

Legislative Audit and Fiscal Review Committee

Testimony of Tim Porter, Bank of North Dakota

October 13, 2016

Mr. Chairman and members of the Committee for the record my name is Tim Porter; I am the CFO at the Bank of North Dakota. I am here to present the 2015 College Save audited financial statements, North Dakota's 529 plan. Bank of North Dakota is the trustee of North Dakota's College Save Plan. Ascensus, Inc. (formerly Upromise) acts as the Plan Manager. a position they have held since 2006. Vanguard will continue in its role as the Investment Manager.

The audit of the College Save Plan was performed by the Public Accounting firm of Thomas & Thomas out of Arkansas. Ascensus's contract as plan manager includes selection of the external auditor along with paying for the audit. Thomas & Thomas is currently contracted by Ascensus to perform the audit of North Dakota's College Save Plan. They audit college savings plans in several states throughout the United States. I am presenting the audit on behalf of Thomas & Thomas since they were not able to be here today.

On pages 1-3 you can see the Independent Auditors Report. Thomas & Thomas expressed an unqualified opinion regarding the accounting practices of the Plan.

The Management Discussion and Analysis (MD&A) can be found on pages 7– 16. On page 7, the second paragraph discusses North Dakota's College Save Plan. "College Save was established in September 2000 to encourage the investment of funds to be used for qualified higher education expenses at eligible educational institutions, as authorized under North Dakota Century Code Title 6, Chapter 9, Section 38."

Page 19 of the report contains the Statement of Changes in Fiduciary Net Position, which provides comparative activity of the Plan. Contributions, dividends, net (depreciation) appreciation in fair value of investments, withdrawals, and administrative fees. As you can see in the report, net assets for the Plan increased by nearly \$3.9 million during the 2015 Plan year.

I also thought you might be interested in the college save numbers specifically relating to ND residents. North Dakota numbers are not separately identified in the report. BND monitors our ND numbers internally.

	<u>2015</u>	<u>2014</u>
North Dakota Contributions	\$19.6 million	\$17.6 million
Total ND accounts	17,316 accts	14,641 accts
ND Matching grants since inception	3,622 grants	3,012 grants
Children FIRST grants since inception	3,270 grants	2,476 grants
ND Net Assets	\$92.6 million	\$77.4 million

Pages 37 – 38 contains the report on internal control and compliance which disclosed no deficiencies in internal controls or instances of noncompliance or other matters that were required to be reported.