**
<1%	**<1%**	**<1%**	**<1%**	**<1%**	**<1%**

Schedule 5
Taxable Sales by Industry
Last Ten Calendar Years

	Calendar Year			
	2000	2001	2002	2003
Mining and Oil Extraction	$ 43,752,876	$ 47,349,516	$ 50,329,809	$ 58,538,788
Construction	223,613,918	178,134,203	180,975,424	193,399,184
Manufacturing	312,269,137	324,493,651	301,919,383	307,802,595
Transportation, Communications, And Public Utilities	557,613,208	663,599,972	597,154,517	721,601,734
Wholesale	1,395,500,133	1,486,187,871	1,338,621,392	1,293,684,071
Retail	3,562,239,018	3,678,040,583	3,804,865,413	3,963,823,988
Services	686,301,315	709,196,225	709,805,170	744,082,659
Accommodation and Food Service (1)	-	-	-	-
Miscellaneous (1)	45,098,067	60,126,069	61,072,167	64,525,223
Total	$6,826,387,672	$ 7,147,128,090	$ 7,044,743,275	$ 7,347,458,242
Effective Tax Rate	4.91%	4.84%	4.98%	4.95%

(1) Information was from SIC prior to 2007, when a switch was made to NAICS. There is no miscellaneous category under NAICS but there is an Accommodation and Food Service category, which was pulled from the SIC Services and Retail category.

Source: ND State Tax Department

Schedule 6
Sales Tax Revenue Payers by Industry
Calendar Years 2000 and 2009
(Dollars are in Millions)

	Calendar Year 2000			
	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
Retail Trade	12,530	45.7%	212.85	55.8%
Wholesale Trade	4,916	17.9%	60.95	16.0%
Services	6,873	25.1%	38.91	10.2%
Transportation, Communications, And Public Utilities	542	2.0%	23.70	6.2%
Manufacturing	498	1.8%	18.85	4.9%
Construction	1,397	5.1%	20.39	5.3%
Miscellaneous	499	1.8%	4.38	1.1%
Mining and Oil Extraction	150	0.5%	1.43	0.4%
Total	27,405	100.0%	381.44	100.0%

Source: ND State Tax Department

Calendar Year					
2004	2005	2006	2007	2008	2009
$ 97,973,056	$ 131,849,866	$ 191,615,942	$ 374,201,247	$ 951,773,654	$ 704,397,852
240,018,916	294,678,543	352,454,828	401,485,208	452,093,539	429,559,387
341,688,027	494,987,751	543,692,333	589,463,741	697,482,110	649,627,740
790,441,560	915,437,434	954,523,004	442,079,107	654,070,303	489,144,528
1,455,025,213	1,446,044,209	1,612,369,604	1,844,174,252	2,645,755,217	2,413,689,772
4,221,825,146	3,677,485,817	3,892,914,208	4,128,221,158	4,366,831,911	4,334,670,425
787,170,817	1,558,601,437	1,688,764,982	1,413,161,243	1,479,230,174	1,542,498,356
-	-	-	1,058,245,321	1,149,837,849	1,179,623,344
66,126,921	47,865,825	47,955,072	-	-	
$ 8,000,269,656	$ 8,566,950,882	$ 9,284,289,973	$ 10,251,031,277	$ 12,397,074,757	$ 11,743,211,404
4.84%	4.92%	4.95%	4.95%	4.97%	-5.27%

Calendar Year 2009			
Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
7,977	28.8%	202.18	34.0%
4,409	15.9%	81.45	13.7%
7,709	27.8%	65.02	11.0%
436	1.6%	28.40	4.8%
2,450	8.8%	138.14	23.3%
1,772	6.4%	38.53	6.5%
2,693	9.7%	35.59	6.0%
266	1.0%	3.78	0.6%
27,712	100.0%	593.10	100.0%

Schedule 7
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(dollars in thousands)

	Fiscal Year			
	2001	**2002**	**2003**	**2004**
Governmental Activities				
Revenue bonds	$ 135,167	$ 140,161	$ 146,795	$ 146,384
Capital leases	3,275	1,403	2,240	1,132
Notes Payable	2,987	507	5,671	5,455
Total Governmental Activities	141,429	142,071	154,706	152,971
Business-type Activities				
Revenue bonds	1,117,828	965,243	886,185	835,535
Capital leases	24,291	30,341	31,798	34,130
Notes payable	264,744	403,860	427,683	535,253
Total Business-Type Activities	1,406,863	1,399,444	1,345,666	1,404,918
Total Primary Government	$ 1,548,292	$ 1,541,515	$ 1,500,372	$ 1,557,889
Debt as a Percentage of Personal Income [1]	9.6%	9.4%	9.0%	8.6%
Amount of Debt per Capita [1]	$ 2,411	$ 2,422	$ 2,367	$ 2,461

[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-K of the financial statements.

Fiscal Year					
2005	2006	2007	2008	2009	2010
$ 204,240	$ 287,016	$ 277,932	$ 265,665	$ 251,526	$ 232,102
5,941	6,361	5,418	5,236	4,056	2,842
5,613	32,314	32,384	35,726	26,523	19,493
215,794	325,691	315,734	306,627	282,105	254,437
887,350	1,038,233	1,073,545	1,197,845	1,051,542	1,301,368
38,746	45,088	46,131	50,046	68,097	72,461
445,080	283,509	263,820	250,645	318,847	412,095
1,371,176	1,366,830	1,383,496	1,498,536	1,438,486	1,785,924
$ 1,586,970	$ 1,692,521	$ 1,699,230	$ 1,805,163	$ 1,720,591	$ 2,040,361
8.5%	8.4%	8.1%	8.1%	6.8%	8.1%
$ 2,492	$ 2,661	$ 2,666	$ 2,822	$ 2,682	$ 3,181

Schedule 8
Pledged-Revenue Coverage
Last Ten Fiscal Years

Fiscal Year	Gross Revenues	Less: Operating Expenses (1)	Net Available Revenues	Debt Service Requirements Principal	Debt Service Requirements Interest	Coverage
	BUILDING AUTHORITY BONDS					
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
2008	11,303,000	-	11,303,000	8,161,000	4,770,000	0.87
2009	12,827,000	-	12,827,000	8,103,000	4,309,000	1.03
2010	11,026,000	-	11,026,000	10,360,000	4,005,000	0.77
	Pledged revenues include interest and lease payments.					
	WATER COMMISSION BONDS					
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
2008	7,623,880	-	7,623,880	1,485,000	4,717,867	1.23
2009	9,526,211	-	9,526,211	4,859,000	4,863,040	0.98
2010	9,658,200	-	9,658,200	5,055,000	4,685,748	0.99
	Pledged revenues inlcude user fees, interest, and Tobacco Settlement funds.					
	LIGNITE RESEARCH BONDS (4)					
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.					
	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
2008	40,706,890	38,728,841	1,978,049	590,150	192,203	2.53
2009	45,225,141	39,036,294	6,188,847	6,613,350	935,650	0.82
2010	48,633,238	38,453,612	10,179,626	1,716,372	790,686	4.06
	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
2008	425,257	-	425,257	3,160,000	2,162,804	0.08
2009	58,576	-	58,576	3,255,000	2,067,750	0.01
2010	1,585	-	1,585	3,355,000	2,397,783	0.00
	Pledged revenues include interest and federal and highway fund appropriations.					

Fiscal Year	Gross Revenues	Less: Operating Expenses	Net Available Revenues	Debt Service Requirements Principal	Debt Service Requirements Interest	Coverage
	STUDENT LOAN TRUST					
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
2008	7,192,000	1,367,000	5,825,000	8,900,000	3,790,000	0.46
2009	2,714,000	1,492,000	1,222,000	59,400,000	929,000	0.02
2010	1,630,000	925,000	705,000	1,000,000	535,000	0.46
	Pledged revenues include federal revenues, and loan and investment interest.					
	HOUSING FINANCE AGENCY					
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	26,868,000	31,764,000	133,527,000	31,809,000	0.19
2008	67,393,000	34,498,000	32,895,000	8,969,000	37,373,000	0.71
2009	67,073,021	35,458,000	31,615,021	254,020,000	40,733,000	0.11
2010	72,564,000	26,958,000	45,606,000	354,181,000	37,499,000	0.12
	Pledged revenues include income and proceeds from mortgage loan activity.					
	STATE FAIR ASSOCIATION (2)					
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)
2008	577,333,810	720,525,986	(143,192,176)	10,771,860	12,946,879	(6.04)
2009	615,327,588	768,207,013	(152,879,425)	31,757,754	13,848,295	(3.35)
2010	663,347,234	823,053,516	(159,706,282)	25,067,090	12,968,810	(4.20)
	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, 2010

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

Year	Population (a)	Total Personal Income (b) (000's)	Per Capita Personal Income (b)	ND Unemployment Rate (c)	Annual Average UI Covered Employment (d)
2000	642,200	$16,430,346	$25,624	2.9%	309,223
2001	636,267	16,982,318	26,691	2.8%	311,632
2002	633,617	17,333,405	27,356	3.5%	311,808
2003	632,809	18,824,539	29,748	3.6%	314,273
2004	636,303	19,292,518	30,320	3.5%	321,108
2005	635,365	20,542,124	32,331	3.4%	328,121
2006	636,771	21,375,002	33,568	3.2%	335,718
2007	638,202	23,613,003	36,999	3.1%	341,705
2008	641,421	26,614,683	41,493	3.2%	350,442
2009	646,844	26,343,904	40,727	4.3%	349,561

Source:
(a) Census Bureau
(b) Bureau of Economic Analysis
(c) Local Area Unemployment Statistics program
(d) Quarterly Census of Employment and Wages program

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

	2009			2000		
Industry	Number of Employees	Rank	Percent of Total Nonagricultural Wage and Salary Employment	Number of Employees	Rank	Percent of Total Nonagricultural Wage and Salary Employment
Government	77,700	1	21.22%	73,350	1	22.39%
Educational and Health Services	53,200	2	14.53%	45,050	2	13.75%
Retail Trade	42,600	3	11.64%	41,100	3	12.55%
Leisure and Hospitality	34,100	4	9.31%	29,350	4	8.96%
Professional and Business Services	29,100	5	7.95%	24,900	5	7.60%
Manufacturing	23,600	6	6.45%	23,900	6	7.30%
Construction	20,700	7	5.65%	15,850	9	4.84%
Financial Activities	20,200	8	5.52%	16,750	8	5.11%
Wholesale Trade	20,100	9	5.49%	18,350	7	5.60%
Other Services	15,400	10	4.21%	15,300	10	4.67%
Transportation, Warehousing and Utilities	15,000	11	4.10%	11,950	11	3.65%
Information	7,500	12	2.05%	8,450	12	2.58%
Natural Resources and Mining	6,900	13	1.88%	3,300	13	1.01%
Total	366,100		100%	327,600		100%

Source: Job Service North Dakota: Current Employment Statistics Program.

Schedule 13
Education Enrollment
Last Ten Academic Years

Public School Enrollment

	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Kindergarten	7,057	7,012	6,890	6,641	6,578	6,648	6,661	7,197	6,442	7,446
Grades 1-3	22,108	21,473	21,229	21,115	20,736	20,358	20,126	20,030	20,594	21,592
Grades 4-6	23,652	23,241	22,645	22,109	21,390	21,060	20,951	20,847	20,429	20,788
Grades 7-8	16,880	16,514	16,287	16,148	15,864	15,333	14,759	14,573	14,498	14,662
Grades 9-12	35,517	34,773	34,086	33,311	32,552	32,201	31,483	30,727	30,373	30,241
Total Enrollment	105,214	103,013	101,137	99,324	97,120	95,600	93,980	93,374	92,336	94,729
Special Education Students	13,630	13,901	13,868	14,681	13,883	13,825	13,606	13,278	13,261	NA

Source: Department of Public Instruction

University System Full-Time Equivalent Student Enrollment

	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Bismarck State College	2,473	2,543	2,747	2,800	2,603	2,651	2,793	2,937	3,160	3,208
Dakota College at Bottineau	416	477	473	447	386	399	401	440	490	540
Dickinson State University	1,746	1,939	1,991	2,034	2,031	2,059	2,158	2,294	2,187	2,068
Lake Region State College	664	683	739	738	738	750	764	784	868	921
Mayville State University	662	657	701	761	722	652	586	563	662	704
Minot State University	2,911	2,975	3,029	3,034	3,011	2,928	2,729	2,720	2,832	3,002
ND State College Of Science	2,247	2,253	2,322	2,271	2,223	2,171	2,097	2,041	2,076	2,217
North Dakota State University	9,621	9,993	10,348	10,745	10,807	10,890	11,221	11,794	12,577	12,708
University of North Dakota	10,466	11,155	11,811	11,931	11,155	11,381	10,967	11,137	11,306	12,018
Valley City State University	896	922	879	956	899	844	807	823	833	957
Williston State College	614	652	703	709	702	648	551	562	573	570
Total	32,716	34,249	35,743	36,426	35,277	35,373	35,074	36,095	37,564	38,913

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

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
EXECUTIVE BRANCH										
Adjutant General	127	128	125	133	132	158	169	171	174	174
Aeronautics Commission	5	5	5	5	5	5	5	5	5	6
Bank of North Dakota	173	172	170	171	169	167	181	179	179	177
Barley Council	2	3	4	4	2	2	5	6	6	6
Beef Commission	2	2	2	2	2	2	2	2	2	2
Career and Technical Education	28	28	25	26	26	25	33	33	34	34
Corn Council	1	1	1	1	2	1	2	2	3	3
Council on the Arts	6	5	5	5	4	5	5	5	5	5
Department of Agriculture	54	56	57	56	54	58	64	67	68	72
Department of Commerce	33	55	55	54	54	56	67	68	68	68
Department of Corrections and Rehabilitation	531	553	581	590	602	627	664	681	703	704
Department of Emergency Services	20	20	20	22	19	53	54	56	57	60
Department of Financial Institutions	20	21	21	21	23	24	26	26	26	29
Department of Human Services	2,156	2,145	2,095	1,951	1,946	1,938	2,133	2,297	2,275	2,222
Department of Public Instruction	130	85	90	90	88	89	95	95	98	99
Department of Transportation	1,010	1,027	1,017	1,015	1,014	1,021	1,054	1,061	1,056	1,057
Game and Fish Department	129	137	140	138	139	139	154	154	156	156
Highway Patrol	191	190	187	192	171	176	186	193	193	194
Historical Society	53	54	55	56	56	56	58	61	63	63
Indian Affairs Commission	4	4	4	3	3	3	3	4	4	4
Industrial Commission	58	59	58	55	48	48	53	55	58	60
Information Technology Department	168	243	243	245	244	240	313	316	338	339
Job Service North Dakota	379	371	357	357	333	286	352	309	309	309
Milk Marketing Board	5	5	4	4	4	4	6	6	6	6
ND Department of Health	294	303	316	318	295	292	324	335	343	346
ND Horse Racing Commission	0	0	0	0	0	2	2	2	2	2
ND Housing Finance Agency	33	36	38	38	40	37	38	43	42	46
ND Mill and Elevator Association	114	116	117	118	117	121	127	125	126	130
ND Vision Services/School for the Blind	26	26	28	30	26	26	30	30	32	32
North Dakota University System	6,378	6,858	7,093	7,351	7,543	7,336	6,015	7,171	7,261	7,579
Office of Administrative Hearings	6	5	5	5	6	7	7	7	7	7
Office of Management and Budget	148	128	129	129	129	120	133	133	133	133
Office of the Attorney General	138	145	143	139	164	174	177	185	188	202

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
EXECUTIVE BRANCH, Continued										
Office of the Governor	17	18	18	17	18	16	18	18	18	18
Office of the Insurance Commissioner	42	40	38	43	40	40	46	46	46	46
Office of the Labor Commissioner	9	10	10	10	10	10	12	11	12	12
Office of the State Auditor	53	52	52	51	50	53	56	56	56	56
Office of the State Tax Commissioner	134	132	133	129	125	123	133	133	133	133
Office of the State Treasurer	7	6	6	6	6	5	7	7	7	7
Oilseed Council	1	1	1	1	1	1	1	1	1	1
Parks and Recreation Department	38	43	44	44	44	42	50	49	49	52
Protection and Advocacy	21	22	25	26	24	24	25	27	28	28
Public Employees Retirement System	26	27	25	28	27	28	33	33	33	33
Public Service Commission	40	41	41	41	41	39	43	44	44	45
Retirement and Investment Office	17	17	17	18	17	16	17	17	17	17
School for the Deaf	61	60	60	55	50	49	49	44	44	50
Secretary of State	24	26	26	26	26	26	27	27	28	28
Securities Department	8	8	8	8	8	8	9	9	9	9
Seed Department	25	25	24	25	23	22	32	31	30	30
Soybean Council	3	3	3	3	3	3	5	5	5	5
State Fair Association	13	12	12	16	15	15	24	26	26	28
State Land Department	16	18	18	19	17	17	21	21	20	21
State Library	27	27	27	27	29	28	30	30	30	30
State Radio	30	31	29	28	28	0	0	0	0	0
Veteran's Affairs Department	6	6	6	6	6	6	6	7	7	7
Veterans Home	84	86	84	84	82	86	88	92	98	98
Water Commission	79	81	82	80	77	77	84	84	84	86
Wheat Commission	7	6	6	6	6	5	8	8	8	8
Workforce Safety and Insurance	187	229	226	223	219	216	239	239	240	241
LEGISLATIVE BRANCH										
Legislative Council	30	31	31	30	31	31	33	33	33	34
JUDICIAL BRANCH										
Judiciary Branch	327	335	329	323	323	339	352	367	368	372
Total State Employees	**13,754**	**14,379**	**14,571**	**14,697**	**14,806**	**14,623**	**13,985**	**15,348**	**15,494**	**15,821**

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

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Government										
Office of the Tax Commissioner										
Number of returns filed electronically [1]	50,685	78,932	103,910	129,509	147,683	166,733	186,329	203,279	222,254	242,792
Education										
Department of Public Instruction										
Public School Enrollment [2]	105,214	103,013	101,137	99,324	97,120	95,600	93,980	93,374	92,336	94,729
North Dakota University System										
Full Tme Equivalent Student Enrollment [3]	32,716	34,249	35,743	36,426	35,277	35,373	35,074	36,095	37,564	38,913
Health and Human Services										
North Dakota Department of Health										
Number of Autopsies Performed in ND [4]	172	225	226	195	221	240	237	274	305	NA
Air Quality - Percent of Facilities in Compliance [4]	99	100	99	100	100	100	98	99	99	NA
Public Water Systems - Percent of Facilities in Compliance [4]	94	96	97	92	92	94	95	95	95	NA
Department of Human Services										
Number of TANF Caseloads	5,612	NA	5,988	5,887	5,524	5,259	5,112	4,927	4,733	4,238
Number of Medicaid Recipients	62,492	NA	76,377	77,378	77,018	77,799	75,470	75,732	77,637	84,529
Regulatory										
Office of the Insurance Commissioner										
Licensed Insurance Agents [4]	20,905	23,372	25,856	31,645	33,323	39,230	47,437	47,399	48,308	49,157
Public Service Commission										
Weighing and Measuring Devices Inspected	15,321	13,853	14,971	14,605	13,944	12,414	13,183	11,476	11,395	10,465
Gas Pipeline Safety Inspections	47	63	62	50	54	68	65	61	67	67
Public Safety and Corrections										
Department of Corrections and Rehabilitation										
Average Daily Adult Prison Population [4]	1,099	1,160	1,198	1,299	1,366	1,409	1,429	1,449	1,442	NA
Office of the Attorney General-Bureau of Investigations										
Criminal Cases Opened [4]	296	302	302	286	319	351	299	369	389	NA
Drug Cases Opened [3]	363	573	549	623	553	472	425	380	372	NA
Office of the Attorney General-Crime Laboratory										
Toxicology Alcohol Blood and Breath Analyses [4]	4,552	4,847	5,646	6,411	6,378	6,517	6,915	6,007	6,883	NA
Methamphetamine/Amphetamine Samples Processed [4]	1,505	2,419	1,990	2,813	2,779	1,552	1,009	636	132	NA
Office of the Adjutant General										
Assigned National Guard [5]	4,366	4,269	4,241	4,106	4,043	4,243	4,211	4,262	4,299	4,349
Agriculture and Commerce										
Department of Agriculture										
Pounds of Pesticide Waste Collected	166,949	147,857	190,759	155,158	129,994	172,791	170,817	215,521	205,021	215,594
Department of Commerce										
Net Job Growth from Nonfarm Employment [4]	1,950	150	2,800	5,250	6,850	7,500	6,200	8,600	-1,000	NA
New Private Sector Businesses [4]	-29	206	332	458	558	429	-324	395	-53	NA
Natural Resources										
Game and Fish Department										
Registered Boats [4]	51,483	45,076	49,249	52,961	44,499	49,641	53,519	46,067	51,609	NA
Hunting and Fishing Licenses Issued	312,853	322,728	321,304	323,479	314,465	332,644	324,770	330,524	319,414	NA
Department of Parks and Recreation										
Park Visitations [4]	1,052,399	1,051,752	1,045,390	972,151	923,181	940,113	898,235	889,231	1,055,930	NA
Camping Nights [4]	44,168	47,489	49,533	47,484	48,599	51,945	52,904	51,529	58,984	NA
Snowmobile Registrations [4]	4,134	17,459	2,649	15,961	2,223	14,198	11,322	3,845	11,421	NA
OHV Registrations [4]	NA	NA	NA	NA	NA	NA	9,200	18,237	9,118	NA
Transportation										
Department of Transportation										
Registered Vehicles [4]	790,933	809,459	815,042	836,927	843,054	878,443	902,581	934,502	952,616	NA
Licensed Drivers	456,055	455,921	457,743	459,566	466,701	468,711	470,731	473,019	476,561	483,097
Unemployment Compensation										
Job Service North Dakota										
Number of Covered Workers [4]	311,632	311,808	314,273	321,108	328,121	335,718	341,705	350,442	349,561	NA
Workforce Safety and Insurance										
Number of Claims Filed	20,320	19,950	18,753	19,184	19,887	21,588	21,309	21,061	20,543	19,384
Number of Covered Workers	299,714	301,913	301,777	304,287	311,200	318,240	326,100	332,170	340,915	340,117

NA-Not Available
[1] Calendar Year Received
[2] Academic Year End Enrollment
[3] Academic Year Enrollment
[4] Statistics on a Calendar Year Basis
[5] 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

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Government										
Office of Management and Budget										
Capitol Complex Buildings	7	7	7	7	7	7	7	7	7	7
Education										
Department of Land										
Common Schools Trust										
Land Acreage	635,695	635,703	635,534	635,529	635,574	632,408	632,248	632,248	597,426	632,393
ND University System										
Buildings	501	512	512	527	527	516	516	516	516	522
Buildings Square Footage	13,014,194	13,056,392	13,056,392	13,440,708	13,491,510	13,491,510	13,491,510	14,003,445	14,003,445	14,700,708
Health and Human Services										
Dept. of Human Services										
Buildings	77	77	74	74	74	74	74	74	74	74
Public Safety and Corrections										
Department of Corrections and Rehabilitation										
Buildings	NA	64	70	70	71	71	71	71	72	72
Office of the Adjutant General										
Headquarters, Camp and Armory Buildings	524	528	530	539	551	567	475	475	341	NA
Natural Resources										
Game and Fish Department										
Wildlife Management Areas	NA	NA	183	183	185	186	186	186	189	192
Boats, ATV's, Snowmobiles, Tractors,Othe	NA	NA	NA	344	364	393	397	417	425	429
Dept. of Parks and Recreation										
Park/Recreational Sites	16	16	16	15	15	15	15	15	15	15
Park Maintanenace Vehicles/Equipment	NA	NA	NA	196	207	222	230	235	255	255
Transportation										
Department of Transportation										
Lane Miles Maintained	8,402	8,410	8,412	8,414	8,450	8,469	8,479	8,511	8,515	8,517
Fleet Vehicles	2,879	2,943	2,988	3,097	3,137	3,220	3,316	3,307	3,273	3,493
Heavy Equipment	593	589	577	565	552	527	359	340	341	463
Buildings	77	77	77	77	77	77	79	80	81	85

NA-Not Available

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

Schedule 17
Claims Development Information
Last Ten Fiscal Years

The following tables illustrate how the individual funds' earned revenues and investment income compare to related costs of loss and other expenses assumed by the funds as of the end of each of the last ten years. The rows of the tables are defined as follows: (1) This line shows the total of each fiscal year's earned contribution revenues and investment revenues. (2) This line shows each fiscal year's other operation costs of the fund including overhead and claims expense not allocable to individual claims. (3) This line shows the funds' incurred claims and allocated claim adjustment expense (both paid and accrued) as originally reported at the end of the first year in which the event that triggered coverage under the contract occurred (called policy year). (4) This section of 10 columns shows the cumulative amounts paid as of the end of successive years for each policy year. (5) This section of 10 columns shows how each policy year's incurred claims increased or decreased as of the end of successive years. This annual re-estimation results from new information received regarding unknown claims, reevaluation of existing information on known claims, as well as emergence of new claims not previously known. (6) This line compares the latest re-estimated incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of claims cost is greater or less than originally thought. As data for individual policy years mature, the correlation between original estimates and re-estimated amounts is commonly used to evaluate the accuracy of incurred claims currently recognized in less mature policy years. The columns of the tables show data for successive policy years (expressed in thousands).

Schedule 17
Claims Development Information
Last Ten Fiscal Years
(Expressed In Thousands)

Bonding Fund

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
1 Net Earned Required Contribution and Investment Revenues	$ 116	$ (50)	$ 405	$ 448	$ 319	$ 179	$ 401	$ 22	$ 157	$ 214
2 Unallocated Expenses	93	46	58	42	53	51	57	37	25	34
3 Estimated Incurred Claims and Expense, End of Policy Year	71	26	259	253	64	392	173	(268)	128	49
4 Paid (Cumulative) as of:										
End of Policy Year	(32)	(100)	(107)	(85)	(226)	(254)	(328)	(417)	(61)	(148)
One Year Later	(32)	(100)	(107)	(85)	(226)	(254)	(328)	(417)	(61)	
Two Years Later	(32)	(100)	(107)	(85)	(226)	(254)	(328)	(417)		
Three Years Later	(32)	(100)	(107)	(85)	(226)	(254)	(328)			
Four Years Later	(32)	(100)	(107)	(85)	(226)	(254)				
Five Years Later	(32)	(100)	(107)	(85)	(226)					
Six Years Later	(32)	(100)	(107)	(85)						
Seven Years Later	(32)	(100)	(107)							
Eight Years Later	(32)	(100)								
Nine Years Later	(32)									
5 Reestimated Incurred Claims and Expenses:										
End of Policy Year	71	26	259	253	64	392	173	(268)	128	49
One Year Later	71	26	259	253	64	392	173	(268)	128	
Two Years Later	71	26	259	253	64	392	173	(268)		
Three Years Later	71	26	259	253	64	392	173			
Four Years Later	71	26	259	253	64	392				
Five Years Later	71	26	259	253	64					
Six Years Later	71	26	259	253						
Seven Years Later	71	26	259							
Eight Years Later	71	26								
Nine Years Later	71									
6 Increase in Estimated Incurred Claims and Expense From End of Policy Year	0	0	0	0	0	0	0	0	0	0

Schedule 17
Claims Development Information
Last Ten Fiscal Years
(Expressed In Thousands)

Fire and Tornado Fund

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
1 Net Earned Required Contribution and Investment Revenues	$ 4,540	$ 2,437	$ 6,646	$ 4,864	$ 5,073	$ 5,193	$ 6,934	$ 7,849	$ (492)	$ 8,099
2 Unallocated Expenses	812	991	613	621	552	986	847	979	819	1,344
3 Estimated Incurred Claims and Expense, End of Policy Year	6,828	5,481	2,523	1,135	1,775	2,852	1,536	10,548	1,744	3,075
4 Paid (Cumulative) as of:										
End of Policy Year	269	(1,589)	(3,974)	(227)	986	1,660	1,133	9,434	989	1,676
One Year Later	269	(1,589)	(3,974)	(227)	986	1,660	1,133	9,434	989	
Two Years Later	269	(1,589)	(3,974)	(227)	986	1,660	1,133	9,434		
Three Years Later	269	(1,589)	(3,974)	(227)	986	1,660	1,133			
Four Years Later	269	(1,589)	(3,974)	(227)	986	1,660				
Five Years Later	269	(1,589)	(3,974)	(277)	986					
Six Years Later	269	(1,589)	(3,974)	(294)						
Seven Years Later	269	(1,589)	(3,974)							
Eight Years Later	269	(1,589)								
Nine Years Later	269									
5 Reestimated Incurred Claims and Expenses:										
End of Policy Year	6,828	5,481	2,523	1,135	1,775	2,852	1,536	10,548	1,744	3,075
One Year Later	6,828	5,481	2,523	1,135	1,775	2,852	1,536	10,548	1,744	
Two Years Later	6,828	5,481	2,523	1,135	1,775	2,852	1,536	10,548		
Three Years Later	6,828	5,481	2,523	1,135	1,775	2,852	1,536			
Four Years Later	6,828	5,481	2,523	1,135	1,775	2,852				
Five Years Later	6,828	5,481	2,523	1,135	1,775					
Six Years Later	6,828	5,481	2,523	1,135						
Seven Years Later	6,828	5,481	2,523							
Eight Years Later	6,828	5,481								
Nine Years Later	6,828									
6 Increase in Estimated Incurred Claims and Expense From End of Policy Year	0	0	0	0	0	0	0	0	0	0

Schedule 17
Claims Development Information
Last Ten Fiscal Years
(Expressed In Thousands)

Workforce Safety & Insurance

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
1 Net Earned Required Contribution and Investment Revenues	$ 117	$ 86	$ 175	$ 194	$ 193	$ 148	$ 221	$ 166	$ 48	$ 289
2 Unallocated Expenses	28	23	22	21	25	33	40	41	31	33
3 Estimated Incurred Claims and Expense, End Of Policy Year	83	81	93	103	111	105	120	131	169	160
4 Paid (Cumulative) as of:										
End of Policy Year	17	17	19	20	22	21	21	27	32	31
One Year Later	29	30	33	36	34	36	37	47	55	
Two Years Later	35	37	38	42	39	41	43	54		
Three Years Later	40	41	41	46	42	46	47			
Four Years Later	42	43	44	49	45	49				
Five Years Later	45	47	46	52	48					
Six Years Later	47	48	48	54						
Seven Years Later	49	52	50							
Eight Years Later	51	54								
Nine Years Later	53									
5 Reestimated Incurred Claims and Expenses:										
End of Policy Year	83	81	93	103	111	105	120	131	169	160
One Year Later	81	84	94	103	104	112	119	140	157	
Two Years Later	83	83	93	99	100	113	120	133		
Three Years Later	83	88	89	100	101	116	110			
Four Years Later	79	86	90	106	101	110				
Five Years Later	77	90	91	105	101					
Six Years Later	85	91	92	104						
Seven Years Later	87	98	94							
Eight Years Later	89	101								
Nine Years Later	89									
6 Increase in Estimated Incurred Claims and Expense From End of Policy Year	6	20	1	1	(9)	4	(10)	2	(12)	0

Schedule 18
Agricultural Production

Value of Export Shares of Agricultural Commodities - 2008-2009

	2008 Dollars (Mil.)	2008 % of U.S.	2009 Dollars (Mil.)	2009 % of U.S.
Wheat and Products	1,663.2	11.21	1,152.7	13.41
Soybeans and Products	687.8	3.56	612.1	3.46
Vegetables and Preparations	332.6	6.45	334.0	6.45
Feed Grains and Products	559.4	3.08	286.3	2.39
Sunflower Seed and Oil	100.2	44.18	111.1	43.36
Feeds and Fodders	341.7	8.57	351.9	8.91
Seeds	78.9	6.60	83.4	6.74
Live Animals and Meats Excluding Poultry	9.0	0.10	7.6	0.09
Dairy Products	0.0	0.00	0.0	0.00
Poultry and Products	0.0	0.00	0.0	0.00
Hides and Skins	0.7	0.03	0.6	0.04
Fats, Oils and Greases	0.5	0.05	0.3	0.04
Other (1)	175.5	1.38	245.9	1.98
Total (2)	$ 3,949.5	3.42	$ 3,185.9	3.30

Source: Complied by ERS using data from USDA, National Agricultural Service and U.S. Department of Commerce, Census Bureau.

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

2009 Crop Rank Among States

North Dakota Ranks	Crop Description	North Dakota Produces
1st	Flaxseed	95%
	Canola	90%
	Dry Edible Peas	67%
	Pinto Beans	56%
	Durum Wheat	56%
	Spring Wheat	50%
	Oil Sunflowers	45%
	Lentils	44%
	All Sunflowers	43%
	Navy Beans	38%
	Non-oil Sunflowers	36%
	Barley	35%
	All Dry Edible Beans	34%
	All Wheat	17%

Source: North Dakota Agricultural Statistics June 2010