ANALYSIS OF THE STATE BONDING FUND FOR THE 2003-05 BIENNIUM

Beginning balance - July 1, 2003		$5,134,541
Add estimated revenues		
Investment income	$650,000	
State bonding fund claims collections	80,000	
Other income	6,000	
Total estimated revenues		$736,000
Total available		$5,870,541
Less estimated expenditures		
Insurance Department - Administration (2003 SB 2010)	$35,000	
Transfer to the general fund (2003 SB 2015)	2,800,000	
Loss claims payments	140,000	
Claims-related expenses	25,000	
Total estimated expenditures		$3,000,000
Estimated ending balance - June 30, 2005		$2,870,541

NOTE: The estimated June 30, 2005, balance made at the end of the 2003 legislative session was $2,005,455. The increase in the estimated balance of $865,086 is due to the actual July 1, 2003, balance of $5,134,541 being $315,086 more than the July 1, 2003, balance estimated at the close of the 2003 legislative session of $4,819,455, and the 2003-05 revised estimated revenues of $736,000 being $550,000 more than the previous estimate of $186,000. The 2003-05 biennium estimated revenues are more than previously estimated due to an increase in investment income.

The state bonding fund was created in 1915 and is maintained for bond coverage of public employees. The state bonding fund is managed by the Insurance Commissioner and the amount of coverage provided to each state agency, department, industry, and institution is determined by the commissioner based upon the amount of money and property handled and the opportunity for default. North Dakota Century Code Section 26.1-21-09, as amended by the 2003 Legislative Assembly in Senate Bill No. 2015, provides that premiums for bond coverage are to be determined by the Insurance Commissioner but can be waived if the state bonding fund's balance is in excess of $2 million. Provisions of 2003 Senate Bill No. 2015 lowered the minimum fund balance from $2.5 million to $2 million. No premium has been charged possibly since 1953 because the bonding fund's balance has exceeded the minimum level established by the Legislative Assembly.