

**Generally Accepted Accounting  
Principles**

**(GAAP)**

**Closing Manual**

**For Special Government Units**

**OFFICE OF MANAGEMENT AND BUDGET**

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

**Information (701) 328-2680**



STATE OF NORTH DAKOTA  
GAAP CLOSING PROCEDURES MANUAL

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SUMMARY OF AGENCY RESPONSIBILITIES

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### **THE CLOSING PROCESS--AGENCIES**

The annual GAAP closing process begins June 30 with the end of the fiscal year. The Office of Management and Budget will send blank closing package forms to agencies at that time. Agencies can begin to complete some of the closing packages soon after June 30. They may not be able to complete others until September and October. Due dates of the closing package forms vary. The following schedule summarizes these due dates by agency and fund.

Remember that each agency should complete only the forms that apply to their funds. The Special Government Unit Checklist will help you determine which of the packages to read and complete.

### **SPECIAL GOVERNMENT UNIT CHECKLIST**

Agencies complete only those closing packages that apply to their funds. No agency (except Sample Agency, our comprehensive case example) will complete all closing packages. Every agency, however, must complete the Special Government Unit Checklist for each fund.

Completing the Special Government Unit Checklist will help each agency determine which of the other closing packages it must complete for each fund. The completed Checklist will also help the Office of Management and Budget control the closing process.

Complete the Special Government Unit Checklist prior to completing other closing packages and return to the Office of Management and Budget by the scheduled due date listed for your agency and fund.

### **CLOSING PACKAGES**

Agencies who prepare financial statements may submit a copy of these statements in place of the financial statement closing packages. There are now separate sets of statements for governmental funds, for proprietary funds, and for trust funds: a Balance Sheet and an Operating Statement for governmental funds; a Statement of Net Assets, an Operating Statement, and a Statement of Cash Flows (using the direct method) for proprietary funds; a Statement of Fiduciary Net Assets and a Statement of Changes in Fiduciary Net Assets for trust funds.

If information requested on individual closing packages is included in the notes to the financial statements, with the exception of the Interfund Activity Schedules, please indicate the page number of the specific note on the closing package and return it to the Office of Management and Budget. You do not need to duplicate this information on the closing package, however; be sure to identify where in the notes this information is presented and please make sure it is complete.

The Cash and Investments Footnote Package must be completed for each fund if the fund reports Cash and/or Investments. Due to the specific information the Office of Management and Budget must have regarding cash and investments, every agency must complete the cash and investments summary forms for each fund if your financial statements do not include a note for cash and investments.

The Schedule of Interfund Balances (Due To/Due From) and the Schedule of Transfers must be completed for each fund that reports these transactions. It is important that these schedules are returned to the Office of Management and Budget by the scheduled due date listed for your agency and fund (see Schedule of Due Dates).

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NOTE: OMB may request that agencies with audited financial reports submit their interfund activity schedules prior to the due date for their report.

SCHEDULE OF CLOSING PACKAGE DUE DATES	DUE DATE
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**SPECIAL GOVERNMENT UNIT CLOSING MANUAL**

A.	For funds submitting audited financial reports	September 30
B.	For the following Proprietary Funds:	
	-Central Services (Fund 790/927)	September 9
	-Fleet Services (Fund 700/918)	September 9
	-Information Technology Department (Fund 780/929)	September 9
	-ITD HIT Planning Loan Fund (Fund 987)	September 9
	-ITD – Edutech Fund (Fund 408/903)	September 9
	-Roughrider Industries (Fund 925)	September 9
	-State Lottery Fund (Fund 292/955)	September 9
	-Risk Management (Fund 288 & 275/912)	September 16
	-State Bonding (Fund 210/924)	September 16
	-Fire and Tornado (Fund 211/923)	September 16
C.	Other Special Government Units	
	-Cash Bonds - Industrial Commission (944)	August 19
	-Commandants Fund (Fund 941)	August 19
	-Developmental Center Residents Funds (Fund 985)	August 19
	-Developmental Center Residents Welfare Fund (Fund 995)	August 19
	-Donor Implied Trust - HSC (Fund 931)	August 19
	-ITD Thordarson Scholarship Trust Fund (Fund 937)	August 19

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SCHEDULE OF CLOSING PACKAGE DUE DATES	DUE DATE
-Industrial School Student Accounts (Fund 993)	August 19
-Insurance Company Deposits (Fund 945)	August 19
-Judges Retirement Fund (Fund 922)	August 19
-District Court Collection Fund (Fund 945)	August 19
-District Court Bond Fund (Fund 947)	August 19
-Agriculture Cash and Investments (Fund 942)	August 19
-Prisoner Accounts (Fund 992)	August 19
-PSC Trustee Accounts (Fund 939)	August 19
-School for the Blind - Federal Quota (Fund 948)	August 19
-School for the Deaf Non-Expendable Trusts (Fund 988)	August 19
-School for the Deaf Student Expendable Trust (Fund 989)	August 19
-School for the Deaf Students Personal Accts. (Fund 994)	August 19
-Five State Judicial Conference (Fund 935)	August 19
-State Hospital - Special Revenue Funds (Fund 938)	August 19
-State Hospital - Patient Funds (Fund 991)	August 19
-Veteran's Home - Custodial (Fund 990)	August 19
-Water Commission Debt Service Fund (Fund 952)	September 16
-Dept. of Transportation Debt Service Fund (Fund 949)	September 16

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**GENERAL RESPONSIBILITIES**

Each agency's Executive Director and Finance Director are responsible for submitting to the Office of Management and Budget closing package forms and/or financial statements that are:

- Accurate.
- Complete
- Completed in accordance with instructions.
- Timely.

If your agency is unable to submit data by the required date, call the Office of Management and Budget as soon as possible.

**IMPORTANCE OF APPROVALS**

All closing packages are electronic and no paper forms will be accepted. After the closing package is completed, the Preparer will forward on to the agency's Finance Director or Executive Director, who is the approver. The Approver needs to review and approve the form by typing their name on the Approver line. It is important that the completed closing package be e-mailed by the Approver to [cafr@nd.gov](mailto:cafr@nd.gov).

**WORKING PAPERS**

Preparation and maintenance of working papers is a primary responsibility of each agency. Include a copy of each completed closing package form with the working papers.

**NAMES AND NUMBERS**

Contact the Financial Reporting/GAAP Compliance staff in the Office of Management and Budget on comments relating to this manual.

Telephone: 328-2680

Mailing Address: CAFR Reporting  
Office of Management and Budget  
600 East Boulevard, Dept. 110  
Bismarck, ND 58505-0400

Physical Location: Fourth Floor, State Capitol Building

STATE OF NORTH DAKOTA CONTROL LIST OF ENTITIES WITH FINANCIAL STATEMENTS 6/30/2016							
Binder Index	WP Ref	Input Dept No.	State Fund	DESCRIPTION	Fund Type	Year End	Governmental (G) Proprietary (P) Fiduciary (F)
11	R-61	110	912	RISK MANAGEMENT FUND	IS	6/30/2016	P
1	R-2	110	927	CENTRAL SERVICES	IS	6/30/2016	P
1	R-4	112	903	EDUTECH	E	6/30/2016	P
1	R-1	112	929	INFORMATION TECHNOLOGY DEPARTMENT	IS	6/30/2016	P
2	R-8	112	937	THORDARSON SCHOLARSHIP FUND	PP	6/30/2016	F
11	R-66	112	987	HIT PLANNING LOAN FUND	E	6/30/2016	P
11	R-63	125	966	STATE LOTTERY FUND	E	6/30/2016	P
1	R-3	180	922	JUDGES RETIREMENT FUND	PT	6/30/2016	F
1	R-4	180	935	FIVE STATE JUDICIAL COUNCIL	SR	6/30/2016	G
9	R-50	180	946	CLERK OF COURT COLLECTION FUND	A	6/30/2016	F
9	R-51	180	947	CLERK OF COURT BOND FUND	A	6/30/2016	F
1	R-5	190		RETIREMENT AND INVESTMENT OFFICE			F
		190	913	City Of Bismarck Investments	PT	6/30/2016	F
		190	911	Association of Counties Investments	PT	6/30/2016	F
		190	936	City of Grand Forks	PT	6/30/2016	F
		190	950	City of Fargo	PT	6/30/2016	F
		190	964	Teachers' Fund for Retirement	PT	6/30/2016	F
2	R-7	192		PERS			F
		192	920	Job Service Retirement Fund	PT	6/30/2016	F
		192	930	Defined Contribution	PT	6/30/2016	F
		192	932	Flex Program	PT	6/30/2016	F
		192	933	Prefunded Retiree Health Program	PT	6/30/2016	F
		192	980	Pers Group Insurance	E	6/30/2016	P
		192	981	Deferred Compensation	PT	6/30/2016	F
		192	982	Highway Patrolmen Retirement	PT	6/30/2016	F
		192	983	Public Employees Retirement System	PT	6/30/2016	F
12	R-80	215	978	UNIVERSITY SYSTEM	E	6/30/2016	P
		215	963	UNIVERSITY SYSTEM COMPONENT UNITS	CU	6/30/2016	P
3	R-10	226		BOARD OF UNIVERSITY AND SCHOOL LANDS			G
		226	925	Energy Development Impact Fund	SR	6/30/2016	G
		226	955	Land and Minerals Trust Fund	SR	6/30/2016	G
		226	956	Coal Severance Tax Trust Fund	PERM	6/30/2016	G
		226	957	Permanent Fund	SR	6/30/2016	G
		226	959	Maintenance Fund	SR	6/30/2016	G
		226	997	Capitol Building Fund	SR	6/30/2016	G
		226	928	Indian Cultural Education Trust	PP	6/30/2016	F
3	R-11	252	988	SCHOOL FOR THE DEAF SCHOLARSHIP FUND	PP	6/30/2016	F
3	R-12	252	989	SCHOOL FOR THE DEAF STUDENT TRUST	PP	6/30/2016	F
3	R-13	252	994	SCHOOL FOR THE DEAF STUDENTS	A	6/30/2016	F
3	R-14	253	948	SCHOOL FOR THE BLIND - FEDERAL QUOTA	SR	6/30/2016	G
11	R-64	301	943	MANDAN REMEDIATION TRUST	PP	12/31/2015	F
4	R-16	313	941	COMMANDANTS FUND	SR	6/30/2016	G
4	R-17	313	990	VETERAN'S HOME - CUSTODIAL	A	6/30/2016	F
4	R-18	325	931	DONOR IMPLIED TRUST - H S C	SR	6/30/2016	G
4	R-19	325	938	STATE HOSPITAL-SPECIAL REVENUE FUNDS	SR	6/30/2016	G
4	R-21	325	986	DEVELOPMENTAL CTR RESIDENTS' CUSTODIAL ACCT	A	6/30/2016	F
4	R-22	325	991	STATE HOSPITAL PATIENTS	A	6/30/2016	F
	R-23	325	996	DEVELOPMENTAL CENTER RESIDENTS WELFARE	SR	6/30/2016	G
4	R-24	380		JOB SERVICE		6/30/2016	G/P
		380	967	Unemployment Trust Fund	E	6/30/2016	P
		380	968	Other Special Revenue	SR	6/30/2016	G
		380	921	Federal	SR	6/30/2016	G
11	R-58	385	910	CHAND	CU	12/31/2015	P

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CONTROL LIST OF ENTITIES							
WITH FINANCIAL STATEMENTS							
6/30/2016							
		Input			**		Governmental (G)
Binder	WP	Dept	State		Fund	Year	Proprietary (P)
Index	Ref	No.	Fund	DESCRIPTION	Type	End	Fiduciary (F)
5	R-25	401	923	STATE FIRE AND TORNADO FUND	E	6/30/2016	P
5	R-26	401	924	STATE BONDING FUND	E	6/30/2016	P
5	R-27	401	945	INSURANCE CO DEPOSITS	A	6/30/2016	F
5	R-28	405	919	BUILDING AUTHORITY <sup>^</sup>	E	6/30/2016	G
5	R-29	405	944	CASH BONDS - INDUSTRIAL COMM	A	6/30/2016	F
5	R-32	408	939	PUBLIC SERVICE COMM. (PSC) TRUSTEE ACCT	A	6/30/2016	F
6	R-33	471	916	PARTNERSHIP IN ASSISTING COMMUNITY EXP FUND	SR	6/30/2016	G
6	R-34	471	917	AGRICULTURE PACE FUND	SR	6/30/2016	G
11	R-62	471	940	COLLEGE SAVE	PP	12/31/2015	F
6	R-36	471	969	GUARANTEED STUDENT LOAN	E	9/30/2015	P
7	R-38	471	973	BEGINNING FARMER REVOLVING LOAN FUND	E	12/31/2015	P
7	R-39	471	974	COMMUNITY WATER FACILITY LOAN FUND	E	12/31/2015	P
7	R-40	471	975	STUDENT LOAN TRUST	E	6/30/2016	P
6	R-37	471	984	MEDICAL FACILITY INFRASTRUCTURE LOAN PROGRAM	E	6/30/2016	P
6	R-35	471	985	REBUILDERS LOAN FUND	E	6/30/2016	P
7	R-41	471	999	BANK OF NORTH DAKOTA	E	12/31/2015	P
8	R-42	472	976	PUBLIC FINANCE AUTHORITY	CU	12/31/2015	P
9	R-46	473	958	HOUSING INCENTIVE FUND	E	6/30/2016	P
8	R-43	473	998	HOUSING AND FINANCE AGENCY	E	6/30/2016	P
9	R-44	475	970	MILL AND ELEVATOR	E	6/30/2016	P
9	R-45	485	965	WORKERS COMPENSATION	E	6/30/2016	P
9	R-47	530	926	ROUGH RIDER INDUSTRIES	E	6/30/2016	P
9	R-48	530	992	PRISONER ACCOUNTS	A	6/30/2016	F
9	R-49	530	993	INDUSTRIAL SCHOOL STUDENT ACCOUNTS	A	6/30/2016	F
10	R-52	601	915	NORTH DAKOTA DEVELOPMENT FUND	CU	6/30/2016	P
10	R-53	602	942	AGRICULTURE CASH AND INVESTMENT - BNK OF ND	A	6/30/2016	F
10	R-55	665	977	STATE FAIR	E	9/30/2015	P
10	R-56	701	901	HISTORICAL FOUNDATION	CU	6/30/2016	P
11	R-60	770	962	WATER COMM DEBT SERVICE FUND	DS	6/30/2016	G
10	R-57	801	918	FLEET SERVICES	IS	6/30/2016	P
11	R-64	801	949	DOT DEBT SERVICE	DS	6/30/2016	G
				<sup>^</sup> For CAFR, Report Building Authority as Debt Service (fund 919) and Capital Projects (fund 960)			
				**			
				SR - Special Revenue			
				DS - Debt Service			
				CP - Capital Projects			
				E - Enterprise			
				IS - Internal Service			
				A - Agency			
				PP-Private Purpose Trust			
				PERM-Permanent fund			
				PT - Pension or Investment Trust			
				CU-Component Unit			

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### **PURPOSE AND OBJECTIVES**

The State plans to prepare its financial statements in accordance with Accounting Principles Generally Accepted (GAAP). GAAP requires that financial information for entities with separate financial statements be combined with the State's financial information to prepare the Comprehensive Annual Financial Report.

The purpose of this closing package is to account for all entities that prepare separate financial statements and to determine which closing packages/statements, and disclosures are required.

### **AGENCY ACTION REQUIRED**

- Read this Checklist and the **Key Terms** below before you begin work on any other closing package.
- Complete the Checklist by the scheduled due date listed for your agency and fund (see Schedule of Due Dates).

### **KEY TERMS**

Advance Refunding/Defeasance: Bonds issued to refinance an outstanding bond issue before the date the outstanding bond becomes due. Proceeds of the advance refunding bonds are deposited in a trust, or with a fiduciary and are used to redeem the underlying bonds at their maturity, or to pay interest on the bonds.

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 these 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.

Capital Grants and Contributions: Capital grants and contributions are grants and contributions, including capital assets, that are awarded solely for the purchase, construction or renovation of capital assets associated with a particular program. If an award can be used for either operating or capital assets or both, the revenue is an operating grant or contribution.

Current Assets: Current assets are those assets (or portion of assets) that will be liquidated within one year of the end of the fiscal year. Assets to be liquidated in more than one year are to be classified as noncurrent.

Current Liabilities: Current liabilities are those liabilities (or portion of liabilities) that will be paid within one year of the end of the fiscal year. Liabilities to be paid more than one year after the fiscal year end are to be classified as noncurrent.

Debt Issuance Cost All costs incurred to issue the bonds, including but not limited to insurance costs (net of rebates from the old debt, if any), financing costs (such as rating agency fees), and other related costs (such as printing legal, administrative, and trustee expenses).

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Deferred Inflow of Resources: A given item that meets the definition of an inflow of resources, but relates to a future period, is a deferred inflow of resources (property taxes levied in the current year to finance the subsequent year's budget). Deferred inflows are not to be confused with liabilities. For example, a grant received prior to meeting eligibility requirements (other than time requirements) does not meet the definition of a deferred inflow of resources.

Deferred Outflow of Resources: A given item that meets the definition of an outflow of resources, but relates to a future period, is a deferred outflow of resources (resources provided to a grantee before the grantee has met related time requirements, but after all other eligibility criteria have been met). Deferred outflows are not to be confused with assets. For example, repaid rent does not meet the definition of a deferred outflow of resources.

Due From Other Funds: For those services provided between funds, a due from other funds should be established for those revenues earned but not yet received at the close of the fiscal year. Activity between funds that are represent of short-term or long-term lending (previously entitled "Advances") should also be classified as due from other funds at the close of the fiscal year. If there is little or no intention of repaying the funds, then the transaction should be classified as a transfer of funds rather than a lending transaction with a receivable. The purpose for which a due from other funds exists should be explained in the notes to the financial statements. In addition, balances not expected to be repaid within one year of the fiscal year end need to be explained.

Due To Other Funds: For services received from another fund, a due to other funds should be established for the expenses incurred but not yet paid at the close of the fiscal year. Activity between funds that represent short-term or long-term borrowings (previously known as "Advances") should also be classified as a due to other funds at the close of the fiscal year. If there is little or no expectation of the fund being repaid, the transaction should be classified as a transfer of funds rather than a lending transaction with a payable. The purpose for which the balance exists should be explained in the notes to the financial statements. In addition, balances not expected to be received within one year of the fiscal year end need to be explained.

Extraordinary Items: Extraordinary items are transactions or other events that are **both** unusual in nature and infrequent in occurrence.

Fair Market Value The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

General Grants and Contributions: General unrestricted grants and contributions are those that are not for specific program use. An example of such would be a grant that was award to the state of North Dakota to use as the state desired. Because the grant does not specify a program use, it is a general grant.

Government-Mandated These transactions occur when a government at one level provides resources to another government and requires that government to use the resources for a specific purpose. The principal characteristics of these transactions are that the provider government requires the recipient government to perform a program, or to pass the resources to another entity (subrecipient) to perform the program, and requires the fulfillment of certain eligibility requirements. Eligibility requirements include time requirements (when the resources are allowed to be used), reimbursements requirements (resources provided after certain costs incurred), and contingencies (certain events must occur before resources are provided)

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Impaired Asset. An asset may be considered impaired due to physical damage; new laws, regulations or environmental factors making the asset partially or totally unusable; technology or

other circumstances making the asset obsolete; construction stopping before fully complete, or using the asset in a different manner at less than full capacity or the estimated useful life of the asset decreased.

Imposed Non-Exchange Financial Transaction

This type of transaction occurs when a government imposes an assessment on a non-governmental entity without an exchange of services, benefits, or goods. Fines, penalties, and forfeitures are examples of this type of transaction.

Inflow of Resources

An acquisition of net position by the government that is applicable to the reporting period. Acquisition involves either: New resources coming under the government's control (occurrence of a taxable sale); or Resources already under the government's control becoming newly available (meeting eligibility requirements for a grant that provided cash in advance). Either way, acquisition will always result in either a net increase in assets or a net decrease in liabilities.

Investment Asset. GASB 72 defines an investment asset as "a security or other asset that a government holds primarily for the purpose of income or profit and its present service capacity is based solely on its ability to generate cash or to be sold to generate cash. The investment designation would be made at acquisition and would remain for the life of the asset, even if usage changes over time. Such investments need to be recorded at Fair Market Value and would include:

- Intangible assets meeting the proposed definition of investments
- Land and land rights, including oil and gas properties, classified as investments
- Real estate meeting the definition of an investment asset
- Debt securities reported as assets
- Alternative investments reported by endowments
- Securitized debt obligations
- Invested securities lending collateral
- Equity Securities
- Commingled investment pools that are not government sponsored
- Life settlement contracts (when there is no insurable interest, the purpose of the instrument is solely to generate cash and should be measured at fair value)

Net Assets, Invested in Capital Assets, Net of Related Debt: Net assets invested in capital assets is the value of your funds capital assets, net of accumulated depreciation, and net of any debt on those capital assets.

Net Working Capital: The excess of current assets over current liabilities (current assets - current liabilities).

Non-Arms Length Transactions: Transactions mandated by the Legislature or governing board, which are not made in the normal course of business and should be classified as interfund transactions.

Non-Cash Transactions: Transactions which do not involve cash but which have an effect on the various Statements. A common example is acquiring assets by directly assuming a liability. This

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includes purchasing an asset through a capital lease.

Nonexchange Financial Guarantee is a guarantee of an obligation of a legally separate entity or individual, including a blended or discretely presented component unit, which requires the guarantor to indemnify a third-party obligation holder under specified conditions. (GASB 70 paragraph 4)

Non-Exchange Financial Transactions In a non-exchange transaction, the government either gives value or a benefit to a non-governmental entity without directly receiving equal value in exchange or receives value or benefit from another party without directly giving equal value in exchange. The groups of non-exchange transactions include Imposed Non-Exchange Financial Transaction, Voluntary Non-Exchange Financial Transaction, and Government-Mandated.

Operating Revenues: 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, and other miscellaneous revenue 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. An example of this would be interest income from program loans. All other revenues that do not meet the above criteria should be classified as non-operating.

Organizations that are Component Units: Certain legally separate, tax-exempt organizations will be considered component units of the State and will need to be included in the CAFR if the following criteria are met:

1. The resources received or held by the organization are entirely or almost entirely for the benefit of the state agency or its constituents.
2. The state agency is entitled to or can access the majority of the economic resources of the organization.
3. The economic resources of the organization are significant to the state.

Outflow of Resources – Consumption of net position by the government that is applicable to a reporting period. Consumption may involve either: Using up an existing resource (cash); or Using up a resource as it is acquired (employee labor). Either way, the result of consumption will always be a net decrease in assets or a net increase in liabilities.

Questioned Costs: Those costs for which a governmental agency has previously been reimbursed or will be reimbursed, and are subsequently disallowed. The disallowance results in a liability for the reimbursed agency.

Reimbursements: Reimbursements are payments from other state agencies for their share of an expense that another agency paid. An example would be, if two agencies share an office building and one pays all of the utilities but receives payment from the other agency for its share of the cost.

Related Parties: Entities outside of the State's reporting entity that are affiliated with the reporting entity. Includes parties with which the reporting entity can influence or be influenced by the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests.

Restricted Assets. Monies or other resources which are restricted by legal or contractual requirements.

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and an operator in which all of the following criteria are met:

- The transferor conveys to the operator the right and related obligation to provide public services through the use and operation of a capital asset (referred to here as a “facility”) in exchange for significant consideration, such as an up-front payment, installment payments, a new facility, or improvements to an existing facility.
- The operator collects and is compensated by fees from third parties. The transferor determines or has the ability to modify or approve what services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services

Special Items: Special items are significant transactions or other events within the control of management that are **either** unusual in nature or infrequent in occurrence.

Subsequent Events: Subsequent events are events or transactions that both:

- Occur after June 30 but before the State issues its financial statements.
- Have a material effect on the statements and/or the auditor's report.

Transfers In/Out: Flows of assets (cash or goods) between funds that are legally authorized, without equivalent flows of assets in return and without a requirement for repayment. The Transfers In/Out is recorded under the “Nonoperating Revenues (Expenses)” section of the Operating Statement.

Unavailable revenues – Amounts recognized as revenues on the statutory basis that do not meet time eligibility requirements (as applicable) must be reclassified to unavailable revenues. Exchange, exchange-like and derived tax revenues for which at least some portion of the exchange or underlying exchange has taken place and for which assets are not available prior to year-end must be recognized to the extent the exchange (or underlying exchange) has taken place as accounts receivable and unavailable revenues. The prior year recognition of any like revenues recorded must also be reversed for the current year’s reporting. These amounts are deferred inflow of resources that represents amounts earned, but which are not available. These are generally offset by accounts receivable.

Unearned Revenue Unearned revenue, a liability account, is recorded when cash has been collected while the revenue recognition criteria have not been met or when receivables will not be collected within the next 12 months. GAAP requires that we record Unearned Revenue for Miscellaneous Revenues if at June 30 your agency:

- Has collected Miscellaneous Revenue in advance of the fiscal year to which it applies.
- Has Miscellaneous Receivables where revenue recognition has not occurred yet.

Voluntary Non-Exchange Financial Transaction These transactions result from legislative or contractual agreements entered into willingly by two or more parties. The principal characteristics of these transactions are they are not imposed or mandated by the provider of the fund and fulfillment of eligibility requirements is essential. Examples of this type of transaction include certain grants and private donations. Eligibility requirements include time requirements (when the resources are allowed to be used), reimbursements requirements (resources provided after certain costs incurred), and contingencies (certain events must occur before resources are provided)

STATE OF NORTH DAKOTA  
GAAP CLOSING PROCEDURES MANUAL

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**ACCOUNTING PRINCIPLES AND POLICIES**

Accounting Principles Generally Accepted in the United States of America (GAAP) requires financial information for entities with separate financial statements be combined with the State's financial information to provide for a complete Comprehensive Annual Financial Report. This includes:

- Management Discussion and Analysis (For agencies submitting an audited financial report)
- Balance Sheet (For governmental funds)
- Statement of Net Position. (For proprietary and fiduciary funds)
- Operating Statements (For both governmental and proprietary funds)
- Statement of Activities (For agencies with audited financial reports, where applicable)
- Statement of Cash Flows (proprietary funds only).
- Statement of Changes in Fiduciary Net Position (For fiduciary funds)
- Notes to the Financial Statements. (All funds)

**WORKING PAPERS**

All working papers may be subject to audit. The agency should keep a copy of the completed financial statements, schedules and other forms. In addition, the agency should keep any documents that support data on the completed forms.

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**GENERAL INSTRUCTION - SPECIAL GOVERNMENT UNIT CHECKLIST**

- Carefully read the definitions that apply to this closing package prior to completing the forms (see key terms section).
- If your agency has audited financial statements, all items applicable to you that are included on the checklist must be included in the audited notes to the financial statements.
- Insert lines on the form if there is not enough space to answer the question. (Be sure to reset the print area before printing if lines have been added.)
- Balances reported should be as of your fiscal year end.
- The person who completes and signs the forms should retain a copy. The Office of Management and Budget will call this person if there are any questions.
- Return the completed statements/forms to the Office of Management and Budget by the scheduled due date listed for your agency and fund (see Schedule of Due Dates). If you can return them at an earlier date, please do so.
- A completed sample of each required form follows. Detailed instructions for completing the form follow the sample.

STATE OF NORTH DAKOTA  
GAAP CLOSING PROCEDURES MANUAL

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**COMPLETING THE SPECIAL GOVERNMENT UNIT CHECKLIST**

REF	EXPLANATION
(1)	Select the business unit number from the drop down list and the business unit's name will automatically populate. Select the fund from the drop down list.
(2)	Enter in the date the form was prepared. The prepared date will automatically populate the date in the Form's header.
(3)	Complete all information regarding preparation of the form. The Finance Director or Executive Director should approve the form before emailing it to the Office of Management and Budget. Keep a copy of the form.
( 4 )	Select Yes or No from the drop down list for questions 1-45.

**STATE OF NORTH DAKOTA**  
**SPECIAL GOVERNMENT UNIT CHECKLIST**  
**For the Fiscal Year Ended June 30, 20XX**

<b>1</b>	Business Unit #: <u>45000</u>	Business Unit Name: <u>Example Unit</u>	State Fund #: <u>915</u>	
<b>2</b>	Prepared: <u>8/12/20XX</u> Date	<b>3</b>	By: <u>Jim Smith</u> Name/Signature	<u>Accountant 328-5555</u> Title/Phone
	Approved: <u>8/19/20XX</u> Date		By: <u>Fred Jones</u> Name/Signature	<u>Supervisor 328-5555</u> Title/Phone

**NOTE: If your response to any question requires additional space, please complete your response on additional paper and attach it to the checklist.**

1. A Cash and Investment Footnote Package must be completed for each fund reporting cash and/or investments. (See Cash and Investments section of this Closing Manual.)
2. A Schedule of Interfund Balances (Due To/Due From) must be completed for each fund reporting Due To/Due From balances. (See the Interfund Transactions section of this Closing Manual.) (See Key Terms)
3. A Schedule of Interfund Activity (transfers) must be completed for each fund reporting transfer activity. (See the Interfund Transactions section of this Closing Manual.) (See Key Terms)

4. Does your entity have audited financial statements?

No

**4**

If NO: Please complete the Balance Sheet or Statement of Net Position and the applicable Operating Statement or the Statement of changes in Fiduciary Assets and Liabilities included in this Closing Manual.

5. Does your entity's beginning net position agree to last year's ending net position?

Yes

If NO: Please reconcile last year's ending net position to the current year's beginning net position.

6. Does your entity report non-arms length transactions as interfund activity in the financial statements (see key terms)?

N/A

If NO: Please report non-arms length transactions as interfund activity in the financial statements and describe the nature of this activity.

7. Does your entity have Special or Extraordinary items (See Key Terms) reported in your Operating Statement?

No

If YES: Please report at the bottom of your statement after other financial sources (uses) or transfers and explain the transaction in the notes to your financial statements or below.

**STATE OF NORTH DAKOTA**  
**SPECIAL GOVERNMENT UNIT CHECKLIST**  
**For the Fiscal Year Ended June 30, 20XX**

Business Unit #: 45000 Business Unit Name: Example Unit State Fund #: 915

8. Does your entity report general fund and federal fund revenue as an "Operating Transfer In" in the Nonoperating Section of the Operating Statement?

If NO: Please report general fund and federal fund revenue as an "Operating Transfer In" in the Nonoperating Section of the Operating Statement.

9. Does your entity classify revenue according to OMB's policy defining Operating and Nonoperating revenue?

If NO: Please classify revenue in accordance with OMB policy. (See Key Terms for OMB policy)

10. Does your entity classify expenses that result from the fund's principal ongoing operations as operating expenses?

IF NO: Please classify those types of expenses as operating expenses.

11. If your entity has amounts to be remitted to the Federal government in accordance with arbitrage rebate rules, do you record the funds as a liability (see Key Terms)?

If NO: Please record these amounts as a liability and describe the nature of the transaction.

12. If your entity is a proprietary fund, is a Statement of Cash Flows included in your financial statements?

If NO: Please complete the Statement of Cash Flows Closing Package included in this Closing Manual.

13. Does your entity prepare the Cash Flows Statement using the Direct Method beginning with operating activities?

If NO: Please prepare the Cash Flows Statement using the Direct Method beginning with Operating Activities.

14. Does your entity record loans (greater than 90 days) at gross rather than net on the Cash Flows Statement?

If NO: Please record program loans at gross rather than net on the Cash Flows Statement.

**STATE OF NORTH DAKOTA  
SPECIAL GOVERNMENT UNIT CHECKLIST  
For the Fiscal Year Ended June 30, 20XX**

Business Unit #: 45000 Business Unit Name: Example Unit State Fund #: 915

15. Does your entity include as part of the Statement of Cash Flows, disclosure for non-cash transactions (see key terms)?  No

If NO: Please disclose all non-cash transactions on the Statement of Cash Flows Summary Form included in the Cash Flow section of this Closing Manual.

16. Does your entity report cash and investments separately applying the 90 day rule (i.e. maturity date of 3 months or less report as cash, maturity date of more than 3 months report as an investment)?  Yes

If NO: Please report all investments with maturity dates of three months or less as cash when completing the Cash and Investments Summary Form.

17. If your entity includes in the financial statements any restricted assets, are they identified and is the purpose for their restriction explained (see Key Terms)?  No

If NO: Please identify any restricted assets and explain the purpose for their restriction.

**Certain proceeds, as well as certain resources set aside for their repayment, are classified as restricted, primarily because their use is limited by applicable bond covenants or pledged for securities sold under agreements to repurchase and for other required purposes. Restricted assets at Jur Cash**

	\$ 25,000
Investments	100,000
Other Assets	244,000
<b>Total</b>	<b>\$ 369,000</b>

18. Does your entity include in the Notes to the Financial Statements the disclosure requirements for fixed assets and accumulated depreciation?  No

If NO: Please complete the disclosure requirements for changes in fixed assets and accumulated depreciation (see Attachment 1).

19. Does your entity include in the Notes to the Financial Statements the disclosure requirements for construction in progress?  N/A

If NO: Please complete the disclosure requirements for construction in progress (see Attachment 2).

20. If your entity has any significant commitments at June 30, 20XX other than those reported in item 19 above, are they disclosed in the Notes to the Financial Statements?  No

If NO: Please describe the situation (including amounts).

**STATE OF NORTH DAKOTA  
SPECIAL GOVERNMENT UNIT CHECKLIST  
For the Fiscal Year Ended June 30, 20XX**

Business Unit #: 45000 Business Unit Name: Example Unit State Fund #: 915

21. If your entity reports any reverse repurchase agreements on your balance sheet as of the CAFR year ended June 30, 20XX, are all of the following disclosed in the Notes to the Financial Statements (see key terms)?

No

- a) The amount of liability. **\$100,000**
- b) The balance sheet line that the liability is in if not disclosed separately. **Other Liabilities**
- c) Legal or contractual provisions for the reverse repurchase agreements and any significant violations of these provisions during the fiscal year.

**State statutes permit Example Unit to enter into reverse repurchase agreements; that is, a sale of securities with a simultaneous agreement to repurchase them in the future at the same price plus a contract rate of interest.**

- d) The difference between the aggregate amount of the reverse repurchase agreements and the market value of the securities underlying those agreements.  
(Indicate if the market value of the underlying securities is greater than the reverse repurchase agreements.)

**Market value of the underlying securities is greater than the reverse repurchase agreement by \$20,000.**

If NO: Please provide the above disclosures as of the CAFR year ended June 30, 20XX.

22. Does your entity include in the Notes to the Financial Statements the lease disclosure requirements established by FASB 13 for lease agreements?

No

If NO: Please complete the lease disclosure requirements (see Attachment 3).

23. Does your entity include in the Notes to the Financial Statements the disclosure requirements for reporting debt service to maturity separately disclosing principal and interest payments?

No

If NO: Please complete the Long-term and Short-term debt form (Attachment 4) in this Closing Manual.

24. Does your entity include in the Notes to the Financial Statements all the required note disclosures for debt, specifically bonds payable (i.e. revenue bond indenture information, a description of the issues), and short-term debt? (Any short-term debt activity during the fiscal year must be disclosed even if there is no outstanding balance at fiscal year end.)

No

If NO: Please complete the Long-term and Short-term debt form (Attachment 4) in this Closing Manual.

25. Does your entity include in the Notes to the Financial Statements the purpose and amount for any authorized, unissued debt?

Yes

If NO: Please indicate the purpose and amount of any authorized, unissued debt.

**STATE OF NORTH DAKOTA  
SPECIAL GOVERNMENT UNIT CHECKLIST  
For the Fiscal Year Ended June 30, 20XX**

Business Unit #: 45000 Business Unit Name: Example Unit State Fund #: 915

26. Does your entity include the following information regarding any newly defeased debt as a result of advance refunding (see key terms)?  No

- a) The nature of the transaction.
- b) Any economic gain/loss.
- c) The amount of defeased debt in-substance outstanding at June 30.

If NO: Please indicate the necessary information for each debt.

**During the current year, Example Unit issued \$89 million in expansion bonds to advance refund \$72 million of existing bonds. The new bonds bear an interest rate of approximately 7.8%, while the original bonds averaged 9.3%. Example Unit advance refunded these bonds to reduce our total debt service payments over the next 36 years by approximately \$10 million and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of approximately \$1.5 million.**

27. Does your entity include the following information regarding any guaranteed debt, moral obligation debt, or no-commitment debt?  No

- a) The nature of each debt.
- b) The amount of each debt.

If NO: Please indicate the nature and amount of each debt.

**State law authorizes the issuance of bonds that provide low-cost financing for construction of private facilities deemed to be in public interest. The State assumes no responsibility for this debt, therefore, there is no liability reflected in the financial statements. No commitment debt amounts to \$2,000,000 at June 30, 20XX.**

28. If your entity includes in the Notes to the Financial Statements any litigation and/or unasserted claims against your entity existing at June 30 or up to the date this form was completed, is the situation described?  N/A

If NO: Please describe the situation.

29. If your entity reported Restricted Net Assets ( See Key Terms) on your Statement of Net Position, did you include an explanation for the amounts restricted?  No

If NO: Please describe the reason why Net Assets were restricted.  
(See Key Terms) as of CAFR year June 30, 20XX.

**Net assets of \$52,000 are restricted for debt requirements per mortgage agreement.**

30. If your entity reported deficit Net Assets on your Statement of Net Position as of CAFR year ended June 30, 20XX, did you explain what steps are being taken to eliminate the deficit?  N/A

If NO: Please describe what steps are being taken to eliminate any deficit at CAFR year ended June 30, 20XX.

**STATE OF NORTH DAKOTA  
SPECIAL GOVERNMENT UNIT CHECKLIST  
For the Fiscal Year Ended June 30, 20XX**

Business Unit #: 45000 Business Unit Name: Example Unit State Fund #: 915

31. If your entity includes in the Notes to the Financial Statements any related party transactions made during the fiscal year, are the transactions described (see Key Terms)?  Yes

If NO: Please describe the nature of these transactions.

32. Does your entity include in the Notes to the Financial Statements the disclosure requirements of FASB 105 "Disclosure of Information about Financial Instruments with Off-Balance-Sheet Risk and Financial Instruments with Concentrations of Credit Risk?"  N/A

If NO: Please complete the disclosure requirements of FASB 105 (see Attachment 5).

33. Does your entity include in the Notes to the Financial Statements the nature and amount of any federal monies spent which are considered "questioned costs" as a result of recent audits (see key terms)?  No

If NO: Please indicate the nature and amount of any questioned costs.

**Example Unit currently faces disallowances of federal funds for Medicaid and Emergency Management. The total amount in question is \$6.5 million as a result of federal audits and state reviews. Additional audits and reviews are pending. ALL amounts are being or will be contested by the State. We are unable to determine the effect on the State, if any, of any resulting liabilities.**

34. If your entity includes in the Notes to the Financial Statements any violations of finance related legal or contractual provisions affecting your entity, is the situation described?  N/A

If NO: Please describe the situation.

35. If your entity reports subsequent events, do the Notes to the Financial Statements include the required disclosure (see key terms)?  Yes

If NO: Please complete the required disclosure information for subsequent events.

36. Has your entity included in your financial statements receivables for donations or other revenue that has been pledged but not yet received at June 30?  No

If NO: Please record a receivable if the pledged amounts can reasonably be expected to be received.

**City XX pledged \$100,000 for new bike path construction. The path is on our agency's land within the city limits. The pledge was made prior to June 30, 20XX, and anticipated to be received within 6 months of fiscal year end.**

**STATE OF NORTH DAKOTA  
SPECIAL GOVERNMENT UNIT CHECKLIST  
For the Fiscal Year Ended June 30, 20XX**

Business Unit #: 45000 Business Unit Name: Example Unit State Fund #: 915

37. Has your entity received from or paid to another state agency a reimbursement payment (see Key Terms) in excess of \$50,000 during the fiscal year ended June 30, 20xx?  Yes

If YES: Please report the amount received or paid, the other state agency involved in the transaction, and the purpose of the payment.

**Our agency paid Agency X \$175,000 for our share of construction costs of a road that we share with Agency X.**

38. Does your agency have any affiliated tax-exempt organizations that may be component units (See Key Terms) which have annual revenues, expenses, assets or liabilities that are significant to your agency that are not included in your financial statements as component units?  No

If YES: Describe the situation below.

39. Does your agency have any individual assets with original costs of \$1 million or more that are impaired or potentially impaired (see Key Terms)?  Yes

If YES: Provide a brief description of each asset and a brief description of the circumstances surrounding each asset.

**Our Administration building is structurally unsound and has been abandoned. Original cost was \$1.5 million. Peoplesoft ID is 1234.**

40. Has your agency sold or pledged its receivables or future revenues to another agency or third party?  No

If YES: Explain the situation or report where this is disclosed in your notes.

**Future fishing license revenues have been pledged to repay \$2.8 million in revenue bonds issued in August of 2003 to build new boat ramps on the Missouri River. The bonds are payable solely from fishing license revenue. Annual principal and interest payments on the bonds are expected to require less than 50 percent of revenues. Total principal and interest paid and total fishing license revenue were 385,000 and 400,000, respectively.**

41. Does your agency have any Service Concession Arrangements (SCA's) (see Key Terms)  No

If YES: Describe the situation below.

\_\_\_\_\_  
\_\_\_\_\_

**STATE OF NORTH DAKOTA  
SPECIAL GOVERNMENT UNIT CHECKLIST  
For the Fiscal Year Ended June 30, 20XX**

Business Unit #: 45000 Business Unit Name: Example Unit State Fund #: 915

42.

Did your agency **extend or receive** a nonexchange financial guarantee to a legally separate entity or individual, including a blended or discretely presented component unit, which requires the agency ( the guarantor) to indemnify a third-party obligation holder under specified conditions? GASB 70 (see Key Terms)

Yes

If YES: Describe the situation below.

**Commerce guaranteed a 10 year, \$5 million bonds issued by a discretely presented component unit, with a nonexchange financial guarantee. Annual principal payments are due November 1 each year; semiannual interest payments due November 1 and May 1. The discretely presented component unit made all required payments through May 2014. In June 2014, Commerce determined that the discretely presented component unit will be unable to make the required remaining principal and interest payments; . As June 30, 2014, Commerce calculated the discounted present value of the remaining \$3,360,000 debt service payments (principal and interest) to be \$3,060,000.**

43

If your agency receives resources from a government-mandated or voluntary non-exchange transaction where all eligibility requirements, except time requirements, have been met does your agency report it as a deferred inflow/outflow of resources on the balance sheet as of the CAFR year ended June 30, 20XX?  
See Key Terms

N/A

If NO: Please report imposed non-exchange transactions as a deferred inflow/outflow of resources on the balance sheet.

44

Does your agency, acting as a lender, receive any payments for points?

No

If YES: Describe the situation below.

45

Did your agency enter into a sales-leaseback transaction where a gain or loss is recorded?  
(See Key Terms)

No

If YES: Describe the situation below.

46

Did your agency purchase or own any investment asset(s) that are being recorded as assets?  
(See Key Terms)

No

If YES: Investment assets need to be recorded as an investment and at Fair Value. Please refer to the Cash and Investments section of the closing manual regarding necessary disclosures.

**ATTACHMENT 1**

**FIXED ASSETS**

The following is a summary of activity and beginning and ending balances of fixed assets for the year ended June 30, 20XX:

	<u>Land</u>	<u>Infrastructure</u>	<u>Buildings And Building Improvements</u>	<u>Equipment</u>	<u>Computer Software Intangibles</u>	<u>Other *** Intangibles</u>	<u>Construction In Progress</u>	<u>Total</u>
<b>Balance, Beginning of Year</b>	\$ 50,000	\$	\$ 400,000	\$ 63,000	\$ 15,000	\$	\$	\$ 528,000
<b>Additions</b>			50,000	22,000	5,000			77,000
<b>Deletions</b>				(15,000)				(15,000)
<b>Balance, End of Year</b>	\$ 50,000	\$ -	\$ 450,000	\$ 70,000	\$ 20,000	\$ -	\$ -	\$ 590,000
<b>Accumulated Depreciation Beginning of Year</b>		\$	\$ (210,000)	\$ (10,000)	(3,000)			\$ (223,000)
<b>Additions</b>			(40,000)	(13,000)	(1,000)			(54,000)
<b>Deletions</b>				3,000				3,000
<b>Accumulated Depreciation End of Year</b>			(250,000)	(20,000)	(4,000)			(274,000)
<b>Fixed Assets Net End of Year</b>	<u>\$ 50,000</u>	<u>\$ -</u>	<u>\$ 200,000</u>	<u>\$ 50,000</u>	<u>\$ 16,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 316,000</u>

\*\*\* Specify here the type of Other Intangibles: \_\_\_\_\_

**NOTE** - The above schedule is to be completed by those agencies who responded "NO" to question #18 on the Special Government Unit Checklist.

**ATTACHMENT 2  
CONSTRUCTION IN PROGRESS**

Construction in progress is composed of the following:

<u>Project Description</u>	<u>Amount Authorized</u>	<u>Amount Expended Through June 30, 20XX</u>	<u>Balanced Authorized</u>
	\$	\$	\$
Total	\$ _____ =====	\$ _____ =====	\$ _____ =====

NOTE - The above schedule is to be completed by those agencies who responded "NO" to question #19 on the Special Government Unit Checklist.

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**ATTACHMENT 3  
LEASES**

**Operating Leases**

Payments on Operating Leases

Future minimum rental payments required under operating leases that have initial or remaining noncancellable lease terms in excess of one year as of June 30, 2010, for all fund types are as follows:

Year Ending June 30	Amounts
2011	\$ 4,336
2012	3,737
2013	1,531
2014	1,378
2015	1,163
2016-2020	8,800
2021-2024	-
2025-2029	-
Total Minimum Lease Payments	<u>\$ 20,945</u>

Operating lease expenditures for the year ended June 30, 2010, amounted to **\$6,000**.

Rental Receipts on Operating Leases

The following is a schedule by years of future minimum rental receipts on noncancellable operating leases as of June 30, 2010:

Year Ending June 30	Amounts
2011	\$ 96
2012	29
2013	24
2014	24
2015	24
Thereafter	<u>360</u>
Future Income on Noncancellable Operating Leases	<u>\$ 557</u>

**ATTACHMENT 3 (CONT'D.)  
LEASES**

**Capital Leases**

The following is a schedule of the future minimum lease payments under capital leases, and the present value of the net minimum lease payments at June 30, 2010:

Year Ending June 30	Amounts
2011	\$ 5,200
2012	4,100
2013	3,400
2014	2,300
2015	1,100
2016-2020	400
2021-2024	-
2025-2029	-
<hr/>	
Total Minimum Lease Payments	16,500
Less: Amount Representing Interest	(2,000)
Present Value of Future Minimum Lease Payments	<u>\$ 14,500</u>

List below the assets under capital leases at June 30:  
(NOTE: These are to be included in your Fixed Asset Schedule)

	Cost	Accumulated Depreciation
Land	\$	\$
Infrastructure		
Buildings and Building Improvements		
Equipment	16,000	5,500
Intangibles (Software)	8,000	1,000
Other Intangibles		
Construction In Progress		
	<hr/>	<hr/>
Total	<u>\$ 24,000</u>	<u>\$ 6,500</u>

**NOTE:** The above schedule is to be completed by those agencies who responded "NO" to question #22 on the Special Government Unit Checklist.

**ATTACHMENT 4  
LONG-TERM AND SHORT-TERM DEBT**

Disclose changes in your long-term and short-term debt for the year ended June 30, 20XX.

NOTE - Disclose all activity regardless if you had a beginning or ending balance for the debt.

	Balance July 1, 20XX	Additions	Deletions	Balance June 30,20XX	Amounts Due Within One Year
Loans and Notes Payable - Short-Term	\$ -	\$ 10,000	\$ (10,000)	\$ -	\$ -
Loans and Notes Payable - Long-Term	50,000	10,000	(8,000)	52,000	12,000
Bonds Payable					
Plus Premium on Bonds	200,000	300,000	(50,000)	450,000	50,000
Less Discount on Bonds					
Capital Leases Payable	19,300	0	(4,800)	14,500	4,500
Compensated Absences	78,000	12,000	(8,000)	82,000	11,000
Claims/Judgments Payable					
Total	<u>\$ 347,300</u>	<u>\$ 332,000</u>	<u>\$ (80,800)</u>	<u>\$ 598,500</u>	<u>\$ 77,500</u>

Disclose the amount of accrued interest payable on the above debt at June 30, 20XX: \$ 2,000

Report the amount of any Unamortized bond Issuance cost at June 30, 20XX: \$ \_\_\_\_\_

Report the Capital Asset financed with debt above. Type of Asset: Building Cost: \$5,000,000 Accumulated Depreciation: \$200,000  
Has this asset been recorded in the PeopleSoft Asset Management Module or on a Fixed Asset or Construction in Progress Closing Package? Yes X No \_\_\_\_\_

Disclose the purpose of any short-term debt activity during the fiscal year: **\$10,000 loan from Bank X for 3 months to cover cash flow shortage because of overdue receivables.**

Disclose your debt service requirements to maturity for all long-term debt.

<u>YEAR/TYPE</u>	Principal	Interest	Total
<b><u>NOTES PAYABLE:</u></b>			
2011	\$ 9,000	\$ 1,200	\$ 10,200
2012	11,000	800	11,800
2013	14,000	600	14,600
2014	16,000	400	16,400
2015	2,000	100	2,100
2016-2020			
2021-2025			
2026-2030			
2031-2035			
2036-2040			
2041-2045			
2046-2050			
	<u>\$ 52,000</u>	<u>\$ 3,100</u>	<u>\$ 55,100</u>

**ATTACHMENT 4 (CONT'D.)**

**GENERAL OBLIGATION BONDS:**

2011	\$	\$	\$
2012			
2013			
2014			
2015			
2016-2020			
2021-2025			
2026-2030			
2031-2035			
2036-2040			
2041-2045			
2046-2050			
	_____	_____	_____
	<u>\$</u>	<u>\$</u>	<u>\$</u>

**REVENUE BONDS:**

2011	\$	\$	\$
2012			
2013			
2014			
2015			
2016-2020			
2021-2025			
2026-2030			
2031-2035			
2036-2040			
2041-2045			
2046-2050			
	_____	_____	_____
	<u>\$</u>	<u>\$</u>	<u>\$</u>

NOTE - The above schedule is to be completed by those agencies who responded "NO" to questions #23 and #24 on the Special Government Unit Checklist.

**ATTACHMENT 5**  
**FASB 105**  
**FINANCIAL INSTRUMENTS WITH OFF-BALANCE-SHEET RISK**

The following is an example of the type of disclosure required if your entity is a party to financial off-balance sheet risk as of June 30, 20XX:

The Example Special Government Unit is a party to financial instruments with off-balance-sheet risk in the normal course of business to meet the financing needs of its customers and to reduce its own exposure to fluctuations in interest rates. These financial instruments include commitments to extend credit, options written, standby letters of credit and financial guarantees, interest rate caps and floors written, interest rate swaps, and forward and futures contracts. Those instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the statement of financial position. The contract or notional amounts of those instruments reflect the extent of involvement the Example Special Government Unit has in particular classes of financial instruments.

The Example Special Government Unit's exposure to credit loss in the event of nonperformance by the other party to the financial instrument for commitments to extend credit and standby letters of credit and financial guarantees written is represented by the contractual notional amount of those instruments. The Example Special Government Unit uses the same credit policies in making commitments and conditional obligations as it does for on-balance-sheet instruments. For interest rate caps, floors, and swap transactions, forward and futures contracts, and options written, the contract or notional amounts do not represent exposure to credit loss. The Example Special Government Unit controls the credit risk of its interest rate swap agreements and forward and futures contracts through credit approvals, limits, and monitoring procedures.

Unless noted otherwise, the Example Special Government Unit does not require collateral or other security to support financial instruments with credit risk.

NOTE - The above disclosure requirements are to be completed by those agencies who responded "NO" to question #32 on the Special Government Unit Checklist.

**ATTACHMENT 6**  
**SPECIAL REPORTING REQUIREMENTS FOR AGENCIES WITH INSURANCE**  
**ACTIVITIES**

For agencies that have insurance-related activities there are special reporting requirements that need to be followed when reporting for these activities:

- Accrue only losses that are probable (the event is likely to occur) and the amount of the loss can be reasonably estimated.
- Recognize unearned revenue for any unearned premiums.
- Recognize prepaid premiums.
- Report receipts for reinsurance net of claims expense.
- Reinsurance expense may be reported net of insurance revenue.

These guidelines are in the Governmental Accounting Standards Board (GASB) Codification Section C50.

## **ATTACHMENT 7 SPECIAL REPORTING REQUIREMENTS FOR AGENCIES WITH CLAIM ACTIVITIES**

It is the State's policy to record claim liabilities on its financial statements. These liabilities will include the estimated future costs of all covered events that occurred on or before June 30. The State will report this estimated cost in two components:

- Claims Known But Not Paid.
- Incurred But Not Reported.

These liabilities are estimates. Agencies may estimate liabilities through:

- A case-by-case review of all claims.
- The application of historical experience to the outstanding claims.
- A combination of these methods.

Where agencies use historical experience, they should stratify the outstanding claims by amounts and type of claim. Agencies should refine these strata enough to assure that the estimation is reasonable.

Incurred But Not Reported (IBNR). Incurred But Not Reported is the estimated cost of covered events that:

- Occurred on or before June 30.
- Will result in valid claims against the State.
- Are unknown to the State at June 30 (the covered party has not yet filed a claim).

Actuaries and accountants refer to this estimated cost as IBNR.

Claims Known But Not Paid. These are claims that satisfy both of the following conditions:

- The State is aware that a covered event occurred on or before June 30. Example: A covered party filed a claim on or before June 30.
- As of June 30, your agency either has made no payment or made only partial payment on the claim.

The amount for Claims Known But Not Paid includes both:

- The known amount that the State must pay in the future for claims settled on or before June 30.
- An estimate of amounts the State will pay in the future for claims in process at June 30.

GAAP requires that the State report liabilities for the estimated future costs of events that occurred on or before June 30. GAAP further requires the State to report two components of this estimated cost:

- Cost of Claims Known But Not Paid at June 30.
- Estimate of Incurred But Not Reported Claims at June 30.

Liabilities may be estimated through, a case-by-case review of all claims, the application of historical experience to the outstanding claims, or a combination of these methods. Where historical experience is used, the outstanding claims should be stratified by amount and the strata should be sufficiently refined to assure that the estimation is reasonable.

#### State Policies-- Claims Known But Not Paid

The amount for Claims Known But Not Paid includes both:

- Known amounts the State must pay in future years for claims settled on or before June 30.
- An estimate of amounts the State will pay in future years for claims in process at June 30.

#### State Policies--Incurred But Not Reported (IBNR)

The exact computation of IBNR will depend on data available. Computation of IBNR can be complex. The Office of Management and Budget prefers to use estimates of IBNR prepared by independent consulting actuaries. If this is not practical, the agency's staff should estimate IBNR.

The State will record:

- Liabilities in the Proprietary Statements of Net Assets for all claim liabilities. These include:
  - Claims Known But Not Paid that the agency expects to pay from future financial resources.
  - Incurred But Not Reported.
- Additions and deletions to the claims liability in the notes to the financial statements

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STATE OF NORTH DAKOTA  
GAAP CLOSING PROCEDURES MANUAL

SPECIAL GOVERNMENT UNIT CLOSING PACKAGE:  
BALANCE SHEET FOR GOVERNMENTAL FUNDS

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**COMPLETING THE SPECIAL GOVERNMENT UNIT BALANCE SHEET (GOVERNMENTAL FUNDS)**

REF	EXPLANATION
(1)	Select the business unit number from the drop down list and the business unit's name will automatically populate. Select the fund from the drop down list.
(2)	Complete all information regarding preparation of the form. The Finance Director or Executive Director should approve the form before emailing it to the Office of Management and Budget. Keep a copy of the form.
(3)	Enter in the date the form was prepared. The prepared date will automatically populate the date in the Form's header.
(4)	Enter in this column the balance sheet amounts as of your fiscal year end.
(5)	Cash deposits at the Bank of North Dakota should be placed on the "Cash Deposits at the Bank of North Dakota" line.
(6)	Cash deposits held by other financial institutions should be placed on the "Cash and Cash Equivalents" line. This includes petty cash and cash on hand.
(7)	Place the carrying amount of investments, with a maturity period greater than three months that are of the Bank of North Dakota on the "Investments at the Bank of North Dakota" line. (BND investments with a maturity period of less than three months are reported as Cash Deposits at the BND.)
(8)	Place the carrying amount of investments with a maturity period greater than three months, excluding investments of the Bank of North Dakota on the "Investments" line.
(9)	Fund Balance Categories:  Nonspendable: This includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.  Restricted: Amounts that are restricted for specific use (a) by law through constitutional provisions or enabling legislation or (b) by external parties such as donors, contributors, grantors, or creditors. Enabling legislation is law that initially authorizes the government to assess or charge payment from external party and restricts the use of those resources. It does not include a later change in a law or Legislative appropriations. Donors would be those providing gifts, etc for a specific use and a grantor may be the Federal or other external party providing a grant for a specific purpose.  Committed: Amounts that can only be used for a specific purposes because of constraints imposed by formal action of the government. This would include new laws enacted by the Legislature that are not enabling legislation.  Assigned: Amounts that management has determined will be used for specific purposes.  Unassigned: The remaining fund balance that is remaining amount of fund balance that does not fit in any of the other categories. Normally, only the general fund has unassigned fund balance.

**STATE OF NORTH DAKOTA  
GOVERNMENTAL FUNDS BALANCE SHEET  
FOR THE FISCAL YEAR ENDED 6/30/XX**

**1**  
 Business Unit No. :     450                          Business Unit :   Example Unit                        (1) Fund No.:     915      
**2**  
 Prepared by:   Jim Smith                        **3**  
 Date:   8/12/XX                        Phone:   328-5555    
 Approved by:   Fred Jones                        Date:   8/19/XX                        Phone:   328-5555  

**Special Government Unit  
Balance Sheet  
Information  
6/30/XX**

**BALANCE SHEET**

**ASSETS**

**4**

<b>5</b> Cash Deposits at the Bank of North Dakota	\$	50,000
<b>6</b> Cash and Cash Equivalents		5,000
<b>7</b> Investments At the Bank of North Dakota		30,000
<b>8</b> Investments		325,000
Accounts Receivable-Net		50,000
Taxes Receivable-Net		
Interest Receivable-Net		
Intergovernmental Receivable - Net		
Loans and Notes Receivable - Net		
Due From Other Funds		75,000
Due From Fiduciary Funds		
Due From Component Units		
Prepaid Items		
Inventory		
Other Assets		
<b>Total Assets</b>	<b>\$</b>	<b>535,000</b>

**DEFERRED OUTFLOWS OF RESOURCES**

Derived from pension		
Other _____		
Total Deferred Outflows of Resources		-

**TOTAL ASSETS AND DEFERRED OUTFLOWS**

---

**LIABILITIES**

Accounts Payable	\$	125,000
Accrued Payroll		50,000
Interest Payable		
Tax Refunds Payable		
Intergovernmental Payable		
Contracts Payable		
Securities Lending Collateral		
Due To Other Funds		10,000
Due To Fiduciary Funds		
Due To Component Units		
Unearned Revenue		
Other Liabilities		
<b>Total Liabilities</b>	<b>\$</b>	<b>185,000</b>

**STATE OF NORTH DAKOTA  
GOVERNMENTAL FUNDS BALANCE SHEET  
FOR THE FISCAL YEAR ENDED 6/30/XX**

1 **Business Unit No. :**     450          **Business Unit .:**   Example Unit        **(1) Fund No.:**     915      
2 **Prepared by:**   Jim Smith        3 **Date:**   8/12/XX        **Phone:**   328-5555    
**Approved by:**   Fred Jones        **Date:**   8/19/XX        **Phone:**   328-5555  

**Special Government Unit  
Balance Sheet  
Information  
6/30/XX**

**9 FUND BALANCES:**

Nonspendable for:		
Inventory		
Long-Term Receivables		
Debt Service		
Prepaid Expenditures		25,000
Legal Requirements		
_____		
Restricted		200,000
Committed		50,000
Assigned		75,000
Unassigned		0
<b>Total Fund Balances</b>		<b>350,000</b>
<b>Deferred Inflows of Resources</b>		
Derived from pension		
Other _____		
Total Deferred Outflows of Resources		
<b>Total Liabilities, Fund Balance, and Deferred Inflows of Resources</b>	<b>\$</b>	<b>535,000</b>

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STATE OF NORTH DAKOTA  
GAAP CLOSING PROCEDURES MANUAL

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SPECIAL GOVERNMENT UNIT CLOSING PACKAGE:  
OPERATING STATEMENT FOR GOVERNMENTAL FUNDS

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**COMPLETING THE SPECIAL GOVERNMENT UNIT OPERATING STATEMENT (GOVERNMENTAL FUNDS)**

REF	EXPLANATION
(1)	Select the business unit number from the drop down list and the business unit's name will automatically populate. Select the fund from the drop down list.
(2)	Complete all information regarding preparation of this form. The Finance Director or Executive Director should approve the form before emailing it to the Office of Management and Budget. Keep a copy of the form.
(3)	Enter in the date the form was prepared. The prepared date will automatically populate the date in the Form's header.
(4)	Enter in this column the revenue/expense amounts as of your fiscal year end. If the revenue/expense titles are not comparable to yours, match them to the provided titles that resemble closest to your descriptive titles.

**STATE OF NORTH DAKOTA**  
**GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE FISCAL YEAR ENDED   6/30/XX**

<b>①</b> Business Unit No: <u>  450  </u>	<b>Business Unit:</b> <u>  Example Unit  </u>	<b>Fund No.:</b> <u>  915  </u>
<b>②</b> Prepared by: <u>  Jim Smith  </u>	<b>③</b> Date: <u>  8/12/XX  </u>	<b>Phone:</b> <u>  328-5555  </u>
Approved by: <u>  Fred Jones  </u>	Date: <u>  8/19/XX  </u>	Phone: <u>  328-5555  </u>

**Special Government Unit**  
**Revenue/Expense**  
**Information**  
  6/30/XX  

**Revenues**

	<b>④</b>
General:	
Income Taxes	
Sales and Use Taxes	
Oil, Gas, and Coal Taxes	
Interest and Investment Income	10,000
Tobacco Settlement	
General Grants and Contributions (Not Restricted)	
Miscellaneous	
Program:	
Sales and Services	50,000
Royalties and Rents	
Fines and Forfeits	
Grants and Contributions (Program Specific)	40,000
Capital Grants and Contributions	
Investment Income (Legally Restricted)	
 Total Revenue	 100,000

**Expenditures**

Cost Of Sales And Services	
Salaries And Benefits	50,000
Operating	40,000
Refunds	
Grant Expenses	
Interest	
Depreciation	
Miscellaneous	
Other	
 Total Expenditures	 90,000
 Revenues Over (Under) Expenditures	 10,000

**STATE OF NORTH DAKOTA**  
**GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE FISCAL YEAR ENDED   6/30/XX**

<p><b>①</b>  <b>Business Unit No:</b> <u>  450  </u></p> <p><b>②</b>  <b>Prepared by:</b> <u>  Jim Smith  </u></p> <p><b>Approved by:</b> <u>  Fred Jones  </u></p>	<p><b>Business Unit:</b> <u>  Example Unit  </u></p> <p><b>③</b>  <b>Date:</b> <u>  8/12/XX  </u></p> <p><b>Date:</b> <u>  8/19/XX  </u></p>	<p><b>Fund No.:</b> <u>  915  </u></p> <p><b>Phone:</b> <u>  328-5555  </u></p> <p><b>Phone:</b> <u>  328-5555  </u></p>
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**Special Government Unit**  
**Revenue/Expense**  
**Information**  
  6/30/XX  

**Other Financing Sources (Uses):**

Transfers In	75,000
Transfers Out	(50,000)
Proceeds From Bonds and Notes	_____
Proceeds From Capital Leases	_____
Proceeds From Sale of Fixed Assets	_____
 Total Other Financing Sources (Uses)	 25,000
 <b>Special Item</b>	 _____
 <b>Extraordinary Item</b>	 _____
 Net Change In Fund Balances	 35,000
  Fund Balances- Beginning Of Year, As Adjusted	  315,000
   Fund Balances - End of Year	   350,000

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SPECIAL GOVERNMENT UNIT CLOSING PACKAGE:  
STATEMENT OF NET POSITION FOR PROPRIETARY FUNDS

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**COMPLETING THE SPECIAL GOVERNMENT UNIT STATEMENT OF NET POSITION  
(PROPRIETARY FUNDS)**

REF	EXPLANATION
(1)	Select the business unit number from the drop down list and the business unit's name will automatically populate. Select the fund from the drop down list.
(2)	Complete all information regarding preparation of the form. The Finance Director or Executive Director should approve the form before emailing it to the Office of Management and Budget. Keep a copy of the form.
(3)	Enter in the date the form was prepared. The prepared date will automatically populate the date in the Form's header.
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(5)	Cash deposits at the Bank of North Dakota should be placed on the "Cash Deposits at the Bank of North Dakota" line.
(6)	Cash deposits held by other financial institutions should be placed on the "Cash and Cash Equivalents" line. This includes petty cash and cash on hand.
(7)	Place the carrying amount of investments, with a maturity period greater than three months that are of the Bank of North Dakota on the "Investments at the Bank of North Dakota" line. (BND investments with a maturity period of less than three months are reported as Cash Deposits at the BND.)
(8)	Place the carrying amount of investments with a maturity period greater than three months, excluding investments of the Bank of North Dakota on the "Investments" line.

**STATE OF NORTH DAKOTA  
 PROPRIETARY FUNDS STATEMENT OF NET POSITION  
 FOR THE FISCAL YEAR ENDED 6/30/XX**

**1**  
 Business Unit No: 450

Business Unit : Example Unit

Fund No.: 915

**2**  
 Prepared by: Jim Smith

**3**  
 Date: 8/12/XX

Phone: 328-5555

Approved by: Fred Jones

Date: 8/19/XX

Phone: 328-5555

**Special Government Unit  
 Statement of Net Position  
 Information  
6/30/XX**

**STATEMENT OF NET POSITION**

**Assets**

**4**

**Current Assets**

<b>5</b> Cash Deposits at the Bank of North Dakota	50,000
<b>6</b> Cash and Cash Equivalents	5,000
<b>7</b> Investments of the Bank of North Dakota	30,000
<b>8</b> Investments	325,000
Accounts Receivable-Net	200,000
Taxes Receivable-Net	
Interest Receivable-Net	
Loans and Notes Receivable - Current Portion	
Interfund Receivable	
Due From Component Units	
Due From Fiduciary Funds	
Due From Other Funds	75,000
Intergovernmental Receivable - Net	
Prepaid Expenses	
Inventory	
Other Current Assets	
<b>Total Current Assets</b>	<b>685,000</b>

**Noncurrent Assets**

Restricted Cash and Cash Equivalents	
Restricted Investments	
Other Restricted Assets	
Loans and Notes Receivable - Net of Current Portion Shown Above	
Unamortized Bond Issuance Costs	
Other Noncurrent Assets	
Capital Assets:	
Nondepreciable	50,000
Depreciable, Net	250,000
<b>Total Noncurrent Assets</b>	<b>300,000</b>

**Total Assets** 985,000

**Deferred Outflows of Resources**

Derived from pension	
Other _____	
<b>Total Deferred Outflows of Resources</b>	<b>-</b>

**Total Assets and Deferred Outflows of Resources** 985,000

**Liabilities**

**Current Liabilities**

Accounts Payable	200,000
Accrued Payroll	80,000

**STATE OF NORTH DAKOTA  
 PROPRIETARY FUNDS STATEMENT OF NET POSITION  
 FOR THE FISCAL YEAR ENDED 6/30/XX**

**1**  
 Business Unit No: 450

Business Unit : Example Unit

Fund No.: 915

**2**  
 Prepared by: Jim Smith

**3**  
 Date: 8/12/XX

Phone: 328-5555

Approved by: Fred Jones

Date: 8/19/XX

Phone: 328-5555

**Special Government Unit  
 Statement of Net Position  
 Information  
6/30/XX**

Interest Payable	2,000
Notes Payable - Current Portion	12,000
Reverse Repurchase Agreements	
Intergovernmental Payable	
Contracts Payable - Current Portion	
Securities Lending Collateral	
Claims/Judgments Payable - Current Portion	
Compensated Absences Payable - Current Portion	11,000
Amounts Held In Custody For Others	
Due To Other Funds	10,000
Due To Fiduciary Funds	
Due To Component Units	
Bonds Payable - Current Portion	
Capital Leases Payable - Current Portion	4,500
Unearned Revenue	
Other Current Liabilities	
<b>Total Current Liabilities</b>	<b>319,500</b>

**Noncurrent Liabilities**

Notes Payable- Non Current Portion	40,000
Contracts Payable - Non Current Portion	
Claims/Judgments Payable - Non Current Portion	
Compensated Absences Payable - Non Current Portion	71,000
Bonds Payable - Non Current Portion	
Capital Leases Payable - Non Current Portion	10,000
Other Noncurrent Liabilities	
<b>Total Noncurrent Liabilities</b>	<b>121,000</b>

**Total Liabilities** 440,500

**Net Position**

Invested in Capital Assets, Net of Related Debt	248,000
Restricted for:	
Debt Requirements	52,000
_____	
_____	
Unrestricted	244,500
<b>Total Net Position</b>	<b>544,500</b>

**Deferred Inflows of Resources**  
 Derived from pension

\_\_\_\_\_

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SPECIAL GOVERNMENT UNIT CLOSING PACKAGE:  
OPERATING STATEMENT FOR PROPRIETARY FUNDS

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**COMPLETING THE SPECIAL GOVERNMENT UNIT OPERATING STATEMENT (PROPRIETARY FUNDS)**

- | REF | EXPLANATION   |
|-----|---|
| (1) | Select the business unit number from the drop down list and the business unit's name will automatically populate. Select the fund from the drop down list.  |
| (2) | Complete all information regarding preparation of this form. The Finance Director or Executive Director should approve the form before sending it to the Office of Management and Budget. Keep a copy of the form.          |
| (3) | Enter in the date the form was prepared. The prepared date will automatically populate the date in the Form's header.   |
| (4) | Enter in this column the revenue/expense amounts as of your fiscal year end. If the revenue/expense titles are not comparable to yours, match them to the provided titles that resemble closest to your descriptive titles. |



**STATE OF NORTH DAKOTA  
 PROPRIETARY FUNDS STATEMENT OF REVENUES,  
 EXPENSES AND CHANGES IN FUND NET POSITION  
 FOR THE FISCAL YEAR ENDED 6/30/XX**

①  
 Business Unit No. : 450

Business Unit: Example Unit

Fund No.: 915

②  
 Prepared by: Jim Smith

③  
 Date: 8/12/XX

Phone: 328-5555

Approved by: Fred Jones

Date: 8/19/XX

Phone: 328-5555

**Special Government Unit  
 Revenue/Expense  
 Information  
6/30/XX**

**Nonoperating Revenues (Expenses)**

Interest and Investment Income	20,000
Interest Expense	
Gain (Loss) on Sale of Fixed Assets	(30,000)
Tax Revenue	
Grants and Contributions (Program Specific)	
General Grants and Contributions (Not Restricted)	
Other	
 Total Nonoperating Revenues (Expenses)	 (10,000)
 Income (Loss) Before Contributions and Transfers	 238,000
 Capital Grants and Contributions	
Special Item	
Extraordinary Item	
Transfers In	75,000
Transfers Out	(50,000)
 Net Income	 263,000
 Total Net Position- Beginning Of Year	 281,500
 Prior Period Adjustment	
Cumulative Effect Of Change in Accounting Principle	
 Total Net Position - Beginning Of Year, As Adjusted	 281,500
 Total Net Position - End of Year	 544,500

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STATE OF NORTH DAKOTA  
GAAP CLOSING PROCEDURES MANUAL

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SPECIAL GOVERNMENT UNIT CLOSING PACKAGE:  
STATEMENTS OF NET POSITION FOR TRUST FUNDS

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**COMPLETING THE SPECIAL GOVERNMENT UNIT STATEMENT OF NET POSITION (TRUST FUNDS)**

REF	EXPLANATION
(1)	Select the business unit number from the drop down list and the business unit's name will automatically populate. Select the fund from the drop down list.
(2)	Complete all information regarding preparation of the form. The Finance Director or Executive Director should approve the form before emailing it to the Office of Management and Budget. Keep a copy of the form.
(3)	Enter in the date the form was prepared. The prepared date will automatically populate the date in the Form's header.
(4)	Enter in this column the balance sheet amounts as of your fiscal year end.
(5)	Cash deposits at the Bank of North Dakota should be placed on the "Cash Deposits at the Bank of North Dakota" line.
(6)	Cash deposits held by other financial institutions should be placed on the "Cash and Cash Equivalents" line. This includes petty cash and cash on hand.
(7)	Place the carrying amount of investments, with a maturity period greater than three months that are of the Bank of North Dakota on the "Investments at the Bank of North Dakota" line. (BND investments with a maturity period of less than three months are reported as Cash Deposits at the BND.)
(8)	Place the carrying amount of investments with a maturity period greater than three months, excluding investments of the Bank of North Dakota on the "Investments" line.

**STATE OF NORTH DAKOTA  
TRUST FUNDS STATEMENT OF FIDUCIARY NET POSITION  
FOR THE FISCAL YEAR ENDED**

6/30/20XX

1 **Business Unit No:** \_\_\_\_\_ 450 \_\_\_\_\_ **Business Unit :** Example Unit **Fund No.:** 915  
2 **Prepared by:** Jim Smith 3 **Date:** 8/12/XX **Phone:** 328-5555  
**Approved by:** Fred Jones **Date:** 8/19/XX **Phone:** 328-5555

**Special Government Unit  
Statement of Fiduciary Net Assets  
Information  
6/30/20XX**

**STATEMENT OF FIDUCIARY NET ASSETS**

**Assets**

4

<span style="border: 1px solid black; border-radius: 50%; padding: 2px;">5</span>	Cash Deposits at the Bank of North Dakota	50,000
<span style="border: 1px solid black; border-radius: 50%; padding: 2px;">6</span>	Cash and Cash Equivalents	10,000
<span style="border: 1px solid black; border-radius: 50%; padding: 2px;">7</span>	Investments of the Bank of North Dakota	
<span style="border: 1px solid black; border-radius: 50%; padding: 2px;">8</span>	Investments	500,000
	Accounts Receivable-Net	
	Taxes Receivable-Net	
	Interest Receivable-Net	10,000
	Loans and Notes Receivable-Net	
	Interfund Receivable	
	Due From Component Units	
	Due From Fiduciary Funds	
	Due From Other Funds	
	Intergovernmental Receivable - Net	
	Prepaid Expenses	
	Inventory	
	Capital Assets:	
	Nondepreciable	
	Depreciable, Net	
	Other Assets	
	<b>Total Assets</b>	<b>570,000</b>
	<b>Deferred Outflows of Resources</b>	
	<b>Total Assets and Deferred Outflows of Resources</b>	<b>570,000</b>

**STATE OF NORTH DAKOTA  
TRUST FUNDS STATEMENT OF FIDUCIARY NET POSITION  
FOR THE FISCAL YEAR ENDED**

6/30/20XX

<p>① <b>Business Unit No:</b> _____ 450 _____</p> <p>② <b>Prepared by:</b> _____ Jim Smith _____</p> <p><b>Approved by:</b> _____ Fred Jones _____</p>	<p><b>Business Unit :</b> _____ Example Unit _____</p> <p>③ <b>Date:</b> _____ 8/12/XX _____</p> <p><b>Date:</b> _____ 8/19/XX _____</p>	<p><b>Fund No.:</b> _____ 915 _____</p> <p><b>Phone:</b> _____ 328-5555 _____</p> <p><b>Phone:</b> _____ 328-5555 _____</p>
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**Special Government Unit  
Statement of Fiduciary Net Assets  
Information  
6/30/20XX**

**Liabilities**

Accounts Payable	5,000
Accrued Payroll	_____
Interest Payable	_____
Notes Payable	_____
Reverse Repurchase Agreements	_____
Intergovernmental Payable	_____
Contracts Payable	_____
Securities Lending Collateral	35,000
Claims/Judgments Payable	_____
Compensated Absences Payable	_____
Amounts Held In Custody For Others	_____
Due To Other Funds	_____
Due To Fiduciary Funds	_____
Due To Component Units	_____
Bonds Payable	_____
Capital Leases Payable	_____
Unearned Revenue	_____
Other Liabilities	_____
<b>Total Liabilities</b>	<b>40,000</b>

**Net Position**

Net Assets Held in Trust for	
Pension Benefits	_____
Other Purposes	530,000
_____	_____
_____	_____
<b>Total Net Position</b>	<b>530,000</b>

**Deferred Inflows of Resources**

	-
	-

STATE OF NORTH DAKOTA  
GAAP CLOSING PROCEDURES MANUAL

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SPECIAL GOVERNMENT UNIT CLOSING PACKAGE:  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

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**COMPLETING THE SPECIAL GOVERNMENT UNIT STATEMENT OF CHANGES IN FIDUCIARY NET POSITION (TRUST FUNDS)**

REF	EXPLANATION
(1)	Select the business unit number from the drop down list and the business unit's name will automatically populate. Select the fund from the drop down list.
(2)	Complete all information regarding preparation of this form. The Finance Director or Executive Director should approve the form before emailing it to the Office of Management and Budget. Keep a copy of the form.
(3)	Enter in the date the form was prepared. The prepared date will automatically populate the date in the Form's header.
(4)	Enter in this column the revenue/expense amounts as of your fiscal year end. If the revenue/expense titles are not comparable to yours, match them to the provided titles that resemble closest to your descriptive titles.

**STATE OF NORTH DAKOTA  
TRUST FUND STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE FISCAL YEAR ENDED**

June 30, 20XX

**1**  
Business Unit No: \_\_\_\_\_ 450 \_\_\_\_\_

**2**  
Prepared by: \_\_\_\_\_ Jim Smith \_\_\_\_\_

Approved by: \_\_\_\_\_ Fred Jones \_\_\_\_\_

Business Unit.: \_\_\_\_\_ Example Unit \_\_\_\_\_

**3**  
Date: \_\_\_\_\_ 8/12/XX \_\_\_\_\_

Date: \_\_\_\_\_ 8/19/XX \_\_\_\_\_

Fund No.: \_\_\_\_\_ 915 \_\_\_\_\_

Phone: \_\_\_\_\_ 328-5555 \_\_\_\_\_

Phone: \_\_\_\_\_ 328-5555 \_\_\_\_\_

**Special Government Unit  
Revenue/Expense  
Information  
June 30, 20XX**

**4**

**Additions**

Contributions:	
Employer	
Employee	
From Participants	50,000
Donations	40,000
Total Contributions	90,000
Investment Income:	
Net Increase (Decrease) in Fair Value of	
Investments	1,000
Interest and Dividends	2,000
Less Investment Expense	(500)
Net Investment Income	2,500
Securities Lending Activity:	
Securities Lending Income	4,000
Less Securities Lending Expense	(1,000)
Net Securities Lending Income	3,000
Miscellaneous Income	
Total Additions	95,500

**Deductions**

Benefits Paid to Participants	40,000
Refunds	
Administration Expenses	10,000
Miscellaneous	
Total Deductions	50,000
Change in Net Position Held in Trust for:	
Pension Benefits	
Other Purposes	45,500
Total Net Position - Beginning Of Year	
Prior Period Adjustment	
Total Net Position - Beginning Of Year, As Adjusted	484,500
Total Net Position - End of Year	530,000

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SPECIAL GOVERNMENT UNIT CLOSING PACKAGE:  
STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND  
LIABILITIES - AGENCY FUNDS

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**PURPOSE AND OBJECTIVES**

The State plans to prepare its financial statements in accordance with Accounting Principles Generally Accepted (GAAP). GAAP requires that the State prepare a Statement of Changes in Fiduciary Assets and Liabilities (Statement) for the year ended June 30. This statement applies to funds defined as agency funds.

**AGENCY ACTION REQUIRED**

The Office of Management and Budget will prepare this statement for agency funds that are on the PeopleSoft system. The statement will be prepared by the individual agencies for agency funds that are not on the PeopleSoft system.

**WORKING PAPERS**

All working papers may be subject to audit. The agency should keep a copy of the completed Statement of Changes in Fiduciary Assets and Liabilities Summary Form. In addition, the agency should keep any documents that support data on that Form. For example, reports supporting additions and deletions.

**AGENCIES/FUNDS REQUIRED TO PREPARE THE STATEMENT**

The following agencies and/or funds must prepare a Statement of Changes in Fiduciary Assets and Liabilities. These agencies and/or funds are compiled from the most recent listing of funds at the Office of Management and Budget. There may be funds not on the listing which are required to prepare the statement. If you believe you might have to prepare the statement and your agency/fund is not on the listing call the Office of Management and Budget.

**AGENCY CODE    STATE FUND NAME OMB (STATE FUND CODE)    DUE DATE**

**AGENCY FUNDS:**

180	District Court Collection Fund	946	(See schedule of Closing Package Due Dates)
180	District Court Bond Fund	947	
252	School for Deaf Students	994	
313	Veteran's Home - Custodial	990	
325	Developmental Center Residents Custodial Accounts	986	
325	State Hospital Patient Funds	991	
	• Patients Personal Fund/State Hospital		
	• Rental Trust Fund/State Hospital		
401	Insurance Company Deposits	945	
405	Cash Bonds - Industrial Commission	944	
408	PSC Trustee Account	939	
530	Prisoner Accounts	992	
530	Industrial School Student Accounts	993	
602	Agriculture Cash and Investments - Bank of North Dakota	942	

STATE OF NORTH DAKOTA  
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SPECIAL GOVERNMENT UNIT CLOSING PACKAGE:  
STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND  
LIABILITIES - AGENCY FUNDS

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**GENERAL INSTRUCTIONS--STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES  
SUMMARY FORM**

- Refer to the previous section to determine which agencies should be preparing the Statement of Changes in Fiduciary Assets and Liabilities.
- Return the completed Statement of Changes in Fiduciary Assets and Liabilities Summary Form to the Office of Management and Budget by the due date presented above. If you can return it earlier, please do so.
- Call the Office of Management and Budget for guidance if needed.
- The person who completes and signs the Form should keep a copy. The Office of Management and Budget will telephone this person if there are any questions.
- A sample completed Statement of Changes in Fiduciary Assets and Liabilities Summary Form and Detailed instructions for completing the Form follow.

STATE OF NORTH DAKOTA  
GAAP CLOSING PROCEDURES MANUAL

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SPECIAL GOVERNMENT UNIT CLOSING PACKAGE:  
STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND  
LIABILITIES - AGENCY FUNDS

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STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND  
LIABILITIES - AGENCY FUNDS

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**COMPLETING THE STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES SUMMARY FORM**

REF	EXPLANATION
Note:	The last two digits of the fiscal year for which this Form applies will populate based on the 'Prepared' date. Therefore, <u>no</u> entry is needed on the 'At June 30, 20XX' line.
(1)	Select the business unit number from the drop down list and the name will automatically populate. Select the fund from the drop down list.
(2)	Complete all information regarding preparation of this form. The Finance Director or Executive Director should approve the Form before emailing it to the Office of Management and Budget. Keep a copy of the form.
(3)	Complete the beginning balance column. Balances <u>must</u> agree to end balances on prior year's Form.
(4)	Each line item should represent the total addition amount for the year ended June 30.
(5)	Each line item should represent the total deletion amount for the year ended June 30.
(6)	Complete the ending balance column. This should equal (3) + (4) - (5).
(7)	Place the carrying amount of cash that applies to deposits held at the Bank of North Dakota here.
(8)	Place the carrying amount of cash that applies to deposits held at <u>non</u> -Bank of North Dakota financial institutions here.
(9)	Place the amount of Certificates of Deposit with maturities greater than three months that are of the Bank of North Dakota on the "Investments of the Bank of North Dakota" line. (Those Certificates of Deposit with maturities less than three months should be reported as cash.)
(10)	Place the carrying amount of investments on the "Investments" line. Exclude Certificates of Deposit of the Bank of North Dakota and investments with maturities less than three months.

NOTE: Enter amounts in whole dollars.

**STATE OF NORTH DAKOTA**  
**STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES SUMMARY FORM**  
**At June 30, 20XX**

**1**  
**Business Unit #:** 250    **Agency No.:** Sample Unit    **Fund No.:** 979

**2**  
**Prepared:** 8/12/XX    Jim Smith    Title Accountant    Phone 328-5555  
Date                      Employee Name

**2**  
**Approved:** 8/19/XX    Fred Jones    Title Supervisor    Phone 328-5555  
Date                      Employee Name

ASSETS	<b>3</b> Balance 6/30/20XX	<b>4</b> Additions	<b>5</b> Deletions	<b>6</b> Balance 6/30/20XX
Cash Deposits at the Bank of ND <b>7</b>	1,443	8,056	7,859	1,640
Cash and Cash Equivalents <b>8</b>	1,000	2,000	2,000	1,000
Investments of the Bank of ND <b>9</b>	500	3,000	2,500	1,000
Investments <b>10</b>	2,465	3,663	4,000	2,128
Taxes Receivable-Net				
Interest Receivable - Net				
Due From Other Funds				
Intergovernmental Receivable				
Fixed Assets				
Other Assets				
<b>Total Assets</b>	<u>5,408</u>	<u>16,719</u>	<u>16,359</u>	<u>5,768</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>	<u>5,408</u>	<u>16,719</u>	<u>16,359</u>	<u>5,768</u>
<b>LIABILITIES</b>				
Accounts Payable				
Amounts Held in Custody for Others	5,408	16,719	16,359	5,768
Due To Other Funds				
Deferred Compensation				
Other Liabilities				
<b>Total Liabilities</b>	<u>5,408</u>	<u>16,719</u>	<u>16,359</u>	<u>5,768</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	<u>5,408</u>	<u>16,719</u>	<u>16,359</u>	<u>5,768</u>

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SPECIAL GOVERNMENT UNIT CLOSING PACKAGE: STATEMENT OF CASH FLOWS	ISSUE DATE: 6/1/2015	SECTION 04
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### **PURPOSE AND OBJECTIVES**

The Statement of Cash Flows (Statement) is the General Purpose Financial Statement which shows the sources and uses of cash for proprietary funds. It is therefore one of the required statements for the Comprehensive Annual Financial Report (CAFR). The State plans to prepare its financial statements in accordance with Generally Accepted Accounting Principles (GAAP), which includes Governmental Accounting Standards Board (GASB) statements. GASB Statement No. 9 requires this statement be prepared for the proprietary funds. This statement requires the breakdown of the sources and uses of cash into four categories. The categories are used to distinguish the type of activity the receipt or disbursement of cash was for. This information is only available at the agency level. For this reason the Statement must be prepared by the agencies for the proprietary funds.

The purpose of this closing package is to lead the preparer through a step-by-step process for preparing the Statement. By completing this package the Statements for the various agencies will be prepared on a consistent basis, which will allow for the compilation of all the closing packages into one Statement.

### **AGENCY ACTION REQUIRED**

- Review GASB Statement No. 9.
- Prepare a Statement of Cash Flows on the form provided for each proprietary fund for which your agency is responsible using the direct method.
- **Complete the Statement of Cash Flows by the scheduled due dates listed for your agency and fund (see Schedule of Due Dates).**

### **KEY TERMS**

Cash and Cash Equivalents. 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. Generally, this includes only investments with original maturity of three months or less. (Original maturity refers to the date your agency purchased it.)

Cash Flows from Capital and Related Financing Activities. This category includes acquiring and disposing of capital assets used in providing services or producing goods, borrowing money for acquiring, constructing or improving capital assets and repaying the amounts borrowed, including interest. It would also include paying for capital assets obtained from vendors on credit.

Cash Flows from Investing Activities. Cash flows in this category include making and collecting loans (except for program loans which are part of a governmental program, such as student loans) and acquiring and disposing of debt or equity instruments.

Cash Flows from Noncapital Financing Activities. This includes borrowing money for purposes other than to acquire, construct or improve capital assets and repaying those amounts borrowed, including interest. Furthermore, this category includes proceeds from all borrowings not clearly attributable to acquisition, construction or improvement of capital assets.

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GAAP CLOSING PROCEDURES MANUAL

SPECIAL GOVERNMENT UNIT CLOSING PACKAGE:  
STATEMENT OF CASH FLOWS

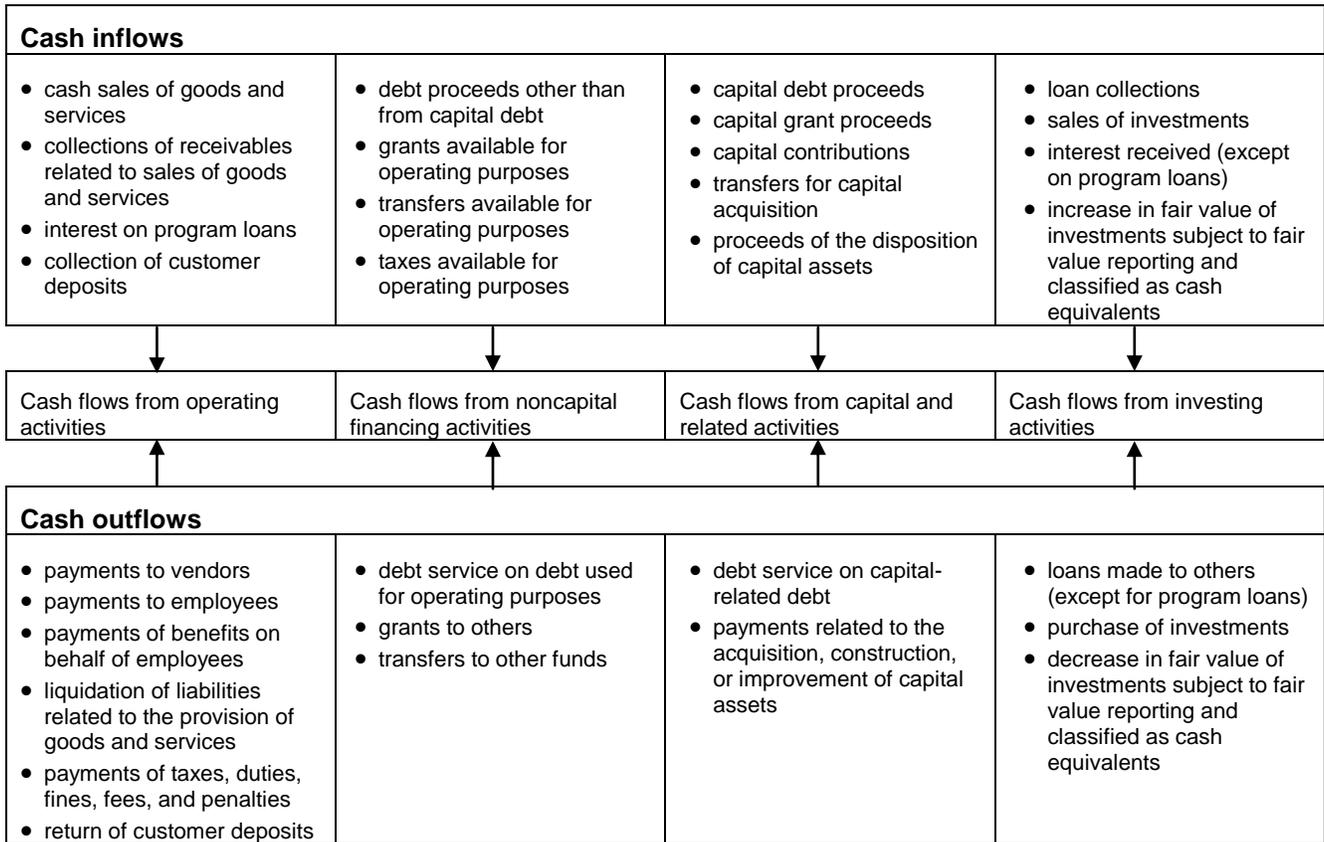
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Cash Flows from Operating Activities. Generally involves the cash effects of transactions and other events that enter into the determination of operating income. Operating activities result from providing services and producing and delivering goods. This includes all transactions and other events that are not defined as capital and related financing, noncapital financing, or investing activities.

Non-Cash Transactions. Transactions which do not involve cash but which have an effect on the various Statements. A common example is acquiring assets by directly assuming a liability. This includes purchasing an asset through a capital lease.

The following chart taken from Governmental Accounting, Auditing, and Financial Reporting, copyright 2001, shows common inflows and outflows reported on the statement of cash flows:



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STATEMENT OF CASH FLOWS

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**WORKING PAPERS**

All working papers may be subject to audit. The agency should keep copies of the completed Statement of Cash Flows, Worksheet For Preparing the Statement of Cash Flows and the Statement of Cash Flows Change in Account Worksheet. In addition, the agency should keep any documents that support the data reported on these forms. Such documentation may include investment portfolios, support for transactions surrounding fixed assets and the breakdown of interest earned and paid during the year.

**AGENCY/FUNDS REQUIRED TO PREPARE THE STATEMENT OF CASH FLOWS**

The following agencies and/or funds must prepare a Statement of Cash Flows. These agencies and/or funds are compiled from the most recent listing of funds at the Office of Management and Budget. There may be funds not on the listing that are required to prepare the Statement. If you believe you might have to prepare the Statement and your agency/fund is not on the listing, call the Office of Management and Budget.

**ENTERPRISE FUNDS**

**DUE DATE**

Bank of North Dakota  
Beginning Farmer Revolving Loan  
Bonding  
Building Authority  
Community Water Facility Loan  
Developmentally Disabled Facility Loan  
Edutech - ITD  
Fire and Tornado  
Guaranteed Student Loan  
HIT Planning Loan Fund  
Housing Finance  
Housing Incentive Fund  
Medical Infrastructure Loan Fund  
Mill and Elevator  
Rebuilding Loan Fund  
Roughrider Industries  
PERS Uniform Group Insurance  
State Fair  
State Lottery Fund  
Student Loan  
Unemployment Compensation  
University System  
Workers Compensation

(See schedule  
of Closing  
Package  
Due Dates)

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INTERNAL SERVICE FUNDS

Central Services  
Fleet Services  
Information Technology  
Risk Management

DUE DATE

(See schedule of Closing  
Package Due Dates)

General Instructions

- Every agency which has one of the funds listed above should complete this closing package for each fund.
- Use as many forms as is necessary to explain the entries on the Worksheet for Preparing the Statement of Cash Flows.
- Round all dollar amounts on the forms to the nearest whole dollar.
- The statement should show activity as of your agency unit year end.
- Return the completed forms to the Office of Management and Budget by the scheduled due date listed for your agency and fund. If you can return them earlier please do so.
- List all statement of position asset account balances on the provided Worksheet for Preparing the Statement of Cash Flows (Worksheet). Use the account titles listed. If you believe the listed account titles are not adequate, contact the Office of Management and Budget for assistance.
- Determine the change in the account balance from the prior year to the current year.
- Carefully read the special definitions that apply to this closing package.
- Analyze the change in each statement of position asset account and carefully classify the change into one of the four categories shown on the Worksheet.
- For the non-operating accounts, it is important to list individual items creating the change and not the net effect.
- All non-cash transactions must be disclosed. On the lines following the Statement of Cash Flows under the caption "Required Note Disclosure", write a brief description of all non-cash transactions which occurred during the year.

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STATEMENT OF CASH FLOWS

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- Another required note disclosure is a description of what is included in the account Cash and Cash Equivalents. On the lines following the Statement of Cash Flows under the caption "Required Note Disclosure", write a brief description of what your agency has included as Cash and Cash Equivalents.
- Prepare a description for each amount listed on the Worksheet except for those in the first three columns. Include this description on the Statement of Cash Flows Change in Account Worksheet.
- Based on the Worksheet and the analysis of amounts shown on the Statement of Revenues, Expenses and Changes in Fund Net Assets, complete the Statement of Cash Flows.
- Agree the change in cash shown on the Statement of Cash Flows to the change shown on the Worksheet.
- The person who completes and signs the form should keep a copy. The Office of Management and Budget will telephone this person if there are any questions.
- Sample completed Worksheets, a Statement of Cash Flows, Statement of Net Position and a Statement of Revenues, Expenses and Changes in Fund Net Position and detailed instructions for completing the forms follow.

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STATEMENT OF CASH FLOWS

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**COMPLETING THE STATEMENT OF CASH FLOWS SUMMARY FORM, WORKSHEET FOR PREPARING THE STATEMENT OF CASH FLOWS, STATEMENT OF CASH FLOWS CHANGE IN ACCOUNT WORKSHEET, AND WORKSHEET FOR PREPARING THE STATEMENT OF CASH FLOWS – DIRECT METHOD**

All Forms

Note:      The last two digits of the fiscal year for which this Form applies will populate based on the 'Prepared' date. Therefore, no entry is needed on the 'At June 30, 20XX' line.

- (1)      Select the business unit number from the drop down list the name will automatically populate.
- (2)      Select the state fund code from the drop down list. Complete one set of forms for each proprietary fund. The fund's name will automatically populate.
- (3)      Complete all information regarding preparation of the form. The Finance Director or Executive Director should approve the form before emailing it to the Office of Management and Budget (OMB).

Worksheet For Preparing the Statement of Cash Flows

- (4)      Enter the prior year statement of net position and current year statement of net position amounts on the Worksheet For Preparing the Statement of Cash Flows (Worksheet). Use the account titles shown on the Worksheet. If you are unable to use one of the account titles shown, contact OMB.
- (5)      Calculate the net change in the statement of net position account and record it in the third column. Show credit entries in parenthesis.
- (6)      For the statement of net position accounts, which are strictly operating, show the net effect on cash in the fourth column.
- (7)      Evaluate all other accounts to determine the transactions which led to the change in the balance. Prepare an analysis and explain the changes on the Statement of Cash Flows Change in Account Worksheet. Record each change in the appropriate column of the Worksheet. When you have completed all the accounts, each line of the Worksheet should net to \$0 except cash.

Statement of Revenues, Expenses and Changes in Fund Net Assets

- (8)      Evaluate all nonoperating accounts shown on the Statement of Revenues, Expenses and Changes In Fund Net Assets to determine their effect on cash flows. Prepare an analysis and explain the changes on the Statement of Cash Flows Change in Account Worksheet.

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Worksheet For Preparing Statement of Cash Flows – Direct Method

- (9) This worksheet is used to determine the cash flows from operating activities. Using the Statement of Revenues, Expenses and Changes in Fund Net Assets, put the amounts for the operating revenues and expenses on the necessary lines on the worksheet. Do not use the amounts for interest and investment income, interest expense, and depreciation in the worksheet.
- (10) Based on the review of the accounts listed in number (6), enter the appropriate amounts for the beginning and ending balances for the operating activities in the applicable "receipts from" or "payments to" lines on the worksheet.

Statement of Cash Flows Summary Form

- (11) Based on the review of the accounts listed in numbers (5) through (7) above, record the items that have an effect on cash on the Statement of Cash Flows Summary Form. Calculate the net increase (decrease) in cash and agree it to the amount shown on the Worksheet. If they do not agree, re-evaluate the statement of net position accounts and the nonoperating revenue and expense accounts until the two changes in cash amounts agree.
- (12) If any items require note disclosure as outlined in GASB Statement #9, include a description of the item on the lines that follow the Statement of Cash Flows Summary Form. This includes all non-cash transactions and a description of what your agency included in the Cash and Cash Equivalents account.

NOTE: Enter amounts in whole dollars.

**SAMPLE AGENCY  
STATEMENT OF NET POSITION  
FOR THE YEARS ENDED JUNE 30, 20XX AND 20XX**

	6/30/XX	6/30/XX
<b>ASSETS</b>		
CURRENT ASSETS:		
CASH AND CASH EQUIVALENTS	(11-5) \$173,100	\$200,100 (11-6)
ACCOUNTS RECEIVABLE	(10-1) 83,500	146,500 (10-2)
PREPAID EXPENSES	(10-3) 1,100	600 (10-4)
INVENTORIES	(10-5) 48,000	46,000 (10-6)
TOTAL CURRENT ASSETS	305,700	393,200
NONCURRENT ASSETS:		
RESTRICTED CASH	(11-5) 2,500	1,000 (11-6)
RESTRICTED INVESTMENTS	60,000	110,000
RESTRICTED INTEREST RECEIVABLE	1,500	1,000
CAPITAL ASSETS:		
BUILDINGS AND EQUIPMENT	6,714,200	7,066,200
ACCUMULATED DEPRECIATION	(2,995,000)	(3,238,000)
TOTAL NONCURRENT ASSETS	3,783,200	3,940,200
<b>Total Assets</b>	<b>\$4,088,900</b>	<b>\$4,333,400</b>
<b>LIABILITIES</b>		
CURRENT LIABILITIES:		
ACCOUNTS PAYABLE	(10-7) \$65,500	\$68,000 (10-8)
NOTES PAYABLE	23,000	3,000
INTEREST PAYABLE	750	1,250
BONDS PAYABLE	65,000	75,000
TOTAL CURRENT ASSETS	154,250	147,250
NONCURRENT LIABILITIES:		
BONDS PAYABLE	325,000	500,000
OTHER NONCURRENT LIABILITIES	10,000	7,500
TOTAL NONCURRENT ASSETS	335,000	507,500
<b>Total Liabilities</b>	<b>489,250</b>	<b>654,750</b>
<b>EQUITY</b>		
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	3,719,200	3,828,200
RESTRICTED FOR: DEBT REQUIREMENTS	390,000	575,000
RETAINED EARNINGS - UNRESERVED	(509,550)	(724,550)
<b>Total Fund Equity</b>	<b>3,599,650</b>	<b>3,678,650</b>
<b>Total Liabilities and Fund Equity</b>	<b>\$4,088,900</b>	<b>\$4,333,400</b>

**SAMPLE AGENCY  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
FOR THE YEAR ENDED JUNE 30, 20XX**

**OPERATING REVENUES**

INTERGOVERNMENTAL REVENUE	\$820,250	(9-1)
CHARGES FOR SERVICES	231,750	(9-2)
MISCELLANEOUS REVENUE	13,075	(9-3)
	<u>1,065,075</u>	
<b>Total Operating Revenues</b>	<u>1,065,075</u>	

**OPERATING EXPENSES**

COST OF SALES AND SERVICES	499,800	(9-4)
SALARIES AND BENEFITS	192,275	(9-5)
OPERATING	58,000	(9-6)
REFUNDS	50,000	(9-7)
DEPRECIATION	245,000	
	<u>1,045,075</u>	
<b>Total Operating Expenses</b>	<u>1,045,075</u>	
<b>Operating Income (Loss)</b>	<u>20,000</u>	

**NONOPERATING REVENUES (EXPENSES) (8)**

INTEREST AND INVESTMENT INCOME	8,500	
INTEREST EXPENSE	(35,500)	
GAIN ON SALE OF FIXED ASSETS	1,000	
	<u>(26,000)</u>	
<b>Total Nonoperating Revenues (Expenses)</b>	<u>(26,000)</u>	

**Income (Loss) Before Contributions and Transfers** (6,000)

TRANSFERS IN	100,000	
TRANSFERS OUT	(75,000)	
CAPITAL GRANTS AND CONTRIBUTIONS	60,000	
	<u>79,000</u>	

**Change in Net Position** 79,000

**Total Net Position - Beginning of Year** 3,599,650

**Total Net Position - End of Year** \$3,678,650

**WORKSHEET FOR PREPARING THE STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 6/30/XX**

① BUSINESS UNIT NO: 250 BUSINESS UNIT: Sample Agency  
 ② FUND NO: 999 FUND NAME: Enterprise Fund  
 ③ PREPARED BY: J.P. Junior TITLE: Acct. I PHONE: 328-2345  
 ③ APPROVED BY: I.M. Senior TITLE: Dir. Of Acctg. PHONE: 328-2345

	④	④	⑤	⑥	⑦		⑦		⑦	
	PRIOR STATEMENT NET POSITION	CURRENT STATEMENT NET POSITION	CHANGE DURING YEAR DR/(CR)	OPERATING INC/(DEC) CASH	NONCAPITAL FINANCING ACTIVITIES INC	NONCAPITAL FINANCING ACTIVITIES (DEC)	CAPITAL AND RELATED FINANCING ACTIVITIES INC	CAPITAL AND RELATED FINANCING ACTIVITIES (DEC)	INVESTING ACTIVITIES INC	INVESTING ACTIVITIES (DEC)
<b>ASSETS</b>										
<b>CURRENT ASSETS:</b>										
CASH AND CASH EQUIVALENTS	173,100	200,100	27,000							
INVESTMENTS										
ACCOUNTS RECEIVABLE *	⑩-1 83,500	⑩-2 146,500	A 63,000	(63,000)						
ALLOW. FOR DOUBTFUL ACCTS. *										
INTEREST RECEIVABLE										
LOANS & NOTES REC.										
DUE FROM OTHER FUNDS										
INTERGOV. RECEIVABLE *										
PREPAID EXPENSES *	⑩-3 1,100	⑩-4 600	A (500)	500						
INVENTORIES *	⑩-5 48,000	⑩-6 46,000	A (2,000)	2,000						
UNAMORT. BOND ISSUE. COST										
OTHER CURRENT ASSETS										
<b>NONCURRENT ASSETS:</b>										
RESTRICTED CASH	2,500	1,000	(1,500)							
RESTRICTED INVESTMENTS	60,000	110,000	B 50,000						75,000	(125,000)
INTEREST RECEIVABLE *	1,500	1,000	C (500)	(8,500)					9,000	
OTHER NONCURRENT ASSETS										
LAND & CONSTRUCTION IN PROGRESS										
INFRASTRUCTURE								(355,500)		✓
BUILDINGS & EQUIPMENT	6,714,200	7,066,200	D 352,000				11,000	(7,500)		✓
ACCUM. DEPRECIATION	(2,995,000)	(3,238,000)	E (243,000)	245,000	✓		(2,000)			✓
<b>TOTAL ASSETS</b>	4,088,900	4,333,400	244,500							
<b>DEFERRED OUTFLOWS OF RESOURCES</b>										
Derived from pension										
Other _____										
<b>Total Deferred Outflows of Resources</b>										
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>										

⑥ \* Generally, these accounts are strictly operating and the net effect may be shown in the fourth column.  
 ✓ This is a non-operating amount not included in the Statement of Cash Flows. See the Statement of Cash Flows Change in Account Worksheet for details.



7

Statement of Cash Flows Change in Account Worksheet
For the year ended June 30, 20XX

1

Business Unit No: 250 Business Unit: Sample Agency

2

Fund No. : 999 Fund Name: Enterprise Fund

3

Prepared by: J.P. Junior Title: Acct. I Date: 9/1/XX Phone: 328-2345

3

Approved by: I.M. Senior Title: Dir. Of Acctg. Date: 9/1/XX Phone: 328-2345

Purpose and Objective

This worksheet is to be used to document the gross changes in balance sheet accounts from 7/1/XX to 6/30/XX. These gross changes must be explained and must directly support the Statement of Cash Flows Summary Form.

A. These are operating accounts whose net change is simply posted to the operating section of the statement.

B. Purchased investments (125,000) B.1
Sale of investments 75,000 B.2
(50,000)

C. Interest earned (8,500) ✓
Interest received 9,000 C
(The \$9,000 is the actual cash received. For the example, this interest was entirely from investing activities.) 500

D. Cash paid for new fixed assets (355,500) D
Cost of equipment sold 11,000 See AA
Equipment item purchased with capital lease (7,500) See 11-Note
(352,000)

Only the \$355,500 cash paid will be directly taken to the statement. The leased item will be disclosed as a non-cash transaction in the notes, and the actual cash received from the sale of the equipment will appear on the statement.

✓ - See explanation at the Worksheet For Preparing the Statement of Cash Flows.

7

Statement of Cash Flows Change in Account Worksheet
For the year ended June 30, 20XX

1

Business Unit No: 250 Business Unit: Sample Agency

2

Fund No: 999 Fund Name: Enterprise Fund

3

Prepared by: J.P. Junior Title: Acct. I Date: 9/1/XX Phone: 328-2345

3

Approved by: I.M. Senior Title: Dir. Of Acctg. Date: 9/1/XX Phone: 328-2345

Purpose and Objective

This worksheet is to be used to document the gross changes in balance sheet accounts from 7/1/XX to 6/30/XX. These gross changes must be explained and must directly support the Statement of Cash Flows Summary Form.

Table with 2 columns: Description and Amount. Includes rows for Depreciation expense (245,000), Accumulated depreciation (2,000), Short-term borrowing (5,000), and Interest accrued (35,500).

✓- See explanation at the Worksheet For Preparing the Statement of Cash Flows.

7

Statement of Cash Flows Change in Account Worksheet
For the year ended June 30, 20XX

1

Business Unit No: 250 Business Unit: Sample Agency

2

Fund No: 999 Fund Name: Enterprise Fund

3

Prepared by: J.P. Junior Title: Acct. I Date: 9/1/XX Phone: 328-2345

3

Approved by: I.M. Senior Title: Dir. Of Acctg. Date: 9/1/XX Phone: 328-2345

Purpose and Objective

This worksheet is to be used to document the gross changes in balance sheet accounts from 7/1/XX to 6/30/XX. These gross changes must be explained and must directly support the Statement of Cash Flows Summary Form.

Table with 2 columns: Description and Amount. Rows include: H. New bonds sold (250,000 H.1), Payments made on bonds (65,000 H.2), I. Item purchased through a capital lease (7,500 See 11-Note), Payments made on L/T debt (10,000 I), J. Capital contributed to the agency (60,000 J), K. Operating income (loss) (20,000), Less: non-operating revenue and expense (26,000), Plus: transfers and capital grants (85,000), Total (79,000), and net changes in assets.

8

Statement of Cash Flows Change in Account Worksheet
For the year ended June 30, 20XX

1 Business Unit No: 250 Business Unit: Sample Agency

2 Fund No: 999 Fund Name: Enterprise Fund

3 Prepared by: J.P. Junior Title: Acct. I Date: 9/1/XX Phone: 328-2345

3 Approved by: I.M. Senior Title: Dir. Of Acctg. Date: 9/1/XX Phone: 328-2345

Purpose and Objective

This worksheet is to be used to document the gross changes in balance sheet accounts from 7/1/XX to 6/30/XX. These gross changes must be explained and must directly support the Statement of Cash Flows Summary Form.

Table with 2 columns: Description and Amount. Row 1: A.A. Proceeds from the sale of equipment, 10,000 AA. Row 2: Cost of equipment sold, (11,000). Row 3: Accumulated depreciation, 2,000. Row 4: Net gain on sale, 1,000 ✓.

Only the actual cash proceed of \$10,000 will be reflected in the cash flows statement.

Table with 2 columns: Description and Amount. Row 1: B.B. Although this cash was actually received and paid, it was not a normal part of operating activities. It is then necessary to reflect them in the section which transfers relate to. Row 2: Non-capital: Trans In--100,000 BB.1. Row 3: Trans Out--(75,000) BB.2.

✓ See explanation at the Worksheet for Preparing the Statement of Cash flows.

**STATE OF NORTH DAKOTA**  
**OMB Worksheet-3 for Preparing Statement of Cash Flows - Direct Method**  
**State Agency**  
**For The Fiscal Year Ended June 30, 20xx**

9  
 10

**Receipts From Customers and Users:**

Sales and Services	231,750	9-2
Royalties and Rents		
Fines and Forfeits		
Employer Assessments		
Miscellaneous	13,075	9-3
Plus:		
Accounts Receivable - gross - beginning	83,500	10-1
Deferred Revenue - ending		
Less:		
Accounts Receivable - gross - ending	146,500	10-2
Deferred Revenue - beginning		
Receipts From Customers and Users	\$ 181,825	11-1

**Receipts From Tuition and Fees:**

Tuition and Fees		
Receipts From Tuition and Fees	\$ -	

**Receipts From Federal and Local Agencies:**

Grants & Contributions	820,250	9-1
Plus:		
Intergovernmental Receivable - beginning		
Less:		
Intergovernmental Receivable - ending		
Receipts From Federal and Local Agencies	\$ 820,250	11-2

**Receipts From Other Funds:**

Plus:		
Due From Other Funds - beginning		
Due From Fiduciary Funds - beginning		
Less:		
Due From Other Funds - ending		
Due From Fiduciary Funds - ending		
Receipts From Other Funds	\$ -	

**Receipts From Component Units:**

Plus:		
Due From Component Units - beginning		
Less:		
Due From Component Units - ending		
Receipts From Component Units	\$ -	

**Receipts From Others:**

Receipts From Others	\$ -	

**Receipts From Loan Principal Repayment:**

Loan Principal Repayments		
Receipts From Loan Principal Repayments	\$ -	

**STATE OF NORTH DAKOTA**  
**OMB Worksheet-3 for Preparing Statement of Cash Flows - Direct Method**  
**State Agency**  
**For The Fiscal Year Ended June 30, 20xx**

9  
 10

**Payments To Other Funds:**

Plus:	Intergovernmental Payable - beginning	_____
	Due To Other Funds - beginning	_____
	Due To Fiduciary Funds - beginning	_____
	Amounts Held In Custody For Others - beginning	_____
Less:	Intergovernmental Payable - ending	_____
	Due To Other Funds - ending	_____
	Due To Primary Government - ending	_____
	Amounts Held In Custody For Others - ending	_____
	Payments To Other Funds	<u>\$ -</u>

**Payments To Components Units:**

Plus:	Due to Component Units - ending	_____
Less:	Due to Component Units - beginning	_____
	Payments To Component Units	<u>\$ -</u>

**Payments For Scholarships and Fellowships:**

Scholarships and Fellowships	_____	
	Payments For Scholarships and Fellowships	<u>\$ -</u>

**Payments To Suppliers:**

Cost of Sales and Services	499,800	(9-4)
Operating	58,000	(9-6)
Miscellaneous	50,000	(9-7)
Plus:		
Provision for Losses - beginning	_____	
Prepays - ending	600	(10-4)
Inventory - ending	46,000	(10-6)
Other Assets (Current and Noncurrent) - ending	_____	
Accounts Payable - beginning	65,500	(10-7)
Claims/Judgements Payable - beginning	_____	
Other Liabilities (Current and Noncurrent) - beginning	_____	
Less:		
Provision for Losses - ending	_____	
Prepays - beginning	1,100	(10-3)
Inventory - beginning	48,000	(10-5)
Other Assets (Current and Noncurrent) - beginning	_____	
Accounts Payable - ending	68,000	(10-8)
Claims/Judgements Payable - ending	_____	
Other Liabilities (Current and Noncurrent) - ending	_____	
	Payments To Suppliers	<u>\$ 602,800 (11-3)</u>

**Payments To Employees:**

Salaries and Benefits	192,275	(9-5)
Plus:		
Accrued Payroll - beginning	_____	
Compensated Absences Payable (Current and Noncurrent) - beginning	_____	
Less:		
Accrued Payroll - ending	_____	
Compensated Absences Payable (Current and Noncurrent) - ending	_____	
	Payments To Employees	<u>\$ 192,275 (11-4)</u>

**Payments To Others:**

	_____	
	_____	
	Payments To Others	<u>\$ -</u>

**Statement of Cash Flows Summary Form**  
**For the year ended \_\_6/30/XX**

**11**

**1**

Business Unit No.:   25000   Business Unit:   Sample Agency  

**2**

Fund No.:   999   Fund Name:   Enterprise Fund  

**3**

Prepared by:   J.P. Junior   Title:   Acct. I   Date:   9/1/XX   Phone:   328-2345  

**3**

Approved by:   I.M. Senior   Title:   Dir. Of Acctg.   Date:   9/1/XX   Phone:   328-2345  

**Increase (Decrease) in  
Cash and Cash Equivalents**

**Cash flows from operating activities:**

	<b>From OMB Worksheer 3- Direct Method</b>	
Receipts From Customers and Users	<u>181,825</u>	<b>11-1</b>
Receipts From Tuition and Fees		
Receipts From Federal and Local Agencies	<u>820,250</u>	<b>11-2</b>
Receipts From Other Funds		
Receipts From Component Units		
Receipts From Others		
Receipts From Loan Principal Repayments		
Payments To Other Funds		
Payments To Component Units		
Payments For Scholarships and Fellowships		
Payments To Suppliers	<u>(602,800)</u>	<b>11-3</b>
Payments To Employees	<u>(192,275)</u>	<b>11-4</b>
Payments on Claims		
Payments To Others		
<b>Net cash provided (used) by operating activities</b>	* <u>207,000</u>	

**Cash flows from noncapital financing activities:**

	<b>From Worksheet</b>	
Proceeds from bonds issued		
Proceeds from sale of notes and other borrowings	<u>5,000</u>	<b>F.1</b>
Interest received - bonds		
Interest received - notes and other borrowings		
Principal payments - bonds		
Principal payments - notes and other borrowings	<u>(25,000)</u>	<b>F.2</b>
Interest payments - bonds		
Interest payments - notes and other borrowings	<u>(1,500)</u>	<b>G.2</b>
Transfers-in from other funds	<u>100,000</u>	<b>BB.1</b>
Transfers-out to other funds	<u>(75,000)</u>	<b>BB.2</b>
<b>Net cash provided (used) by noncapital financing activities</b>	<u>3,500</u>	



**Statement of Cash Flows Summary Form**  
**For the year ended \_\_6/30/XX**

**11**

**1**

Business Unit No.:   25000   Business Unit:   Sample Agency  

**2**

Fund No.:   999   Fund Name:   Enterprise Fund  

**3**

Prepared by:   J.P. Junior   Title:   Acct. I   Date:   9/1/XX   Phone:   328-2345  

**3**

Approved by:   I.M. Senior   Title:   Dir. Of Acctg.   Date:   9/1/XX   Phone:   328-2345  

**Increase (Decrease) in  
Cash and Cash Equivalents**

**Reconciliation of Operating Income (Loss) To Net Cash  
Provided (Used For) Operating Activities:**

Operating income (loss)	<u>  20,000  </u>	
Adjustments to reconcile operating income (loss) to net cash and cash equivalents provided by operating activities:		
Depreciation	<u>  245,000  </u>	<i>E</i>
(Increase) Decrease Accounts Receivable - Net	<u>  (63,000)  </u>	<i>A</i>
(Increase) Decrease Intergovernmental Receivable		
(Increase) Decrease Prepaid Expenses	<u>      500  </u>	<i>A</i>
(Increase) Decrease Inventories	<u>      2,000  </u>	<i>A</i>
Increase (Decrease) Accounts Payable	<u>      2,500  </u>	<i>A</i>
Increase (Decrease) Intergovernmental Payable		
Increase (Decrease) Accrued Payroll		
Increase (Decrease) Compensated Absences Payable		
Increase (Decrease) Claims Payable		
Increase Decrease _____		
Total adjustments	<u>  187,000  </u>	
<b>Net cash provided (used) by operating activities</b>	<u>  * 207,000  </u>	

**12**

**Required Note Disclosure:**

1. Shortly before the balance sheet date the Agency entered into a capital lease to purchase office equipment costing \$7,500.
2. Cash and cash equivalents: cash and short-term highly liquid investments that are readily convertible to known amounts of cash and so near their maturity that present insignificant risk of changes in value because of changes in interest rates. Generally this includes only investments with original maturity of three months or less.

STATE OF NORTH DAKOTA  
GAAP CLOSING PROCEDURES MANUAL

SPECIAL GOVERNMENT UNIT CLOSING PACKAGE:  
INTERFUND TRANSACTIONS

ISSUE DATE:      SECTION  
6/1/2015            05

REVISED:            PAGE:  
                             1

**COMPLETING SCHEDULE OF INTERFUND DUE TO/DUE FROM**

REF	EXPLANATION
(1)	Select the business unit number from the drop down list and the business unit's name will automatically populate. Select the fund from the drop down list.
(2)	Complete all information regarding preparation of this form. The Finance Director or Executive Director should approve the form before sending it to the Office of Management and Budget. Keep a copy of the form.
(3)	Enter the month-day-year of the fiscal year for which this form applies.
(4)	Enter the fund name and fund number of the state fund for the Interfund Due To/Due From.
(5)	Enter the total Due From Amount.
(6)	Enter the total Due To Amount.
(7)	This amount must agree to your Agency's Balance Sheet line items titled <u>Due to</u> and <u>Due from</u> other funds.
(8)	Return the completed Schedule of Interfund Due To/Due Froms to the Office of Management and Budget by <u>the scheduled due date</u> listed for your agency and fund (see Schedule of Due Dates).
(9)	If your agency completes its own Schedule of Interfund Due To/Due Froms please submit this schedule to the Office of Management and Budget by <u>the scheduled due date</u> listed for your agency and fund (see Schedule of Due Dates).

**STATE OF NORTH DAKOTA**  
**SCHEDULE OF INTERFUND DUE TO / DUE FROM**  
**(3) FOR THE FISCAL YEAR ENDED 6/30/XX**

(1) Business Unit No: 450

(1) Business Unit : Sample Agency

(1) Fund No.: 915

(2) Prepared by: Jim Smith

Date: 8/12/XX Phone: 328-5555

(2) Approved by: Fred Jones

Date: 8/19/XX Phone: 328-5555

(4) Fund Name and Fund Number	(5) Due From Amount	(6) Due To Amount
Fund A #123	\$ 50,000	
Fund B #234	15,000	
Fund C #456	10,000	
Fund D #567		10,000
<b>Totals (7)</b>	<b>\$ 75,000</b>	<b>\$ 10,000</b>

Explain the purpose of the above interfund balances due to or from:  
**\$50,000 is due from Fund A for a short term loan.**

**Other due from amounts (\$25,000) are for legal services charges.**

**\$10,000 is due to Fund D for supplies.**

Please indicate which of the above balances are not expected to be repaid within one year and explain why:  
**N/A. All to be paid within one year.**

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

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STATE OF NORTH DAKOTA  
GAAP CLOSING PROCEDURES MANUAL

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SPECIAL GOVERNMENT UNIT CLOSING PACKAGE:  
INTERFUND TRANSACTIONS

ISSUE DATE:      SECTION  
6/1/2015            05

REVISED:            PAGE:  
                             2

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**COMPLETING SCHEDULE OF TRANSFERS IN/TRANSFERS OUT**

REF	EXPLANATION
(1)	Select the business unit number from the drop down list and the business unit's name will automatically populate. Select the fund from the drop down list.
(2)	Complete all information regarding preparation of this form. The Finance Director or Executive Director should approve the form before sending it to the Office of Management and Budget. Keep a copy of the form.
(3)	Enter the month-day-year of the fiscal year for which this form applies.
(4)	Enter the fund name and fund number of the state fund for the Transfers In/Transfers Out.
(5)	Enter the total amount received from another state fund.
(6)	Enter the total transfer amount your agency made to another state fund.
(7)	This amount must agree to your Agency's Operating Statement line items entitled transfers in and out.
(8)	Return the completed Schedule of Transfers In/Transfers Out to the Office of Management and Budget by <u>the scheduled due date</u> listed for your agency and fund (see Schedule of Due Dates).
(9)	If your agency completes its own Schedule of Transfers In/Transfers Out please submit this schedule to the Office of Management and Budget by <u>the scheduled due date</u> listed for your agency and fund (see Schedule of Due Dates).



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STATE OF NORTH DAKOTA  
GAAP CLOSING PROCEDURES MANUAL

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SPECIAL GOVERNMENT UNIT CLOSING PACKAGE:	ISSUE DATE:	SECTION
CASH AND INVESTMENTS FOOTNOTE PACKAGE	6/1/2015	06
	REVISED:	PAGE:
	06/21/2016	1

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**PURPOSE AND OBJECTIVES**

The State plans to prepare its financial statements in accordance with Generally Accepted Accounting Principles (GAAP). GAAP requires that the State's balance sheets and statements of net assets show the amount of cash and investments under state control as of your funds' fiscal year end. In addition GAAP requires that bank deposits in third party (non-Bank of North Dakota) financial institutions be credit risked. Non-Bank of North Dakota investments also must be credit risked.

**AGENCY ACTION REQUIRED**

Complete the attached Cash and Investment Summary Form and return it to the Office of Management and Budget with your financial statements by the scheduled due date listed for your agency and fund (see Schedule of Due Dates). If you can return the forms earlier, please do so.

**NOTE: This closing package must be completed for each fund reporting cash and/or investments. If portions of the information requested are included in your agency's audited financial statements, this information does not have to be duplicated.**

**KEY TERMS**

Bank Balance-Cash. The balance reported on your bank statement as of your funds' fiscal year end.

Book Balance-Cash. The book balance of a bank account is the balance on your accounting records or in your checkbook as of your funds' fiscal year end.

Fair Value - Investments. The fair value of an investment is the amount at which an investment would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Cash. For purposes of this closing package, cash includes:

- Cash on hand (i.e., petty cash).
- Deposits with financial institutions (i.e. checking account balances).
- Certificates of deposit and investments with an original maturity of three months or less.
- Cash or deposits your agency has in a trustee capacity or in an agency capacity for others.
- Petty cash balances and external bank accounts authorized by the State Auditor and the State Treasurer under NDCC 54-06-08.1.
- Money Market Accounts.

Collateral. Security pledged by a financial institution to a governmental entity for its deposits.

STATE OF NORTH DAKOTA  
GAAP CLOSING PROCEDURES MANUAL

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SPECIAL GOVERNMENT UNIT CLOSING PACKAGE: CASH AND INVESTMENTS FOOTNOTE PACKAGE	ISSUE DATE: 6/1/2015	SECTION 06
	REVISED: 06/21/2016	PAGE: 2

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Deposits - For Credit Risk Footnote Purposes. Deposits for credit risk footnote purposes are those deposits and non-negotiable Certificates of Deposit at third party (non-Bank of North Dakota) banks.

- Non-negotiable Certificates of Deposit at third party (non-Bank of North Dakota) financial institutions are accounted for as investments on the Balance Sheet (if they have a maturity period of greater than three months) however, they are credit risked as deposits for footnote purposes.
- Negotiable Certificates of Deposit at third party (non-Bank of North Dakota) banks should be credit risked as investments.

Depository Insurance. Insurance on deposits with financial institutions for our purposes includes:

- Federal depository insurance funds, such as those maintained by the Federal Deposit Insurance Corporation (FDIC). FDIC currently insures up to \$100,000 per deposit.

Investment. Investments may include marketable securities, certificates of deposit, or other financial instruments with an Original Maturity Period greater than three months. Report your agency's investments as well as any investments your agency holds as a trustee or agent for others.

Investment Asset GASB 72 defines an investment asset as “a security or other asset that a government holds primarily for the purpose of income or profit and its present service capacity is based solely on its ability to generate cash or to be sold to generate cash. The investment designation would be made at acquisition and would remain for the life of the asset, even if usage changes over time. Such investments need to be recorded at Fair Market Value and would include:

- Intangible assets meeting the proposed definition of investments
- Land and land rights, including oil and gas properties, classified as investments
- Real estate meeting the definition of an investment asset
- Debt securities reported as assets
- Alternative investments reported by endowments
- Securitized debt obligations
- Invested securities lending collateral
- Equity Securities
- Commingled investment pools that are not government sponsored
- Life settlement contracts (when there is no insurable interest, the purpose of the instrument is solely to generate cash and should be measured at fair value)

Investments - For Credit Risk Footnote Purposes. Investments for credit risk footnote purposes includes marketable securities, negotiable Certificates of Deposits, and other financial instruments.

- Non-negotiable Certificates of Deposit at third party (non-Bank of North Dakota) banks should be credit risked as deposits.

**Investment and Investment Asset Note Disclosures: See the GASB 72 Policy starting on page 3.** OMB has not developed a form for this note disclosure because the types of disclosures need vary according to the type of investment. Each agency will have to prepare a footnote disclosure to report the necessary disclosures under GASB 72.

Original Maturity Period. Original maturity period means the original maturity period to the agency holding the investment. Original maturity period is the period from the original purchase of the investment by the agency holding the investment to the date the investment matures.

STATE OF NORTH DAKOTA  
GAAP CLOSING PROCEDURES MANUAL

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SPECIAL GOVERNMENT UNIT CLOSING PACKAGE: CASH AND INVESTMENTS FOOTNOTE PACKAGE	ISSUE DATE: 6/1/2015	SECTION 06
	REVISED: 06/21/2016	PAGE: 3

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**WORKING PAPERS**

All working papers may be subject to audit. The Agency unit should keep a copy of the completed Cash and Investments Summary Form. In addition, the Agency unit should keep any documents that support data on that form. For example:

- Year end bank and investment account statements from financial institutions and brokers.
- Reconciliations between bank statements and book balances shown on the Cash and Investments Summary Form for all bank accounts.
- Listing of securities in investment portfolios.
- Correspondence authorizing petty cash funds and clearing accounts.
- Other related documents.

**INVESTMENT NOTE DISCLOSURE IN ACCORDANCE WITH GASB 72**

The disclosures required under GASB 72 are for all fair value measurements.

1. Disclose the fair value of all investments and organize the investment disclosure by investment type. Do not aggregate dissimilar investment into a single investment type.
2. Investment Policy:

Disclose, briefly, your formal investment and deposit policies. If you have exposure to a concentration of credit risk or have investments in foreign currency, disclose your policies relating to these investments. If no formal investment or deposit policy, disclose that you have no formal policy.

3. Determine the level of Fair Value Hierarchy

Valuation inputs are assumptions that market participants use in pricing an asset or liability. The standard establishes a hierarchy of inputs used to measure fair value that prioritizes the inputs into three categories – level 1, level 2, and level 3- considering the relative reliability of the inputs.

**Level 1** – Level 1 inputs are quoted (unadjusted) prices in active markets for identical assets or liabilities that the government can access at the measurement date. Observable markets include exchange markets, dealer markets, brokered markets and principal-to-principal markets

**Level 2** – Level 2 inputs are quoted prices included within level 1 that are observable for the asset or liability either directly or indirectly. These inputs are derived from or corroborated by observable market data through correlation or by other means. Level 2 inputs include:

- Quoted prices for similar assets or liabilities in active markets
- Quoted prices for identical or similar assets or liabilities in inactive markets
- Inputs other than quoted prices that are observable for the asset or liability
- Market-corroborated inputs

STATE OF NORTH DAKOTA  
GAAP CLOSING PROCEDURES MANUAL

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**Level 3** – These are unobservable inputs for the asset or liability; they should be used only when relevant Level 1 and Level 2 inputs are unavailable. Agencies may use their own data to develop unobservable inputs if there is no information available without undue cost and effort.

4. A description of the Valuation techniques used:

There can be many ways to determine the fair value of an asset or liability, and the standard allows for many possible valuation techniques using one or more of three approaches: market, cost or income approach.

- Market Approach – The market approach uses prices and other relevant information generated by market transactions involving identical or similar assets, liabilities or a group of assets and liabilities.
- Cost Approach – The cost approach reflects the amount currently required to replace the present service capacity of an asset, adjusted for obsolescence.
- Income Approach – The income approach converts future amounts, e.g., cash flows or revenues and expenses, to a single current amount such as discounted present value, reflecting current market expectations about those future amounts.

5. Any significant changes in valuation techniques, the changes and the reason for making them.

6. Credit Quality Ratings of Debt Securities:

Disclose the credit quality ratings of investments in debt securities, whether held directly or indirectly, as described by nationally recognized statistical rating organizations----if unrated, disclose that is unrated. Exclude obligations of or explicitly guaranteed by the U.S. Government, but include investments in external investment pools, money market funds, bond mutual funds, and other pooled investments of fixed-income securities.

**Aggregate the disclosure by investment type.**

**OMB is requiring that the dollar value of each ratings category be disclosed. Percentages are not to be used as OMB may not be able to accurately consolidate percentages for the CAFR.**

Some securities have more than one rating. When multiple ratings exist, at a minimum, the rating indicative of the greatest degree of risks should be presented. However, you may choose also to disclose the additional credit ratings.

7. Concentration of Credit Risk:

Provide information about the concentration of credit risk associated with investments by disclosing, by amount and issuer, investments in any one issue that represent 5 percent or more of total investments. Investments issued or explicitly guaranteed by the US government, investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement.

8. Custodial Credit Risk:

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- a. Disclosure the bank balances of deposits exposed to custodial risk, that they are uninsured, and the basis of the risk. Deposits are exposed to custodial credit risk if they not covered by depository insurance and the deposits are uncollateralized; collateralized with securities held by the pledging financial institution; or collateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor-government's name.
- b. For investments at the end of the fiscal year, need to disclose the investments' type, the reported amount, and how the investments are held. Investments are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent not in the government's name.

9. Interest-rate risk:

For debt investments, you will need to disclose the interest rate risk using one of the following disclosure methods:

1. Segmented time distribution
2. Specific identification
3. Weighted average maturity
4. Duration
5. Simulation method

Agencies should select the method that reflects the method used to manage the investments, but must select one of the five methods noted above. Different methods may be used for different investments. The State is not required to use a single method of disclosing interest-rate for all debt investments. Investments in mutual funds, external investments, and internal investments that do not meet the definition of a 2a7-like pool are included in this disclosure requirement.

If the terms of the debt investment cause its fair value to be highly sensitive to interest rate changes, the terms and fair value of that investment should be disclosed to the extent the investment terms are not considered in the disclosure explained above. Terms include coupon multipliers, benchmark indexes, reset dates, and embedded options.

10. Foreign Currency Risk:

If deposits or investments are exposed to foreign currency risk, disclose the U.S. dollar balances for such deposits or investments, organized by currency denomination and, if applicable, investment type.

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**GENERAL INSTRUCTIONS--CASH AND INVESTMENTS SUMMARY FORM**

- Carefully read the special definitions that apply to this closing package. (See the Key Terms section).
- Prepare two or more Forms if there is not enough space on one Form.
- The Form(s) should show balances as of your funds' fiscal year end.
- Return the completed Cash and Investments Summary Form to the Office of Management and Budget by the scheduled due date listed for your agency and fund (see Schedule of Due Dates).
- Call the Office of Management and Budget for guidance.
- The person who completes and signs the Form should keep a copy. The Office of Management and Budget will telephone this person if there are any questions.
- Round all dollar amounts on the form to the nearest whole dollar.
- Prepare a separate closing package form for each fund.
- Detailed instructions for completing the Forms follow. A sample completed Cash and Investments Summary Form follows the instructions.

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**COMPLETING THE SPECIAL GOVERNMENT UNIT CASH AND INVESTMENTS SUMMARY FORM - 1**

NOTE: See definitions to Key Terms contained in this section beginning on page 1.

REF	EXPLANATION
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Note: The last two digits of the fiscal year for which this Form applies will populate based on the 'Prepared' date. Therefore, no entry is needed on the 'At June 30, 20XX' line.

- |     |   |
|-----|---|
| (1) | Select the business unit number from the drop down list and the name will automatically populate. Select the fund from the drop down list.  |
| (2) | Complete all information regarding preparation of this Form.  |
| (3) | Enter the book balance of cash from your funds' balance sheet that applies to deposits held at the Bank of North Dakota for the CAFR year ended June 30.  |
| (4) | Enter the book balance of cash from your funds' balance sheet, excluding deposits held at the Bank of North Dakota for the CAFR year ended June 30 (see Item [B] on this Summary Form).           |
| (5) | The total cash figure must agree to cash on your funds' balance sheet for the CAFR year ended June 30.  |
| (6) | Enter the balance of actual investments from your funds' balance sheet that are Bank of North Dakota investments for the CAFR year ended June 30.   |
| (7) | Enter the fair value of actual investments from your funds' balance sheet excluding investments of the Bank of North Dakota, for the CAFR year ended June 30 (see Item [C] on this Summary Form). |
| (8) | The total investment figure must agree to investments on your funds' balance sheet for the CAFR year ended June 30.   |
| (9) | Select Yes or No from the drop down list to indicate whether or not the Investment is handled by RIO or STO.  |

**NOTE**

Enter amounts in whole dollars. If portions of the information requested are included in your agency's audited financial statements, this information does not have to be duplicated.

STATE OF NORTH DAKOTA  
 SPECIAL GOVERNMENT UNIT CASH AND INVESTMENTS SUMMARY FORM - 1  
 At June 30, 20XX

<b>1</b> Business Unit # <u>450</u>	Business Unit Name: <u>Example Unit</u>	State Fund #: <u>915</u>
<b>2</b> Prepared: <u>8/12/20XX</u> Date	By: <u>Jim Smith</u> Name/Signature	<u>Accountant 328-5555</u> Title/Phone
<b>2</b> Approved: <u>8/19/20XX</u> Date	By: <u>Fred Jones</u> Name/Signature	<u>Supervisor 328-5555</u> Title/Phone

**[A]** BALANCE SHEET CASH AND INVESTMENT DATA

(I) CASH

Cash  
Book Balance  
June 30

Cash Deposits at the Bank of North Dakota (BND):

\$ 50,000 **3**

**[B]** Cash and Cash Equivalents:

5,000 **4**

Total Cash:

\$ 55,000 **5**

(II) INVESTMENTS

Investments  
Fair Value  
June 30

Investments of the Bank of North Dakota (BND)  
(i.e., CD purchased from the BND > 90 days):

\$ 30,000 **6**

**[C]** Investments:

325,000 **7**

Total Investments:

\$ 355,000 **8**

Are the investments handled by RIO or STO?

Yes **9**

**[A]** Amounts shown for Cash and Investments should agree to classifications shown on the financial statements.  
**[B]** Complete the Cash and Investments Summary Form - "2" if you completed the "Cash and Cash Equivalents" line.  
**[C]** Complete the Cash and Investments Summary Form - "3" if you completed the "Investments" line.



STATE OF NORTH DAKOTA  
SPECIAL GOVERNMENT UNIT CASH AND INVESTMENTS SUMMARY FORM - 2  
At June 30, 20XX

① Business Unit # 450 Business Unit Name: Example Unit State Fund #: 915

② Prepared: 8/12/20XX By: Jim Smith Accountant 328-5555  
Date Name/Signature Title/Phone

② Approved: 8/19/20XX By: Fred Jones Supervisor 328-5555  
Date Name/Signature Title/Phone

DEPOSITS (CREDIT RISK DATA)

[A]

④ Name of Financial Institution	⑤ Bank Account / CD Number	⑥ Is Certificate Maturity Date > 90 Days	⑦ Purpose of Account	⑧ Credit Risk Category (1, 2 or 3)	⑨ Bank Balance June 30	⑩ Book Balance June 30
<u>FNB Bismarck</u>	<u>667-245-4013</u>	<u>-</u>	<u>Checking</u>	<u>1</u>	<u>3,659</u>	\$ <u>2,500</u>
<u>ABC Bank</u>	<u>22-4035-46</u>	<u>N</u>	<u>CD</u>	<u>1</u>	<u>2,000</u>	<u>2,000</u>
<u>MBNA America</u>	<u>22-6096-06</u>	<u>Y</u>	<u>CD</u>	<u>1</u>	<u>10,000</u>	<u>10,000</u>
_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____
<u>Mutual Funds</u>	_____	_____	_____	<u>N/A</u>	<u>N/A</u>	_____
<u>Petty Cash/Cash On Hand</u>	_____	_____	_____	<u>N/A</u>	<u>N/A</u>	<u>500</u>
<u>Deposits In Transit</u>	_____	_____	_____	<u>N/A</u>	<u>N/A</u>	_____
Total:					<u>\$ 15,659</u>	<u>\$ \$ 15,000</u>

[ A ] Do not credit risk Deposits at the Bank of North Dakota, mutual funds, petty cash, or deposits in transit. Credit risk Non Bank of North Dakota Certificates of Deposit on this Summary Form regardless of maturity dates.

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**COMPLETING THE SPECIAL GOVERNMENT UNIT CASH AND INVESTMENTS SUMMARY FORM - 3**

REF	EXPLANATION									
Note:	The last two digits of the fiscal year for which this Form applies will populate based on the 'Prepared' date. Therefore, <u>no</u> entry is needed on the 'At June 30, 20XX' line.									
( 1 )	Select the business unit number from the drop down list and the name will automatically populate. Select the fund from the drop down list.									
( 2 )	Complete all information regarding preparation of this Form.									
( 3 )	Enter the name of the Financial Institution where the investment was purchased. Amounts of the Bank of North Dakota should <u>not</u> be included. Only the amount on the "Investments" line on Summary Form-1 is subject to credit risking. All non Bank of North Dakota certificates of deposit should be credit risked on Summary Form-2 regardless of maturity date. See [ A ] on this Summary Form.									
( 4 )	Enter the security number.									
( 5 )	Briefly describe the type of security.									
( 6 )	Determine the level of Fair Value Hierarchy (Level 1, Level 2, or Level 3) and enter here. See key terms for definition.									
( 7 )	Determine the Valuation Technique used in determining the Fair value. See key terms for definition.									
( 8 )	Categorize the investments by type according to the following three categories of credit risk: <table style="margin-left: 40px;"><tr><td style="width: 15%;">Category</td><td>(1) -</td><td>Insured or registered, or securities held by the State or its agent in the State's name.</td></tr><tr><td></td><td>(2) -</td><td>Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the State's name.</td></tr><tr><td></td><td>(3) -</td><td>Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the State's name. (This includes the portion of the carrying amount of any repurchase agreement that exceeds the market value of the underlying securities).</td></tr></table>	Category	(1) -	Insured or registered, or securities held by the State or its agent in the State's name.		(2) -	Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the State's name.		(3) -	Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the State's name. (This includes the portion of the carrying amount of any repurchase agreement that exceeds the market value of the underlying securities).
Category	(1) -	Insured or registered, or securities held by the State or its agent in the State's name.								
	(2) -	Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the State's name.								
	(3) -	Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the State's name. (This includes the portion of the carrying amount of any repurchase agreement that exceeds the market value of the underlying securities).								
( 9 )	Enter the fair value of your investment as of the CAFR fiscal year ended June 30.									

**NOTE**

Enter amounts in whole dollars. If portions of the information requested are included in your agency's audited financial statements, this information does not have to be duplicated.

STATE OF NORTH DAKOTA  
 SPECIAL GOVERNMENT UNIT CASH AND INVESTMENTS SUMMARY FORM - 3  
 At June 30, 20XX

① Business Unit # 450 Business Unit Name Example Unit State Fund #: 915

② Prepared: 8/12/20XX By: Jim Smith Accountant 328-5555  
 Date Name/Signature Title/Phone

② Approved: 8/19/20XX By: Fred Jones Supervisor 328-5555  
 Date Name/Signature Title/Phone

INVESTMENTS (CREDIT RISK DATA) [A]

③ Name of Financial Institution	④ Security Number	⑤ Type of Security	⑥ Fair Value Hierarchy (Level 1, 2, 3)	⑦ Valuation Technique	⑧ Credit Risk Category (1, 2 or 3)	④ Fair Value June 30
<u>ABC Institution</u>	<u>92872 YMI</u>	<u>U.S. Treasury Notes</u>	<u>                    </u>	<u>                    </u>	<u>1</u>	\$ <u>300,000</u>
<u>A.G. Edwards</u>	<u>22-4069-69</u>	<u>Corporate Bonds</u>	<u>                    </u>	<u>                    </u>	<u>1</u>	<u>15,000</u>
<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total:						\$ <u>315,000</u>

[ A ] Do not include Investments of the Bank of North Dakota. All Non Bank of North Dakota Certificates of Deposit should be credit risked on Summary Form - 2 regardless of maturity dates.

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