



Financial Statements
June 30, 2022 and 2021

North Dakota Student Loan Trust

NORTH DAKOTA STUDENT LOAN TRUST

Table of Contents

	<u>Exhibit</u>	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT		1
MANAGEMENT'S DISCUSSION AND ANALYSIS		4
FINANCIAL STATEMENTS		
Statements of Net Position		9
Statements of Revenues, Expenses and Changes in Net Position		11
Statements of Cash Flows		12
Notes to Financial Statements		14
SUPPLEMENTARY INFORMATION		
Combining Statement of Net Position – June 30, 2022		20
Combining Statement of Net Position – June 30, 2021		22
Combining Statement of Revenues, Expenses and Changes in Fund Net Position – June 30, 2022		24
Combining Statement of Revenues, Expenses and Changes in Fund Net Position – June 30, 2021		25
EXHIBITS		
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	A-1	26
Independent Auditor's Comments Requested by the North Dakota Legislative Audit and Fiscal Review Committee	A-2	28
Independent Auditor's Communication to the Governor of North Dakota and the Legislative Assembly	B-1	31



Independent Auditor's Report

Governor of North Dakota
and the Legislative Assembly
State of North Dakota
Bismarck, North Dakota

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the North Dakota Student Loan Trust (the Trust), an enterprise fund of the State of North Dakota, as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the Trust, as of June 30, 2022 and 2021, and the respective changes in its financial position, and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Trust, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1, the financial statements of the Trust are intended to present the financial position, the changes in financial position and cash flows of only that portion of the State of North Dakota that is attributable to the transactions of the Trust. They do not purport to, and do not, present fairly the financial position of the State of North Dakota as of June 30, 2022 and 2021, and the changes in its financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Trust. The combining statements of net position and combining statements of revenues, expenses, and changes in net position are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements of net position and combining statements of revenues, expenses, and changes in net position are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 17, 2022 on our consideration of the Trust's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Trust's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Trust's internal control over financial reporting and compliance.



Bismarck, North Dakota
October 17, 2022

NORTH DAKOTA STUDENT LOAN TRUST
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022, 2021, and 2020
(In Thousands)

The discussion and analysis of the financial performance of the North Dakota Student Loan Trust (Trust) that follows is meant to provide additional insight into the Trust's activities for the years ended June 30, 2022, 2021 and 2020. Please read it in conjunction with the Trust's financial statements and footnotes, which are presented within this report.

FINANCIAL HIGHLIGHTS:

Section 54-17-24 of the North Dakota Century Code authorized the establishment of the North Dakota Student Loan Trust. On June 27, 1979, the Commission adopted the North Dakota Student Loan Revenue Bonds General Bond Resolution establishing the North Dakota Student Loan Trust fund. On June 19, 1996, the Commission adopted the Second General Bond Resolution and the First Supplemental Resolution to the North Dakota Student Loan Revenue Bonds - Second General Bond Resolution. The purpose of the Trust is to provide loans to students in post-secondary education. The Trust acquires eligible loans insured or guaranteed, respectively, by the United States government or the North Dakota Guaranteed Student Loan Program. All guaranteed loans and the collections and earnings therefrom are pledged as collateral to the outstanding bonds of the respective trusts.

DEAL loans are available at either a fixed rate or a variable rate with the rates being adjusted quarterly. As of July 1, 2022, the fixed rate was 6.15% and the variable rate was 3.50%. As of July 1, 2021, the fixed rate was 3.90% and the variable rate was 1.62%. As of July 1, 2020, the fixed rate was 3.39% and the variable rate was 1.80%.

The Trust 2022 statement of net position indicates that the Trust continues to have adequate resources to provide for bond repayment and continuing operations. There are \$1,825 of current assets available to meet the next fiscal year's obligations of approximately \$3. The income before transfers of \$11 reflected in the statement of revenues, expenses, and changes in net position illustrates that the Trust's revenues continue to exceed its expenditures.

REQUIRED FINANCIAL STATEMENTS:

The management discussion and analysis is intended to serve as an introduction to the Trust's financial statements. The Trust is accounted for utilizing fund accounting and includes the requirements of 1) the General Bond Resolution Fund and 2) the Second General Bond Resolution Fund. Note 1 to the financial statements provides a description of the organization, funds and significant accounting policies. The financial statements of the Trust provide accounting information similar to that of many other business entities. The Statement of Net Position summarizes the assets and liabilities, with the difference between the two reported as net position. It also serves as the basis for analysis of the soundness and liquidity of the Trust. The Statement of Revenues, Expenses and Changes in Net Position summarizes the Trust's operating performance for the year. The Statement of Cash Flows summarizes the flow of cash through the Trust as it conducts its business.

NORTH DAKOTA STUDENT LOAN TRUST
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022, 2021, and 2020
(In Thousands)

CONDENSED STATEMENTS OF NET POSITION
JUNE 30, 2022, 2021, AND 2020

	<u>2022</u>	<u>2021</u>	<u>2020</u>
ASSETS			
CURRENT ASSETS - UNRESTRICTED	\$ 9	\$ 6	\$ 16
CURRENT ASSETS - RESTRICTED	1,816	1,724	1,534
NONCURRENT ASSETS - UNRESTRICTED	<u>409</u>	<u>492</u>	<u>698</u>
TOTAL ASSETS	<u>\$ 2,234</u>	<u>\$ 2,222</u>	<u>\$ 2,248</u>
LIABILITIES			
CURRENT LIABILITIES	\$ 3	\$ 2	\$ 49
NONCURRENT LIABILITIES	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>
TOTAL LIABILITIES	<u>1,003</u>	<u>1,002</u>	<u>1,049</u>
NET POSITION			
RESTRICTED FOR DEBT SERVICE	815	724	487
UNRESTRICTED	<u>416</u>	<u>496</u>	<u>712</u>
TOTAL NET POSITION	<u>1,231</u>	<u>1,220</u>	<u>1,199</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 2,234</u>	<u>\$ 2,222</u>	<u>\$ 2,248</u>

NORTH DAKOTA STUDENT LOAN TRUST
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022, 2021, and 2020
(In Thousands)

Significant Statement of Net Position Changes

Total assets of the Trust increased \$12 in 2022, primarily due to interest earned on student loans. Total assets of the Trust decreased \$26 in 2021, primarily due to the decrease in interest earned on student loans. Total assets of the Trust increased \$35 in 2020, primarily due to interest earned on student loans.

There were no new bonds issued in 2022, 2021 or 2020. No principal payments were made during the fiscal years ended June 30, 2022, 2021 or 2020.

Cash, Cash Equivalents and Investments

Trust cash, cash equivalents and investments, which are included in restricted assets, are restricted for the debt service of bond issues for the General Bond Resolution and Second General Bond Resolution purposes listed in Note 1 to the financial statements.

Trust cash, cash equivalents and investments, which are included in unrestricted assets, are unrestricted within the Trust for the overall uses of the General Bond Resolution and Second General Bond Resolution purposes listed in Note 1 to the financial statements.

Student Loans Receivable

The student loans receivable are included in current and noncurrent assets of the statement of net position. As of June 30, 2022, all student loans are insured by the North Dakota Guaranteed Student Loan Program (GSL). All guaranteed loans and the collections and earnings therefrom are pledged as collateral to the outstanding bonds of the respective trusts. Additional discussion can be found in Notes 1 and 4 to the financial statements.

Appropriation Payable

North Dakota Legislature did not pass any legislation impacting the Trust in the 2019 or 2021 sessions. Administration expenses of \$96 were paid to the Industrial Commission for the biennium beginning July 1, 2019 and ending June 30, 2021. As of June 30, 2021, \$96 has been transferred to the Industrial Commission.

Bonds Payable

The Trust has issued bonds in order to facilitate the purchase of student loans. The bonds payable are included in the current and noncurrent liabilities of the preceding statement. The bonds are direct obligations of the Trust and are secured by student loans purchased under the applicable resolutions, interest earnings and certain accounts established pursuant to the applicable bond resolutions. Note 5 to the financial statements provides a detailed listing of all the bonds outstanding.

NORTH DAKOTA STUDENT LOAN TRUST
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022, 2021, and 2020
(In Thousands)

Net Position

The Restricted Net Position of the North Dakota Student Loan Trust is restricted by bond resolutions for the repayment of bond interest and principal. Monies held in surplus accounts can be used to redeem or purchase bonds, finance student loans, or upon certification from the Industrial Commission of North Dakota, fund a guarantee agency's guarantee program.

CONDENSED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2022, 2021, AND 2020

	<u>2022</u>	<u>2021</u>	<u>2020</u>
OPERATING REVENUES			
Interest on student loans	\$ 35	\$ 44	\$ 63
Total operating revenues	<u>35</u>	<u>44</u>	<u>63</u>
OPERATING EXPENSES			
Interest	10	8	23
Service fees	5	7	3
Other	10	10	24
Total operating expenses	<u>25</u>	<u>25</u>	<u>50</u>
OPERATING INCOME	10	19	13
NONOPERATING REVENUE	<u>1</u>	<u>3</u>	<u>7</u>
INCOME BEFORE TRANSFERS	11	22	20
TRANSFERS	<u>-</u>	<u>-</u>	<u>(11)</u>
CHANGE IN NET POSITION	11	22	9
TOTAL NET POSITION, BEGINNING OF YEAR	<u>1,220</u>	<u>1,198</u>	<u>1,189</u>
TOTAL NET POSITION, END OF YEAR	<u>\$ 1,231</u>	<u>\$ 1,220</u>	<u>\$ 1,198</u>

Note 1 to the financial statements contains discussion of several of the various operating revenue and expense items pertaining to the Trust.

**NORTH DAKOTA STUDENT LOAN TRUST
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022, 2021, and 2020
(In Thousands)**

Special Allowance and Interest Subsidy

Prior to the Federal loan sale, the U.S. Department of Education provided a special allowance, which was a subsidy to lenders participating in the Guaranteed Student Loan Program. Also, the U.S. Department of Education paid the Trust the interest earned on subsidized student loans from the date of inception until the end of the grace or deferment period. All Federal student loans were sold in October of 2017.

Transfers

No transfers were made during the fiscal years 2022 and 2021. Transfers of \$11 during the fiscal year 2020 reflect transfers to the North Dakota Industrial Commission offset by unused funds returned to the Trust from the 2017-2019 biennium.

ECONOMIC FACTORS AND FUTURE OUTLOOK

There was no legislation impacting the Trust during the 2019 or 2021 Legislative Sessions. The Trust continues to have adequate cashflow from student loan repayments to meet its future obligations.

CONTACTING THE NORTH DAKOTA STUDENT LOAN TRUST'S FINANCIAL MANAGEMENT

The information in this report is intended to provide the reader with an overview of the Trust's operations along with the Trust's accountability for those operations. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the North Dakota Industrial Commission, North Dakota Student Loan Trust, 600 East Boulevard Avenue, Department 405, Bismarck, ND 58505-0840.

NORTH DAKOTA STUDENT LOAN TRUST
STATEMENTS OF NET POSITION
JUNE 30, 2022 and 2021
(In Thousands)

	<u>2022</u>	<u>2021</u>
ASSETS		
CURRENT ASSETS - UNRESTRICTED		
Due from other state agencies	<u>\$ 9</u>	<u>\$ 6</u>
Total unrestricted current assets	<u>9</u>	<u>6</u>
CURRENT ASSETS - RESTRICTED		
Cash and cash equivalents	677	535
Investments	1,000	1,000
Student loans receivable	<u>139</u>	<u>189</u>
Total restricted current assets	<u>1,816</u>	<u>1,724</u>
NONCURRENT ASSETS - UNRESTRICTED		
Student loans receivable	<u>409</u>	<u>492</u>
Total assets	<u><u>\$ 2,234</u></u>	<u><u>\$ 2,222</u></u>

NORTH DAKOTA STUDENT LOAN TRUST
STATEMENTS OF NET POSITION – Page 2
YEARS ENDED JUNE 30, 2022 and 2021
(In Thousands)

	<u>2022</u>	<u>2021</u>
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Due to other state agencies	\$ 1	\$ -
Accrued fees payable - related party	<u>2</u>	<u>2</u>
Total current liabilities	<u>3</u>	<u>2</u>
NONCURRENT LIABILITIES		
Bonds payable	<u>1,000</u>	<u>1,000</u>
Total noncurrent liabilities	<u>1,000</u>	<u>1,000</u>
Total liabilities	<u>1,003</u>	<u>1,002</u>
NET POSITION		
Restricted for debt service	815	724
Unrestricted	<u>416</u>	<u>496</u>
Total net position	<u>1,231</u>	<u>1,220</u>
Total liabilities and net position	<u><u>\$ 2,234</u></u>	<u><u>\$ 2,222</u></u>

NORTH DAKOTA STUDENT LOAN TRUST
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2022 and 2021
(In Thousands)

	<u>2022</u>	<u>2021</u>
OPERATING REVENUES		
Interest on student loans	\$ 35	\$ 44
Total operating revenues	<u>35</u>	<u>44</u>
OPERATING EXPENSES		
Interest	10	8
Service fees	5	7
Administration fees	1	1
Bond related expenses	<u>9</u>	<u>9</u>
Total operating expenses	<u>25</u>	<u>25</u>
OPERATING INCOME	10	19
NONOPERATING REVENUE		
Investment income	<u>1</u>	<u>3</u>
INCOME BEFORE TRANSFERS	<u>11</u>	<u>22</u>
CHANGE IN NET POSITION	11	22
TOTAL NET POSITION, BEGINNING OF YEAR	<u>1,220</u>	<u>1,198</u>
TOTAL NET POSITION, END OF YEAR	<u>\$ 1,231</u>	<u>\$ 1,220</u>

NORTH DAKOTA STUDENT LOAN TRUST
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2022 and 2021
(In Thousands)

	<u>2022</u>	<u>2021</u>
OPERATING ACTIVITIES		
Receipts of student loan repayments	\$ 165	\$ 213
Payments to state agency service providers	(6)	(8)
Payments to other service providers	(9)	(9)
NET CASH FROM OPERATING ACTIVITIES	<u>150</u>	<u>196</u>
NON-CAPITAL FINANCING ACTIVITIES		
Bond interest payments	(9)	(8)
Transfer to North Dakota Industrial Commission	-	(48)
NET CASH USED FOR NON-CAPITAL FINANCING ACTIVITIES	<u>(9)</u>	<u>(56)</u>
INVESTING ACTIVITIES		
Investment interest received	1	3
Purchase of investment securities	(2,000)	(2,000)
Proceeds from sale and maturity of investment securities	2,000	2,000
NET CASH FROM INVESTING ACTIVITIES	<u>1</u>	<u>3</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	142	143
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>535</u>	<u>392</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 677</u></u>	<u><u>\$ 535</u></u>

NORTH DAKOTA STUDENT LOAN TRUST
STATEMENTS OF CASH FLOWS – Page 2
YEARS ENDED JUNE 30, 2022 and 2021
(In Thousands)

	<u>2022</u>	<u>2021</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH FROM OPERATING ACTIVITIES		
Operating income	\$ 10	\$ 19
Adjustments to reconcile operating income		
Reclassification of interest income and expense to other activities	9	52
Changes in assets and liabilities		
Student loans receivable	133	159
Due from other state agencies	(3)	10
Due to other state agencies	1	(47)
Accrued fees payable - related party	-	3
NET CASH FROM OPERATING ACTIVITIES	<u>\$ 150</u>	<u>\$ 196</u>

NORTH DAKOTA STUDENT LOAN TRUST
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 and 2021
(In Thousands)

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Section 54-17-24 of the North Dakota Century Code authorized the establishment of the North Dakota Student Loan Trust (Trust). On June 27, 1979, the Commission adopted the North Dakota Student Loan Revenue Bonds General Bond Resolution establishing the North Dakota Student Loan Trust fund. On June 19, 1996, the Commission adopted the Second General Bond Resolution and the First Supplemental Resolution to the North Dakota Student Loan Revenue Bonds - Second General Bond Resolution. The purpose of the Trust is to provide loans to students in post-secondary education. The Trust acquires eligible loans insured or guaranteed, respectively, by the United States government or the North Dakota Guaranteed Student Loan Program. All guaranteed loans and the collections and earnings therefrom are pledged as collateral to the outstanding bonds of the respective trusts.

Reporting Entity

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity: Omnibus*, the Trust should include all component units over which the Trust exercises such aspects as (1) appointing a voting majority of an organization's governing body and (2) has the ability to impose its will on that organization or (3) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the Trust.

Based on that criteria, no organizations were determined to be part of the reporting entity. The Trust is included as part of the primary government in the State of North Dakota's reporting entity.

Accounting Standards and Adoptions of Accounting Policies

The Trust follows the pronouncements of the Governmental Accounting Standards Board, which is the nationally accepted standard setting body for establishing generally accepted accounting principles for governmental entities.

Fund Accounting

The North Dakota Student Loan Trust consists of a trust fund, which is a separate accounting entity accounted for as an enterprise fund and uses the accrual basis of accounting. The fund is set up in accordance with the authorizing act, the bond resolutions and indenture. The fund consists of the First General Bond Resolution Fund, which includes the 2004 A student loan revenue bonds and the Second General Bond Resolution Fund. Proceeds of bonds are recorded in the fund and used to provide student loans to eligible students. The bond resolutions require the establishment of certain accounts and sub-accounts. Bond proceeds that are deposited in these accounts are invested in qualifying investments. Interest income, interest expense, special allowance and interest subsidy, and gain on redemption of bonds are recorded in this fund in accordance with the bond resolutions.

NORTH DAKOTA STUDENT LOAN TRUST
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 and 2021
(In Thousands)

Basis of Accounting and Measurement Focus

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All enterprise funds are accounted for using the economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of the Trust are included on the statement of net position. Net position is segregated into restricted and unrestricted components. The statement of revenues, expenses and changes in net position present increases (e.g. revenues) and decreases (e.g. expenses) in net total position. The statement of cash flows presents the cash flows for operating activities, non-capital financing activities, and investing activities.

Use of Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the statement of net position and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Significant Group Concentrations of Credit Risk

Most of the Trust's activities are with student loan borrowers in the State of North Dakota.

Cash and Cash Equivalents

The Trust considers all cash and time deposit accounts with original maturities of three months or less to be cash and cash equivalents for purposes of reporting cash flows.

Deposits and Investments

Time deposits are carried at cost, as they are nonnegotiable certificates of deposits with redemption terms that do not consider market rates. Investment securities are carried at market value. Unrealized gains and losses due to fluctuations in market value are included in investment income.

Restricted Assets and Restricted Net Position

The assets and net position of the North Dakota Student Loan Trust are restricted by bond resolutions for the repayment of bond interest and principal.

Moneys held in surplus accounts (which are classified as unrestricted on the statement of net position) can be used to redeem or purchase bonds, finance student loans, or upon certification from the Industrial Commission of North Dakota (the Commission), fund a guarantee agency's guarantee program.

Expenses of the Trust are paid in accordance with the provisions of the General and Second General Bond Resolutions and the Series Resolutions. Expenses related to a specific bond series are paid from funds available within that particular resolution. When an expense is incurred for purposes for which both restricted and unrestricted net position is available, the Trust considers restricted funds to have been spent first.

NORTH DAKOTA STUDENT LOAN TRUST
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 and 2021
(In Thousands)

Operating and Non-Operating Revenues

Operating revenues consist of interest income on loans and the related special allowance and interest subsidies related to the loans. All other revenues that do not meet the above criteria are classified as non-operating.

NOTE 2 - UNRESTRICTED NET ASSETS

The assets and net position of the North Dakota Student Loan Trust are restricted by bond resolutions for the repayment of bond interest and principal.

As of June 30, 2022 and 2021, the surplus accounts consist of the following:

	<u>2022</u>	<u>2021</u>
Due from other state agencies	\$ 9	\$ 6
Interest receivable	-	-
Student loans receivable	409	492
Appropriation payable	-	-
Accrued fees payable - related party	(2)	(2)
Due to other state agencies	<u>(1)</u>	<u>-</u>
	<u>\$ 415</u>	<u>\$ 496</u>

NOTE 3 - DEPOSITS AND INVESTMENTS

All funds have their monies invested in securities or deposits allowed by the General Bond Resolution establishing the Trust and the Second General Bond Resolution. Such moneys may be invested in: (1) direct obligations of or obligations guaranteed by the United States of America, (2) deposits of the Bank of North Dakota which are guaranteed as provided in North Dakota Century Code Section 6-09-10, (3) demand deposits and time deposits issued by banks, which are members of the Federal Deposit Insurance Corporation, (4) bonds, debentures, or notes or other evidences of indebtedness issued or guaranteed by any agency or instrumentality of the United States of America, (5) repurchase agreements or reverse repurchase agreements with banks, which are secured by securities which are obligations described in item (1) above, and (6) banker's acceptances of banks described in items (2) and (3) above.

Deposits

As of June 30, 2022 and 2021, the Trust had cash deposits of \$677 and \$535, respectively, with the Bank of North Dakota. The Trust also had time deposits of \$1,000 and \$1,000, respectively, with the Bank. For classification purposes on the Statement of Net Position, cash and cash equivalents were \$677 and \$535, respectively, and investments were \$1,000 and \$1,000 as of June 30, 2022 and 2021, respectively.

NORTH DAKOTA STUDENT LOAN TRUST
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 and 2021
(In Thousands)

Custodial and Concentration of Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Trust will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Trust does not have a formal policy that limits custodial credit risk for deposits. None of the Trust's deposits are covered by depository insurance. The Trust's deposits are uncollateralized and all of the deposits are deposited in the Bank of North Dakota and are guaranteed by the State of North Dakota (NDCC Section 6-09-10).

NOTE 4 - STUDENT LOANS RECEIVABLE

The Trust has outstanding loans with annual fixed and variable interest rates. DEAL student loans are fully guaranteed by the North Dakota Guaranteed Student Loan Program, so there is no allowance for loan loss. Loan balances as of June 30, 2022 and 2021 total \$548 and \$681, respectively, with \$139 and \$189 designated as current assets.

Student loans are classified as student, deferred, repayment or claim status. The student status represents the period from the date the loan is made until a student is out of school, plus an authorized grace period. Deferred status represents a loan that has an authorized deferment of payment period. Repayment status indicates the loan is in repayment. Claim status represents those loans that have a claim filed with the guarantor.

As of June 30, 2022, there were \$58 in deferred status and \$490 in repayment status. As of June 30, 2021, there were \$138 in deferred status and \$543 in repayment status. The change in deferment statuses was due to borrowers being offered up to eighteen-months of disaster deferment to reduce the financial burden of the COVID-19 pandemic.

NOTE 5 - BONDS PAYABLE

Changes in Bonds Payable

The following is a summary of the changes in bonds payable for the years ended June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Balance, beginning of year	\$ 1,000	\$ 1,000
Principal payments on bonds	<u>-</u>	<u>-</u>
Balance, end of year	<u>\$ 1,000</u>	<u>\$ 1,000</u>
Amounts due within one year	<u>\$ -</u>	<u>\$ -</u>

NORTH DAKOTA STUDENT LOAN TRUST
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 and 2021
(In Thousands)

Maturities of Bonds Payable

The combined aggregate of future maturities and sinking fund requirements for all bonds is as follows:

Year Ending June 30,	Principal	Interest	Total
2023	\$ -	\$ 18	\$ 18
2024	-	18	18
2025	-	18	18
2026	-	18	18
2027	-	18	18
2028 - 2029	1,000	36	1,036
	\$ 1,000	\$ 126	\$ 1,126

The following is a more detailed description of the individual bond issue that remains outstanding as of June 30, 2022 and 2021.

	Maturity Dates	Interest Rate	2022	2021
General Bond Resolution Fund 2004 Series A	June 1, 2029	1.11% (1)	\$ 1,000	\$ 1,000
Less current portion			-	-
Noncurrent portion			\$ 1,000	\$ 1,000

(1) Variable on June 30, 2022.

2004 SERIES A BONDS

Interest is payable semiannually on June 1 and December 1 of each year. The 2004 Series A Bonds are variable rate bonds. The rate of interest is determined based on one-month LIBOR plus 0.7%. The maximum rate of interest is 12% per annum. Details of the terms and provisions of the variable rate bonds are outlined in Section 2.1 of the Fourth Supplemental Resolution to the State of North Dakota Student Loan Revenue Bonds First General Bond Resolution. Section 2.2 of the Fourth Supplemental Resolution to the State of North Dakota Student Loan Revenue Bonds First General Bond Resolution has deemed these to be Federally Taxable Bonds. The Series 2004 Bonds are subject to redemption prior to maturity at the option of the Commission from any source of funds, in whole or in part, on any date at a redemption price equal to 100% of the principal amount plus accrued interest to date of redemption.

NORTH DAKOTA STUDENT LOAN TRUST
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 and 2021
(In Thousands)

NOTE 6 - INTERFUND AND RELATED PARTY TRANSACTIONS

The North Dakota Student Loan Trust is related to the Bank of North Dakota through common management under the Industrial Commission of North Dakota. All cash and time deposits are deposited in the Bank of North Dakota. Interest receivable from the Bank of North Dakota totaled \$9 and \$6 as of June 30, 2022 and 2021 and is reflected as due from other state agencies on the statement of net position. Investment securities are held in safekeeping and all student loans are purchased from the Bank of North Dakota. The Bank of North Dakota also acts as the paying agent for the 2004 Series A Bonds. In addition, the Bank services the student loans held by the Trust, and maintains the accounting and other records for the Trust.

Fees expensed to the Bank of North Dakota for the following services included in the accompanying financial statements were as follows:

	<u>2022</u>	<u>2021</u>
Service fees	\$ 5	\$ 7
Administration fees	<u>1</u>	<u>1</u>
	<u>\$ 6</u>	<u>\$ 8</u>

Payables to the Bank of North Dakota for such fees amounting to \$2 and \$2 as of June 30, 2022 and 2021 are included in “accrued fees payable – related party” on the statement of net position.

NOTE 7 - RISK MANAGEMENT

The North Dakota Student Loan Trust is exposed to various risks of loss related to torts and errors and omissions. The North Dakota Student Loan Trust is administered by the North Dakota Industrial Commission and, therefore, is eligible to the same funds/pools established by the State for risk management issues. These include:

The 1995 Legislative Session established the Risk Management Fund (RMF), an internal service fund, to provide a self-insurance vehicle for funding the liability exposures of State Agencies resulting from the elimination of the State’s sovereign immunity. The RMF manages the tort liability of the State, its agencies’ employees, and the University System. All State agencies participating in the RMF and their fund contribution was determined using a projected cost allocation approach. The statutory liability of the State is limited to a total of \$250,000 per person and \$1,000,000 per occurrence. The State Bonding Fund currently provides the Fund with blanket employee fidelity bond coverage in the amount of \$750,000. The State Bonding Fund does not currently charge any premium for this coverage.

There have been no significant reductions in insurance coverage from the prior year and settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.



Supplementary Information
June 30, 2022 and 2021

North Dakota Student Loan Trust

NORTH DAKOTA STUDENT LOAN TRUST
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2022
(In Thousands)

	General Bond Resolution Fund	Second General Bond Resolution Fund	Combined
ASSETS			
CURRENT ASSETS - UNRESTRICTED			
Due from other state agencies	\$ -	\$ 9	\$ 9
Total unrestricted current assets	-	9	9
CURRENT ASSETS - RESTRICTED			
Cash and cash equivalents	9	668	677
Investments	1,000	-	1,000
Student loans receivable	-	139	139
Total restricted current assets	1,009	807	1,816
NONCURRENT ASSETS - UNRESTRICTED			
Student loans receivable	-	409	409
Total assets	<u>\$ 1,009</u>	<u>\$ 1,225</u>	<u>\$ 2,234</u>

NORTH DAKOTA STUDENT LOAN TRUST
COMBINING STATEMENT OF NET POSITION – Page 2
JUNE 30, 2022
(In Thousands)

	General Bond Resolution Fund	Second General Bond Resolution Fund	Combined
LIABILITIES AND NET POSITION			
CURRENT LIABILITIES			
Due to other state agencies	\$ 1	\$ -	\$ 1
Accrued fees payable - related party	-	2	2
Total current liabilities	<u>1</u>	<u>2</u>	<u>3</u>
NONCURRENT LIABILITIES			
Bonds payable	\$ 1,000	\$ -	\$ 1,000
Total noncurrent liabilities	<u>1,000</u>	<u>-</u>	<u>1,000</u>
Total liabilities	<u>1,001</u>	<u>2</u>	<u>1,003</u>
NET POSITION			
Restricted for debt service	8	807	815
Unrestricted	-	416	416
Total net position	<u>8</u>	<u>1,223</u>	<u>1,231</u>
Total liabilities and net position	<u>\$ 1,009</u>	<u>\$ 1,225</u>	<u>\$ 2,234</u>

NORTH DAKOTA STUDENT LOAN TRUST
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2021
(In Thousands)

	General Bond Resolution Fund	Second General Bond Resolution Fund	Combined
ASSETS			
CURRENT ASSETS - UNRESTRICTED			
Due from other state agencies	\$ -	\$ 6	\$ 6
Total unrestricted current assets	-	6	6
CURRENT ASSETS - RESTRICTED			
Cash and cash equivalents	8	527	535
Investments	1,000	-	1,000
Student loans receivable	-	189	189
Total restricted current assets	1,008	716	1,724
NONCURRENT ASSETS - UNRESTRICTED			
Student loans receivable	-	492	492
Total assets	<u>\$ 1,008</u>	<u>\$ 1,214</u>	<u>\$ 2,222</u>

NORTH DAKOTA STUDENT LOAN TRUST
COMBINING STATEMENT OF NET POSITION – Page 2
JUNE 30, 2021
(In Thousands)

	General Bond Resolution Fund	Second General Bond Resolution Fund	Combined
LIABILITIES AND NET POSITION			
CURRENT LIABILITIES			
Accrued fees payable - related party	\$ -	\$ 2	\$ 2
Total current liabilities	-	2	2
NONCURRENT LIABILITIES			
Bonds payable	\$ 1,000	\$ -	\$ 1,000
Total noncurrent liabilities	1,000	-	1,000
Total liabilities	1,000	2	1,002
NET POSITION			
Restricted for debt service	8	716	724
Unrestricted	-	496	496
Total net position	8	1,212	1,220
Total liabilities and net position	\$ 1,008	\$ 1,214	\$ 2,222

NORTH DAKOTA STUDENT LOAN TRUST
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2022
(In Thousands)

	General Bond Resolution Fund	Second General Bond Resolution Fund	Combined
OPERATING REVENUES			
Interest on student loans	\$ -	\$ 35	\$ 35
Total operating revenues	<u>-</u>	<u>35</u>	<u>35</u>
OPERATING EXPENSES			
Interest	10	-	10
Service fees	-	5	5
Administration fees	-	1	1
Bond related expenses	<u>-</u>	<u>9</u>	<u>9</u>
Total operating expenses	<u>10</u>	<u>15</u>	<u>25</u>
OPERATING INCOME /(LOSS)	(10)	20	10
NONOPERATING REVENUE			
Investment income	<u>1</u>	<u>-</u>	<u>1</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>(9)</u>	<u>20</u>	<u>11</u>
TRANSFERS			
Interfund	<u>9</u>	<u>(9)</u>	<u>-</u>
Total transfers	<u>9</u>	<u>(9)</u>	<u>-</u>
CHANGE IN NET POSITION	-	11	11
TOTAL NET POSITION, BEGINNING OF YEAR	<u>8</u>	<u>1,212</u>	<u>1,220</u>
TOTAL NET POSITION, END OF YEAR	<u><u>\$ 8</u></u>	<u><u>\$ 1,223</u></u>	<u><u>\$ 1,231</u></u>

NORTH DAKOTA STUDENT LOAN TRUST
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2021
(In Thousands)

	General Bond Resolution Fund	Second General Bond Resolution Fund	Combined
OPERATING REVENUES			
Interest on student loans	\$ -	\$ 44	\$ 44
Total operating revenues	-	44	44
OPERATING EXPENSES			
Interest	8	-	8
Service fees	-	7	7
Administration fees	-	1	1
Bond related expenses	9	-	9
Total operating expenses	17	8	25
OPERATING INCOME /(LOSS)	(17)	36	19
NONOPERATING REVENUE			
Investment income	2	1	3
INCOME (LOSS) BEFORE TRANSFERS	(15)	37	22
TRANSFERS			
Interfund	24	(24)	-
Total transfers	24	(24)	-
CHANGE IN NET POSITION	9	13	22
TOTAL NET POSITION, BEGINNING OF YEAR	(1)	1,199	1,198
TOTAL NET POSITION, END OF YEAR	\$ 8	\$ 1,212	\$ 1,220



Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Governor of North Dakota
and the Legislative Assembly
State of North Dakota
Bismarck, North Dakota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the North Dakota Student Loan Trust (the Trust), an enterprise fund of the State of North Dakota, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Trust’s basic financial statements, and have issued our report thereon dated October 17, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Trust’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Trust’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Trust’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not yet been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Trust's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Trust's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Bismarck, North Dakota
October 17, 2022



**North Dakota Student Loan Trust
Auditor's Specific Comments Requested by the North Dakota Legislative Audit and
Fiscal Review Committee
Year Ended June 30, 2022**

Governor of North Dakota
and the Legislative Assembly
State of North Dakota
Bismarck, North Dakota

The Legislative Audit and Fiscal Review Committee requires that certain items be addressed by independent certified public accountants performing audits of state agencies. The items and our responses are as follows:

1. What type of opinion was issued on the financial statements?

Unmodified

2. Was there compliance with statutes, laws, rules, and regulations under which the agency was created and is functioning?

Yes

3. Was internal control adequate and functioning effectively?

Yes

4. Were there any indications of lack of efficiency in financial operations and management of the agency?

No

5. Has action been taken on findings and recommendations included in prior year audit reports?

There were no prior year findings or recommendations.

6. Was a management letter issued? If so, provide a summary below, including any recommendations and the management response.

No

Audit Committee Communications:

1. Identify any significant changes in accounting policies, any management conflicts of interest, any contingent liabilities, or any significant unusual transactions.

None

2. Identify any significant accounting estimates and the process used by management to determine those estimates.

None

3. Identify any significant audit adjustments.

None

4. Identify any disagreements with management, whether or not resolved to the auditor's satisfaction, relating to financial accounting, reporting, or auditing matter that could be significant to the financial statements.

None

5. Identify any significant difficulties encountered in performing the audit.

None

6. Identify any major issues discussed with management prior to retention.

None

7. Identify any management consultations with other accountants about auditing and accounting matters.

None

8. Identify any high-risk information technology systems critical to operations based on the auditor's overall assessment of the importance of the system to the agency and its mission or whether any exceptions identified in the six audit report questions addressed above are directly related to the operations of an information technology system.

Based on the audit procedures performed, the Trust's critical information technology system is the Fiserv system. There were no exceptions identified that were directly related to this application.

This report is intended solely for the information and use of the Governor of North Dakota, Legislative Assembly, North Dakota Industrial Commission, Bank of North Dakota Advisory Board and management of the Trust and is not intended to be and should not be used by anyone other than these specified parties.

Eide Bailly LLP

Bismarck, North Dakota
October 17, 2022



October 17, 2022

Governor of North Dakota
and the Legislative Assembly
State of North Dakota
Bismarck, North Dakota

We have audited the financial statements of North Dakota Student Loan Trust (the Trust) as of and for the year ended June 30, 2022, and have issued our report thereon dated October 17, 2022. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit under Generally Accepted Auditing Standards and *Government Auditing Standards*

As communicated in our letter dated July 26, 2022 our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Trust solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our findings regarding significant control deficiencies over financial reporting and material noncompliance, and other matters noted during our audit in a separate letter to you dated October 17, 2022.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and other firms utilized in the engagement, if applicable, have complied with all relevant ethical requirements regarding independence.

Significant Risks Identified

As stated in our auditor's report, professional standards require us to design our audit to provide reasonable assurance that the financial statements are free of material misstatement whether caused by fraud or error. In designing our audit procedures, professional standards require us to evaluate the financial statements and assess the risk that a material misstatement could occur. Areas that are potentially more susceptible to misstatements, and thereby require special audit considerations, are designated as "significant risks". We have identified the following significant risk.

- Management Override of Internal Control – Management override of internal controls is considered to be a presumed audit risk.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Trustis included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2022. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

There are no significant estimates that affect the Trust's financial statements.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the Program's financial statements relate to Note 6 – Interfund and Related Party Transactions.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. There were no corrected or uncorrected misstatements identified as a result of our audit procedures.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Program's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Circumstances that Affect the Form and Content of the Auditor's Report

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor's report.

We have made the following modification to our auditor's report to add an Emphasis of Matter paragraph.

As discussed in Note 1, the financial statements of the Trust are intended to present the financial position, the changes in financial position and cash flows of only that portion of the State of North Dakota that is attributable to the transactions of the Program. They do not purport to, and do not, present fairly the financial position of the State of North Dakota as of June 30, 2022 and 2021, and the changes in its financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Representations Requested from Management

We have requested certain written representations from management that are included in the management representation letter dated October 17, 2022.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the Program, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the entity, and business plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Program's auditors.

This report is intended solely for the information and use of the Governor of North Dakota, Legislative Assembly, North Dakota Industrial Commission, Bank of North Dakota Advisory Board, and management of the Trust and is not intended to be, and should not be, used by anyone other than these specified parties.

The image shows a handwritten signature in cursive script that reads "Eide Bailly LLP". The signature is written in black ink and is positioned above the printed name of the firm.

Bismarck, North Dakota