

## ANALYSIS OF THE STATE BONDING FUND FOR THE 2005-07 BIENNIUM AS OF MAY 2006

Beginning balance - July 1, 2005		\$2,599,756
Add estimated revenues		
Investment income	\$450,000	
State bonding fund claims collections	45,000	
Other income	6,000	
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Total estimated revenues		<hr/> 501,000
Total available		\$3,100,756
Less estimated expenditures and transfers		
Insurance Department administration (2005 HB 1010)	\$35,000	
State bonding claims losses	250,000	
Claims-related expenditures	18,000	
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Total estimated expenditures and transfers		<hr/> 303,000
Estimated ending balance - June 30, 2007		<hr/> <hr/> \$2,797,756

**NOTE:** The estimated June 30, 2007, balance made at the end of the 2005 legislative session was \$2,870,541. The decrease in the estimated balance of \$72,785 is primarily due to the actual July 1, 2005, balance of \$2,599,756 being \$97,215 more than the July 1, 2005, balance estimated at the close of the 2005 legislative session of \$2,502,541 and the 2005-07 revised estimated revenues of \$501,000 being \$172,000 less than the previous estimate of \$673,000. The 2005-07 biennium estimated revenues are less than previously estimated primarily due to a decrease in investment income.

### FUND HISTORY

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. Senate Bill No. 2015 (2003) 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.