

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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# STATE OF NORTH DAKOTA

## Statement of Net Assets June 30, 2007

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

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

The Accompanying Notes are an Integral Part of the Financial Statements

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

The Accompanying Notes are an Integral Part of the Financial Statements

# STATE OF NORTH DAKOTA

## Statement of Activities

For the Fiscal Year Ended June 30, 2007

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

General Revenues:

Taxes:

Individual and Corporate Income Taxes

Sales and Use Taxes

Oil, Gas and Coal Taxes

Business and Other Taxes

Unrestricted Investment Earnings

Tobacco Settlement

Miscellaneous

Contributions to Permanent Fund Principal

Transfers

Total General Revenues and Transfers

Change in Net Assets

Net Assets, Beginning of Year, as Restated

Net Assets, Ending

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

The Accompanying Notes are an Integral Part of the Financial Statements

# STATE OF NORTH DAKOTA

## Balance Sheet Governmental Funds June 30, 2007

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

# STATE OF NORTH DAKOTA

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## Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets June 30, 2007

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

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

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of assets is \$3,992,577,455 and the accumulated depreciation is \$2,670,752,490. 1,321,824,965

Some of the state's revenues will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds. 65,539,466

Internal service funds are used to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. 69,907,106

Bonds issued by the State have associated costs that are paid from current available financial resources in the funds. However, these costs are deferred on the statement of net assets. 1,615,437

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

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

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

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

# STATE OF NORTH DAKOTA

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

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

The Accompanying Notes are an Integral Part of the Financial Statements

# STATE OF NORTH DAKOTA

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

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

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

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

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

In the statement of activities, only the *gain(loss)* on the sale of assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the book value of the assets sold. (3,902,102)

Donations of capital assets increase net assets in the statement of activities but do not appear in the governmental funds because they are not financial resources. 10,000

Some of the assets acquired this year were financed through capital leases. The amount financed is reported in the governmental funds as a source of financing. However, capital leases are reported as long-term liabilities in the statement of net assets. (202,754)

Based on receipt dates, some revenues are not considered "available" revenues and are deferred in the governmental funds. Deferred revenues increased/decreased by this amount this year. 10,838,249

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue of internal service funds is reported with governmental activities 5,936,057

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

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

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

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

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

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

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

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

# STATE OF NORTH DAKOTA

## Statement of Net Assets Proprietary Funds June 30, 2007

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

# STATE OF NORTH DAKOTA

## Statement of Net Assets Proprietary Funds June 30, 2007

	Business-Type Activities - Enterprise Funds					Governmental	
	Bank of North Dakota	Housing Finance	University System	Workforce Safety and Insurance	Other Enterprise Funds	Total	Internal Service Funds
<b>LIABILITIES</b>							
Current Liabilities:							
Accounts Payable		700,000	20,998,786	2,222,249	6,729,352	30,650,387	2,541,507
Accrued Payroll		-	21,319,857	-	707,813	22,027,670	1,377,144
Securities Lending Collateral		-	-	252,579,982	4,063,812	256,643,794	1,043,469
Interest Payable		16,892,000	91,579	-	485,785	17,469,364	307,470
Intergovernmental Payable		332,000	175,227	-	2,331,163	2,838,390	450
Due to Other Funds		2,111,000	3,981,049	169,718	27,559,556	33,821,323	271,064
Due to Component Units		-	185,492	-	-	185,492	-
Contracts Payable		-	3,014,779	-	-	3,014,779	-
Other Deposits		-	5,318,917	-	-	5,318,917	-
Amounts Held in Custody for Others		8,304,000	-	-	4,214,307	12,518,307	-
Claims/Judgments Payable		-	-	93,000,000	638,765	93,638,765	1,604,751
Dividends Payable		-	-	56,909,336	-	56,909,336	-
Compensated Absences Payable		123,000	1,153,795	707,000	88,527	2,072,322	111,438
Notes Payable		-	1,029,106	-	-	1,029,106	-
Capital Leases Payable		-	5,160,749	-	27,162	5,187,911	16,478
Bonds Payable		16,395,000	7,567,850	-	500,000	24,462,850	606,258
Deferred Revenue		-	11,087,128	63,023,443	3,398,290	77,508,861	7,917
Other Current Liabilities		-	-	-	10,458	10,458	-
Total Current Liabilities		44,857,000	81,084,314	468,611,728	50,754,990	645,308,032	7,887,946
Noncurrent Liabilities:							
Intergovernmental Payable		1,313,000	1,613,403	-	3,090,920	6,017,323	-
Claims/Judgments Payable		-	-	637,900,000	265,806	638,165,806	3,324,292
Dividends Payable		-	-	35,698,914	-	35,698,914	-
Compensated Absences Payable		47,000	21,087,846	124,450	925,081	22,184,377	1,276,212
Notes Payable		-	5,581,625	-	-	5,581,625	6,000,000
Capital Leases Payable		-	40,920,534	-	22,834	40,943,368	5,955
Bonds Payable		781,690,000	183,057,356	-	84,334,769	1,049,082,125	4,206,103
Other Noncurrent Liabilities		-	1,554,907	-	4,049,554	5,604,461	-
Total Noncurrent Liabilities		783,050,000	253,815,671	673,723,364	92,688,964	1,803,277,999	14,812,562
Bank Related Liabilities:							
Interest Payable		1,136,000	-	-	-	1,136,000	-
Due to Other Funds		35,203,000	-	-	-	35,203,000	-
Due to Component Units		5,507,000	-	-	-	5,507,000	-
Federal Funds Purchased		222,595,000	-	-	-	222,595,000	-
Reverse Repurchase Agreements		26,550,000	-	-	-	26,550,000	-
Deposits Held for Other Funds		1,267,255,028	-	-	-	1,267,255,028	-
Other Deposits		344,373,972	-	-	-	344,373,972	-
Other Liabilities		3,322,000	-	-	-	3,322,000	-
Long Term Liabilities:							
Due within one year		9,651,000	-	-	-	9,651,000	-
Due in more than one year		247,558,000	-	-	-	247,558,000	-
Total Bank Related Liabilities		2,163,151,000	-	-	-	2,163,151,000	-
Total Liabilities		2,163,151,000	827,907,000	334,899,985	1,142,335,092	143,443,954	4,611,737,031
<b>NET ASSETS</b>							
Invested in Capital Assets, Net of Related Debt		7,119,000	-	462,578,478	11,161,122	46,543,972	527,402,572
Restricted for:							
Capital Projects		-	-	338,275	-	-	338,275
Debt Service		-	76,036,000	11,757,660	-	27,695,747	115,489,407
Loan Purposes		-	-	45,264,320	-	777,559	46,041,879
Pledged Assets		138,519,000	4,045,000	-	-	-	142,564,000
Unemployment Compensation		-	-	-	-	130,901,831	130,901,831
University System-Nonexpendable		-	-	13,190,167	-	-	13,190,167
University System-Expendable		-	-	28,762,868	-	-	28,762,868
Other		-	-	46,608	-	884,477	931,085
Unrestricted		17,904,000	8,707,000	140,513,572	455,674,230	117,686,756	740,485,558
Total Net Assets		\$ 163,542,000	\$ 88,788,000	\$ 702,451,948	\$ 466,835,352	\$ 324,490,342	\$ 1,746,107,642

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

#### Total Net Assets - Enterprise Funds

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

The Accompanying Notes are an Integral Part of the Financial Statements

# STATE OF NORTH DAKOTA

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

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

### Reconciliation of Statement of Revenues, Expenses and Changes in Fund Net Assets of Proprietary Funds to the Statement of Activities For the Fiscal Year Ended June 30, 2007

<b>Net Change in Net Assets-Total Enterprise Funds</b>	<b>\$ 95,214,484</b>
Amounts reported for business-type activities in the statement of net assets are different because:	
Expenses were reduced based on the allocation of internal service fund's net income	<u>1,121,004</u>
<b>Change in Net Assets of Business-Type Activities</b>	<b><u>\$ 96,335,488</u></b>

The Accompanying Notes are an Integral Part of the Financial Statements

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

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

# STATE OF NORTH DAKOTA

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

	Business-Type Activities - Enterprise Funds						Governmental Activities
	Bank of North Dakota	Housing Finance	University System	Workforce Safety and Insurance	Other Enterprise Funds	Total	Internal Service Funds
<b>Net Change In Cash:</b>							
Net Increase (Decrease) in Cash and Cash Equivalents	(93,847,000)	(13,399,000)	(28,222,545)	294,508	12,294,579	(122,879,458)	2,039,747
Cash and Cash Equivalents at June 30, 2006	435,944,000	250,769,000	98,153,112	1,382,624	137,564,715	923,813,451	13,703,795
Cash and Cash Equivalents at June 30, 2007	<u>\$ 342,097,000</u>	<u>\$ 237,370,000</u>	<u>\$ 69,930,567</u>	<u>\$ 1,677,132</u>	<u>\$ 149,859,294</u>	<u>\$ 800,933,993</u>	<u>\$ 15,743,542</u>
<b>Reconciliation:</b>							
Current:							
Cash Deposits at the Bank of North Dakota	\$ -	\$ 1,194,000	\$ 54,865,935	\$ 1,677,132	\$ 29,962,576	\$ 87,699,643	\$ 9,739,861
Cash and Cash Equivalents	342,097,000	140,000	11,166,574	-	116,510,689	469,914,263	6,299
Restricted Cash Deposits at the Bank of North Dakota	-	8,305,000	-	-	3,119,912	11,424,912	-
Restricted Cash and Cash Equivalents	-	227,731,000	-	-	-	227,731,000	-
Noncurrent:							
Restricted Cash Deposits At The Bank of North Dakota	-	-	3,276,661	-	-	3,276,661	5,997,582
Restricted Cash and Cash Equivalents	-	-	621,397	-	266,117	887,514	-
Cash and Cash Equivalents	<u>\$ 342,097,000</u>	<u>\$ 237,370,000</u>	<u>\$ 69,930,567</u>	<u>\$ 1,677,132</u>	<u>\$ 149,859,294</u>	<u>\$ 800,933,993</u>	<u>\$ 15,743,542</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used for) Operating Activities:</b>							
Operating Income (Loss)	\$ 44,646,000	\$ 6,111,000	\$ (248,423,660)	\$ (82,935,965)	\$ 21,853,793	\$ (258,748,832)	\$ 6,810,917
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:							
Depreciation	962,000	-	39,353,150	369,932	3,604,102	44,289,184	9,231,397
Amortization\Accretion	-	(1,585,000)	-	-	383,000	(1,202,000)	6,649
Reclassification of Interest Revenue\Expense	(56,302,000)	(1,164,000)	-	-	(4,128,387)	(61,594,387)	-
Gain on Sale of Student Loans	(20,000)	-	-	-	-	(20,000)	-
Gain on Sale of Real Estate	6,000	-	-	-	-	6,000	-
Net Increase in Fair Value of Investments	(221,000)	-	-	-	-	(221,000)	-
Interest Received on Program Loans	-	34,738,000	-	-	7,463,000	42,201,000	-
Disbursements for Loans and Loan Purchases	-	(148,627,000)	-	-	(348,000)	(148,975,000)	-
Receipt of Loan Principal Repayments	-	76,387,000	-	-	34,438,000	110,825,000	-
Provision for Losses	3,400,000	-	-	-	(1,438,000)	1,962,000	-
Premiums Collected	-	-	-	-	149,794,391	149,794,391	-
Premiums Paid	-	-	-	-	(149,794,391)	(149,794,391)	-
Other	-	289,000	-	-	101,912	390,912	(605)
Change in Assets and Liabilities:							
Increase in Accounts Receivable	-	(58,000)	(821,923)	(6,116,964)	(3,256,264)	(10,253,151)	(54,003)
Increase in Interest Receivable	-	-	-	-	(33,468)	(33,468)	-
(Increase) Decrease in Due From	1,304,000	(29,000)	-	-	115,762	1,390,762	(1,324,137)
Decrease in Due From Fiduciary Funds	-	-	-	-	2,338	2,338	-
(Increase) Decrease in Intergovernmental Receivable	-	(10,000)	6,405,482	-	(506,934)	5,888,548	(1,361)
Decrease in Notes Receivable	-	-	1,373,935	-	333,947	1,707,882	-
(Increase) Decrease in Prepaid Items	-	(9,000)	-	41,877	(12,321)	20,556	(1,988,555)
(Increase) Decrease in Inventories	-	-	776,582	-	(5,938,330)	(5,161,748)	10,914
(Increase) Decrease in Other Assets	234,000	-	997,417	-	(220,252)	1,011,165	-
Increase (Decrease) in Accounts Payable	-	163,000	1,057,399	(886,326)	(585,986)	(251,913)	1,176,386
Increase (Decrease) in Claims,Judgments Payable	-	-	-	44,100,000	(932,775)	43,167,225	388,170
Decrease in Intergovernmental Payable	-	(43,000)	-	-	(550,259)	(593,259)	(22)
Increase (Decrease) in Accrued Payroll	-	-	1,565,291	-	(64,251)	1,501,040	80,297
Increase in Compensated Absences Payable	-	2,000	1,445,420	93,332	22,362	1,563,114	115,354
Increase (Decrease) in Amounts Held for Others	-	513,000	-	-	(1,913,853)	(1,400,853)	-
Decrease in Other Deposits	-	-	(519,811)	-	-	(519,811)	-
Increase (Decrease) in Due To Other Funds	(7,000)	(54,000)	-	109,234	(960,171)	(911,937)	(480,669)
Increase in Deferred Revenue	-	-	1,153,974	3,776,646	672,881	5,603,501	7,137
Increase in Other Liabilities	942,000	-	-	-	7,622	949,622	-
Total Adjustments	(49,702,000)	(39,487,000)	52,786,916	41,487,731	26,255,675	31,341,322	7,166,952
<b>Net Cash Provided by (Used for) Operating Activities</b>	<u>\$ (5,056,000)</u>	<u>\$ (33,376,000)</u>	<u>\$ (195,636,744)</u>	<u>\$ (41,448,234)</u>	<u>\$ 48,109,468</u>	<u>\$ (227,407,510)</u>	<u>\$ 13,977,869</u>
<b>Noncash Transactions:</b>							
Net Increase (Decrease) in Fair Value of Investments	\$ -	\$ (498,000)	\$ -	\$ 75,378,694	\$ 1,029,646	\$ 75,910,340	\$ 196,616
Change in Securities Lending Collateral	-	-	-	(73,551,631)	(1,505,173)	(75,056,804)	(479,324)
Interest on Investments	-	-	-	46,074,691	-	46,074,691	-
Amortization of Bond Discount	-	-	-	-	8,754	8,754	-
Amortization of Bond Issuance Costs	-	-	-	-	3,335	3,335	-
Assets Acquired Through Capital Lease	-	-	11,109,237	-	-	11,109,237	7,276
Assets Acquired Through Special Assessments	-	-	80,883	-	-	80,883	-
Expenses Paid by Capital Lease	-	-	1,563,719	-	-	1,563,719	-
Gifts of Capital Assets	-	-	167,696	-	-	167,696	-
Interest Revenue on Prize Reserves	-	-	-	-	6,722	6,722	-
Total Noncash Transactions	<u>\$ -</u>	<u>\$ (498,000)</u>	<u>\$ 12,921,535</u>	<u>\$ 47,901,754</u>	<u>\$ (456,716)</u>	<u>\$ 59,868,573</u>	<u>\$ (275,432)</u>

The Accompanying Notes are an Integral Part of the Financial Statements

# STATE OF NORTH DAKOTA

## Statement of Fiduciary Net Assets Fiduciary Funds June 30, 2007

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

The Accompanying Notes are an Integral Part of the Financial Statements

# STATE OF NORTH DAKOTA

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

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

The Accompanying Notes are an Integral Part of the Financial Statements

# STATE OF NORTH DAKOTA

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

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

The Accompanying Notes are an Integral Part of the Financial Statements

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

The Accompanying Notes are an Integral Part of the Financial Statements

# STATE OF NORTH DAKOTA

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

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

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