

## Legislative Audit and Fiscal Review Committee

### Testimony of Tim Porter, Bank of North Dakota

October 21, 2010

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 2009 College Save audited financial statements, North Dakota's 529 plan. Bank of North Dakota is the trustee of North Dakota's College Save Plan. Upromise was hired as the Plan Manager in 2006, and Vanguard is the Investment Manager.

The audit of the College Save Plan was performed by the Public Accounting firm of Thomas & Thomas out of Arkansas. U Promise's contract as plan manager includes selection of the external auditor along with paying for the audit. Thomas & Thomas is currently contracted by U Promise to perform the audit of North Dakota's College Save Plan. They audit several other College Save Plans 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 and 2 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 3 – 8. On page 3, 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 11 of the report contains the Statement of Changes in fiduciary net assets, which provides comparative activity of the Plan. Contributions, dividends and interest, 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 \$22.3 million during the 2009 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>2009</u>	<u>2008</u>
North Dakota Contributions	\$4.2 million	\$4.6 million
Total ND accounts	3,061 accts	2,311 accts
Matching grants	127 grants	58 grants
ND Net Assets	\$17.6 million	\$12.0 million

Pages 27 – 28 is 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.