

**ND STATE INVESTMENT BOARD  
AUDIT COMMITTEE MEETING**

Thursday, February 27, 2020 – 3:00 PM  
Retirement and Investment Office  
3442 E Century Ave, Bismarck, ND 58507

**AGENDA**

1. Call to Order and Approval of Agenda – Chair (committee action) (5 minutes)
2. Approval of November 13, 2019 Minutes – Chair (committee action) (5 minutes)
3. RIO Agency Update – (informational) Mr. Hunter (10 minutes)
4. 2019 - 2020 Second Quarter Audit Activities Report – Ms. Sauter (committee action) (30 minutes)
5. Executive Limitation Audit – Ms. Sauter (committee action) (20 minutes)
6. Update on Current Internal Audit Activities – Ms. Sauter (committee action) (20 minutes)
7. GASB 68 Schedule Audit Update – Ms. Sauter (information) (5 minutes)
8. Other – Next SIB Audit Committee Meeting  
North Dakota Retirement and Investment Office  
Thursday, May 21, 2020 - 3:00 PM  
RIO Conference Room  
3442 East Century Avenue  
Bismarck, ND
9. Adjournment

Any individual requiring an auxiliary aid or service should contact the Retirement and Investment Office at (701) 328-9885 at least (3) days prior to the scheduled meeting.

**STATE INVESTMENT BOARD  
AUDIT COMMITTEE MEETING  
MINUTES OF THE  
NOVEMBER 13, 2019 MEETING**

**COMMITTEE MEMBERS PRESENT:** Yvonne Smith, PERS Board, Chair  
Rob Lech, TFFR Board, Vice Chair (TLCF)  
Julie Dahle, External Representative  
Jon Griffin, External Representative  
Jodi Smith, Commissioner of Dept. of Trust Lands

**STAFF PRESENT:** Amy Carlson, Investment Accountant  
Connie Flanagan, Chief Financial Officer  
Bonnie Heit, Admin Svs Suprv  
Fay Kopp, Dep ED/CRO  
Missy Kopp, Retirement Svs Asst  
Sara Sauter, Suprv of Internal Audit  
Shelly Schumacher, Retirement Program Manager  
Dottie Thorsen, Internal Auditor

**GUEST:** Thomas Rey, CliftonLarsonAllen

**CALL TO ORDER:**

Ms. Smith called the State Investment Board (SIB) Audit Committee meeting to order at 2:00 p.m. on Thursday, November 13, 2019, at the Retirement and Investment Office (RIO), 3442 E Century Ave., Bismarck, ND.

A quorum was present for conducting business.

**AGENDA:**

The agenda was considered for the November 13, 2019, meeting.

**IT WAS MOVED BY MR. GRIFFIN AND SECONDED BY MS. DAHLE AND CARRIED BY A VOICE VOTE TO APPROVE THE AGENDA FOR THE NOVEMBER 13, 2019, MEETING AS DISTRIBUTED.**

**AYES: DR. LECH, COMMISSIONER SMITH, MS. DAHLE, MR. GRIFFIN, AND MS. SMITH**

**NAYS: NONE**

**MOTION CARRIED**

**MINUTES:**

**IT WAS MOVED BY DR. LECH AND SECONDED BY MS. DAHLE AND CARRIED BY A VOICE VOTE TO ACCEPT THE SEPTEMBER 26, 2019, MINUTES AS DISTRIBUTED.**

**AYES: MR. GRIFFIN, DR. LECH, COMMISSIONER SMITH, MS. DAHLE, AND MS. SMITH**

**NAYS: NONE**

**MOTION CARRIED**

**CLIFTONLARSONALLEN LLP (CLA):**

Mr. Rey reviewed the results of the June 30, 2019, financial audit report of RIO. CLA issued an unmodified "clean" opinion that the financial statements were presented fairly, in all material respects, in conformity with US Generally Accepted Accounting Principles (GAAP).

Mr. Rey also provided an update on the GASB 68 Schedule Audit. The employer census testing is complete. Twelve separate employers were tested for a total of 122 employees. CLA expects to issue the final report by the end of 2019.

As a follow-up to the discussion that took place at the September 26, 2019, meeting regarding 3<sup>rd</sup> party Employer audits, Ms. Sauter inquired about CLA providing these services. Mr. Rey stated CLA does provide 3<sup>rd</sup> party auditing services and reviewed what CLA provides for another pension plan.

**IT WAS MOVED BY DR. LECH AND SECONDED BY MS. DAHLE AND CARRIED BY A ROLL CALL VOTE TO ACCEPT CLA'S REPORT ON THE 2019 FINANCIAL AUDIT OF RIO.**

**AYES: COMMISSIONER SMITH, MS. DAHLE, DR. LECH, MR. GRIFFIN, AND MS. SMITH**

**NAYS: NONE**

**MOTION CARRIED**

**EMPLOYER REVIEW PROCESS:**

Ms. Sauter and Ms. Thorsen provided an educational segment on Internal Audit's TFFR Employer salary review process. Also provided to the Audit Committee was a mock Employer workbook which outlined what Internal Audit reviews, documents, and forwards on to Retirement Services. Retirement Services then provides a response to the final report.

**AUDIT ACTIVITIES REPORT:**

Ms. Sauter reported on internal audit activities for the period of July 1, 2019 - September 30, 2019.

Audit Activities Completed on Behalf of the SIB - The SIB Customer Satisfaction Survey was completed and the results were provided to the SIB in October 2019.

The Investment Due Diligence Audit was completed in July 2019.

Audit Activities Completed on Behalf of TFFR - Three Employer Audits were completed as of September 30, 2019, and one was in progress. Ms. Sauter reviewed the results of the Jamestown School District Employer Audit which was completed in October 2019.

The TFFR File Maintenance Audit fieldwork has been completed and a report will be issued in November 2019.

Audit Activities Completed on Behalf of RIO - Assistance was provided to CLA during the GASB 68 Census Data Audits. Internal Audit notified twelve Employers of the audit in July 2019. Internal Audit also sent out twenty-four Employer confirmations as part of the financial statement audit.

The Administrative Expense Audit is currently in progress. Internal Audit is reviewing RIO's policies pertaining to travel and office expenses and comparing those to the Office of Management and Budget (OMB) policies and state purchasing requirements. The audit is currently in progress.

Administrative Activities - The Supervisor of Internal Audit attended staff/manager/division meetings and SIB/TFFR meetings. Orientation meetings were also held with the new Audit Committee members.

Internal Audit staff attended staff/division meetings and TFFR meetings.

Discussion followed on proper protocol in the manner of Dr. Lech voting on the quarterly Internal Audit Activities report which included the Employer Audit results for Jamestown Public Schools.

Ms. Kopp notified the Audit Committee that Mr. Anders Odegaard, legal counsel for RIO, is no longer employed by the Office of the Attorney General. After discussion,

**IT WAS MOVED BY MR. GRIFFIN AND SECONDED BY MS. DAHLE AND CARRIED BY A ROLL CALL VOTE TO ALLOW DR. LECH VOTING PRIVILEGES IN THE MANNER OF THE JAMESTOWN PUBLIC SCHOOLS AUDIT.**

**AYES: MR. GRIFFIN, MS. DAHLE, COMMISSIONER SMITH, MS. SMITH**

**NAYS: NONE**

**ABSTAIN: DR. LECH**

**MOTION CARRIED**

**IT WAS MOVED BY MR. GRIFFIN AND SECONDED BY MS. DAHLE AND CARRIED BY A ROLL CALL VOTE TO ACCEPT THE AUDIT ACTIVITIES REPORT FOR THE PERIOD OF JULY 1, 2019 - SEPTEMBER 30, 2019.**

**AYES: MS. DAHLE, MR. GRIFFIN, DR. LECH, COMMISSIONER SMITH, AND MS. SMITH**

**NAYS: NONE**

**MOTION CARRIED**

Ms. Sauter reported on current internal audit activities.

Audit Activities on Behalf of the SIB - The Executive Limitations Audit is in progress. The audit is a review of the Executive Director/CIO's compliance with the SIB Governance Manual Executive Limitation Policies A-1 through A-11 for calendar year 2019.

Audit Activities on Behalf of TFFR - The Employer Audit for Minot is in the planning/notification phase.

The Benefit Payment Audit is in the fieldwork phase.

Internal Audit is in the process of writing the final report for the File Maintenance Audit.

Internal Audit is also working with Retirement Services, Administrative Services, and Information Technology Services on tracking Retirement Services activities.

Internal Audit is proposing the following scope for the Salary Verification Audit. A sample of sixty-five members from 60 different employers will be selected. The accuracy of retirement salaries, member contributions, and employer contributions reported to TFFR are verified. The reasonableness of service hours is reviewed and eligibility of members is also confirmed.

Audit Activities on Behalf of RIO - The fieldwork is in progress for the Administrative Expense Audit.

Internal Audit worked with staff on developing various policies.

Internal Audit is proposing the following scope for the Internal Control Assessment. The purpose of the Internal Control Assessment is to evaluate existing internal controls and review their effectiveness. The assessment will document controls and review the effectiveness of the system as a whole. An assessment of about 90 questions will cover Internal Audit, Human Resources, Information Technology, and Operations, etc. Expansion of areas will be done as needed.

Administrative Activities - The Supervisor of Internal Audit attended the Association of Public Pension Fund Auditors conference in October 2019. Topics discussed were - governance for system implementation, assurance mapping, risk assessments, ethics, private equity fee, and the changing risk environment.

Internal Audit staff attended the local IIA training on critical thinking and skeptical judgment for auditors.

**IT WAS MOVED BY MS. DAHLE AND SECONDED BY MR. GRIFFIN AND CARRIED BY A ROLL CALL VOTE TO ACCEPT THE CURRENT AUDIT ACTIVITIES REPORT.**

**AYES: MR. GRIFFIN, DR. LECH, COMMISSIONER SMITH, MS. DAHLE, AND MS. SMITH**

**NAYS: NONE**

**MOTION CARRIED**

**AUDIT COMMITTEE CHARTER:**

Ms. Sauter reviewed a draft of proposed revisions to the Audit Committee charter. After the review,

**IT WAS MOVED BY COMMISSIONER SMITH AND SECONDED BY MR. GRIFFIN AND CARRIED BY A ROLL CALL VOTE TO ACCEPT THE REVISIONS TO THE AUDIT COMMITTEE'S CHARTER.**

**AYES: COMMISSIONER SMITH, MS. DAHLE, DR. LECH, MR. GRIFFIN, AND MS. SMITH**

**NAYS: NONE**

**MOTION CARRIED**

**OTHER:**

The next Audit Committee meeting is scheduled for Thursday, February 27, 2020, at 3:00 p.m. at the Retirement and Investment Office, 3442 East Century Ave., Bismarck, ND.

With no further business to come before the Audit Committee, Ms. Smith adjourned the meeting at 3:28 p.m.

Respectfully Submitted:

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Ms. Yvonne Smith, Chair  
SIB Audit Committee

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Bonnie Heit  
Recorder

## Informational

**To: SIB Audit Committee**  
From: Dave Hunter  
Date: February 24, 2020  
**RE: RIO Agency Update**

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### **Background:**

**On September 26, 2019, RIO's Deputy Executive Director and Chief Retirement Officer Fay Kopp announced her intent to retire from RIO effective on March 31. On January 10, RIO's Retirement Program Manager Shelly Schumacher also announced her intent to retire effective on February 29.** Given that we are losing two of our most experienced, helpful, trusted and top performing leaders, RIO management and SIB and TFFR leadership met in late-2019 and early-2020 to discuss the best ways to position our agency for continued future success. RIO consulted with HRMS throughout this process.

**On January 9, RIO externally posted our Deputy Executive Director and Chief Retirement Officer position on our State website in addition to our RIO website and NCTR, NASRA and IFEBP websites shortly thereafter.** The posting closed on January 30 with 16 submitted applications including eight of which met minimum qualifications as determined by HRMS. RIO and HRMS independently scored these eight applications and identified the five highest scoring candidates for phone interviews in early February. RIO notes that one of the five highest scoring candidates did not complete the phone interview process due to scheduling difficulties in addition to compensation and relocation concerns. Based on the average score assigned by HRMS and RIO to the four candidates which completed the phone interviews, HRMS and RIO jointly confirmed the top three candidates should be advanced as finalists. On February 21, SIB Vice Chairman and TFFR Board President Dr. Rob Lech, State Treasurer Kelly Schmidt, RIO Retirement Program Manager Denise Weeks and myself conducted in person interviews with the top three finalists. Upon completing the interviews, the committee conducted an in-depth discussion of the perceived strengths and potential growth opportunities for each of the three finalists. After this discussion, the interview committee members unanimously identified our top finalist. **As of February 24, RIO and HRMS are in the process of working towards formally extending an offer to our top finalist.**

**On January 10, we internally posted our Retirement Program Manager position within our agency.** I am pleased to report that we received one internal application from our most seasoned retirement benefits specialist. After conducting an interview process in mid and late January, Fay and Dave extended this compelling advancement opportunity to Denise Weeks. **I am very pleased to report that Denise Weeks formally accepted this offer to be promoted to RIO's Retirement Program Manager effective on March 1, 2020.** Given the upcoming promotion of Denise Weeks, RIO intends to hire a new Retirement Benefits Specialist in the near future.

**During the last legislative session, RIO obtained budget approval to add one investment FTE effective July 1, 2019 (thereby increasing our agency FTE up to 20) noting that SIB client assets under management have grown from \$5 billion in 2010 to over \$16 billion in early-2020.** It is also important to note that RIO's prior Compliance Officer accepted a new advancement opportunity at North Dakota's Securities Department on July 10, 2019. Given these events, RIO took advantage of these actions to redefine several positions within our agency and re-engineer our Fiscal and Investment teams to further improve operational efficiencies and enhance expanding compliance initiatives. After conducting internal analysis along with strong HRMS assistance, RIO upgraded our Compliance Officer position in order to address growing agency needs. RIO then conducted a search for a new Investment and Compliance Officer position which attracted international interest. After reviewing applications scored by HRMS which met minimum qualifications, RIO sought to conduct phone interviews with eight candidates and in person interviews with the top three finalists. RIO notes one of the three finalists did not complete an in person interview due to scheduling challenges in late December and early January. On January 9<sup>th</sup>, RIO formally extended an offer to our highest scoring finalist. **I am pleased to report that Matt Posch accepted our offer the next day and started at RIO as our Investment and Compliance Officer on February 3.**

**RIO was sad to inform the SIB and TFFR boards our Investment Accountant was unable to successfully complete a probationary period effective as of January 10, 2020.** RIO re-posted the Investment Accountant position on January 15 with the helpful guidance of HRMS. RIO's Chief Financial Officer Connie Flanagan, RIO's Senior Financial Accountant Susan Walcker and myself interviewed our top four Investment Accountant candidates on February 6 and 7. Upon completing the interviews, the interview committee conducted an in-depth discussion of the perceived strengths and potential growth opportunities for each of the top four candidates. After this discussion and completing additional professional background checks on our top candidates the following week, the interview committee members unanimously identified our top selection. **I am pleased to report that Ann Griffin accepted our offer to become RIO's Investment Accountant and is scheduled to start at RIO on Monday, March 2.**

**RIO sincerely appreciates the exceptional guidance and expert assistance provided by HRMS professionals Hope Wedul, Lynn Hart and Sara Leno during the past six months in addition to the strong support, governance leadership and continued patience offered by the SIB and TFFR boards and committees during this period of significant agency change, development and growth.**

**RETIREMENT AND INVESTMENT OFFICE**  
**Internal Audit**  
**2019-2020 2<sup>nd</sup> Quarter Audit Activities Report**  
**October 1, 2019 – December 31, 2019**

The audit objective of Internal Audit is twofold: first, to provide comprehensive, practical audit coverage of the Retirement and Investment Office (RIO) programs; second, to assist RIO management and the State Investment Board (SIB) by conducting special reviews or audits.

Audit coverage is based on the July 1, 2019 through June 30, 2020 work plan approved by the SIB Audit Committee. The audit activities undertaken are consistent with the Internal Audit charter and goals, and the goals of RIO. To the extent possible, our audits are being carried out in accordance with the International Standards for the Professional Practice of Internal Auditing. Audit effort is being directed to the needs of RIO and the concerns of management and the SIB Audit Committee.

**Investment and Agency Audit Activities**

• **Executive Limitation Audit**

On an annual basis, Internal Audit reviews the Executive Director/CIO's level of compliance with SIB Governance Manual Executive Limitation Policies A- 1 through A-11. The Executive Limitations Audit was started in December 2019.

The audit will be completed and report issued in February 2020.

• **External Audit Support**

Internal Audit provided support to our external audit partners, CliftonLarsonAllen (CLA), during the GASB 68 Census Data Audits. CLA GASB 68 Census Data Audit work concluded in October. Internal Audit worked with the external audit partners on reconciling GASB 68 census testing data.

• **Administrative Expense Audit**

A review of RIO's policies pertaining to travel and expenses which will be compared to OMB policy and state purchasing requirements. A sample of travel vouchers from both board members and staff will be reviewed, including in-state, out-of-state, and international travel to ensure compliance with policy and regulations. A sample of invoices (ex. rent, cleaning, etc.) will also be selected. These invoices will be reviewed to ensure proper approvals were obtained, verify invoice with expense voucher, review contract, and review that payment was issued and cleared.

The audit report will be issued January 2020.

**Retirement Program Audit Activities**

• **TFFR Employer Salary Reviews**

Internal Audit examines employer reporting to the Teachers' Fund for Retirement (TFFR) to determine whether retirement salaries and contributions reported for members of TFFR for accuracy with the definition of salary as it appears in the TFFR Employer Guide. Other reporting procedures reviewed during the audit process are calculation of service hours and eligibility for TFFR membership. A written report is issued after each review is completed to Retirement Services.

Status of TFFR Employer Audits as of September 30, 2019:

- Three (3) employer audits had been completed.
- One (1) employer audit was in progress.



- **Salary Verification Audit**

On an annual basis Internal Audit verifies retirement salaries and contributions reported to TFFR for the prior fiscal year for 65 randomly selected member accounts from 60 different employers. The sample has been selected, notifications for information have been requested and information has been returned by the employers. The reconciliation of salaries is scheduled to start during the third quarter.

This audit is currently in progress.

- **File Maintenance**

A review of changes made to TFFR member account data by Retirement and Investment Office employees is reviewed on an annual basis. Internal Audit reviews system generated (CPAS) audit tables to ensure transactions initiated by staff are expected and appropriate given an individual's role within the organization. Member accounts are also reviewed to ensure contact and demographic information has been updated correctly per Member Action Forms on file. Other procedures reviewed are change of addresses and the posting of beneficiary deaths that are not in pay status.

The audit fieldwork has been completed and a report will be issued February 2020.

- **Benefit Payment Audit**

A review of deaths, long outstanding checks, and long term annuitants was completed to determine that established policies and procedures were being followed by the staff of Retirement Services.

This audit will be completed in February 2020.

- **Data Analytics**

Internal Audit and RIO's Information Technology Division have been working with North Dakota Information Technology Department (NDIT) to develop data analytics to help streamline the TFFR Employer Salary, Service Hours, Eligibility Review process. RIO's IT staff have been working on testing the data analytics and meeting with NDIT to get the data analytics implemented.

### **Administrative Activities**

The Supervisor of Internal Audit attended the monthly RIO staff meetings, monthly RIO manager's meetings, divisional meetings, three SIB meetings, and one TFFR meeting. The Internal Audit staff member attended the monthly RIO staff meetings, divisional meetings, two TFFR meetings. Internal Audit staff also continues to educate RIO staff on internal audit as needed.

### **Professional Development/CE/General Education**

The Supervisor of Internal Audit is pursuing a Master's in Business Administration with a concentration in Public Administration and completed the following courses: Leadership in the Public Sector, Public Finance and Budgeting, and Managerial Finance. The Supervisor of Internal Audit also attended the Association of Public Pension Fund Auditors conference at the end of October. Topics covered were implementation of a new pension software, future risks, data analytics, risk management, private equity expenses, risk and assurance mapping, risk assessments, and ethics.

**NORTH DAKOTA RETIREMENT AND INVESTMENT OFFICE  
 AUDIT SERVICES DIVISION  
 FISCAL YEAR 2019 -2020**

	FY 2019 1st QTR	FY 2019 2nd QTR	FY 2020 3rd QTR	FY 2020 4th QTR	FY 2020 TOTAL
<b>Audit Activities</b>					
<b>Retirement Program Audits:</b>					
TFFR Employer Audit Program	367				
<i>New England-working with census data file</i>	42				42.25
<i>Warwick Public School District</i>	5				5.25
<i>Wilton</i>	76				76.25
<i>Jamestown Public Schools</i>	67	38			104.8
<i>Minot</i>		3			3.25
<i>General Employer Audits</i>					
<i>Audit Peer Reviews/TFFR Meeting(s)/Audit Planning/Audit Notifications</i>	92	43			135.25
Benefits Audit - Deaths, Long-Outstanding Checks, Long-term Members	1	147			148
TFFR Cost Effective Benefit Payment Audit	0				0
TFFR Data Analytics	1	3			4
TFFR File Maintenance Audit	37	80			117
TFFR Purchase-Refund Audit	0				0
TFFR Task reports	56	26			81
Annual Salary Verification Project	30	48			78
Audit Continuous Improvement Project - Employer Audit Program - Census Data Audit File	0				0
<b>Agency Administrative and Investment Audits:</b>					
Executive Limitations Audit	10	26			36
Investment Due Diligence	48				48
Administrative Expense Audit		68			68
Risk Assessment	0				0
Consulting	11	22			33
RIO External Auditor Assistance	41	5			46
<b>Administrative Activities</b>					
Administrative - Staff Mtgs, Time Reports, Email, Records Retention, General Reporting	170	200			370
Audit Committee/SIB/TFFR Attendance and Preparation	162	114			276
Professional Development/CE/General Education	2	30			32
Annual Leave, Sick Leave, and Holidays	190	187			377
<b>Quarterly Total:</b>	<b>1040</b>	<b>1040</b>	<b>0</b>	<b>0</b>	<b>2080</b>

Total Hours for 2019-2020 4,160

D. Thorsen Total Hours 2019-2020 2,080

S. Sauter Total Hours 2019-2020 2080

Internal Audit  
North Dakota Retirement and Investment Office  
**Administrative Expense Audit Report**  
**Final Audit Report**  
January 30, 2020

**Background**

Internal Audit (IA) of the Retirement and Investment Office (RIO) has developed an Audit Program to review administrative expenses. The review includes RIO's travel policy, travel expense reimbursement vouchers, and a sample of invoices. Employees of RIO travel for a variety of work-related reasons. Board members may travel to attend board meetings and conferences. The audit was also completed to ensure that expenses claimed on expense vouchers were in compliance with RIO and state policies. Other administrative expenses were also reviewed to ensure they matched contracts and cleared in a timely manner.

**Results Summary**

IA reviewed RIO's travel policy, a sample of travel expense reimbursement vouchers, and a sample of expenditures. IA found that the sample of travel vouchers were in compliance with policy. While RIO's travel policy is adequate, IA recommends the following: (1) Enhancing the travel policy, (2) Using a uniformed travel expense reimbursement voucher for travel for both employees and board members, (3) training on completing forms should be done periodically for board members and staff, and (4) travel expense reimbursement vouchers should only be processed with the proper signatures.

IA found that the sample of administrative expenditures matched invoices and cleared in a timely manner.

The Executive Director, Chief Financial Officer (CFO), and Supervisor of Administrative Services should notify Internal Audit with their responses to the recommendations noted in this audit within 30 days of receipt of this report.

**Scope**

The timeframe reviewed was fiscal year 2019. A review of RIO's policies pertaining to travel and expenses will be compared to OMB policy and state purchasing requirements. A sample of travel vouchers from both board members and staff were reviewed, including in-state, out-of-state, and international travel to ensure compliance with policy and regulations.

A sample of invoices (ex. rent, cleaning, etc.) were selected for review. These invoices will be reviewed to ensure proper approvals were obtained, verify invoice with expense voucher, review contract, and review that payment was issued and cleared.

**Observations, Conclusions and Recommendations – Travel Policy and Reimbursements**

IA reviewed RIO's travel policy. Overall the travel policy is adequate, but minor enhancements are recommended to clarify a variety of situations.

The travel policy should expand and address emergency returns, voluntary flight bumps, and reimbursement for Wi-Fi access. The travel policy does address emergency situations when traveling, but additional language is needed to strengthen this section. Additional language is also needed to address voluntary flight bumps on what expenses can be claimed. And lastly, the policy should address what Wi-Fi access charges will be reimbursed. Sample language to enhance the travel policy has been provided to the CFO.

The travel policy does not include any timeframe on when travel expense reimbursement vouchers should be submitted. The end of RIO's fiscal year is June 30th of each year. It is recommended that the travel policy state that all travel expense reimbursement vouchers should be submitted within 60 days of return. It is also recommended that travel expense reimbursement vouchers will not be processed if they are turned in after July 15 for the previous fiscal year. This will ensure the fiscal division has ample time to process the reimbursement and are able to close out the fiscal year timely.

**Management Response**

The travel policy is being reviewed and additional language will be added to cover emergencies during travel status, voluntary flight bumps, Wi-Fi access charges and deadlines for requesting reimbursements.

In the sample of travel expense reimbursement vouchers that were reviewed, all receipts and amounts claimed were within policy. However, there were two travel expense reimbursement vouchers paid that were not signed by board members. The two travel expense reimbursement vouchers were paid for mileage and hotel lodging. All travel expense reimbursement vouchers should be signed before being processed. It is recommended that board members receive periodic training on how to properly complete travel expense reimbursement vouchers for both out and in-state travel.

**Management Response**

Management agrees that all travel reimbursement requests should be signed by the traveler. This will be addressed with board members in conjunction with the additions to the travel policy at future board meetings and monitored more closely by staff.

There does not appear to be a uniform travel expense reimbursement form used for out of state travel. There was one instance where two board members attended the same conference but each completed different travel expense reimbursement forms. It is unclear why two different travel expense reimbursement forms were used. Having one travel expense reimbursement form to be used for both staff and board members when traveling out of state is recommended.

**Management Response**

Due to changes over time, it appears different versions of the travel reimbursement form were saved in different places and provided to board members and staff. Going forward, all staff and board members will be directed to the state form on the OMB website.

**Observations, Conclusions and Recommendations – Expenses**

A sample of expense invoices were selected for review. The sample was selected from the itemized transaction register for fiscal year 2019. Payments were reviewed to ensure they cleared the banking account and that the invoice total matched up with the contract, if applicable. There were no issues noted with any of the invoices sampled. The sample of invoices that were selected appeared to have been also reported in the correct fiscal year.

Overall, IA did not find any significant issues within the scope of this audit. All expenses reviewed appeared to be within policy and have the proper documentation. The above recommendations help strengthen an already sound policy and procedures.

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**Distribution:**

- State Investment Board
- State Investment Board Audit Committee
- David Hunter, Executive Director/Chief Investment Officer
- Connie Flanagan, Chief Financial Officer
- Bonnie Heit, Supervisor of Administrative Services

Internal Audit – North Dakota Retirement and Investment Office

**TFFR File Maintenance Audit**

**April – June 2019- Fourth Quarter**

**Audit Report**

January 31, 2020

**Background**

On an annual basis, the Internal Audit Division of the Retirement and Investment Office (RIO) reviews system generated (CPAS) audit tables to ensure transactions initiated by staff are expected and appropriate given a staff member's role within the organization. Member accounts are also reviewed to ensure contact and demographic information has been updated correctly for Member Action Forms (MAF), Obituary searches, and Change of Address Forms on file.

**Results Summary**

Internal Audit (IA) determined that audit table transactions which occurred in the fourth quarter of fiscal year 2018/2019 for all user IDs were expected and appropriate based on the organizational role held by the staff member who initiated the transaction.

For Phase II in the review of table reports, there was one procedural error noted (See Phase II – pg. 3) for Information Services and two findings noted for Retirement Services (See Phase II- pg. 3,4). Month-end reports of lump sum payments and installment purchases of service credit were accurate. All report listings were found on staff audit table reports.

In Phase III, IA reviewed the procedures for processing information on Change of Address forms, Member Action Forms (MAF's), and posting deaths of beneficiary's that do not affect pay status. There was one procedural change recommended for entering information from the MAF (See Phase III starting on pg.6).

**Scope**

Audit information is obtained throughout the quarter under review. System generated audit table reports are run quarterly by IA staff. Staff roles and responsibilities and departmental procedures are verified annually with Division management. System generated reports of lump sum payments and installment purchases of service credit are provided monthly by the Information Systems Division which also provides a listing of system User IDs, security roles, and any changes to either on a yearly basis. Information Systems Division also provides a change log which details transactions completed and who requested each transaction. Member Action Forms (MAF) are collected in the first quarter of each fiscal year with the assistance of the Office Assistant. Procedures for change of addresses, entering MAF's, and changes of demographic information are reviewed.

**TFFR Activities during the Fourth Quarter**

During the fourth quarter, Retirement Services (RS) had the following processes in motion: started to close out the employer accounting for the 2018/19 year-end; deleting ineligible accounts with no value at year-end (reported in error by the employer), merging of accounts (employer reported with wrong SSN), annual recertification of disabilities, information for new member action forms for the current fiscal year - summer school; processing presumptive retirements, demographic checks for CPAS at year-end; Status 60 members and other regular activities like processing purchases, refunds, QDRO's, dual members, retirees who return to covered employment, and deaths.

The procedures for the File Maintenance Audit were as follows:

Phase I:

- Reviewed CPAS Transaction responsibilities for Administrative Services, Fiscal Accounting, Information Systems, and Retirement Services
- Reviewed IT Security Rolls from Administrative Services, Fiscal Accounting, Information Systems, and Retirement Services

Phase II:

- Reviewed CPAS Table reports for all staff with TFFR transactions/responsibilities
- Reviewed monthly Lump Sum Payment Register - were all refund payments found on the table reports
- Reviewed monthly Reports for Installment Purchase payments - were all purchase payments listed on the table reports

Phase III:

- Reviewed procedures for obtaining/entering information from the MAF
- Reviewed a sample of six members for data entry accuracy from MAF
- Reviewed policy/procedures for address changes
- Reviewed a sample of six members who had address changes
- Reviewed policy/procedures for posting deaths of beneficiaries that do not affect pay status
- Reviewed a sample of six deaths posted that do not affect pay status

**Observations, Conclusions and Recommendations**

**Observations, Conclusions and Recommendations Phase I**

CPAS generated audit table transactions initiated by staff, each of whom is assigned a unique user ID. The transactions are related to the day to day business operations of the Teachers' Fund for Retirement (TFFR). For the quarter under review, IA staff reviewed transactions for appropriateness based on the organizational role of the staff member assigned to each user ID. Any transactions which do not appear to be usual and customary are further investigated.

For the fourth quarter of 2018/2019, the months of April, May, and June were reviewed. There was potential of increased risks of error due to staff turnover in Retirement Services during this timeframe. The staff member that processed deaths retired in April. A new staff member was hired the end of May. Instead of the one staff member processing deaths, the responsibility was divided among three staff members. IA wanted to determine that procedures were followed by the three staff members when benefit suspensions were requested and set-up of beneficiary accounts were processed with Fiscal Accounting Services and Information Systems Services. IA determined that audit table transactions which occurred from April through June of 2019 for all user IDs were appropriately based on the organizational role held by the staff member who initiated the transactions.

There were five staff members that appropriately did not have transactions on their table reports. They were the Supervisor of IA, Internal Auditor, Deputy Executive Director, Supervisor of Administrative Services, and the TFFR Administrative Assistant.

**The CPAS table reports with transactions reviewed for the fourth quarter were as follows - Phase II:**

Administrative Services (AS) – the Office Assistant (OA) – New to the audit due to added trigger for change of addresses

Fiscal Accounting Services (FAS) – the Chief Financial Officer (CFO), the Investment Accountant (IA), the Compliance Officer (CO)

Information Systems Services (IT) – the Supervisor and the Data Processing Coordinator

Retirement Services(RS) – three Retirement Program Specialist (RPS), the Membership Specialist (MS), Employer Services Coordinator (ESC), and the Retirement Program Manager (RPM)

IA reviewed the table reports for AS and FAS. All transactions were appropriate and related to their day to day business operations.

The following **procedural error** was found for Information Systems Services. All transactions found on their table reports were appropriate and related to their day to day business operations. All transactions found on their table reports were listed on the 2019 Change Documentation log for the fourth quarter **except** for the deletion of accounts with zero value at year-end. These are member accounts reported to TFFR by the employer in error with zero value. Procedure is to delete these accounts at year-end. The deletions were listed on a worksheet found in the J Drive:

#### **Recommendation by IA for procedure error**

IT Staff only makes changes to member accounts when authorized staff directs the change. For their protection, it is important to list all requests made by RIO staff to change/delete member accounts on their Log. If questions are asked by Internal and External Auditors, a ready explanation is available. An example of the explanation could be – Per RPM, I deleted accounts and refer to the spreadsheet in the J Drive.

#### **IT response:**

I have reviewed the File Maintenance Audit. As for the recommendation of logging all transactions and the deletions not being tracked, that was just an oversight and the entries did not get logged. I know IA visited with IT staff about this when you were looking at those deletions and corrections were made to Change Log for this oversight. IT updated our processes/procedures to help eliminate this oversight in the future as we agree all transactions need to be recorded but know that sometimes oversights happen.

IA reviewed the table reports for **Retirement Services** Staff: the ESC, the MS, the RPM, and the three RPS. All transactions reviewed were appropriate in the day to day operations for TFFR except for the following findings.

#### **Findings for RS:**

##### Finding 1:

IA found that one of the last transactions processed on table report of the RPS who retired had none of the required documents on file for two of the four accounts affected by a death.

Per the table reports, the transaction had been processed by the retiring RPS. Per procedures, the folder of information was then passed to the MS who entered beneficiary information into the member's account. The folder with the documents would have then been place in a central area only accessible to staff to be scanned by the OA.

When IA tried to compare the required documents from FileNet to the member's CPAS account, no documents were in two of the four FileNet accounts processed for suspension of payment for a death and set-up for three beneficiary payments. The documents found in the deceased member's and one of the beneficiary's accounts were copies provided by a beneficiary upon request by RS's staff.

After the discovery of the missing documents, RS's investigated and found that there were missing documents for another death (beneficiary deceased on Joint and Survivor accounts that popped up with no remaining cash account). In order to ensure this would not occur again, procedures were changed. For all documents that need

to be scanned to member accounts, there is a direct hand-off of documents from RS's to AS's. Files are not placed in a centralized basket.

**Recommendation by IA for missing documents:**

Since procedures have already been changed, RS's needs to draft a memorandum stating the error that occurred and scan it to the affected accounts. RS's should also continue to request copies for documents that have not been recovered.

**RS's response:**

A memorandum explaining the situation was drafted and placed in the two member accounts affected by the error. For the one death with three beneficiaries, two of the beneficiaries in payment status returned copies of requested documents and they have been scanned to FileNet. RS's is still trying to obtain the missing documents for the third beneficiary's FileNet account. For the pop-up, a copy of the beneficiary's obituary will be placed in the file as proof of death.

**Finding 2:**

One of the above beneficiary's returned copies of their retirement set-up forms. The routing number on the replacement Direct Deposit Authorization Form (DDA) was different from the routing number found on CPAS from the original set-up based on the lost form.

**Recommendation by IA routing number**

For the second beneficiary that returned copies of the missing documents, IA found that the bank routing number on CPAS was different from the Bank Routing number on the DDA found in FileNet. IA recommended that RS investigate to see which bank routing number is correct and note the reason for the difference in routing number on DDA form in FileNet.

**RS's Response:** The RPM called the Bank and talked with a representative. The initial routing number on the lost DDA was the North Dakota routing number and the number on CPAS was the Minnesota routing number the beneficiary included on the replacement DDA. The Bank representative stated that both routing numbers were valid and funds sent would correctly deposit to the member's individual bank account. Payment instructions in CPAS were updated to reflect the routing number change and the explanation was added to the DDA.

**Observations, Conclusions and Recommendations Phase II**

The NDRIO Lump Sum Payment Register lists all refunds, rollovers, and PLSOs paid to members or beneficiaries each month. The TFFR Installment Purchase of Credit report lists the current status each month for all installment purchases of service credit in progress. IA verified that the entries on these two system generated reports corresponded to a transaction on the appropriate audit table based on the organizational role held by the staff member who initiated the transaction.

IA obtained the copies of the three NDRIO Lump Sum Payment Register reports for the fourth quarter from FileNet. The three reports listed forty-eight refunds, partial lump sum option payments, and rollovers. All transactions listed on the monthly reports could be found on the table reports of appropriate RS's staff. Refund checks are processed five working days before the end of the month unless payroll falls on a Friday. Disbursement of the refund occurs on the first of the next month.

IA obtained the copies of the three Installment Purchase of Credit reports from IT for the fourth quarter. At the start of the timeframe, eleven members were purchasing service credit on installment. One member paid off their service credit purchase, so at the end of the fourth quarter there were ten members still purchasing service credit. On the table reports, there were sixteen installment payments appropriately posted by Fiscal Accounting during the quarter.



IA determined that information found the NDRIO Lump Sum Payment Registers and the Installment Purchase of Credit reports was found on the table reports of appropriate staff. IA does not review a sample of refunds or purchases in this audit. Further investigation occurred in the Purchase and Refund Audit completed April 19, 2019.

### **Observations, Conclusions and Recommendations Phase III**

IA reviewed the procedures for processing information on Change of Address forms, Member Action Forms (MAF's), and posting deaths of beneficiary's that do not affect pay status.

#### **Procedures for processing Change of Address forms**

In the File Maintenance Audit dated May of 2018, new procedures for address changes were recommended by IA to scan the Change of Address forms to FileNet. The procedure at the time of the recommendation was to keep a paper copy of the form and purge the paper copy in six months. The recommendation by IA was instituted by AS and RS. Records retention for the form on FileNet is seventy-five years.

IT and RS also decided to track the address changes in the CPAS audit tables. Starting on March 20, 2019, CPAS starting tracking address changes in the table reports to determine who was making them. The OA enters most of the address change forms. She scans all of the forms to FileNet. The Employer will sometimes email the Change of Address forms to the Membership Specialist (MS) who then will change the address. Then, the MS will sign-off the Change of Address form and forward to the OA to scan to FileNet.

There were 181 address change transactions on OA's table report for the fourth quarter. I verified that six members with address changes had address change forms on FileNet or their name was listed on Post Office Notification of changes. Five of the six members reviewed had forms found on FileNet. The sixth member reviewed was a Post Office change. The OA produced the document from the daily files.

#### **Procedures for processing Member Action forms (MAF)**

MAF's are submitted to TFFR by members who are updating their status with the pension fund. For example, a member may be enrolling in TFFR, returning to covered employment after a period of inactivity, or changing/adding a participating employer. The employer must submit the MAF within thirty days of employment. A fine is assessed if the deadline is not met. The majority of MAF are received during the months of July through October. The OA forwards the MAF to the MS who holds all forms in a secured file drawer in her office until processed.

The RPM stated that information from the MAF cannot be entered into CPAS until the member is reported from a payroll report received from the employer for the fiscal year. For most members, the first payroll reported is the month of September. The employer must report the September salary and contributions by October 15<sup>th</sup>. The employer reporting posting of payroll in CPAS populates the name, SSN, DOB, gender, address, and triggers the MAF Needed Task for the MS. The MS then verifies the uploaded information with the MAF and completes any missing information such as the full name, maiden name, marital status, zip codes, and phone numbers. Information later entered into CPAS from the MAF are the email addresses and spouse information. The deadline for posting the rest of the information on the MAF is June 30<sup>th</sup>. Once all of the information is entered into CPAS, the OA scans the form to FileNet.

The MS also verifies that the member is licensed with the Education Standards and Practices Board. If the member checks past PERS membership, the MS verifies the dual status and request a PERS account copy if needed. Once dual membership is confirmed, the dual member flag in CPAS will change to Yes.

There were 856 MAF's sent to TFFR in 2018/19. Of the 856 MAF, welcome letters were sent to 305 first time TFFR members. All of the information from the forms was entered into CPAS by January 11, 2019.

For IA's sample pool, the OA collected 25 to 30 forms during the first quarter of the fiscal year. IA then randomly selected six MAF's for further review. After reviewing the accounts, the six members' information from the MAF were entered into CPAS correctly.

**Recommendation for entering MAF information into CPAS:**

Since the majority of the MAF's are received during the first quarter and payments from the employer are received by October 15<sup>th</sup>, IA recommends that all data from the MAF be entered into CPAS and scanned to FileNet by March 31<sup>st</sup>. It is important to have information entered into the system as soon as practical and scanned to FileNet in order to minimize the loss of or misplaced documents.

**RS's response:** RS has agreed to change the deadline for the remaining information found on the MAF to be entered into CPAS and scanned to FileNet by March 31<sup>st</sup>.

**Posting deaths on Demographic page of CPAS**

A few years ago, RS started posting deaths of beneficiaries on the demographics pages of CPAS. These deaths did not change the pay status of the benefit payment. The death was only posted for informational purposes. The death was posted without contacting the member and without proof of death. In a past File Maintenance Audit, IA recommended that RS's institute procedures for posting these deaths.

IA verified that the procedures were followed. IA selected a sample of six members from the CPAS table reports of the MS to review. For the accounts reviewed, IA found that RS's was following the procedures. The letter sent to the member requesting a new beneficiary form and a copy of the obituary in FileNet was found for all accounts reviewed.

cc:

Dave Hunter, Executive Director/Chief Investment Officer  
Fay Kopp, Deputy Executive Director, Chief Retirement Officer  
Bonnie Heit - Administrative Services Supervisor  
Connie Flanagan – Chief Financial Officer  
Rich Nagel – Information Systems Supervisor  
Shelly Schumacher – Retirement Services Program Manager



**MEMBER ACTION (001)**

NORTH DAKOTA RETIREMENT AND INVESTMENT OFFICE  
TEACHERS' FUND FOR RETIREMENT DIVISION  
SFN 50981 (11-2019)

**Please see reverse side for important information on death benefits, naming a beneficiary, and purchasing refunded service credit.**

In compliance with the Federal Privacy Act of 1974, the disclosure of the individual's social security number on this form is mandatory pursuant to 26 U.S.C. § 3402. The individual's social security number is used for tax reporting and as an identification number. Penalty for not including the social security number may cause the form to not be processed.

Name (First, Middle, Last)		Social Security Number		Gender	Birth Date
Mailing Address (Street or Box)			City	State	ZIP Code
Married <input type="checkbox"/>	Single <input type="checkbox"/>	Maiden Name	Name of Spouse (First, Middle, Last)		Gender
School District /Employer	Work Telephone Number	Home Telephone Number	E-mail Address		
1. I have a current ND teaching license. <input type="checkbox"/> Yes <input type="checkbox"/> No (Substitute teacher license not acceptable)					
2. I have a contract or other written employment agreement with the employer named above. <input type="checkbox"/> Yes <input type="checkbox"/> No					
3. I am (Check only one):					
<input type="checkbox"/> New, first time TFFR member. <b>Complete #4 and a TFFR Designation of Beneficiary Form</b>					
<input type="checkbox"/> Active TFFR member changing or adding an employer.					
<input type="checkbox"/> Inactive TFFR member returning to covered employment.					
<input type="checkbox"/> Refunded TFFR member returning to covered employment. <b>Complete #4</b>					
<input type="checkbox"/> On a leave of absence for school year(s) _____.					
<input type="checkbox"/> Returning from a leave of absence effective _____.					
<input type="checkbox"/> Retired TFFR member returning to covered employment under Exception B-Benefit Suspension and Recalculation.					
<b>Under all options, please complete a separate TFFR Designation of Beneficiary form, SFN 10341, to name or update your designated beneficiary.</b>					
4. I have previous ND employment covered by the Public Employees Retirement System (PERS).					
<input type="checkbox"/> Yes <input type="checkbox"/> No Where _____ When_____					
I have previous ND employment covered by the Highway Patrol Retirement System (HPRS).					
<input type="checkbox"/> Yes <input type="checkbox"/> No Where _____ When_____					

**Member's Signature**

I certify the above information is an accurate description of my employment status and TFFR plan participation. I have also read and understand the information on the reverse side.

Signature of Member
Date

**Return to:**  
ND Retirement and Investment Office  
3442 East Century Avenue  
PO Box 7100  
Bismarck ND 58507-7100  
www.nd.gov/rio

Telephone: 701-328-9885  
Toll free: 800-952-2970  
Fax: 701-328-9897

**TFFR Membership**

New and returning TFFR members are required to complete and sign a Member Action Form to properly enroll in the TFFR plan. Active, inactive, and retired members who had service prior to July 1, 2008 are Tier 1 members. New members and returning refunded members employed on or after July 1, 2008 are Tier 2 members. Tier 1 members who were within 10 years of retirement eligibility as of June 30, 2013 are Tier 1 grandfathered members. The following highlights the different benefit structure for each tier:

	<b>Tier 1 Grandfathered</b>	<b>Tier 1 Non-grandfathered</b>	<b>Tier 2 Non-grandfathered</b>
Early Unreduced Retirement Vesting	Rule of 85 3 Year	Age 60 & Rule of 90 3 Year	Age 60 & Rule of 90 5 Year
Final Average Salary	High 3	High 3	High 5
Reduced Retirement Factor	6%	8%	8%

**Previous Teaching or State Experience covered by TFFR, PERS, or HPRS**

Active TFFR members are eligible to repay TFFR refunded service credit for use toward retirement eligibility and benefits. You may also qualify as a dual member if you have service credit in TFFR and PERS or HPRS. Contact the Administrative Office for additional information.

**Naming a Beneficiary – Complete separate form SFN 10341**

TFFR members should designate a beneficiary(ies) in writing for the purpose of directing payment of a claim due to a member's death.

If you are married,\* you must name your spouse as beneficiary or provide written spousal approval to name an alternate beneficiary. If you are not married, or if you have written spousal consent, you can name any person (up to 10), organization, church, or charity as beneficiary of your retirement account. However, if more than one beneficiary is named, they are not eligible to receive a monthly annuity for life. Also, if more than one person is named as beneficiary, they will share equally in the survivor benefit unless specific percentages are designated. If specific percentages are designated, they must equal 100 percent.

If you do not designate a beneficiary, death benefits (if any) will be paid to your surviving spouse; if none, to your estate.

\*Same gender marriages are recognized as legal marriages in all states. Married same gender couples receive all the legal rights and benefits afforded to married opposite gender couples.

Naming a contingent beneficiary(ies) is **optional**. A contingent beneficiary should be designated if you do not wish survivor benefits to be paid in the order provided by state law (surviving spouse, estate). Benefits will be paid to your contingent beneficiary only if your primary beneficiary is deceased.

Your beneficiary designation is subject to the governing statutes and rules and regulations established by the Board of Trustees of the ND Teachers' Fund for Retirement. The acceptance of this designation does not establish that a survivor benefit will be payable. Whether or not a benefit is payable and the amount thereof will be determined at the time of death under laws and regulations then applicable.

**Death Benefits**

If a member's death occurs prior to retirement, the beneficiary/survivor of a non-vested member will be eligible for a refund of account value (member contributions plus interest). Survivors of vested members will be eligible for: 1) refund of account value; or 2) monthly reduced annuity for life under 100% Joint and Survivor option (not available if more than one beneficiary is named). (See Tier 1 and Tier 2 member vesting descriptions.)

If a member's death occurs after retirement, the death benefit your beneficiary/survivor receives (if any) is based on the plan you select at retirement.

**Additional membership and death benefit information can be found in the TFFR Handbook on our website--  
[www.nd.gov/rio/tffr](http://www.nd.gov/rio/tffr).**

**If you have any questions, please contact the Administrative Office.**

## MEMORANDUM

**TO:** State Investment Board (SIB)  
State Investment Board (SIB) Audit Committee  
David Hunter, Executive Director/CIO

**FROM:** Sara Sauter, Supervisor of Internal Audit

**DATE:** February 27, 2020

**SUBJECT:** Executive Limitations Final Audit Report

Internal Audit has completed the annual review of the Executive Director/CIO's level of compliance with State Investment Board (SIB) Governance Manual Executive Limitation policies for the calendar year beginning January 1, 2019 and ending December 31, 2019.

The policies reviewed during the course of the audit were:

- General Executive Constraint (A-1)
- Staff Relations (A-2)
- Relating to Public and Government (A-3)
- Budgeting (A-4)
- Financial Condition (A-5)
- Communication and Counsel to the Board (A-6)
- Asset Protection (A-7)
- Compensation and Benefits (A-8)
- Conflict of Interest (A-9)
- Code of Conduct (A-10)
- Unrelated Business Interests (A-11)

Internal Audit is sufficiently satisfied that the Executive Director/CIO was in compliance with SIB Governance Manual Executive Limitation Policies A-1 through A-11 during calendar year 2019.

**RETIREMENT AND INVESTMENT OFFICE  
AUDIT SERVICES  
EXECUTIVE LIMITATIONS AUDIT REPORT  
January 1, 2019 – December 31, 2019**

**Executive Limitations – General Executive Constraint (A-1)**

The following documents were reviewed and found to support the Executive Director/CIO's compliance with Executive Limitation A-1:

- Executive Team Members – Communication Questionnaires
- State Investment Board (SIB) Meeting Agendas, Materials, and Minutes

The executive team indicated that frequent communication occurs regarding board and executive issues and processes. Executive team members believe they are well informed and not lacking pertinent or relevant information. The executive team continues to demonstrate great cohesiveness. There is still a consensus regarding the most important issues facing the organization. Executive team members overwhelmingly agree that the depth of knowledge and experience currently held by executive staff will insulate the organization from any risk associated with the sudden loss of executive services.

**Executive Limitations – Staff Relations (A-2)**

The following documents were reviewed and found to support the Executive Director/CIO's compliance with Executive Limitation A-2:

- RIO Administrative Manual and Employee Acknowledgements
- RIO Termination Checklist, Exit Interview, and Employee Termination Documents
- 2019 Employee Survey Results
- 2019 SIB Executive Review Committee Survey, Results, and Meeting Minutes

RIO maintains an Administrative Manual which includes personnel rules for staff, provides for the effective handling of grievances, and protects against wrongful conditions or violations of state and federal law. All staff members signed acknowledgements indicating that they reviewed and understood all policies contained within the Administrative Manual. Staff and SIB survey responses were generally positive regarding staff relations.

**Executive Limitations – Relating to Public and Government (A-3)**

The following documents were reviewed and found to support the Executive Director/CIO's compliance with Executive Limitation A-3:

- 2019 SIB Client Satisfaction Survey and Responses
- RIO Administrative Manual (Media Policy), Media Inquiry, and Open Records Request
- 2019 SIB Executive Review Committee Survey, Results, and Meeting Minutes

SIB clients were asked to rate the services provided by RIO staff on behalf of the SIB. A score of 3.62 was received on a 4.0 weighted average scale. Comments received were generally positive and indicated clients have a great deal of trust in staff, staff is knowledgeable and helpful. The Executive Director/CIO routinely responds to media requests and open records requests. The requests reviewed revealed that information provided by staff was accurate and when applicable distinguished between fact and personal opinion. Members of the SIB overwhelmingly agreed that the Executive Director/CIO effectively promotes the SIB and provides necessary information to various stakeholders, constituencies,

**Executive Limitations – Relating to Public and Government (A-3) (continued)**

political subdivisions, and the state legislature. This is most often accomplished with appropriately timed and relevant communications, presentations, and general discussions.

**Executive Limitations – Budgeting (A-4) and Financial Condition (A-5)**

The following documents were reviewed and found to support the Executive Director/CIO's compliance with Executive Limitation A-4 and A-5:

- RIO 2019-2021 Biennium Budget and Other Supporting Documentation
- Budget and Financial Condition Quarterly Monitoring Reports – SIB Meeting Materials
- 2019 Executive Review Committee Survey, Results, and Meeting Minutes
- 2019-2021 Budget Guidelines

A review of the quarterly monitoring reports for fiscal year 2019 revealed that RIO operated well within budget and had not made any expenditure which exceeded the appropriation authorized by the legislature. This confirms that the budget planning process currently used by RIO is adequate and results in the development of credible expense projections. RIO submitted the 2019-2021 biennial budget that was within the governor's guideline. During calendar year 2019, RIO did not reduce the level of service of any programs nor request the assistance of the Emergency Commission. Continuing appropriations are reviewed by third parties, one of the largest expenditures is related to investment management fees and consulting expenses. Staff has been successful in reducing overall investment management fees to 0.46% in fiscal year 2019 (from 0.65% in fiscal 2013). SIB members surveyed indicated they are satisfied with the Executive Director/CIO's budgeting actions and RIO's overall financial condition.

**Executive Limitations – Communication and Counsel to the Board (A-6)**

The following documents were reviewed and found to support the Executive Director/CIO's compliance with Executive Limitation A-6:

- 2019 SIB Executive Review Committee Survey, Results, and Meeting Minutes
- SIB Governance Manual Policy C-4 (Monitoring Executive Performance Policy)
- SIB Meeting Agendas, Materials, and Minutes – Calendar Year 2019

SIB members indicated that the Executive Director/CIO routinely provides information to assist in decision making, board education, updates on current issues, and timely problem identification. The Executive Director/CIO also adequately monitors investment performance, managers, and strategies. The Executive Director/CIO met all reporting requirements detailed in SIB Governance Manual Policy C-4.

**Executive Limitations – Asset Protection (A-7)**

The following documents were reviewed and found to support the Executive Director/CIO's compliance with Executive Limitation A-7:

- State Fire and Tornado Fund Insurance Policy – FY 2019 and FY 2020
- OMB/Risk Management – Risk Management Fund Manual
- State Bonding Fund – Commercial Blanket Bond – CY 2019
- RIO Financial Audit - Fiscal Year Ended June 30, 2019
- SIB Executive Review Committee Survey, Results, and Meeting Minutes
- SIB Meeting Agendas, Materials, and Minutes – Nov 22, 2019

RIO has obtained adequate insurance to protect against theft and casualty losses as well as to protect against liability losses to board members, staff, and the organization. All RIO personnel who have access

**Executive Limitations – Asset Protection (A-7) (continued)**

to funds are properly bonded. External auditors confirmed that funds are received, processed, and distributed under controls which are sufficient to meet State Auditor standards. The financial audit for the fiscal year ended June 30, 2019 received a clean unmodified opinion. Information on actual versus target asset allocation, excess returns for the 3 and 5-year time periods, and current level of risk assumed indicates that the investment process undertaken by RIO is in compliance with the SIB policy on investment.

**Executive Limitations – Compensation and Benefits (A-8)**

The following documents were reviewed and found to support the Executive Director/CIO's compliance with Executive Limitation A-8:

- OMB ND Salary Ranges – July 1, 2019 – June 30, 2020
- RIO Salaries & Pay Grades
- Retention Bonus Documentation
- SIB Executive Review Committee – Executive Director/CIO Performance Review
- ND Administrative Code, Chapter 04-07-02
- SIB Meeting Agenda, Materials, and Minutes – June 19, 2019

A review of available documents confirmed that compensation and benefits for staff are in compliance with the ND Administrative Code, Chapter 04-07-02. Current salary and benefits for the Executive Director/CIO are consistent with the recommendations of the SIB Executive Review Committee.

**Executive Limitations – General Executive Constraint (A-1), Conflict of Interest (A-9), Code of Conduct (A-10), and Unrelated Business Interests (A-11)**

The following documents were reviewed and found to support the Executive Director/CIO's compliance with Executive Limitation A-1, A-9, A-10, and A-11:

- 2019 Executive Limitation/CIO Effectiveness Survey and Results
- 2019 Executive Review Committee Survey and Results
- SIB Governance Manual Policy A-9 and Conflict of Interest Statement
- SIB Meeting Agenda, Materials, and Minutes – Feb 22, 2019 and July 26, 2019
- SIB Audit Committee Agenda, Materials, and Minutes – Feb 21, 2019

The Executive Director/CIO affirmed understanding of the Executive Limitation Conflict of Interest Policy (A-9) located within the SIB Governance Manual. Executive team members independently confirmed that they are not aware of any actual or perceived conflicts of interest concerning the Executive Director/CIO. SIB members indicated they believe the Executive Director/CIO maintains high fiduciary standards and adheres to all laws, rules, policies, procedures, and professional ethics. Staff overwhelmingly believes that the Executive Director/CIO demonstrates integrity and sets an example for others to follow.



# MEMORANDUM

**TO:** State Investment Board (SIB) Audit Committee

**FROM:** Sara Sauter, Supervisor of Internal Audit

**DATE:** February 27, 2020

**SUBJECT:** Update on Current Internal Audit Activities

Internal Audit typically has multiple audits going on at the same time in different stages. The following is the status of current audits in progress:

Phase 1 – Planning and Notification  
 Phase 2 – Fieldwork  
 Phase 3 – Communication with Staff  
 Phase 4 – Writing Report  
 Phase 5 – Final Report and Management Response

## Internal Audit Activities In-Progress

- Minot TFFR Salary Review – Phase 2
- Benefit Payment Audit (Death, Long Outstanding Checks & Long Term Annuitants) – Phase 3
- File Maintenance Audit – Phase 5
- Administrative Expense Audit – Phase 5
- Salary Verification Audit – Phase 2
- Internal Control Assessment – Phase 1
- Cash Management and Rebalancing Audit – Phase 1

Internal Audit will also be working on the upcoming audit plan in April and May 2020, so if there are any suggestions of audits the committee would like to see done please notify Internal Audit. The agency risk assessment will also be updated during this time.

With the change from a compliance to internal audit division, Internal Audit will also be revising their job descriptions within the state JDQs to more accurately reflect the duties being performed.

The Executive Review Committee has asked for the assistance of the Supervisor of Internal Audit to administer the SIB Self-Assessment. Internal Audit will send out self-assessment, gather the data, and present it to the SIB. The Executive Review Committee also may be requesting the assistance of Internal Audit with the review of the Executive Director/CIO.

## *Task Tracking:*

Internal Audit is working with Retirement Services, Administrative Services, and Information Systems Services on tracking retirement program activities. With the upcoming retirements in Retirement Services, Internal Audit has been spending more time with tracking the actual tasks. We have met with retiring staff and will be meeting with staff promoted to new roles in TFFR.

IA has reviewed the lists for nine staff members starting in July 2019 and ending in January 2020. A list of quarterly activities for TFFR has been compiled. The information was used in documenting the following processes: deaths, employer uploading of salary and contributions, issuing employer/member refund checks, address changes, and member action form uploads.

The information was used in the File Maintenance and Benefit Payment Audit. The information will be very useful in the 2020 TFFR Cost Efficiency Audit. In the future, the information will be used when the re-engineering of processes occurs in the selection of the new pension software.

Internal Audit is proposing the following scopes for the upcoming audits:

Investment Confirmation Audit

A sample of investments will be selected and a confirmation letter will be sent to investment managers and custodial bank. This will confirm investment balances exist and that the investments are being reported accurately. The date of these confirmations will be as of December 31, 2019.

# MEMORANDUM

**TO:** State Investment Board (SIB) Audit Committee

**FROM:** Sara Sauter, Supervisor of Internal Audit

**DATE:** February 27, 2020

**SUBJECT:** GASB 68 Schedules Audit

Mr. Rey, CliftonLarsonAllen (CLA) - external auditors of the Retirement and Investment Office (RIO), briefed the Audit Committee on the GASB 68 Census Data Audits at the November 2019 Audit Committee meeting. As anticipated, CLA concluded their audit of the GASB 68 schedules. The final audit report was issued in December 2019 and is included for your review. No action by the Audit Committee is required at this time. CLA will be in attendance at the May 21, 2020 Audit Committee meeting to present the results of the GASB 68 Schedules Audit as well as the audit scope and approach for the upcoming financial audit of RIO for fiscal year July 1, 2019 to June 30, 2020. At that time, the SIB Audit Committee will be called upon to approve the GASB 68 Schedules Audit report.

Retirement Services has published the annual GASB 68 financial information for TFFR employers. This information can be located on the RIO website - <http://www.nd.gov/rio/TFFR/Employers/default.htm>.

If after review of the enclosed information, if any member of the Audit Committee has any questions or concerns which they would like CLA to address during their presentation of the GASB 68 Schedules Audit report on May 21, 2020, please forward those to the Supervisor of Internal Audit, Sara Sauter at [sasauter@nd.gov](mailto:sasauter@nd.gov).

**NORTH DAKOTA RETIREMENT AND INVESTMENT OFFICE -  
NORTH DAKOTA TEACHERS' FUND FOR RETIREMENT  
Bismarck, North Dakota**

**SCHEDULES OF EMPLOYER ALLOCATIONS AND  
PENSION AMOUNTS BY EMPLOYER  
June 30, 2019**

North Dakota Retirement and Investment Office -  
North Dakota Teachers' Fund for Retirement  
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## INDEPENDENT AUDITORS' REPORT

Governor Doug Burgum  
The Legislative Assembly  
David Hunter, Executive Director/CIO  
State Investment Board  
Teacher's Fund for Retirement Board  
North Dakota Retirement and Investment Office

### Report on Schedules

We have audited the accompanying schedule of employer allocations of the North Dakota Retirement and Investment Office - North Dakota Teachers' Fund for Retirement (TFFR), a department of the State of North Dakota, as of and for the year ended June 30, 2019, and the related notes.

We have also audited the total for all entities of the columns titled net pension liability, total deferred outflows of resources, total deferred inflows of resources, and total pension expense as of and for the year ended June 30, 2019 (specified column totals), included in the accompanying schedule of pension amounts by employer of TFFR, and the related notes.

### Management's Responsibility for the Schedules

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

### Auditors' Responsibility

Our responsibility is to express opinions on the schedule of employer allocations and the specified column totals included in the schedule of pension amounts by employer based on our audit. We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the schedule of employer allocations and specified column totals included in the schedule of pension amounts by employer are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the schedule of employer allocations and specified column totals included in the schedule of pension amounts by employer. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the schedule of pension amounts by employer, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the schedule of employer allocations and specified column totals included in the schedule of pension amounts by employer 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 entity's internal control. Accordingly, we express no such opinion. An audit

Governor Doug Burgum  
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also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the schedule of employer allocations and specified column totals included in the schedule of pension amounts by employer.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinions**

In our opinion, the schedules referred to above present fairly, in all material respects, the employer allocations and net pension liability, total deferred outflows of resources, total deferred inflows of resources, and total pension expense for the total of all participating entities for TFFR as of and for the year ended June 30, 2019, in accordance with accounting principles generally accepted in the United States of America.

### **Other Matter**

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the North Dakota Retirement and Investment Office (RIO), which includes TFFR, as of and for the year ended June 30, 2019, and our report thereon, dated October 30, 2019, expressed an unmodified opinion on those statements.

### **Restriction on Use**

Our report is intended solely for the information and use of the management of RIO, Board of Trustees, TFFR employers and their auditors as of and for the year ended June 30, 2019 and is not intended to be and should not be used by anyone other than these specified parties.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Audit Standards*, we have also issued our report dated December 3, 2019, on our consideration of RIO'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 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 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 RIO's internal control over financial reporting.



**CliftonLarsonAllen LLP**

Baltimore, Maryland  
December 3, 2019

North Dakota Retirement and Investment Office -  
North Dakota Teachers' Fund for Retirement  
Schedule of Employer Allocations  
As of and for the year ended June 30, 2019

<b>Employer Name</b>	<b>Covered Payroll</b>	<b>Employer's Proportionate Share Allocation</b>
Alexander School	\$ 1,420,946	0.20255003%
Anamoose School	691,421	0.09855917%
Apple Creek Elem School	297,570	0.04241743%
Ashley School	969,017	0.13812935%
Bakker Elem School	43,525	0.00620431%
Barnes County North	1,582,685	0.22560524%
Beach School	2,153,298	0.30694385%
Belcourt School	8,650,947	1.23315700%
Belfield Public School	1,637,915	0.23347807%
Beulah School	3,555,146	0.50677145%
Billings Co. School Dist.	848,687	0.12097678%
Bismarck Public Schools	74,264,596	10.58611318%
Bismarck State College	-	0.00000000%
Blessed John Paul II Catholic Sch Network	-	0.00000000%
Bottineau School	3,849,361	0.54871056%
Bowbells School	612,593	0.08732255%
Bowman School	2,945,220	0.41982906%
Burke Central School	1,003,631	0.14306350%
Burleigh County Spec. Ed.	117,449	0.01674181%
Carrington School	2,921,503	0.41644826%
Cavalier School	2,308,894	0.32912329%
Center Stanton School	1,586,576	0.22615995%
Central Cass School	3,935,508	0.56099057%
Central Elementary School	-	0.00000000%
Central Valley School	1,336,672	0.19053708%
Dakota Prairie School	2,035,168	0.29010482%
Devils Lake School	10,821,543	1.54256645%
Dickinson School	22,201,680	3.16475838%
Divide School	2,508,494	0.35757553%
Drake School	483,917	0.06898037%
Drayton School	1,416,967	0.20198279%
Dunseith School	3,346,884	0.47708456%
E Central Ctr Exc Childn	794,262	0.11321875%
Earl Elem. School	26,000	0.00370618%
Edgeley School	1,375,535	0.19607684%
Edmore School	779,372	0.11109629%
Eight Mile School	1,668,632	0.23785663%
Elgin-New Leipzig School	1,201,171	0.17122198%
Ellendale School	1,720,552	0.24525756%
Emerado Elementary School	631,984	0.09008678%

The accompanying notes are an integral part of the Schedule of Employer Allocations



North Dakota Retirement and Investment Office -  
North Dakota Teachers' Fund for Retirement  
Schedule of Employer Allocations  
As of and for the year ended June 30, 2019

<b>Employer Name</b>	<b>Covered Payroll</b>	<b>Employer's Proportionate Share Allocation</b>
Enderlin Area School District	1,972,282	0.28114065%
Fairmount School	1,038,903	0.14809138%
Fargo Public Schools	72,692,434	10.36200801%
Fessenden-Bowdon School	1,115,739	0.15904403%
Finley-Sharon School	1,093,723	0.15590577%
Flasher School	1,207,678	0.17214952%
Fordville Lankin School	628,946	0.08965366%
Fort Ransom Elem School	158,186	0.02254880%
Fort Totten School	1,539,679	0.21947488%
Fort Yates School	1,158,728	0.16517197%
Gackle-Streeter Pub Sch	818,783	0.11671412%
Garrison School	2,331,883	0.33240028%
Glen Ullin School	1,065,916	0.15194202%
Glenburn School	1,889,344	0.26931819%
Goodrich School	308,819	0.04402087%
Grafton School	4,384,159	0.62494382%
Grand Forks School	48,158,729	6.86482901%
Great North West Cooperative	174,410	0.02486149%
Grenora School	1,313,027	0.18716657%
Griggs County Central Sch	1,703,149	0.24277690%
Gst Educational Services	1,783,059	0.25416781%
Halliday School	280,182	0.03993877%
Hankinson School	1,559,779	0.22234004%
Harvey School	2,253,165	0.32117945%
Hatton Eielson Psd	1,203,702	0.17158274%
Hazelton - Moffit School	906,274	0.12918562%
Hazen School	2,772,477	0.39520525%
Hebron School	1,121,990	0.15993511%
Hettinger School	1,378,657	0.19652184%
Hillsboro School	2,646,943	0.37731084%
Hope School	750,602	0.10699527%
Horse Creek Elem. School	40,100	0.00571608%
James River Multidistrict Spec Ed Unit	1,334,268	0.19019447%
Jamestown School	13,519,117	1.92709460%
Kenmare School	1,750,587	0.24953902%
Kensal School	283,068	0.04035014%
Kidder County School District	2,296,223	0.32731715%
Killdeer School	3,064,597	0.43684577%
Kindred School	3,539,400	0.50452687%
Kulm School	1,005,518	0.14333242%

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North Dakota Retirement and Investment Office -  
North Dakota Teachers' Fund for Retirement  
Schedule of Employer Allocations  
As of and for the year ended June 30, 2019

<b>Employer Name</b>	<b>Covered Payroll</b>	<b>Employer's Proportionate Share Allocation</b>
Lake Region Spec Ed	1,914,995	0.27297468%
Lakota School	1,208,701	0.17229535%
Lamoure School	1,492,516	0.21275209%
Langdon Area School	2,551,015	0.36363667%
Larimore School	2,133,160	0.30407320%
Leeds School	1,051,290	0.14985708%
Lewis And Clark School	2,522,521	0.35957500%
Lidgerwood School	1,146,596	0.16344261%
Linton School	1,680,696	0.23957635%
Lisbon School	3,538,121	0.50434466%
Litchville-Marion School	842,175	0.12004852%
Little Heart Elem. School	139,392	0.01986977%
Logan County	4,079	0.00058148%
Lone Tree Elem. School	253,413	0.03612298%
Lonetree Spec Ed Unit	171,822	0.02449251%
Maddock School	947,106	0.13500606%
Mandan Public Schools	21,037,667	2.99883309%
Mandaree School	1,653,855	0.23575023%
Manning Elem School	96,744	0.01379048%
Manvel Elem. School	984,860	0.14038772%
Maple Valley School	1,696,016	0.24176009%
Mapleton Elem. School	836,679	0.11926511%
Marmarth Elem. School	127,525	0.01817818%
Max School	1,155,181	0.16466624%
May-Port C-G School	2,750,120	0.39201835%
Mcclusky School	695,349	0.09911915%
Mckenzie County	44,541	0.00634912%
Mckenzie County School	8,887,089	1.26681805%
Medina School	1,038,726	0.14806608%
Menoken Elem School	206,510	0.02943715%
Midkota	1,058,691	0.15091208%
Midway School	1,260,899	0.17973603%
Milnor School	1,452,267	0.20701466%
Minnewaukan School	1,710,976	0.24389258%
Minot School	44,638,534	6.36303966%
Minto School	1,376,253	0.19617920%
Mohall Lansford Sherwood	2,108,918	0.30061758%
Montpelier School	808,563	0.11525736%
Morton County	5,963	0.00085000%
Mott-Regent School	1,348,084	0.19216380%

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North Dakota Retirement and Investment Office -  
North Dakota Teachers' Fund for Retirement  
Schedule of Employer Allocations  
As of and for the year ended June 30, 2019

<b>Employer Name</b>	<b>Covered Payroll</b>	<b>Employer's Proportionate Share Allocation</b>
Mt Pleasant School	1,717,486	0.24482060%
Munich School	1,082,119	0.15425165%
N Central Area Career And Tech Center	-	0.00000000%
Napoleon School	1,513,829	0.21579014%
Naughton Rural School	105,170	0.01499159%
Nd Center For Distance Education	1,404,997	0.20027652%
Nd Dept Of Public Instruction	185,243	0.02640563%
Nd School For Blind	684,479	0.09756961%
Nd School For Deaf	945,356	0.13475661%
Nd United	155,114	0.02211088%
Nd Youth Correctional Cnt	1,176,353	0.16768434%
Nedrose School	3,072,119	0.43791790%
Nelson County	13,521	0.00192735%
Nesson School	1,837,917	0.26198747%
New England School	1,486,390	0.21187876%
New Rockford Sheyenne School	1,799,363	0.25649178%
New Salem-Almont	2,060,302	0.29368763%
New Town School	5,399,683	0.76970263%
Newburg United District	832,843	0.11871839%
North Border School	2,767,199	0.39445282%
North Sargent School	1,586,165	0.22610135%
North Star	1,685,871	0.24031404%
North Valley Area Career	585,301	0.08343221%
Northern Cass School Dist	3,342,452	0.47645279%
Northern Plains Spec Ed	316,450	0.04510858%
Northwood School	1,754,253	0.25006162%
Oakes School	1,988,877	0.28350632%
Oberon Elem School	473,668	0.06751936%
Oliver - Mercer Spec Ed	880,230	0.12547319%
Page School	687,587	0.09801263%
Park River Area School District	2,083,502	0.29699470%
Parshall School	1,864,703	0.26580577%
Peace Garden Spec Ed	534,330	0.07616654%
Pembina Spec Ed Coop	114,694	0.01634912%
Pingree - Buchanan School	756,716	0.10786672%
Pleasant Valley Elem	-	0.00000000%
Powers Lake School	1,220,462	0.17397188%
Richardton-Taylor	1,837,418	0.26191641%
Richland School	1,563,354	0.22284975%
Robinson School	-	0.00000000%

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North Dakota Retirement and Investment Office -  
North Dakota Teachers' Fund for Retirement  
Schedule of Employer Allocations  
As of and for the year ended June 30, 2019

<b>Employer Name</b>	<b>Covered Payroll</b>	<b>Employer's Proportionate Share Allocation</b>
Rolette County	-	0.00000000%
Rolette School	1,232,898	0.17574452%
Roosevelt School	418,032	0.05958869%
Roughrider Area Career And Tech Center	143,474	0.02045163%
Roughrider Service Program	193,712	0.02761286%
Rugby School	3,493,391	0.49796854%
Rural Cass Spec Ed	1,346,584	0.19194998%
Sargent Central School	1,619,237	0.23081558%
Sawyer School	567,661	0.08091776%
Scranton School	1,201,696	0.17129682%
Se Region Career And Tech	1,588,560	0.22644268%
Selfridge School	955,755	0.13623897%
Sheyenne Valley Area Voc	932,149	0.13287395%
Sheyenne Valley Spec Ed	1,457,880	0.20781479%
Slope County	26,757	0.00381412%
Solen - Cannonball School	1,647,712	0.23487460%
Souris Valley Spec Ed	1,244,857	0.17744919%
South Cent. Prairie Sp Ed	59,855	0.00853208%
South East Education Cooperative	578,882	0.08251728%
South Heart School	1,959,845	0.27936785%
South Prairie School District	2,557,680	0.36458676%
South Valley Spec Ed	496,464	0.07076884%
Southwest Special Education Unit	68,836	0.00981229%
St. John'S School	2,784,709	0.39694882%
St. Thomas School	631,772	0.09005647%
Stanley School	3,770,614	0.53748549%
Starkweather School	543,086	0.07741466%
Sterling School	304,559	0.04341363%
Strasburg School District	997,680	0.14221512%
Surrey School	2,531,108	0.36079906%
Sweet Briar Elem School	119,090	0.01697581%
Tgu School District	2,539,124	0.36194175%
Thompson School	2,478,583	0.35331185%
Tioga School	3,346,879	0.47708384%
Turtle Lake-Mercer School	1,345,786	0.19183632%
Twin Buttes Elem. School	449,696	0.06410235%
Underwood School	1,475,910	0.21038491%
United School	3,382,044	0.48209650%
Upper Valley Spec Ed	2,600,460	0.37068484%
Valley - Edinburg School	1,571,267	0.22397766%

The accompanying notes are an integral part of the Schedule of Employer Allocations

North Dakota Retirement and Investment Office -  
North Dakota Teachers' Fund for Retirement  
Schedule of Employer Allocations  
As of and for the year ended June 30, 2019

<b>Employer Name</b>	<b>Covered Payroll</b>	<b>Employer's Proportionate Share Allocation</b>
Valley City School	6,093,991	0.86867340%
Velva School	2,666,812	0.38014313%
Wahpeton School	6,747,928	0.96188941%
Ward County	29,842	0.00425383%
Warwick School	1,621,711	0.23116820%
Washburn School	1,832,370	0.26119679%
West Fargo School	64,487,314	9.19240184%
West River Student Services	684,249	0.09753686%
Westhope School	1,109,593	0.15816791%
White Shield School	1,657,607	0.23628508%
Williams Co School Dist #8	2,410,913	0.34366580%
Williston School	20,782,759	2.96249689%
Wilmac Special Education	4,292,043	0.61181313%
Wilton School	1,435,276	0.20459276%
Wing School	727,360	0.10368224%
Wishek School	1,325,738	0.18897844%
Wolford School	541,162	0.07714039%
Wyndmere School	1,412,260	0.20131183%
Yellowstone Elem. School	506,724	0.07223146%
Zeeland School	415,851	0.05927784%
<b>Grand Totals:</b>	<b>\$701,528,450</b>	<b>100%</b>

*Note: Columns may not foot due to rounding.*

North Dakota Retirement and Investment Office -  
 North Dakota Teachers' Fund for Retirement  
 Schedule of Pension Amounts by Employer  
 As of and for the year ended June 30, 2019

Employer Name	Deferred Outflows of Resources					Deferred Inflows of Resources					Pension Expense		
	Net Pension Liability for the year ended June 30, 2019	Differences Between Expected and Actual Experience	Net Difference Between Projected and Actual Pension Plan Earnings	Changes of Assumptions	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of	Total Deferred Outflows of Resources	Differences Between Expected and Actual Experience	Changes of Assumptions	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of	Total Deferred Inflows of Resources	Proportionate Share of Pension Expense	Net Amortization of Deferred Amounts from Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of	Total Employer Pension Expense
Alexander School	\$ 2,789,627	\$ 3,983	\$ 39,267	\$ 99,148	\$ 438,147	\$ 580,545	\$ 100,679	\$ -	\$ 19,245	\$ 119,924	\$ 302,664	\$ 102,978	\$ 405,642
Anamoose School	1,357,409	1,938	19,107	48,245	42,456	111,746	48,989	-	181,531	230,520	147,274	(16,186)	131,088
Apple Creek Elem School	584,195	834	8,223	20,763	4,594	34,414	21,084	-	118,233	139,317	63,383	(27,997)	35,386
Ashley School	1,902,391	2,716	26,778	67,614	5,609	102,717	68,658	-	97,876	166,534	206,402	(22,691)	183,711
Bakker Elem School	85,449	122	1,203	3,037	7,786	12,148	3,084	-	2,044	5,128	9,271	831	10,102
Barnes County North	3,107,155	4,437	43,737	110,434	-	158,608	112,138	-	360,035	472,173	337,114	(109,423)	227,691
Beach School	4,227,394	6,036	59,505	150,249	14,999	230,789	152,568	-	269,524	422,092	458,656	(81,200)	377,636
Belcourt School	16,983,693	24,251	239,065	603,629	161,474	1,028,419	612,948	-	833,292	1,446,240	1,842,664	(186,710)	1,655,954
Belfield Public School	3,215,584	4,591	45,263	114,287	165,049	329,190	116,052	-	48,444	164,496	348,878	25,391	374,269
Beulah School	6,979,526	9,966	98,245	248,064	199,708	555,983	251,894	-	534,412	786,306	757,251	(87,056)	670,195
Billings Co. School Dist.	1,666,156	2,379	23,453	59,218	135,314	220,364	60,132	-	126,544	186,676	180,771	(8,011)	172,760
Bismarck Public Schools	145,797,572	208,182	2,052,266	5,181,891	1,423,048	8,865,387	5,261,889	-	2,748,586	8,010,475	15,818,465	(118,600)	15,699,865
Bismarck State College	-	-	-	-	-	-	-	-	17,858	17,858	-	(8,930)	(8,930)
Blessed John Paul II Cath. Schl Net	-	-	-	-	-	-	-	-	25,940	25,940	-	(8,788)	(8,788)
Bottineau School	7,557,133	10,791	106,375	268,593	159,986	545,745	272,740	-	491,574	764,314	819,919	(98,114)	721,805
Bow bells School	1,202,653	1,717	16,929	42,744	55,839	117,229	43,404	-	63,132	106,536	130,483	(269)	130,214
Bow man School	5,782,109	8,256	81,390	205,506	36,033	331,185	208,678	-	184,334	393,012	627,336	(44,562)	582,774
Burke Central School	1,970,346	2,813	27,735	70,029	259,539	360,116	71,111	-	245,439	316,550	213,775	(1,634)	212,141
Burleigh County Spec. Ed.	230,577	329	3,246	8,195	41,534	53,304	8,322	-	4,941	13,263	25,017	9,004	34,021
Carrington School	5,735,547	8,190	80,734	203,851	64,811	357,586	206,998	-	413,819	620,817	622,284	(72,578)	549,706
Cavalier School	4,532,861	6,472	63,805	161,106	45,454	276,837	163,593	-	152,742	316,335	491,798	(20,509)	471,289
Center Stanton School	3,114,795	4,448	43,844	110,705	90,525	249,522	112,414	-	99,156	211,570	337,943	(1,835)	336,108
Central Cass School	7,726,260	11,032	108,756	274,604	292,238	686,630	278,844	-	174,406	453,250	838,269	(13,823)	824,446
Central Elementary School	-	-	-	-	2,597	2,597	-	-	112,244	112,244	-	(19,182)	(19,182)
Central Valley School	2,624,178	3,747	36,938	93,268	21,642	155,595	94,708	-	94,716	189,424	284,713	(30,824)	253,889
Dakota Prairie School	3,995,478	5,705	56,241	142,006	181,376	385,328	144,198	-	140,207	284,405	433,494	12,214	445,708
Devils Lake School	21,245,044	30,335	299,048	755,085	437,522	1,521,990	766,742	-	1,191,977	1,958,719	2,305,004	(280,828)	2,024,176
Dickinson School	43,586,733	62,237	613,533	1,549,146	4,180,215	6,405,131	1,573,061	-	-	1,573,061	4,728,990	1,001,101	5,730,091
Divide School	4,924,720	7,032	69,321	175,033	130,836	382,222	177,735	-	239,530	417,265	534,313	(24,299)	510,014
Drake School	950,034	1,357	13,373	33,766	20,042	68,538	34,287	-	133,006	167,293	103,075	(38,164)	64,911
Drayton School	2,781,814	3,972	39,157	98,870	178,853	320,852	100,397	-	97,728	198,125	301,816	28,912	330,728
Dunseith School	6,570,662	9,382	92,489	233,532	414,696	750,099	237,138	-	73,072	310,210	712,891	102,511	815,402
E Central Ctr Exc Childn	1,559,309	2,227	21,949	55,420	2,719	82,315	56,276	-	117,607	173,883	169,179	(28,701)	140,478
Earl Elem. School	51,043	73	718	1,814	1,824	4,429	1,842	-	16,084	17,926	5,538	(2,791)	2,747
Edgeley School	2,700,474	3,856	38,012	95,979	168,776	306,623	97,461	-	152,928	250,389	292,991	(5,673)	287,318
Edmore School	1,530,077	2,185	21,538	54,382	79,080	157,185	55,221	-	60,746	115,967	166,007	2,782	168,789
Eight Mile School	3,275,888	4,678	46,112	116,431	330,746	497,967	118,228	-	204,542	322,770	355,421	53,094	408,515
Elgin-New Leipzig School	2,358,160	3,367	33,194	83,813	89,950	210,324	85,107	-	75,448	160,555	255,851	9,764	265,615
Elendale School	3,377,817	4,823	47,547	120,053	88,013	260,436	121,907	-	351,082	472,989	366,480	(82,795)	283,685
Emerado Elementary School	1,240,723	1,772	17,465	44,097	37,360	100,694	44,778	-	41,550	86,328	134,614	(2,739)	131,875

The accompanying notes are an integral part of the Schedule of Pension Amounts by Employer

North Dakota Retirement and Investment Office -  
 North Dakota Teachers' Fund for Retirement  
 Schedule of Pension Amounts by Employer  
 As of and for the year ended June 30, 2019

Employer Name	Net Pension Liability for the year ended June 30, 2019	Deferred Outflows of Resources				Deferred Inflows of Resources				Pension Expense			
		Differences Between Expected and Actual Experience	Net Difference Between Projected and Actual Pension Plan Investments	Changes of Assumptions	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Resources	Differences Between Expected and Actual Experience	Changes of Assumptions	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Resources	Total Deferred Inflows of Resources	Proportionate Share of Pension Expense	Proportionate and Proportionate Contributions	Net Amortization of Deferred Amounts from Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Pension Expense	Total Employer Pension Expense
Enderlin Area School District	3,872,018	5,529	54,503	137,618	30,913	228,563	139,743	-	339,967	479,710	420,099	(53,246)	366,853
Fairmount School	2,039,593	2,912	28,710	72,491	21,615	125,728	73,610	-	98,759	172,369	221,288	(23,125)	198,163
Fargo Public Schools	142,711,077	203,774	2,008,820	5,072,192	82,341	7,367,127	5,150,496	-	3,057,164	8,207,660	15,483,592	(910,523)	14,573,069
Fessenden-Bow don School	2,190,439	3,128	30,833	77,852	45,546	157,359	79,054	-	17,774	96,828	237,654	9,201	246,855
Finley-Sharon School	2,147,217	3,066	30,225	76,316	78,358	187,965	77,494	-	194,325	271,819	232,965	(52,135)	180,830
Flasher School	2,370,935	3,385	33,374	84,267	61,147	182,173	85,568	-	67,543	153,111	257,237	(14,557)	242,680
Fordville Lankin School	1,234,758	1,763	17,381	43,885	49,119	112,148	44,563	-	54,465	99,028	133,966	(6,302)	127,664
Fort Ransom Elem School	310,554	443	4,371	11,038	2,952	18,804	11,208	-	33,308	44,516	33,694	(6,408)	27,286
Fort Totten School	3,022,725	4,316	42,548	107,433	171,311	325,608	109,091	-	392,656	501,747	327,954	(74,387)	253,567
Fort Yates School	2,274,836	3,248	32,021	80,852	191,168	307,289	82,100	-	333,991	416,091	246,811	(19,634)	227,177
Gackle-Streeter Pub Sch	1,607,449	2,295	22,627	57,131	13,225	95,278	58,013	-	47,061	105,074	174,402	(11,057)	163,345
Garrison School	4,577,993	6,537	64,440	162,710	45,489	279,176	165,221	-	263,525	428,746	496,694	(34,777)	461,917
Glen Ulin School	2,092,626	2,988	29,456	74,375	31,706	138,525	75,524	-	275,982	351,506	227,042	(35,147)	191,895
Glennburn School	3,709,193	5,296	52,211	131,831	324,721	514,059	133,866	-	278,714	412,580	402,433	19,219	421,652
Goodrich School	606,279	866	8,534	21,548	15,182	46,130	21,881	-	29,671	51,552	65,779	(6,112)	59,667
Grafton School	8,607,058	12,290	121,154	305,909	32,955	472,308	310,632	-	583,494	894,126	933,832	(113,706)	820,126
Grand Forks School	94,546,071	135,001	1,330,843	3,360,327	384,512	5,210,683	3,412,203	-	2,635,185	6,047,388	10,257,878	(579,953)	9,677,925
Great North West Cooperative	342,406	489	4,820	12,170	111,404	128,883	12,358	-	83,107	95,465	37,150	5,072	42,222
Grrenora School	2,577,757	3,681	36,285	91,618	194,798	326,382	93,032	-	35,341	128,373	279,677	35,571	315,248
Griggs County Central Sch	3,343,652	4,774	47,066	118,839	8,481	179,160	120,674	-	243,795	364,469	362,773	(80,583)	282,190
Gst Educational Services	3,500,534	4,998	49,274	124,415	183,112	361,799	126,336	-	113,886	240,222	379,794	9,415	389,209
Halliday School	550,058	785	7,743	19,550	13,663	41,741	19,852	-	265,211	285,063	59,679	(55,933)	3,746
Hankinson School	3,062,185	4,372	43,104	108,835	51,349	207,660	110,515	-	225,591	336,106	332,235	(75,355)	256,880
Harvey School	4,423,454	6,316	62,265	157,217	55,871	281,669	159,644	-	397,210	556,854	479,927	(69,810)	410,117
Hatton Eielson Psd	2,363,129	3,374	33,264	83,990	70,107	190,735	85,286	-	109,478	194,764	256,390	(17,128)	239,262
Hazellton - Moffit School	1,779,213	2,541	25,044	63,236	171,839	262,660	64,212	-	132,085	196,297	193,038	(3,576)	189,462
Hazen School	5,442,977	7,772	76,616	193,453	99,367	377,208	196,439	-	627,741	824,180	590,542	(90,459)	500,083
Hebron School	2,202,711	3,145	31,006	78,288	14,712	127,151	79,497	-	253,389	332,886	238,986	(50,159)	188,827
Hettinger School	2,706,603	3,865	38,098	96,197	-	138,160	97,682	-	385,539	483,221	293,656	(116,214)	177,442
Hillsboro School	5,196,525	7,420	73,147	184,693	134,982	400,242	187,545	-	136,957	324,502	563,803	18,572	582,375
Hope School	1,473,596	2,104	20,743	52,374	166,674	241,895	53,183	-	87,483	140,666	159,879	10,440	170,319
Horse Creek Elem. School	78,725	112	1,108	2,798	40,661	44,679	2,841	-	46,325	49,166	8,541	(518)	8,023
James River Multidtrct Spec Ed Unit	2,619,459	3,740	36,872	93,100	132,927	266,639	94,537	-	307,441	401,978	284,201	(12,509)	271,692
Jamestown n School	26,540,970	37,897	373,594	943,311	-	1,354,802	957,873	-	1,477,992	2,435,865	2,879,591	(417,142)	2,462,449
Kenmare School	3,436,784	4,907	48,377	122,149	22,469	197,902	124,035	-	311,034	435,069	372,878	(76,817)	296,061
Kensal School	555,724	794	7,822	19,751	17,813	46,180	20,056	-	212,029	232,085	60,294	(42,945)	17,349
Kidder County School District	4,507,986	6,437	63,455	160,221	194,691	424,804	162,695	-	306,820	469,515	489,099	(64,857)	424,242
Killdeer School	6,016,472	8,591	84,689	213,836	366,947	674,063	217,137	-	54,494	271,631	652,764	65,665	718,429
Kindred School	6,948,612	9,922	97,810	246,965	221,195	575,892	250,778	-	110,318	361,096	753,897	3,203	757,100
Kulm School	1,974,050	2,819	27,787	70,161	45,807	146,574	71,244	-	277,457	348,701	214,177	(58,198)	155,979

The accompanying notes are an integral part of the Schedule of Pension Amounts by Employer

North Dakota Retirement and Investment Office -  
 North Dakota Teachers' Fund for Retirement  
 Schedule of Pension Amounts by Employer  
 As of and for the year ended June 30, 2019

Employer Name	Net Pension Liability for the year ended June 30, 2019	Deferred Outflows of Resources				Deferred Inflows of Resources				Pension Expense			
		Differences Between Expected and Actual Experience	Net Difference Between Projected and Actual Earnings on Pension Plan Investments	Changes of Assumptions	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Resources	Differences Between Expected and Actual Experience	Changes of Assumptions	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Resources	Total Deferred Inflows of Resources	Proportionate Share of Pension Expense	Proportionate and Proportionate Share of Contributions	Net Amortization of Deferred Amounts from Changes in Proportion and Differences Between Employer Contributions	Total Employer Pension Expense
Lake Region Spec Ed	3,759,552	5,368	52,920	133,621	172,296	364,205	135,684	-	154,437	290,121	407,897	(24,017)	383,880
Lakota School	2,372,943	3,388	33,402	84,338	113,464	234,592	85,640	-	245,144	330,784	257,455	(40,581)	216,874
Lamour School	2,930,135	4,184	41,245	104,142	23,018	172,589	105,750	-	293,555	399,305	317,908	(51,224)	266,684
Langdon Area School	5,008,197	7,151	70,496	178,000	742,877	998,524	180,748	-	325,506	506,254	543,370	54,221	597,591
Larimore School	4,187,858	5,980	58,949	148,844	119,890	333,663	151,141	-	436,768	587,909	454,366	(90,565)	363,801
Leeds School	2,063,911	2,947	29,052	73,355	10,888	116,242	74,487	-	191,967	223,926	(39,741)	184,185	
Lewis And Clark School	4,952,258	7,071	69,709	176,012	54,274	307,066	178,729	-	541,258	719,987	537,301	(85,417)	451,884
Lidgerwood School	2,251,018	3,214	31,686	80,005	24,437	139,342	81,240	-	188,439	269,679	244,227	(41,435)	202,792
Little Heart Elem. School	3,299,573	4,711	46,445	117,272	10,552	178,980	119,083	-	191,860	310,943	357,991	(55,933)	302,058
Lisbon School	6,946,102	9,918	97,774	246,876	111,118	465,686	250,687	-	457,346	708,033	753,625	(87,925)	665,700
Litchville-Marion School	1,653,372	2,361	23,273	58,764	48,798	133,196	59,671	-	167,475	227,146	179,384	(33,133)	146,251
Little Heart Elem. School	273,657	391	3,852	9,726	35,530	49,499	9,876	-	5,087	14,963	29,691	6,599	36,290
Logan County	8,008	11	113	285	-	409	289	-	666	955	869	(183)	686
Lone Tree Elem. School	497,505	710	7,003	17,682	48,722	74,117	17,955	-	39,633	57,588	53,977	4,314	58,291
Lonetree Spec Ed Unit	337,324	482	4,748	11,989	74,873	92,092	12,174	-	83,549	95,723	36,598	904	37,502
Maddock School	1,859,375	2,655	26,173	66,085	8,049	102,962	67,106	-	169,943	237,049	201,735	(40,160)	161,575
Mandan Public Schools	41,301,522	58,974	581,366	1,467,926	908,958	3,017,224	1,490,587	-	86,751	1,577,338	4,481,053	299,649	4,780,702
Mandaree School	3,246,877	4,636	45,703	115,399	285,309	451,047	117,181	-	402,551	519,732	352,273	(66,860)	285,413
Manning Elem School	189,930	271	2,673	6,750	24,288	33,982	6,855	-	20,381	27,236	20,607	3,437	24,044
Marvel Elem. School	1,933,494	2,761	27,216	68,720	209,496	308,193	69,781	-	30,355	100,136	209,777	26,140	235,917
Maple Valley School	3,329,648	4,754	46,869	118,341	24,957	194,921	120,168	-	148,741	268,909	361,254	(38,771)	322,483
Mapleton Elem. School	1,642,582	2,345	23,121	58,380	129,827	213,673	59,281	-	30,284	89,565	178,214	20,840	199,054
Marmarth Elem. School	250,360	357	3,524	8,898	59,621	72,400	9,036	-	113,510	122,546	27,163	(14,282)	12,881
Max School	2,267,871	3,238	31,923	80,604	9,688	125,453	81,848	-	180,414	262,262	246,055	(34,045)	212,010
May-Port C-G School	5,399,085	7,709	75,998	191,893	27,168	302,768	194,855	-	305,886	500,741	585,780	(46,412)	539,368
Mcclusky School	1,365,122	1,949	19,216	48,519	217,778	287,462	49,268	-	312,550	361,818	148,110	(44,704)	103,406
Mckenzie County	87,443	125	1,231	3,108	2,084	6,548	3,156	-	13,617	16,773	9,487	(4,351)	5,136
Mckenzie County School	17,447,291	24,913	245,590	620,106	3,537,630	4,428,239	629,679	-	-	629,679	1,892,963	871,719	2,764,682
Medina School	2,039,245	2,912	28,705	72,478	75,855	179,950	73,597	-	179,997	253,594	221,250	(18,262)	202,988
Menoken Elem School	405,424	579	5,707	14,409	62,094	82,789	14,632	-	-	14,632	43,987	16,324	60,311
Midkota	2,078,441	2,968	29,256	73,871	52,220	158,315	75,012	-	151,914	226,926	225,503	(36,017)	189,486
Midway School	2,475,420	3,535	34,844	87,981	38,310	164,670	89,339	-	452,245	541,584	268,573	(89,677)	178,896
Minor School	2,851,116	4,071	40,133	101,333	129,899	275,436	102,898	-	309,612	412,510	309,335	(55,932)	253,403
Minnewaukan School	3,359,018	4,796	47,282	119,385	203,300	374,763	121,228	-	396,192	517,420	364,440	(58,502)	305,938
Minot School	87,635,161	125,133	1,233,564	3,114,701	-	4,473,398	3,162,786	-	4,204,771	7,367,557	9,508,071	(967,021)	8,541,050
Minto School	2,701,884	3,858	38,032	96,030	189,294	327,214	97,512	-	71,419	168,931	293,144	22,754	315,898
Monahill Lansford Sherwood	4,140,265	5,912	58,279	147,152	-	211,343	149,424	-	506,982	656,406	449,203	(139,504)	309,699
Montpelier School	1,587,386	2,267	22,344	56,418	22,668	103,697	57,289	-	18,490	75,779	172,225	2,708	174,933
Morton County	11,707	17	165	416	901	1,499	422	-	36,028	36,450	1,270	(6,594)	(5,324)
Mott-Regent School	2,646,582	3,779	37,254	94,064	-	135,097	95,516	-	448,999	544,515	287,144	(99,088)	188,056

The accompanying notes are an integral part of the Schedule of Pension Amounts by Employer



North Dakota Retirement and Investment Office -  
 North Dakota Teachers' Fund for Retirement  
 Schedule of Pension Amounts by Employer  
 As of and for the year ended June 30, 2019

Employer Name	Net Pension Liability for the year ended June 30, 2019	Deferred Outflows of Resources				Deferred Inflows of Resources				Pension Expense			
		Differences Between Expected and Actual Experience	Net Difference Between Projected and Actual Earnings on Pension Plan Investments	Changes of Assumptions	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Resources	Differences Between Expected and Actual Experience	Changes of Assumptions	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Resources	Total Deferred Inflows of Resources	Proportionate Share of Pension Expense	Proportionate and Proportionate Share of Contributions	Net Amortization of Deferred Amounts from Changes in Proportion and Differences Between Employer Contributions	Total Employer Pension Expense
Mt Pleasant School	3,371,799	4,815	47,462	119,839	105,448	277,564	121,689	-	133,235	254,924	365,827	(5,885)	359,942
Munich School	2,124,436	3,033	29,904	75,506	173,137	281,580	76,672	-	6,058	82,730	230,493	43,061	273,554
N Ctrl Area Career And Tech Ctr	-	-	-	-	-	-	-	-	206,731	206,731	-	(42,724)	(42,724)
Napoleon School	2,971,976	4,244	41,834	105,629	54,452	206,159	107,260	-	236,766	344,026	322,448	(41,850)	280,598
Naughton Rural School	206,472	295	2,906	7,338	33,177	43,716	7,452	-	679	8,131	22,401	6,627	29,028
Nd Center For Distance Education	2,758,315	3,939	38,826	98,035	278,820	419,620	99,549	-	159,871	259,420	299,266	79,762	379,028
Nd Dept Of Public Instruction	363,672	519	5,119	12,926	125,409	143,973	13,125	-	144,557	157,682	39,457	10,808	50,265
Nd School For Blind	1,343,780	1,919	18,915	47,760	51,953	120,547	48,498	-	159,868	208,366	145,795	(23,329)	122,466
Nd School For Deaf	1,855,940	2,650	26,124	65,963	44,966	139,693	66,982	-	101,447	168,429	201,362	(9,377)	191,985
Nd United	304,523	435	4,287	10,823	6,562	22,107	10,990	-	303,636	314,626	33,040	(52,205)	(19,165)
Nd Youth Correctional Cnt	2,309,438	3,298	32,508	82,081	64,133	182,020	83,348	-	266,806	350,154	250,565	(48,088)	202,477
Nedrose School	6,031,238	8,612	84,896	214,360	1,361,812	1,669,680	217,670	-	-	217,670	654,366	365,592	1,019,958
Nelson County	26,544	38	374	943	612	1,967	958	-	41	999	2,880	169	3,049
Nesson School	3,608,231	5,152	50,790	128,243	302,985	487,170	130,222	-	100,929	231,151	391,479	52,650	444,129
New England School	2,918,107	4,167	41,076	103,714	119,947	268,904	105,316	-	12,812	118,128	316,603	40,631	357,234
New Rockford Sheyenne School	3,532,541	5,044	49,725	125,552	112,526	292,847	127,491	-	218,328	345,819	383,267	(39,921)	343,346
New Salem-Almont	4,044,822	5,776	56,935	143,760	315,560	522,031	145,979	-	110,032	256,011	438,847	48,235	487,082
New Town School	10,600,753	15,137	149,218	376,769	1,100,689	1,641,813	382,585	-	110,539	493,124	1,150,140	211,903	1,362,043
Newburg United District	1,635,053	2,335	23,015	58,113	178,878	262,341	59,010	-	3,493	62,503	177,397	33,594	210,991
North Border School	5,432,614	7,757	76,470	193,084	154,479	431,790	196,065	-	557,551	753,616	589,417	(109,101)	480,316
North Sargent School	3,113,988	4,446	43,833	110,676	228,611	387,566	112,385	-	159,328	271,713	337,855	34,305	372,160
North Star	3,309,733	4,726	46,588	117,633	102,817	271,764	119,449	-	208,088	327,537	359,093	(12,226)	346,867
North Valley Area Career	1,149,073	1,641	16,174	40,840	58,190	116,845	41,470	-	116,612	158,082	124,670	(29,457)	95,213
Northern Cass School Dist	6,561,961	9,370	92,367	233,223	440,363	775,323	236,824	-	-	236,824	711,947	115,206	827,153
Northern Plains Spec Ed	621,259	887	8,745	22,081	73,647	105,360	22,421	-	24,361	46,782	67,404	21,231	88,635
Northwood School	3,443,981	4,918	48,478	122,405	207,342	383,143	124,295	-	13,667	137,962	373,658	46,967	420,625
Oakes School	3,904,600	5,575	54,962	138,776	100,692	300,005	140,918	-	448,426	589,344	423,634	(77,730)	345,904
Oberon Elem School	929,912	1,328	13,090	33,051	243,039	290,508	33,561	-	161,624	195,185	100,892	(9,653)	91,239
Oliver - Mercer Spec Ed	1,728,083	2,467	24,325	61,419	31,010	119,221	62,367	-	267,241	329,608	187,490	(39,984)	147,506
Page School	1,349,882	1,927	19,001	47,977	64,494	133,399	48,718	-	186,742	235,460	146,457	(29,625)	116,832
Park River Area School District	4,090,369	5,841	57,577	145,379	35,351	244,148	147,623	-	339,405	487,028	443,789	(81,242)	362,547
Parshall School	3,660,818	5,227	51,530	130,112	321,622	508,491	132,120	-	338,694	470,814	397,184	(28,958)	368,226
Peace Garden Spec Ed	1,049,006	1,498	14,766	37,283	69,946	123,493	37,859	-	129,433	167,292	113,813	(420)	113,393
Pembina Spec Ed Coop	225,169	322	3,170	8,003	17,559	29,054	8,126	-	63,406	71,532	24,430	(20,940)	3,490
Pingree - Buchanan School	1,485,598	2,121	20,911	52,801	7,811	83,644	53,616	-	221,325	274,941	161,182	(41,689)	119,493
Pleasant Valley Elem	-	-	-	-	-	-	-	-	9,505	9,505	-	(4,753)	(4,753)
Powers Lake School	2,396,033	3,421	33,727	85,159	132,261	254,568	86,474	-	55,900	142,374	259,960	20,903	280,863
Richardton-Taylor	3,607,252	5,151	50,776	128,208	67,314	251,449	130,187	-	125,142	255,329	391,373	(7,585)	383,788
Richland School	3,069,205	4,382	43,203	109,085	71,400	228,070	110,769	-	268,064	378,833	332,997	(61,653)	271,344
Robinson School	-	-	-	-	-	-	-	-	50,548	50,548	-	(20,228)	(20,228)

The accompanying notes are an integral part of the Schedule of Pension Amounts by Employer

North Dakota Retirement and Investment Office -  
 North Dakota Teachers' Fund for Retirement  
 Schedule of Pension Amounts by Employer  
 As of and for the year ended June 30, 2019

Employer Name	Deferred Outflows of Resources					Deferred Inflows of Resources				Pension Expense			
	Net Pension Liability for the year ended June 30, 2019	Differences Between Expected and Actual Experience	Net Difference Between Projected and Actual Pension Plan Investments	Changes of Assumptions	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Resources	Total Deferred Outflows of Resources	Differences Between Expected and Actual Experience	Changes of Assumptions	Proportionate Share of Contributions	Total Deferred Inflows of Resources	Proportionate Share of Plan Pension Expense	Proportionate Share of Contributions	Total Employer Pension Expense
Rolette County	-	-	-	-	-	-	-	-	2,276	2,276	-	(1,137)	(1,137)
Rolette School	2,420,447	3,456	34,071	86,027	96,449	220,003	87,355	-	199,997	287,352	262,609	(4,954)	257,655
Roosevelt School	820,687	1,172	11,552	29,169	83,565	125,458	29,619	-	101,844	131,463	89,041	(10,497)	78,544
Roughrider Area Career & Tech Ctr	281,671	402	3,965	10,011	41,160	55,538	10,166	-	62,668	72,834	30,560	(11,359)	19,201
Roughrider Service Program	380,299	543	5,353	13,516	130,850	150,262	13,725	-	190,773	204,498	41,261	17,746	59,007
Rugby School	6,858,287	9,793	96,538	243,755	71,374	421,460	247,518	-	53,967	301,485	744,097	(3,733)	740,364
Rural Cass Spec Ed	2,643,637	3,775	37,212	93,959	452,998	587,944	95,410	-	170,162	265,572	286,824	38,282	325,106
Sargent Central School	3,178,915	4,539	44,747	112,984	145,802	308,072	114,728	-	104,828	219,556	344,900	5,163	350,063
Sawyer School	1,114,442	1,591	15,687	39,609	73,297	130,184	40,221	-	517,016	557,237	120,913	(99,557)	21,356
Scranton School	2,359,191	3,369	33,208	83,850	52,131	172,558	85,144	-	42,777	127,921	255,963	(1,528)	254,435
Se Region Career And Tech	3,118,689	4,453	43,899	110,843	77,545	236,740	112,555	-	1,292	113,847	338,366	17,001	355,367
Selfridge School	1,876,355	2,679	26,412	66,689	44,537	140,317	67,718	-	34,568	102,286	203,577	1,541	205,118
Sheyenne Valley Area Voc	1,830,011	2,613	25,759	65,042	274,490	367,904	66,046	-	58,390	124,436	198,549	31,715	230,264
Sheyenne Valley Spec Ed	2,862,136	4,087	40,288	101,725	92,055	238,155	103,296	-	433,883	537,179	310,530	(82,013)	228,517
Slope County	52,530	75	739	1,867	698	3,379	1,896	-	971	2,867	5,699	(185)	5,514
Solen - Cannonball School	3,234,818	4,619	45,534	114,971	77,145	242,269	116,746	-	281,626	398,372	350,965	(81,356)	269,609
Souris Valley Spec Ed	2,443,924	3,490	34,401	86,861	255,821	380,573	88,202	-	660,138	748,340	265,156	(126,961)	138,195
South Cent. Prairie Sp Ed	117,508	168	1,654	4,176	-	5,998	4,241	-	64,221	68,462	12,749	(13,358)	(609)
South East Education Cooperative	1,136,472	1,623	15,997	40,392	769,582	827,594	41,016	-	226,983	267,999	123,303	142,787	266,090
South Heart School	3,847,602	5,494	54,159	136,750	504,129	700,532	138,861	-	-	138,861	417,450	117,608	535,058
South Prairie Elem School	5,021,282	7,170	70,680	178,465	932,258	1,188,573	181,220	-	-	181,220	544,789	270,872	815,661
South Valley Spec Ed	974,666	1,392	13,720	34,641	138,244	187,997	35,176	-	302,439	337,615	105,747	(61,622)	44,125
South west Special Education Unit	135,140	193	1,902	4,803	1,102	8,000	4,877	-	3,281	8,158	14,662	(977)	13,685
St. John's School	5,466,990	7,806	76,954	194,306	141,208	420,274	197,306	-	56,875	254,181	593,147	11,225	604,372
St. Thomas School	1,240,306	1,771	17,459	44,083	23,374	86,687	44,763	-	146,232	190,995	134,568	(33,307)	101,261
Stanley School	7,402,536	10,570	104,199	263,099	415,012	792,880	267,160	-	134,406	401,566	803,146	90,482	893,628
Starkweather School	1,066,196	1,522	15,008	37,894	51,628	106,052	38,479	-	150,024	188,503	115,678	(31,062)	84,616
Sterling School	597,916	854	8,416	21,251	55,317	85,838	21,579	-	-	21,579	64,871	14,082	78,953
Strasburg School District	1,958,662	2,797	27,570	69,614	157,535	257,516	70,689	-	57,010	127,699	212,507	5,972	218,479
Surrey School	4,969,116	7,095	69,946	176,611	113,805	367,457	179,337	-	181,697	361,034	539,130	(12,669)	526,461
Sweet Briar Elem School	233,800	334	3,291	8,310	35,639	47,574	8,438	-	-	8,438	25,366	8,064	33,430
Tgu School District	4,984,854	7,118	70,167	177,170	-	254,455	179,905	-	546,419	726,324	540,837	(121,241)	419,596
Thompson School	4,865,998	6,948	68,494	172,946	322,232	570,620	175,616	-	34,186	209,802	527,942	57,494	585,436
Tioga School	6,570,652	9,382	92,489	233,532	413,763	749,166	237,137	-	42,333	279,470	712,890	123,385	836,275
Turtle Lake-Mercer School	2,642,072	3,773	37,190	93,904	136,730	271,597	95,353	-	145,443	240,796	286,654	(25,008)	261,646
Tw in Buttes Elem. School	882,852	1,261	12,427	31,378	37,426	82,492	31,862	-	90,610	122,472	95,786	(19,645)	76,141
Underwood School	2,897,533	4,137	40,786	102,983	-	147,906	104,573	-	280,201	384,774	314,371	(62,230)	252,141
United School	6,639,689	9,481	93,461	235,986	331,152	670,080	239,629	-	259,406	499,035	720,380	8,463	728,843
Upper Valley Spec Ed	5,105,268	7,290	71,862	181,450	158,356	418,958	184,251	-	205,917	390,168	553,902	9,582	563,484
Valley - Edinburg School	3,084,739	4,405	43,421	109,637	136,188	293,651	111,329	-	379,149	490,478	334,682	(34,865)	299,817

The accompanying notes are an integral part of the Schedule of Pension Amounts by Employer

North Dakota Retirement and Investment Office -  
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Schedule of Pension Amounts by Employer  
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Employer Name	Net Pension Liability for the year ended June 30, 2019	Deferred Outflows of Resources				Deferred Inflows of Resources				Pension Expense			
		Differences Between Expected and Actual Experience	Net Difference Between Projected and Actual Earnings on Pension Plan Investments	Changes of Assumptions	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Outflows of Resources	Differences Between Expected and Actual Experience	Changes of Assumptions	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Inflows of Resources	Proportionate Share of Pension Expense	Proportionate Share of Contributions	Net Amortization of Deferred Amounts from Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions
Valley City School	11,963,831	17,083	168,404	425,215	71,134	681,836	431,779	-	881,463	1,313,242	1,298,029	(233,890)	1,064,139
Velva School	5,235,533	7,476	73,696	186,080	92,433	359,685	188,952	-	213,913	402,865	568,035	(33,085)	534,950
Wahpeton School	13,247,652	18,916	186,476	470,844	-	676,236	478,113	-	775,880	1,253,993	1,437,318	(196,061)	1,241,257
Ward County	58,586	84	825	2,082	577	3,568	2,114	-	2,060	4,174	6,356	(402)	5,954
Warwick School	3,183,771	4,546	44,815	113,157	133,416	295,934	114,903	-	395,728	510,631	345,427	(54,940)	290,487
Washburn School	3,597,341	5,137	50,637	127,856	209,148	392,778	129,829	-	79,318	209,147	390,297	26,472	416,769
West Fargo School	126,602,640	180,774	1,782,075	4,499,671	11,417,005	17,879,525	4,569,136	-	-	4,569,136	13,735,890	2,942,222	16,678,112
West River Student Services	1,343,329	1,918	18,909	47,744	123,181	191,752	48,481	-	168,265	216,746	145,746	(4,282)	141,464
Westhope School	2,178,372	3,110	30,663	77,423	57,216	168,412	78,618	-	112,029	190,647	236,345	(6,156)	230,189
White Shield School	3,254,244	4,647	45,807	115,661	318,511	484,626	117,447	-	152,100	269,547	353,073	4,559	357,632
Williams County School	4,733,148	6,758	66,624	168,224	391,227	632,833	170,821	-	171,096	341,917	513,528	5,678	519,206
Williston School	40,801,080	58,259	574,321	1,450,139	3,273,362	5,356,081	1,472,526	-	74,933	1,547,459	4,426,757	970,372	5,397,129
Wilmac Special Education	8,426,215	12,032	118,609	299,482	1,449,656	1,879,779	304,105	-	200,893	504,998	914,211	323,237	1,237,448
Wilton School	2,817,760	4,023	39,663	100,148	124,388	268,222	101,694	-	50,904	152,598	305,716	16,087	321,803
Wing School	1,427,967	2,039	20,100	50,752	43,513	116,404	51,536	-	68,894	120,430	154,929	(8,061)	146,868
Wishek School	2,602,711	3,716	36,636	92,505	48,779	181,636	93,933	-	52,428	146,361	282,384	1,506	283,890
Wolford School	1,062,418	1,517	14,955	37,760	37,605	91,837	38,343	-	75,171	113,514	115,268	(3,730)	111,538
Wynndmere School	2,772,573	3,959	39,027	98,542	38,565	180,093	100,063	-	237,767	337,830	300,813	(58,359)	242,454
Yellowstone Elem. School	994,810	1,420	14,003	35,357	29,199	79,979	35,903	-	100,711	136,614	107,933	(12,961)	94,972
Zeeland School	816,406	1,166	11,492	29,016	70,035	111,709	29,464	-	161,489	190,953	88,577	(29,651)	58,926
<b>Total for all entities</b>	<b>\$ 1,377,253,104</b>	<b>\$ 1,966,554</b>	<b>\$ 19,386,394</b>	<b>\$ 48,949,897</b>	<b>\$ 53,354,203</b>	<b>\$ 123,657,048</b>	<b>\$ 49,705,576</b>	<b>\$ -</b>	<b>\$ 53,354,203</b>	<b>\$ 103,059,779</b>	<b>\$ 149,426,562</b>	<b>\$ -</b>	<b>\$ 149,426,562</b>

*Note: Columns may not foot due to rounding.*

The accompanying notes are an integral part of the Schedule of Pension Amounts by Employer

North Dakota Retirement and Investment Office -  
North Dakota Teachers' Fund for Retirement  
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**Note 1 – Nature and Organization of the Pension Plan**

***North Dakota Teachers' Fund for Retirement***

The following brief description of TFFR is provided for general information purposes only. Participants should refer to NDCC Chapter 15-39.1 for more complete information.

TFFR is a cost-sharing multiple-employer defined benefit pension plan covering all North Dakota public teachers and certain other teachers who meet various membership requirements. TFFR provides for pension, death and disability benefits. The cost to administer the TFFR plan is financed by investment income and contributions.

Responsibility for administration of the TFFR benefits program is assigned to a seven-member Board of Trustees (Board). The Board consists of the State Treasurer, the Superintendent of Public Instruction, and five members appointed by the Governor. The appointed members serve five-year terms which end on June 30 of alternate years. The appointed Board members must include two active teachers, one active school administrator, and two retired members. The TFFR Board submits any necessary or desirable changes in statutes relating to the administration of the fund, including benefit terms, to the Legislative Assembly for consideration. The Legislative Assembly has final authority for changes to benefit terms and contribution rates.

***Pension Benefits***

For purposes of determining pension benefits, members are classified within one of three categories. Tier 1 grandfathered and Tier 1 non-grandfathered members are those with service credit on file as of July 1, 2008. Tier 2 members are those newly employed and returning refunded members on or after July 1, 2008.

***Tier 1 Grandfathered***

A Tier 1 grandfathered member is entitled to receive unreduced benefits when three or more years of credited service as a teacher in North Dakota have accumulated, the member is no longer employed as a teacher and the member has reached age 65, or the sum of age and years of service credit equals or exceeds 85. TFFR permits early retirement from ages 55 to 64, with benefits actuarially reduced by 6% per year for every year the member's retirement age is less than 65 years or the date as of which age plus service equal 85. In either case, benefits may not exceed the maximum benefits specified in Section 415 of the Internal Revenue Code.

Pension benefits paid by TFFR are determined by NDCC Section 15-39.1-10. Monthly benefits under TFFR are equal to the three highest annual salaries earned divided by 36 months and multiplied by 2.00% times the number of service credits earned. Retirees may elect payment of benefits in the form of a single life annuity, 100% or 50% joint and survivor annuity, ten or twenty-year term certain annuity, partial lump-sum option or level income with Social Security benefits. Members may also qualify for benefits calculated under other formulas.

***Tier 1 Non-grandfathered***

A Tier 1 non-grandfathered member is entitled to receive unreduced benefits when three or more years of credited service as a teacher in North Dakota have accumulated, the member is no longer employed as a teacher and the member has reached age 65, or has reached age 60 and the sum of age and years of service credit equals or exceeds 90. TFFR permits early retirement from ages 55 to 64, with benefits actuarially reduced by 8% per year from the earlier of age 60/Rule of 90 or age 65. In either case, benefits may not exceed the maximum benefits specified in Section 415 of the Internal Revenue Code.

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Pension benefits paid by TFFR are determined by NDCC Section 15-39.1-10. Monthly benefits under TFFR are equal to the three highest annual salaries earned divided by 36 months and multiplied by 2.00% times the number of service credits earned. Retirees may elect payment of benefits in the form of a single life annuity, 100% or 50% joint and survivor annuity, ten or twenty-year term certain annuity, partial lump-sum option or level income with Social Security benefits. Members may also qualify for benefits calculated under other formulas.

*Tier 2*

A Tier 2 member is entitled to receive unreduced benefits when five or more years of credited service as a teacher in North Dakota have accumulated, the member is no longer employed as a teacher and the member has reached age 65, or has reached age 60 and the sum of age and years of service credit equals or exceeds 90. TFFR permits early retirement from ages 55 to 64, with benefits actuarially reduced by 8% per year from the earlier of age 60/Rule of 90 or age 65. In either case, benefits may not exceed the maximum benefits specified in Section 415 of the Internal Revenue Code.

Pension benefits paid by TFFR are determined by NDCC Section 15-39.1-10. Monthly benefits under TFFR are equal to the five highest annual salaries earned divided by 60 months and multiplied by 2.00% times the number of service credits earned. Retirees may elect payment of benefits in the form of a single life annuity, 100% or 50% joint and survivor annuity, ten or twenty-year term certain annuity, partial lump-sum option or level income with Social Security benefits. Members may also qualify for benefits calculated under other formulas.

***Death and Disability Benefits***

Death benefits may be paid to a member's designated beneficiary. If a member's death occurs before retirement, the benefit options available are determined by the member's vesting status prior to death. If a member's death occurs after retirement, the death benefit received by the beneficiary (if any) is based on the retirement plan the member selected at retirement.

An active member is eligible to receive disability benefits when: (a) a total disability lasting 12 months or more does not allow the continuation of teaching, (b) the member has accumulated five years of credited service in North Dakota, and (c) the Board of Trustees of TFFR has determined eligibility based upon medical evidence. The amount of the disability benefit is computed by the retirement formula in NDCC Section 15-39.1-10 without consideration of age and uses the member's actual years of credited service. There is no actuarial reduction for reason of disability retirement.

***Member and Employer Contributions***

Member and employer contributions paid to TFFR are set by NDCC Section 15-39.1-09. Every eligible teacher in the State of North Dakota is required to be a member of TFFR and is assessed at a rate of 11.75% of salary as defined by NDCC Section 15-39.1-04. Every governmental body employing a teacher must also pay into TFFR a sum equal to 12.75% of the teacher's salary. Member and employer contributions will be reduced to 7.75% each when the fund reaches 100% funded ratio on an actuarial basis.

A vested member who terminates covered employment may elect a refund of contributions paid plus 6% interest or defer payment until eligible for pension benefits. A non-vested member who terminates covered employment must claim a refund of contributions paid before age 70½. Refunded members forfeit all service credits under TFFR. These service credits may be repurchased upon return to covered employment under certain circumstances, as defined by the NDCC.

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**Note 2 - Measurement Focus and Basis of Accounting**

The schedules are presented in accordance with the standards issued by the Governmental Accounting Standards Board (GASB), which is the nationally accepted standard setting body for establishing accounting principles generally accepted in the United States of America for governmental entities. As prescribed by GASB they are reported using the economic resources measurement focus and the accrual basis of accounting.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers' Fund for Retirement (TFFR) and additions to/deductions from TFFR's fiduciary net position have been determined on the same basis as they are reported by TFFR. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Note 3 - Net Pension Liability**

The net pension liability was measured as of July 1, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Employers' proportions of the net pension liability are based on the Employers' shares of covered payroll in the pension plan relative to the covered payroll of all participating TFFR employers. The components of the net pension liability were as follows:

Total pension liability	\$ 3,993,424,160
Plan fiduciary net position	<u>(2,616,171,056)</u>
Net pension liability (NPL)	<u>\$ 1,377,253,104</u>

**Note 4 – Actuarial Assumptions**

The total pension liability in the July 1, 2019, actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	4.25% to 14.50%, varying by service, including inflation and productivity
Investment rate of return	7.75%, net of investment expenses
Cost-of-living adjustments	None

For active and inactive members, mortality rates were based on the RP-2014 Employee Mortality Table, projected generationally using Scale MP-2014. For healthy retirees, mortality rates were based on the RP-2014 Healthy Annuitant Mortality Table set back one year, multiplied by 50% for ages under 75 and grading up to 100% by age 80, projected generationally using Scale MP-2014. For disabled retirees, mortality rates were based on the RP-2014 Disabled Mortality Table set forward four years.

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The actuarial assumptions used were based on the results of an actuarial experience study dated April 30, 2015. They are the same as the assumptions used in the July 1, 2019, funding actuarial valuation for TFFR.

The TFFR Board is responsible for establishing investment policy for the fund assets under NDCC 15-39.1-05.2. Benefit payments are projected to occur over a long period of time. This allows TFFR to adopt a long-term investment horizon and asset allocation policy for the management of fund assets. Asset allocation policy is critical because it defines the basic risk and return characteristics of the investment portfolio. Asset allocation targets are established using an asset-liability analysis designed to assist the Board in determining an acceptable volatility target for the fund and an optimal asset allocation policy mix. This asset-liability analysis considers both sides of the plan balance sheet, utilizing both quantitative and qualitative inputs, in order to estimate the potential impact of various asset class mixes on key measures of total plan risk, including the resulting estimated impact of funded status and contribution rates.

The long-term expected rate of return on TFFR investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the TFFR target asset allocation as of June 30, 2019 is summarized in the following table:

2019	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	58.0%	6.9%
Global Fixed Income	23.0%	2.1%
Global Real Assets	18.0%	5.4%
Cash Equivalents	1.0%	0.0%

As part of the most recent asset/liability study, the total fund real rate of return was upwardly adjusted by 0.50% to reflect a longer investment time horizon than is assumed in the investment consultant's expected returns and to account for above benchmark returns achieved through active management. In order to estimate the nominal rate of return, the real rate of return was adjusted upward by 2.75% for expected inflation.

**Discount rate**

The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2019. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at rates equal to those based on the July 1, 2019 Actuarial Valuation Report. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members as of June 30, 2019.

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North Dakota Teachers' Fund for Retirement  
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As of and for the year ended June 30, 2019

Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2019.

**Sensitivity of Net Pension Liability**

The following presents the net pension liability of the TFFR employers calculated using the discount rate of 7.75% as of June 30, 2019, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Employers' net pension liability	\$ 1,859,994,289	\$1,377,253,104	\$976,082,834

**Note 5 – DEFERRED INFLOWS AND DEFERRED OUTFLOWS OF RESOURCES**

Changes in the collective net pension liability from the beginning of the year to the end of the year arise from the net difference between changes in the total pension liability and plan fiduciary net position that occurred during that year. Changes in net pension liability will be recognized immediately as pension expense, or reported as deferred outflows of resources related to pensions or deferred inflows of resources related to pensions, depending on the nature of the change.

Differences between actual and expected investment-related experience are recognized over a closed five-year period. Differences between actual and expected non-investment-related experience (demographics) and changes of assumptions are recognized over the average of the expected remaining service lives of all members who are provided with pensions through the pension plan (active employees and inactive employees). The amounts below that are not included in pension expense for the current year are included in deferred outflows of resources or deferred inflows of resources related to pensions.

	Year Established	Original Balance	Original Amortization Period (in years)	Amortization Amount During 2019	Outstanding Balance June 30, 2019
<b>Outflows</b>					
Demographics	2014	\$ 9,347,346	7	\$ 1,335,335	\$ 1,335,336
Demographics	2015	2,209,258	7	315,608	631,218
Assumptions	2015	171,324,647	7	24,474,950	48,949,897
Investments	2015	93,160,436	5	18,632,088	-
Investments	2016	156,759,166	5	31,351,833	31,351,834
Investments	2019	59,163,355	5	11,832,671	47,330,684
<b>Total Outflows</b>				<b>\$ 87,942,485</b>	<b>\$ 129,598,969</b>
<b>Inflows</b>					
Demographics	2016	\$ 8,092,800	7	\$ 1,156,114	\$ 3,468,344
Demographics	2017	10,748,944	7	1,535,563	6,142,255
Investments	2017	103,235,815	5	20,647,163	41,294,326
Investments	2018	30,002,998	5	6,000,600	18,001,798
Demographics	2018	27,939,071	7	3,991,296	19,956,479
Demographics	2019	23,494,914	7	3,356,416	20,138,498
<b>Total Inflows</b>				<b>\$ 36,687,152</b>	<b>\$ 109,001,700</b>



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Notes to Schedules of Employer Allocations and Pension Amounts by Employer  
As of and for the year ended June 30, 2019

	<b>June 30, 2019</b>
<b>Deferred Outflows of Resources</b>	
Difference between expected and actual experience in the Total Pension Liability	\$ 1,966,554
Changes in assumptions	48,949,897
Net difference between projected and actual earnings on pension plan investments	19,386,394
<b>Total Deferred Outflows of Resources</b>	<b>\$ 70,302,845</b>
<b>Deferred Inflows of Resources</b>	
Difference between expected and actual experience in the Total Pension Liability	\$ 49,705,576
Changes in assumptions	-
Net difference between projected and actual earnings on pension plan investments	-
<b>Total Deferred Inflows of Resources</b>	<b>\$ 49,705,576</b>

Deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as follows:

<b>Year ended June 30:</b>	
2020	\$ 32,623,247
2021	(63,924)
2022	(4,207,318)
2023	2,949,393
2024	(7,347,711)
Thereafter	(3,356,418)
<b>Net deferred outflows/(inflows) of resources</b>	<b>\$ 20,597,269</b>

Deferred outflows of resources and deferred inflows of resources resulting from changes in an individual employer's proportionate share are amortized over a closed period equal to the average of the expected remaining service lives of all members who are provided with pensions through the pension plan (active employees and inactive employees) for the period during which the change occurred. Because these deferred amounts and their amortization are specific to individual employers and offset on a collective basis, they are not included in the tables above.

**Note 6 - ADDITIONAL FINANCIAL AND ACTUARIAL INFORMATION**

Additional financial information supporting the preparation of the Schedule of Employer Allocations and the Schedule of Pension Amounts by Employer (including the disclosure of the net pension liability and the unmodified audit opinion on the financial statements) is located in the North Dakota Retirement and Investment Office's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2019. The supporting actuarial information is included in the June 30, 2019, GASB Statements No. 67 and 68 Accounting and Financial Reporting for Pensions actuarial valuation for the retirement plan. The additional financial and actuarial information is available at <http://www.nd.gov/rio/TFFR/> or by contacting RIO at: ND Retirement and Investment Office, 3442 East Century Avenue, P.O. Bo 7100, Bismarck, ND 58507-7100 or by calling (701) 328-9885.



**INDEPENDENT AUDITORS' 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 Doug Burgum  
The Legislative Assembly  
David Hunter, Executive Director/CIO  
State Investment Board  
Teacher's Fund for Retirement Board  
North Dakota Retirement and Investment Office

We have audited, in accordance with the 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 schedule of employer allocations and the total for all entities of the columns titled net pension liability, total deferred outflows of resources, total deferred inflows of resources, and total pension expense as of and for the year ended June 30, 2019 (specified column totals), included in the schedule of pension amounts by employer of the North Dakota Retirement and Investment Office - North Dakota Teachers' Fund for Retirement (TFFR), and have issued our report thereon dated December 3, 2019.

**Internal Control over Financial Reporting**

Management of TFFR is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audits, we considered TFFR's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the schedule of employer allocations and the specified column totals included in the schedule of pension amounts by employer, but not for the purpose of expressing an opinion on the effectiveness of TFFR's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of TFFR's internal control over financial reporting.

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 schedule of employer allocations and the specified column totals included in the schedule of pension amounts by employer 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.

Governor Doug Burgum  
The Legislative Assembly  
David Hunter, Executive Director/CIO  
State Investment Board  
Teacher's Fund for Retirement Board  
North Dakota Retirement and Investment Office

Our consideration of internal control 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 audits we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether TFFR's schedule of employer allocations and the specified column totals included in the schedule of pension amounts by employer 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 determination of the schedule of employer allocations and the specified column totals included in the schedule of pension amounts by employer amounts. 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 result of that testing, and not to provide an opinion on the effectiveness of TFFR's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering TFFR's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Baltimore, Maryland  
December 3, 2019

EMPLOYER  
NEWSLETTER

TFFR  
Mission  
Statement:

To administer a comprehensive retirement program that provides North Dakota public educators with a foundation for retirement security.



# Briefly

JANUARY 2020

## Salary Verification - Pending Retiree Form

To assist TFFR in the salary verification process prior to a teacher retiring, complete the [Salary Verification-Pending Retiree form](#). We would appreciate receiving this form before **February 15** for each person retiring. If you have the form completed earlier, please submit as you complete them. Do your best to estimate the salary to be earned in the remaining months. If you become aware of a large difference in the person's pay (\$1,000 or more) after submitting the form, simply send TFFR an e-mail with the amount and reason for the salary change.

This form provides TFFR with salary detail for the current fiscal year and is used to estimate the teacher's final salary. Ninety percent of the salary estimate is used to calculate the initial retirement benefit. Once the employer has reported all salary for the retiree, the retirement benefit is recalculated and corrected retroactively, if needed.

## GASB Statement 68 Update

The audited fiscal year 2019 Schedules of Employer Allocations and Pension Amounts by Employer, GASB 68 Disclosure Template, and Sample Journal Entries are now available. Employers and auditors can use this information to complete your 2020 financials.

All of the [GASB 68 information](#) can be found on our website.



## Retiree Reemployment Guidance

A common question asked by employers and reemployed retirees is how annual service hours should be calculated. At the close of each fiscal year participating employers are required to report to TFFR the total number of hours a reemployed retiree was compensated for during the school year. One measure of reasonability used by TFFR to determine if a reemployed retiree may exceed the annual hour limits is to look at the contract/work agreement. If a contract shows 4/7 or less (teaching 4 periods or teaching 3 periods and a prep) that generally will create total service hours under 700 once professional development days are excluded.

Participating employers should establish procedures to monitor and calculate the correct number of compensated service hours. Employers must also be able to provide documentation in support of service hours reported to TFFR when requested to do so. Timecards or another tracking mechanism can accomplish both of these goals.

## IRS Compensation Limit

Annually, the IRS issues a compensation limit that impacts the salary that can be reported to TFFR for benefit calculation purposes. The 2020 compensation limit is \$285,000. If you have any TFFR employees that will be earning in excess of this amount, please contact Shelly Schumacher, TFFR Retirement Program Manager, to discuss how to handle salary reporting for these employees.

## 2019 Annual Financial Report Available

For a complete review of the financial, investment, and actuarial conditions of the State Investment Board (SIB) and the Teachers' Fund for Retirement (TFFR), please view the Retirement and Investment Office (RIO) [2019 Comprehensive Annual Financial Report](#) (CAFR).

# TFFR Staffing Update

After 28 years of service to the TFFR program, Shelly Schumacher, TFFR Retirement Program Manager, will be retiring February 29, 2020. We are happy to announce, Denise Weeks, who has worked with TFFR for over 15 years, has been promoted to TFFR Retirement Program Manager!

Fay Kopp, TFFR Chief Retirement Officer, is also retiring on March 31, 2020, after 32 years of dedicated service. The Retirement and Investment Office is in the process of filling this position.

Please join all of us in wishing Shelly and Fay a long and happy retirement!

## Tax Treatment of TFFR Contributions

Employers may report TFFR contributions on the W-2 form. TFFR is a 401(a) defined benefit plan and its contributions are mandatory, not elective. Under all models, the amount of TFFR contributions withheld or paid by the district is not required on the W-2 form. However, if the district wishes to place this information on the W-2, it belongs in Box 14.



### Employer Newsletter

ND Teachers' Fund for Retirement  
3442 East Century Avenue  
PO Box 7100  
Bismarck, ND 58507-7100

Phone: 701-328-9885

Toll-Free: 1-800-952-2970

Website: [nd.gov/rio](http://nd.gov/rio)

### TFFR Vision Statement:

To be a trusted leader in the administration of a financially sound retirement program for North Dakota educators by providing exceptional customer service, professional plan management, and organizational effectiveness by adhering to the principles of good governance, transparency, and accountability.