

**ND STATE INVESTMENT BOARD
AUDIT COMMITTEE MEETING**

Thursday February 25, 2021 – 3:00 PM
Workforce Safety & Insurance Conference Room
1600 E Century Ave, Bismarck, ND

AGENDA

1. Call to Order and Approval of Agenda – Chair (committee action) (5 minutes)
2. Approval of November 18, 2020 Minutes – Chair (committee action) (5 minutes)
3. Legislative Update – (informational) Mr. Hunter (10 minutes)
4. 2020 - 2021 Second Quarter Audit Activities Report – Ms. Sauter (committee action) (20 minutes)
5. Executive Limitation Audit – Ms. Sauter (committee action) (20 minutes)
6. Update on Current Internal Audit Activities – Sara Sauter (committee action) (20 minutes)
7. PAS System Update – (informational) Ms. Murtha & Ms. Sauter (15 minutes)
8. GASB 68 Schedule Audit Update – Ms. Sauter (committee action) (10 minutes)
9. Other – Next SIB Audit Committee Meeting

North Dakota Retirement and Investment Office
Thursday May 27, 2021 – 2:30 PM
RIO Conference Room
3442 East Century Avenue
Bismarck, ND

10. 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 18, 2020, MEETING**

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

STAFF PRESENT: Connie Flanagan, Chief Financial Officer
Bonnie Heit, Suprv of Admin Svs
David Hunter, Exec Dir/CIO
Jan Murtha, Dep Exec Dir/CRO
Sara Sauter, Suprv of Internal Audit
Darren Schulz, Dep CIO
Dottie Thorsen, Internal Auditor
Denise Weeks, Retirement Program Manager

GUESTS: Dean DePountis, Attorney General's Office
Thomas Rey, CliftonLarsonAllen
Tonia Shultz, CliftonLarsonAllen

CALL TO ORDER:

Ms. Smith called the State Investment Board (SIB) Audit Committee meeting to order at 1:30 p.m. on Wednesday, November 18, 2020, at the Retirement and Investment Office (RIO) (virtual host), 3442 E Century Ave., Bismarck, ND.

The following Audit Committee members were available representing a quorum; Dr. Lech, Commissioner Smith, Ms. Dahle, Mr. Griffin, and Ms. Smith

AGENDA:

The agenda was considered for the November 18, 2020, meeting.

IT WAS MOVED BY DR. LECH AND SECONDED BY COMMISSIONER SMITH AND CARRIED BY A VOICE VOTE TO APPROVE THE AGENDA FOR THE NOVEMBER 18, 2020, MEETING AS DISTRIBUTED.

AYES: MR. GRIFFIN, DR. LECH, COMMISSIONER SMITH, MS. DAHLE, AND MS. SMITH, 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 AUGUST 13, 2020, MINUTES AS DISTRIBUTED.

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

NAYS: NONE

MOTION CARRIED

CLIFTONLARSONALLEN (CLA) :

Mr. Rey reviewed the audit results of the financial statements of RIO for the period ending June 30, 2020. CLA issued an unmodified "clean" opinion that the financial statements were presented fairly, in all material respects, in conformity with U.S. Generally Accepted Accounting Principles.

CLA is also finalizing the GASB 68 audit for the period ending June 30, 2020.

CLA also highlighted financial positions of RIO.

IT WAS MOVED BY MS. DAHLE AND SECONDED BY MR. GRIFFIN AND CARRIED BY A ROLL CALL VOTE TO ACCEPT THE FINANCIAL STATEMENT AUDIT OF RIO FOR THE PERIOD ENDING JUNE 30, 2020.

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

NAYS: NONE

MOTION CARRIED

AUDIT ACTIVITIES:

Ms. Sauter reviewed audit activities for the period of July 1, 2020 - September 30, 2020.

The SIB customer satisfaction survey was conducted and results were provided to the SIB at their October 23, 2020, meeting.

Assistance was given to CLA for the GASB 68 census data audit and the financial statement audit for the period ending June 30, 2020. Additional time was also spent providing information to CLA for the financial statement audit as CLA was unable to be onsite.

The Cash Management and Rebalancing Audit was started in March 2020 but was temporarily put on hold due to COVID-19. The audit consists of a review of procedures for cash management and rebalancing of investment allocations.

The Internal Control Assessment is currently in progress. Internal Audit is working on an internal control guideline assessment put forth by the Office of Management and Budget. This is an overall assessment on processes for state agencies.

An Employer Salary Review was in progress with one employer audit. Internal Audit examines employer reporting to determine whether retirement salaries and contributions reported for members are accurate with the definition of salary as it appears in the Employer Guide. Also reviewed are calculation of service hours and eligibility of membership.

The Salary Verification Audit is currently in progress. Internal Audit verifies retirement salaries and contributions reported for the prior fiscal year for 65 randomly selected member accounts from 60 different employers.

Ms. Sauter also reviewed a revised Direct Deposit form which has been modified to hopefully protect the members, going forward, from fraud occurring.

Ms. Sauter also reviewed administrative and Professional/CE/General education activities.

Ms. Thorsen reviewed the results of the Minot Employer Salary Review.

IT WAS MOVED BY DR. LECH AND SECONDED BY MR. GRIFFIN AND CARRIED BY A ROLL CALL VOTE TO ACCEPT THE AUDIT ACTIVITIES REPORT FOR THE PERIOD OF JULY 1, 2020 - SEPTEMBER 30, 2020.

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

NAYS: NONE

MOTION CARRIED

Ms. Sauter reviewed current audit activities. Internal Audit is participating in the Pension Administration System (PAS). The project is in Phase 1. Internal Audit is highly involved in the pros/cons of existing procedures/risks and the wishes, wants, and efficiencies for future operations.

The following audits are in progress - Minot Employer Salary Review, Salary Verification Audit, Internal Control Assessment, Cash Management and Rebalancing Audit, Investment Confirmation Audit, and Executive Limitations.

Internal Audit continues to work with management on the shift in priorities and changes due to COVID-19.

IT WAS MOVED BY MS. DAHLE AND SECONDED BY DR. LECH AND CARRIED BY A ROLL CALL VOTE TO ACCEPT THE CURRENT INTERNAL AUDIT ACTIVITIES REPORT.

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

NAYS: NONE

MOTION CARRIED

OTHER:

The next Audit Committee meeting is scheduled for Thursday, February 25, 2021, at 3:00 p.m. at the Retirement and Investment Office (virtual), 3442 East Century Ave., Bismarck, ND.

With no further business to come before the Audit Committee, Ms. Smith adjourned the meeting at 2:50 p.m.

Respectfully Submitted:

Ms. Yvonne Smith, Chair
SIB Audit Committee

Bonnie Heit
Recorder

RIO Legislative Update

February 23, 2021 9:00am

Bill No.	Description	Sponsor/Introducer
HB 1022	RIO Budget	Appropriations Committee

<https://www.legis.nd.gov/assembly/67-2021/documents/21-0281-02000.pdf>

HB 1022 contains the 2021-23 budget authority for RIO to administer the SIB investment program and TFFR retirement program which are special funds. RIO's 2021-23 budget request is \$6.49 million including a \$311,154 increase in the Governor's Budget primarily for 2% annual salary increases and higher benefit costs, \$73,123 to join the Governor's IT Unification plan and \$52,000 to reinstate our Contingency line plus \$309,225 in additional amendments primarily to add one FTE for a Public Information Officer (½ SIB and ½ TFFR) and \$73,000 to more properly fund our Contingency line (to \$125,000). RIO will also request an amendment to HB 1022 to rollover the remaining balance of the \$9 million one-time funding for the TFFR Pension Administration System (PAS) project into the 2021-23 biennium. House Appropriations– Gov. Ops (GO) effectively approved RIO's Amended Budget Request excluding \$73,000 to more properly fund our Contingency line to \$125,000. RIO's Amended Budget includes a base payroll change, House salary and health insurance increase, funding for desktop support and Office 365, 1 FTE for a PIO (\$236,225) and transfer of 2 FTE to ITD for IT unification (RIO IT professionals will remain onsite). **On 2/16, House Appropriations unanimously gave a Do Pass recommendation to the RIO Budget bill. However, that recommendation was on an amended version from that recommended by the Government Operations Committee. House Appropriations Gov't. Ops. Chair Vigesaa highlighted the results of a recent study supporting RIO's PIO request to enhance strategic communication given increasing public interest in SIB investments which more than tripled from \$5 billion in 2010 to over \$18 billion in 2020. One committee representative stated he could not support this request and made a motion to remove the PIO FTE and related funding noting that other agency budgets are being cut. The committee voted 11-10 to amend RIO's Budget to eliminate the FTE for a PIO (\$236,525). They also voted on a nearly unanimous voice vote to remove the request to implement the Governor's NDIT Unification plan (moving two IT FTE from RIO budget to NDIT budget and associated salary amounts from salary line to operating line), indicating they would be removing similar requests from other agency budgets. On 2/22, the House re-referred HB 1022 back to House Appropriations. On 2/23, House Appropriations voted unanimously to also remove "desktop support" funding from HB 1022.**

Status: House Appropriations Do Pass 21-0-0 on 2/23 (without PIO, IT Unification and desktop support)

HB 1037	Legacy Earnings Fund & Transfers	Legislative Management/Legacy Earnings Committee
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<https://www.legis.nd.gov/assembly/67-2021/documents/21-0111-02000.pdf>

HB 1037 gives the SIB authority over the investment of a newly created "Legacy Earnings Fund" and requires all legacy fund earnings, which are constitutionally required to be transferred to the general fund at the end of each biennium, be immediately transferred into the new Legacy Earnings Fund. This bill would go into effect for legacy fund earnings generated and transferred during the 2021-23 biennium. The bill then

spells out the amount available for appropriation out of this new fund as **six percent (6%) of the five-year average value of legacy fund assets as determined by SIB**. Any amounts in the new legacy earnings fund in excess of this 6% amount are to be retained in the fund as a reserve balance for future use only if the amounts transferred from the legacy fund are insufficient to cover the calculated 6% of average value amount. Beginning with the 2023-25 biennium, the legislature will be able to appropriate out of the new legacy earnings fund an amount equal to the six percent amount calculated above or the balance of the fund, whichever is less. **For the 2021-23 biennium and going forward, all constitutionally mandated legacy fund earnings which are transferred to the general fund will be immediately transferred to the new legacy earnings fund. All interest and earnings derived from this fund will also be kept in this fund.** Therefore, for the 2021-23 biennium, there will be a reduction in available general fund revenues in an amount equal to the legacy fund earnings in the biennium. RIO will also note the Legacy Earnings Fund could be set-up as a sub-account within Legacy Fund, if desired.

Status: Committee Hearing (House Appropriations) 2/2/21

HB 1038 **Legacy Fund Earnings Committee** **Legislative Management**

<https://www.legis.nd.gov/assembly/67-2021/documents/21-0178-01000.pdf>

HB 1038 creates the legacy fund earnings committee to study the potential uses of legacy fund earnings, including the use of earnings to provide tax relief, provide for reinvestment of legacy fund earnings, fund research and technological advancements, promote economic growth and diversification, and promote workforce development and career and technical education. The committee may consider public input on the use of legacy fund earnings and review the operation of other funds, such as Norway's sovereign wealth fund. Legislative management shall report its findings and recommendations, together with any legislation required to implement those recommendations, to the sixty-eighth legislative assembly.

Status: Passed House / **Senate Finance & Tax Committee Do-Pass 7-0-0 on 2/22**

HB 1041 **PERS Program**

<https://www.legis.nd.gov/assembly/67-2021/documents/21-0091-01000.pdf>

A BILL for an Act to amend and reenact subsection 2 of section 54-52-06, section 54-52.1-06, and subsection 2 of section 54-52.6-09 of the North Dakota Century Code, relating to public employees retirement system penalties for late payments or failures to follow required processes; and to provide a penalty.

Status: Passed House and Sent to Senate 1/12; referred to Senate GVA Committee 2/3

HB 1114 **Teacher Support Program** **Rep. Heinert and Owens, Senator Schaible**

<https://www.legis.nd.gov/assembly/67-2021/documents/21-0255-02000.pdf>

A BILL for an Act to amend and reenact sections 15.1-18.2-05 and 15.1-18.2-06 of the North Dakota Century Code, relating to the expansion of the teacher support program to provide mentoring to all first- and second-year teachers in the state; and to provide an appropriation.

Status: House Educ. Do Pass 12-1-1 on 1/14; **House Do Not Pass 23-71-0 on 2/22**

HB 1140 **Contingency Fee Arrangements** **Rep Klemin, Devlin, Roers Jones,
Sen. Dwyer, Larson, Lee**

<https://www.legis.nd.gov/assembly/67-2021/documents/21-0612-01000.pdf>

A BILL for an Act to amend and reenact section 54-12-08.1 of the North Dakota Century Code, relating to contingent fee arrangements. This may be impactful to securities litigation agreements. Secretary of State Jaeger did an excellent job presenting this bill and highlighting its interesting history.

Status: Passed House Referred to Senate Judiciary Committee 2/15/21

HB 1174 **TFFR Program** **Rep. Kempenich and Kreidt, Senator Klein**

<https://www.legis.nd.gov/assembly/67-2021/documents/21-0677-01000.pdf>

HB 1174 enacts the requirements of the Secure Act of 1999 which changed federal law relating to "required minimum distributions" (RMD's) in retirement plans. RMD's are minimum amounts that a retirement plan account owner must withdraw annually starting when the member reaches a certain age. The Secure Act changed that age. This bill was reviewed by plan actuaries who found no impact to the actuarial position of the fund, or material impact to liabilities or costs.

Status: Passed House 1/22/21; Senate GVA Committee Work 2/16

HB 1188 **Certs for Special Education Teacher** **Rep. Schreiber-Beck, D. Johnson, Sen. Oban**

<https://www.legis.nd.gov/assembly/67-2021/documents/21-0670-02000.pdf>

A BILL for an Act to create and enact a new section to chapter 15.1-32 of the North Dakota Century Code, relating to services provided by special education technicians; and to amend and reenact section 15.1-02-16 of the North Dakota Century Code, relating to a certificate of completion for special education technicians.

Status: Passed House as amended 2/8/21; Senate Education Committee Work 2/15

HB 1209 **PERS Program** **Rep. M. Ruby, Dockter, O'Brien, Schauer, Sen. Anderson, Dever**

<https://www.legis.nd.gov/assembly/67-2021/documents/21-0566-02000.pdf>

A BILL for an Act to amend and reenact section 54-52-02.9, 54-52-06, 54-52-06.5, and 54-52.6-09 of the North Dakota Century Code, relating to public employees retirement system employer and temporary employee contribution rates; and to provide an effective date.

Status: Committee Hearing 1/21/21; House GVA Amendment Adopted 11-1-2 on 2/17

HB 1211 **Veterans' Funds** **Rep. Magrum, Hoverson, Kasper, B. Koppelman, Louser, Schauer, Vetter**
Sen. Meyer, Vedaa

<https://www.legis.nd.gov/assembly/67-2021/documents/21-0690-02000.pdf>

A BILL for an Act to amend and reenact sections 37-14-03 and 37-14-14 of the North Dakota Century Code, relating to the veterans' aid fund and veterans' postwar trust fund; and to declare an emergency.

Status: House Do Pass 91-0-0 on 2/8/21 emergency clause declared - Senate GVA Comm. Work 2/16

HB 1231 **SIB Program** **Rep. Satrom, K. Koppelman, Ostlie, Paulson, D. Ruby, Schauer, Vetter**
Sen. Conley

<https://www.legis.nd.gov/assembly/67-2021/documents/21-0127-02000.pdf>

A BILL for an Act to amend and reenact section NDCC 21-10-05, relating to duty of the investment director to consider investing locally. This may have implications for both the PERS and TFFR plans. **During the 2021-22 interim, the legislative management shall consider studying the benefits of investing legacy fund moneys locally before investing any moneys outside the state. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations to the sixty-eighth legislative assembly.**

Status: House amended to legislative study Do Pass 9-3-2 2/8/21; Senate VGA Comm Work 2/18

HB 1260 **Wage Moratorium** **Rep. Becker, Kasper, B. Koppelman, Rohr, Steiner**
Sen. Anderson, Heitkamp

<https://www.legis.nd.gov/assembly/67-2021/documents/21-0598-07000.pdf>

A BILL for an Act to create and enact a new section to chapter 54-06 of the North Dakota Century Code, relating to a wage and salary moratorium on state or local officials and employees if certain temporary restrictions on businesses are imposed.

Status: Reported back, Do Not Pass as amended, 10-3-1 on 2/10/21

HB 1275 **Legacy Earnings & Transfers** **Reps. Boschee, P. Anderson, Buffalo, Dobervich, Ista, Mitskog**
Senators Heckaman, Hogan, Mathern, Oban

<https://www.legis.nd.gov/assembly/67-2021/documents/21-0668-02000.pdf>

HB 1275 is similar to HB 1037 and gives the SIB authority over the investment of a new "Legacy Earnings Fund" and a new "Human Services and Public Health Stabilization Fund", but also provides a distribution waterfall for the continuing appropriation of funds from the Legacy Earnings Fund including the "Arts and Culture Endowment Fund" and "Human Services and Public Health Stabilization Fund" among others.

HB1275 states the amount available for appropriation out of this new fund as seven percent (7%) of the five-year average value of legacy fund assets as determined by SIB (versus 6% for HB 1037). Any amounts in the new legacy earnings fund in excess of this 7% amount are to be retained in the fund as a reserve

balance for future use only if the amounts transferred from the legacy fund are insufficient to cover the calculated 7% of average value amount. Beginning with the 2023-25 biennium, the legislature will be able to appropriate out of the new legacy earnings fund an amount equal to the six percent amount calculated above or the balance of the fund, whichever is less. **For the 2021-23 biennium and going forward, Section 7 of the bill will require all of the constitutionally mandated legacy fund earning which are transferred to the general fund to be immediately transferred to the new legacy earnings fund. All interest and earnings derived from this fund will be kept in this fund.** Therefore, for the 2021-23 biennium, there will be a reduction in available general fund revenues in an amount equal to the legacy fund earnings in the biennium. **RIO will also note the Legacy Earnings Fund could be reported as a sub-account within the Legacy Fund, if desired, to reduce administrative costs.**

Status: Committee Hearing (House Appropriations) 2/1/21

**HB 1342 PERS Retirement Rep. Lefor, Dockter, Nathe, O'Brien
Sen. Anderson, Dever, Wardner**

<https://www.legis.nd.gov/assembly/67-2021/documents/21-0202-05000.pdf>

A BILL for an Act to amend and reenact subsection 1 of section 54-52-02.9, subsection 2 of section 54-52-05, subsection 1 of section 54-52-06, subsection 6 of section 54-52.6-02, subsection 1 of section 54-52.6-09, and subsection 2 of section 54-52.6-09 of the North Dakota Century Code, relating to increased employer and employee contributions under the public employees retirement system defined benefit and defined contribution plans; to provide an appropriation; and to provide a statement of legislative intent.

Status: Status: House Gov. & Veterans' Affairs Comm "Do Not Pass" on 2/12/21

**HB 1380 SIB/Legacy Fund Rep. Lefor, Bosch, Dockter, Headland, Howe, Nathe, Porter, M. Ruby, Steiner
Sen. Patten, Sorvaag, Wardner**

<https://www.legis.nd.gov/assembly/67-2021/documents/21-0218-05000.pdf>

A BILL for an Act to create and enact a new section to chapter 6-09, a new section to chapter 6-09.4, a new section to chapter 15-20.1, a new section to chapter 21-10, a new section to chapter 50-06, two new sections to chapter 54-44, and a new section to chapter 54-59 of the NDCC, relating to an economic diversification research fund, a **legacy sinking and interest fund**, a career and technical education support fund, a **legacy earnings fund**, a behavioral health support fund, a **legacy infrastructure project fund**, a state building maintenance and project fund, and an information technology cybersecurity fund; **to amend and reenact subsection 1 of section 21-10-06 and section 21-10-12 of the North Dakota Century Code, relating to funds invested by the state investment board and legacy fund definitions; to provide for a transfer; and to provide a report.** For the 2021-23 biennium and going forward, Section 6 of the bill will require all of the constitutionally mandated legacy fund earning which are transferred to the general fund to be immediately transferred to the new legacy earnings fund. **All interest and earnings derived from this fund will be kept in this fund.** Therefore, for the 2021-23 biennium, there will be a reduction in available general fund revenues in an amount equal to the legacy fund earnings in the biennium. **RIO will also note the Legacy Earnings Fund could be reported as a sub-account within the Legacy Fund, if desired.**

Status: House Appropriations Committee Hearing 2/2/21

**HB 1425 SIB/Legacy Fund Rep. Nathe, D. Anderson, Bosch, Headland, Howe, Lefor, Mock, Porter
Sen. Meyer, Bell, Wardner**

<https://www.legis.nd.gov/assembly/67-2021/documents/21-0415-10000.pdf>

A BILL for an Act to create and enact section 6-09-49.1 and a new section to NDCC 21-10, relating to the legacy infrastructure revolving loan fund and SIB; to amend and reenact sections 21-10-02 and 21-10-11 of NDCC, relating to the SIB and Legacy Advisory Board; and to provide a continuing appropriation.

HB 1425 Section 2 amends NDCC 21-07 to add “Prudent investor rule - Exception” for Legacy Fund.

HB 1425 Section 3.5 amends NDCC 21-10-02 Board Powers by stating the SIB shall give preference to investment firms and institutions with a presence in the state (without reference to their qualifications).

HB 1425 Section 4 amends NDCC 21-10-11 Advisory Board by stating target Legacy Fund in-state investment allocations at 10% of fixed income and 10% of equity.

RIO will review Advisory Board presentations with regards to in-state investment target percentages for other U.S. public funds, highlight due diligence best practices being used by SIB, RIO and Callan including “competitive rate of return” targets for existing BND in-state investment program, and request SIB approval of Advisory Board recommended investment policy statement changes.

Legacy Investment Policy Statement “The Legacy Fund was created, in part, due to the recognition that state revenue from the oil and gas industry will be derived over a finite timeframe. The Legacy Fund defers the recognition of 30% of this revenue for the benefit of future generations. The primary mission of the Legacy Fund is to preserve the real, inflation-adjusted purchasing power of monies deposited into the Fund.”

RIO understands HB 1425 may be applied to “new money”, although this understanding is not stated in the current bill “in order to allow the Advisory Board and SIB implementation flexibility”.

Status: House Finance & Taxation Do Pass 14-0-0 on 2/9; Re-referred to Appropriations 2/11; House Appropriations Do Pass 15-5-1; Engrossed HB 1425 placed on calendar on 2/22

**HB 1446 SIB/Legacy Fund Rep. Magrum, Ertelt, Kading, B. Koppelman, Simons, Toman
Sen. Clemens, Heitkamp.**

<https://www.legis.nd.gov/assembly/67-2021/documents/21-0069-04000.pdf>

A BILL for an Act to create and enact a new section to chapter 21-10 and a new section to chapter 57-02 of the North Dakota Century Code, relating to the transfer of legacy fund earnings to a property tax relief fund and a property tax credit for property used as a primary residence; to provide a continuing appropriation; to provide for a transfer; to provide an exemption; to provide an effective date; and to declare an emergency.

Status: House Finance & Tax Do Not Pass 9-3-2 on 2/9; House Do Not Pass 24-69-0-1 on 2/16

HB 1475 **SIB/Legacy Fund**

**Rep. Satrom, Haggert, Kempenich, Keifert, Mitskog, Ostlie
Sen. Conley, Wanzek**

<https://www.legis.nd.gov/assembly/67-2021/documents/21-0693-03000.pdf>

A BILL for an Act to create and enact a new section to chapter 4.1-01 and a **new section to chapter 21-10 of the North Dakota Century Code, relating to an agriculture innovation fund and a transfer of legacy fund earnings; and to provide a continuing appropriation.**

Status: House Finance & Tax Do Pass as amended 13-0-01 on 2/9/21; Re-referred to Appropriations

SB 2033

NEW Fund

Legislative Management

<https://www.legis.nd.gov/assembly/67-2021/documents/21-0187-03000.pdf>

A BILL for an Act to create and enact a new chapter to title 15 of the North Dakota Century Code, relating to creation of a **new university system capital building fund**; to provide an appropriation; to provide for a transfer; **State Board of Higher Ed may provide for fund to be invested by SIB**; and declare an emergency.

Status: Amended and Passed by Senate, 1/25

SB 2040

PERS Retirement

**Senate Appropriation Comm Senators Mathern, Heckaman, Oban
Representatives Boschee, Dobervich, Mitskog**

<https://www.legis.nd.gov/assembly/67-2021/documents/21-0421-02000.pdf>

Relating to bonded debt repayments; to amend and reenact sections 6-09.4-06, 6-09.4-10, and 15.1-36-08 of the North Dakota Century Code, relating to borrowing and lending authority of the public finance authority, reserve funds associated with bonds, and the school construction assistance revolving loan fund; to provide an appropriation; and to provide a bond issue limit.

Status: Senate Appropriations Do Not Pass 12-2-0 on 2/17; Senate Failed 7-40 on 2/18

SB 2042

PERS Retirement

Gov. & Veterans' Affairs Committee

<https://www.legis.nd.gov/assembly/67-2021/documents/21-0089-01000.pdf>

A BILL for an Act to amend and reenact subsection 1 of section 54-52-02.9, subsection 1 of section 54-52-06, subsection 6 of section 54-52.6-02, and subsection 2 of section 54-52.6-09 of the North Dakota Century Code, relating to increased employer and employee contributions under the public employees retirement system defined benefit and defined contribution plans; and to provide a penalty.

Status: Senate GVA Do Not Pass 7-0-0 on 2/18; Senate Failed 1-46 on 2/19

SB 2043 Highway Patrolmen's Retirement Fund Gov. & Veteran's Affairs Committee

<https://www.legis.nd.gov/assembly/67-2021/documents/21-0090-01000.pdf>

A BILL for an Act to amend and reenact section 39-03.1-10 of the North Dakota Century Code, relating to contributions to the highway patrolmen's retirement system by the state.

Status: Senate Passed 47-0 on 2/19

SB 2044 PERS Retirement Gov. & Veteran's Affairs Committee

<https://www.legis.nd.gov/assembly/67-2021/documents/21-0092-01000.pdf>

A BILL for an Act to amend and reenact section 39-03.1-10, subsection 2 of section 39-03.1-11.2, subsection 8 of section 54-52-17, subsection 10 of section 54-52-26, subsection 2 of section 54-52-28, subsection 2 of section 54-52.1-03.2, subsection 1 of section 54-52.1-03.3, and subsection 2 of section 54-52.6-21 of the North Dakota Century Code, relating to public employees retirement system unpaid benefit payments, missing member confidentiality requirements, compliance with Internal Revenue Code distribution requirements, insurance programs for which retiree health insurance credit moneys may be used, and clarification of eligibility for retiree health insurance credit payments.

Status: Senate Passed 47-0 on 1/18

SB 2045 PERS Retirement Gov. & Veteran's Affairs Committee

<https://www.legis.nd.gov/assembly/67-2021/documents/21-0094-01000.pdf>

A BILL for an Act to create and enact a new section to chapter 54-52.2 of the North Dakota Century Code, relating to payment of administrative expenses for the public employees retirement system deferred compensation plan; and to provide a continuing appropriation.

Status: Passed Senate 46-1 on 1/18

SB 2046 PERS Retirement Gov. & Veteran's Affairs Committee

<https://www.legis.nd.gov/assembly/67-2021/documents/21-0095-02000.pdf>

A BILL for an Act to amend and reenact subsection 1 of section 54-52-02.9, subsection 2 of section 54-52-05, subsection 1 of section 54-52-06, subsection 6 of section 54-52.6-02, and section 54-52.6-09 of the North Dakota Century Code, relating to increased employer and employee contributions under the public employees retirement system defined benefit and defined contribution plans; and to provide a penalty.

Status: Senate Passed 47-0 on 1/19

SB 2069 Applications for Public Employment Gov. & Veteran’s Affairs Committee

<https://www.legis.nd.gov/assembly/67-2021/documents/21-8037-02000.pdf>

SB 2069 expands the confidentiality of applications for public employment to include finalists.

Status: Senate Passed as amended 40-7 on 1/26

SB 2291 Social Investing Prohibition Senator Bell

<https://www.legis.nd.gov/assembly/67-2021/documents/21-0717-03000.pdf>

A BILL for an Act to create and enact a new section to chapter 21-10, a new section to chapter 54-44, and a new section to chapter 54-60 of the North Dakota Century Code, relating to social investments made by the state investment board and the boycott of energy or commodities companies; to provide for a department of commerce study of the implications of complete divestment of companies that boycott energy or commodities; and to provide for reports to legislative management. [RIO engaged with legislators to highlight SIB’s existing policies with regards to social investing including maximizing risk adjusted returns.](#)

Status: Senate passed as amended, 42-4 on 2/17

PERS Health Care Related Bills

HB 1029 PERS Health Care Legislative Management

<https://www.legis.nd.gov/assembly/67-2021/documents/21-0170-01000.pdf>

A BILL for an Act to amend and reenact section 54-52.1-04.2 of the North Dakota Century Code, relating to public employee uniform group insurance for health benefits; to provide for application; and to declare an emergency.

Status: House passed 90-0 on 1/12; Senate GVA Committee Do Pass 7-0-0 on 2/22

HB 1042 PERS Health Care Gov. & Veterans Affairs Committee

<https://www.legis.nd.gov/assembly/67-2021/documents/21-0093-01000.pdf>

A BILL for an Act to amend and reenact subsection 3 of section 54-52.1-04.16, relating to the public employees retirement system's uniform group insurance program part D contracts with pharmacy benefit managers.

Status: House passed as amended, 90-0 on 1/19; Senate GVA Committee on 2/3

HB 1147

PERS Health Care

Rep. Brandenburg, Dobervich, Mitskog Sen. Erbele, Oban, K. Roers

<https://www.legis.nd.gov/assembly/67-2021/documents/21-0447-02000.pdf>

A BILL for an Act to create and enact section 54-52.1-04.19 of the North Dakota Century Code, relating to public employee fertility health benefits; to amend and reenact section 26.1-36.6-03 of the North Dakota Century Code, relating to self-insurance health plans; to provide for a report; to provide for application; to provide an expiration date; and to declare an emergency.

Status: House Industry, Bus. & Labor Do Not Pass 8-6 on 2/9; House Approp. Do Not Pass 17-3-1 on 2/19

HB 1155

PERS Health Care

Rep. Keiser, Sen. Oban

<https://www.legis.nd.gov/assembly/67-2021/documents/21-0135-03000.pdf>

A Bill for an Act to amend and reenact section 54-52.1-02 of the North Dakota Century Code, relating to the public employees retirement system uniform group insurance program benefits; and to provide for application.

Status: House Industry, Bus. & Labor Do Pass 11-2-1 on 1/18; House Approp. Do Not Pass 18-2-1 on 2/18

HB 1233

PERS Health Care

Rep. Kasper, Jones, Keiser, Lefor, Louser, Meier, Rohr, Schauer, Steiner

<https://www.legis.nd.gov/assembly/67-2021/documents/21-0147-02000.pdf>

A BILL for an Act to provide for the public employees retirement system to contract for an audit of pharmacy benefit managers providing contract services for the state uniform group health insurance program; and to provide for a legislative management report.

Status: House GVA Do Pass 13-1-0 on 2/22; Re-referred to House Appropriations 13-1-0 on 2/22

HB 1245

PERS Health Care

Rep. Kasper, Dockter, Keiser, B. Koppelman, Lefor, Louser, Meier, Pollert, D. Ruby, Steiner Sen. Hogue

<https://www.legis.nd.gov/assembly/67-2021/documents/21-0148-04000.pdf>

A BILL for an Act to amend and reenact sections 54-52.1-04, 54-52.1-04.1, 54-52.1-04.2, 54-52.1-04.7, 54-52.1-04.8, and 54-52.1-05 of the North Dakota Century Code, relating to public employee uniform group insurance plans; to provide for application; and to declare an emergency.

Status: House Gov. & Veterans' Affairs Comm. 2/11/21; Do Pass 12-2-0 on 2/16; place on House calendar

Failed Bills

HB 1202 **Land Board Investments** **Reps. Kempenich, Brandenburg, Delzer, M. Ruby, Schatz, Tveit**
Senators Klein,

Patten

<https://www.legis.nd.gov/assembly/67-2021/documents/21-0252-01000.pdf>

HB 1202 amends NDCC 21-10-06 and NDCC 15-01-02 relating to funds managed by the SIB and board of university and school lands. “Investment authority over the permanent funds derived from the sale of any of the lands” including the “Common schools trust fund and other investments under the control of the board of university and school lands” are transferred to the SIB under HB 1202.

Status: Failed 2/3/21; 27-66

HB 1138 **Free Speech** **Rep. Kading, Becker, Lefor, D. Ruby, Schatz, and Schauer,**
Sen. Heitkamp, O. Larsen, Myrdal

<https://www.legis.nd.gov/assembly/67-2021/documents/21-0454-01000.pdf>

To provide for a civil action against state/political subdivision for state constitutional free speech violation.

Status: Failed to Pass House 2/10/21; 28-66

HB 1250 **PERS Health Care** **Rep. M. Nelson, Adams Sen. Mathern**

<https://www.legis.nd.gov/assembly/67-2021/documents/21-0068-01000.pdf>

A BILL for an Act to create and enact a new section to chapter 54-52.1 of the North Dakota Century Code, relating to public employee health insurance drug benefit coverage; to amend and reenact section 26.1-36.6-03 of the North Dakota Century Code, relating to self-insurance health plans; to require a report; to provide for application; to provide an expiration date; and to declare an emergency.

Status: Failed 1/19/21

HB 1274 **Legacy Fund Fiscal Impact** **Reps. Kempenich, B. Anderson, Longmuir, Pollert, Shatz**
Senators Erbele, Klein, Wardner

<https://www.legis.nd.gov/assembly/67-2021/documents/21-0248-01000.pdf>

HB 1274 creates and enacts a new section to NDCC 21-10 relating to fiscal impact statements for any measure or policy affecting the legacy fund. The legacy and budget stabilization fund advisory board shall review any legislative measure, initiated or referred measure, or asset allocation and investment policy affecting the legacy fund. **If the advisory board determines the measure or policy will have a fiscal impact on the fund, the board shall request the state retirement and investment office to arrange for the preparation and submission of a fiscal impact statement to the advisory board before the measure or policy is acted upon.** The fiscal impact statement must be prepared by an independent consultant paid by the state retirement and investment office. The fiscal impact statement must include the estimated fiscal impact of the measure or policy for the next biennium and for the next ten biennia. The Senate is

Status: Failed 1/22/21; 24-67

SB 2320 **Legacy Fund** **Sen. Klein, Wardner, Rep. Kempenich, Kreidt, Pollert**

<https://www.legis.nd.gov/assembly/67-2021/documents/21-1004-01000.pdf>

A BILL for an Act to create and enact a new section to chapter 21-10 of the North Dakota Century Code, relating to fiscal impact statements for a measure or policy affecting the legacy fund.

Status: Failed 2/5/21; 0-45

RETIREMENT AND INVESTMENT OFFICE
Internal Audit
2020-2021 2nd Quarter Audit Activities Report
October 1, 2020 – December 31, 2020

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, 2020 through June 30, 2021 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 2020.

The audit has been completed and the report is issued in February 2021 which has been included with the February Audit Committee materials.

- **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. Internal audit also spent time reviewing the financial statement audit and CAFR that was issued.

The fiscal year 2020 RIO/TFFR Financial Statements Audit was issued and presented by CLA at the November, 2020 Audit Committee meeting. The report for the GASB 68 Schedules of Employer Allocations and Pension Amounts by Employer was issued by CLA in December of 2020 which has been included in the February Audit Committee material.

- **Administrative Policy Review**

The Deputy Executive Director/Chief Retirement Officer, Supervisor of Administrative Services /Office Manager, and Supervisor of Internal Auditor are meeting regularly to revise the administrative policy manual for RIO staff. The policies are then forwarded to the Executive Director/Chief Investment Officer for final review, then reviewed by managers before presented to staff. Policies completed in the second quarter are Teleworking, Overtime & Compensatory Time, and Flexible Time Policy.

As part of an ongoing effort to improve certain HR functions for state agencies, a universal set of employment policies is being developed. The intent is to improve understanding of workplace expectations and requirements by these simplified, standardized policies. RIO has also adopted the majority of these universal policies.

- **Cash Management and Rebalancing Audit**

A review of procedures for cash management and rebalancing of investment allocations was initiated. A sample of rebalancing of asset allocations, wire transactions, and bank fees will be selected and confirmed. Also, a sample of client requests will also be reviewed for timeliness and accuracy. Lastly, a review of staff access and authorization will be reviewed and confirmed.

This audit was started in March 2020; however, do to COVID-19 it was temporarily put on hold. Since then the SIB has hired Parametric to help with rebalancing the portfolio. Due to the changes, internal audit staff is working with fiscal management staff to understand the changes and re-scope the audit.

This audit is currently in progress.

- **Internal Control Assessment**

Internal audit is working on an internal control guideline assessment put forth by North Dakota Office of Management and Budget. This is an overall assessment on processes for state agencies.

This assessment is currently in progress.

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 December 31, 2020:

- The Minot Employer audit was completed and the report issued Nov 2020.
- There are no other audits 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. An update on the progress of the Audit is included in the February Audit materials.

- **Pension Administration System Upgrade**

The Supervisor of Internal Audit was asked to join the PAS Committee. The RFP for hiring a consultant went out in June. The first two weeks of July, the Supervisor of Internal Audit helped evaluate the proposals that were received. A consultant was selected and a contract was negotiated in October 2020. RIO moved to Stage I for the PAS project.

Multiple committees were formed by the Deputy Executive Director/Retirement Officer in order to prepare for Stage I of PAS. The Supervisor of Internal Audit attended several meetings with TFFR staff on the pros and cons on existing TFFR procedures and wishes, wants, and efficiencies for the future operations. The Internal Auditor attended several meetings with the Retirement Program Manager, the Supervisor of Administrative Services and the Deputy Executive Director/Retirement Officer to discuss

pros, cons, and risks associated with existing procedures and wants, wishes, and efficiencies for the future.

The kickoff with the consultant, Segal, started October 26, 2020. IA attended many meetings on TFFR processes with the consultants and RIO staff the last week of October and month of November. The month of December software demonstrations were presented virtually by ten companies. After reviewing the demonstrations, staff members provided lists with their wants and wishes for the new system for member/employer processing. A consolidated list was developed and given to Segal for use in the development of the RFP.

Administrative Activities

The Supervisor of Internal Audit attended the monthly RIO staff meetings, monthly RIO manager's meetings, divisional meetings, two SIB meetings, and two TFFR meeting. The Internal Audit staff member attended the monthly RIO staff meetings, divisional meetings, and two TFFR meetings.

Professional Development/CE/General Education

The Supervisor of Internal Audit participated in training with the rest of the management team of RIO on strength training and how to work together. Both IA staff attended staff training on Fiduciary responsibility and open records.

Internal Audit attended the virtual Public Pension Financial Forum Annual Conference (P2F2) for education and training starting Oct. 16th and ending Oct. 30th. Sessions were held daily with up to 35 CPES to earn. P2F2 included members from the Association of Public Pension Fund Auditors.

Sessions were classified as Pension 101, Personal Development, General Accounting, Investment Accounting, and Employer Reporting. General session classes included the following topics: fraud, the effects of COVID on pension systems, Accounting Best Practices, Nonverbal Communication, Actuarial Funding, Business Continuity with the Pandemic, updates with GASB, and Stress and Time Management Skills.
annual conference.

As part of an ongoing effort to improve certain HR functions for state agencies, a universal set of employment policies is being developed. The intent is to improve understanding of workplace expectations and requirements by these simplified, standardized policies. The following Universal State of ND Policies the Retirement and Investment Office have also adopted the following universal policies:

- Additional Employment, 10-1-18
- Americans with Disabilities Act (ADA), 11-1-18
- Annual Leave, 10-1-18
- Conflicts of Interest, 10-1-18
- Criminal History Record Information, 11-1-18
- Designated Medical Provider, 9-18-20
- Discipline, 1-1-20
- Driving While Conducting State Business, 11-1-18
- Drug and Alcohol Free Workplace, 10-1-18
- Equal Employment Opportunities, 10-1-18
- Fair Labor Standards Act, 3-2-20
- Family Medical Leave Act, 2-15-19
- Funeral Leave, 10-1-18
- Holidays, 10-1-20
- Honor Guard Leave, 10-1-18
- Modified Duty Return-to-Work, 11-1-18
- Service Award Program, 9-18-20
- Sick Leave, 10-1-18
- Smoking and Tobacco Use, 10-1-18
- Social Media, 11-18-20
- Teleworking Policy, 11-1-20
- Workplace Anti-Harassment, 10-1-18
- Workplace Violence, 10-1-18

**NORTH DAKOTA RETIREMENT AND INVESTMENT OFFICE
INTERNAL AUDIT DIVISION
FISCAL YEAR 2020 -2021**

	FY 2020 1st QTR	FY 2020 2nd QTR	FY 2021 3rd QTR	FY 2021 4th QTR	FY 2021 TOTAL
Audit Activities					
Retirement Program Audits:					
TFFR Employer Audit Program					229
<i>Minot (used Data Analytics)</i>	125	62			186.50 0.00 0.00 0.0 0.00
<i>General Employer Audits</i>	14	28			42.3
<i>Audit Peer Reviews/TFFR Meeting(s)/Audit Planning/Audit Notifications</i>	25	37			62.00
Benefits Audit - Deaths, Long-Outstanding Checks, Long-term Members					0
TFFR Cost Effective Review	8				8
TFFR Pension Data System - PAS	83	128			210
TFFR Direct Deposit Reviews	41	6			47
TFFR File Maintenance Audit	1				1
TFFR Purchase-Refund Audit					0
TFFR Task reports	59				59
Annual Salary Verification Project	35	86			121
Agency Administrative and Investment Audits:					
Executive Limitations Audit and Executive Review Committee	12	14			26
Internal Control Assessment	18	15			33
Risk Management	17	9			26
Administrative Policy Review	28	21			49
Consulting	36	16			52
RIO External Auditor Assistance	63	16			79
Administrative Activities					
Administrative - Staff Mtgs, Time Reports, Email, Records Retention, General Reporting	145	166			311
COVID-19 Meetings, Preparation, etc.	1				1
Audit Committee/SIB/TFFR Attendance and Preparation	159	133			292
Professional Development/CE/General Education	7	86			93
Annual Leave, Sick Leave, and Holidays	167	218			384
Quarterly Total:	1040	1040	0	0	2080

Total Hours for 2020-2021 4,160

D. Thorsen Total Hours 2020-2021 2,080

S. Sauter Total Hours 2020-2021 2,080

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 25, 2021

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, 2020 and ending December 31, 2020.

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 2020.

**RETIREMENT AND INVESTMENT OFFICE
INTERNAL AUDIT
EXECUTIVE LIMITATIONS AUDIT REPORT
January 1, 2020 – December 31, 2020**

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
- 2020 Employee Survey Results
- 2020 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:

- 2020 SIB Client Satisfaction Survey and Responses
- RIO Administrative Manual (Media Policy), Media Inquiry, and Open Records Request
- 2020 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 3.39 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 2021-2023 Biennium Budget and Other Supporting Documentation
- Budget and Financial Condition Quarterly Monitoring Reports – SIB Meeting Materials
- 2020 Executive Review Committee Survey, Results, and Meeting Minutes
- 2021-2023 Budget Guidelines

A review of the quarterly monitoring reports for fiscal year 2020 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 2021-2023 biennial budget that was within the governor's guideline. During calendar year 2020, 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 0.45% in fiscal year 2020 (from 0.84% in fiscal 2010). 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:

- 2020 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 2020

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 2020 and FY 2021
- OMB/Risk Management – Risk Management Fund Manual
- State Bonding Fund – Commercial Blanket Bond – CY 2020
- RIO Financial Audit - Fiscal Year Ended June 30, 2020
- SIB Executive Review Committee Survey, Results, and Meeting Minutes
- SIB Meeting Agendas, Materials, and Minutes – Nov 20, 2020

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, 2020 received a clean unmodified opinion. In March 2020, a global pandemic started and is still in progress as of today. This resulted in a sharp decline in the market, effecting all clients. This has impacted the ability to meet the benchmarks of a 3 and 5-year period. Each client's asset allocation has determined how much their funds were affected by the pandemic. However, there was a significant correction in the market during the calendar year. Many of the funds have recouped the losses from the market downfall in March 2020.

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, 2020
- RIO Salaries & Pay Grades
- SIB Executive Review Committee – Executive Director/CIO Performance Review
- ND Administrative Code, Chapter 04-07-02
- SIB Meeting Agenda, Materials, and Minutes – June 26, 2020

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:

- 2020 Executive Limitation/CIO Effectiveness Survey and Results
- 2020 Executive Review Committee Survey and Results
- SIB Governance Manual Policy A-9 and Conflict of Interest Statement
- SIB Meeting Agenda, Materials, and Minutes – Feb 28, 2020 and July 26, 2020
- SIB Audit Committee Agenda, Materials, and Minutes – Feb 27, 2020

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 25, 2020

SUBJECT: Update on Current Internal Audit Activities during the third quarter

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

- Executive Limitations Audit – Phase 5
- Salary Verification Audit – Phase 2
- Internal Control Assessment – Phase 2
- Cash Management and Rebalancing Audit – Phase 2
- RIO Policy Manual update – Phase 2
- PAS –Pension Administration Software – Stage I

Due to COVID-19 as in most workplaces, there was a shift of priorities. Internal Audit continues to work with management on the shift in priorities and changes due to COVID-19.

The Supervisor of Internal Audit has been working with the Executive Review Committee on activities for the evaluation of the Executive Director/CIO. The Executive Review Committee also requested that the Supervisor of Internal Audit administer the SIB Board Self Evaluation. The SIB Board Self Evaluation was sent out on February 15, 2021.

IA continued to attend PAS meetings in January and February. Staff wishes and wants were grouped in the following topics: the pension/administration/workflow, member portal, employer portal, actuary/audit/reports, and technical items/general features. In these sessions, staff reviewed the list of features requested and added any other features not noted. This information will be used to develop a RFP. RFP development is scheduled to start in March 2021. The Supervisor of Internal Audit participates in weekly updates about the PAS system status with the consultant and other staff involved in the project.

Segal provided their report on Benefits Communications Best Practices (10 keys framework overview) in January. They are also working on a final draft on Current Business Model Report. A Cybersecurity Assessment was completed and the report will be issued in March 2021.

The Supervisor in Internal audit has been working with Investment Services and Retirement Services to provide Fund Facts to the Legislature. Emails are sent weekly to all members on a weekly basis. Attached are the Fund Facts that have been sent out.

IA is proposing the following scopes for upcoming audits to be completed by fiscal year 2020/21:

- A proposed audit plan for the upcoming fiscal year 2021/2022
- Internal Control Assessment – an assessment of RIO following guidelines set forth by NDOMB.
- TFFR File Maintenance – on an annual basis IA reviews system generated audit tables to ensure transactions initiated by staff are expected and appropriate. The processes for entering information on Member Action Forms, Change of addresses, and Point of contact forms after a death with no benefits are also reviewed.

MEMORANDUM

TO: State Investment Board (SIB) Audit Committee

FROM: Dottie Thorsen, Internal Auditor

DATE: February 19, 2021

SUBJECT: Update on the Salary Verification Review for Fiscal Year 2018/19

On an annual basis Internal Audit (IA) 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 was selected from a population of around 200 employers with salary fluctuations of \$5,000.00 or more that occurred between 2017/18 to 2018/19. The population of employers does not include employers currently under review by IA or the external auditor (GASB audit).

Phase 1:

IA received data analytics comparison from RIO Information Services. IA selected the sample and requested written agreements, payroll records, and a salary reconciliation from the employer on the salary differences.

Phase 2:

Model 1 Reconciliations – 21 members (Beulah, Bowbells, Dickinson, Drayton, Fargo, Ellendale, Grand Forks, Grenora, Hazelton-Moffit, James River Special Education, Kindred, Larimore, Linton, Manning Elementary, Nesson, New England, White Shield, Wyndmere) – completed

Model 2 Partial and Model 3 – 13 members (Apple Creek, Bowman, Divide, Edgeley, Elgin, Halliday, Hatton, Hillsboro, Kenmare, May-Port CG, Rolette, Scranton, Sheyenne Valley Special Education), - completed

Model 2 All – 10 members – in process (Belcourt, Bottineau, Center-Stanton, Central Valley, Devil's Lake,) 21 left to review

Issues:

Salary reconciliations are taking more time than anticipated because about two thirds of the employers reviewed did not identify and reconcile the salary. The employers also have been slow to respond when asked to identify salary.

The Model 2 Partial employers also took longer than anticipated to complete due to CPAS not validating the member and employer pick-up for member contributions owed. IA had to recalculate the percentages used by the employer to insure the correct contributions were deducted from the member's salary.

Audit Timeline:

November 2019: Sample was selected for fiscal year 2018/19 and notifications were sent requesting information.

November/December/January 2019: Audit received requested information from employers.

January through March 2020: Completed File Maintenance, and worked on Benefit Payments, Minot, Task Lists (retirement of key staff) and the moving procedures from paper to electronic data due to the COVID epidemic.

April to June 2020 – Completed Benefit Payment Audit and worked on External Audit (increased hours due to COVID), Fraud/Direct Deposit Authorization, Minot, **Salary Verification (28 hours)**, and Task Lists

July to September 2020 – External Audit Assistance, Fraud (DDA), Minot, PAS Project – Phase I (Committee meetings started), **Salary Verification (33 hours)**, Task Lists

October to December 2020 – Education (P2F2), Minot completed, PAS Project – Phase I, **Salary Verification (83 hours)**

January to February 2021 – PAS Project (Phase I), **Salary Verification (119 hours)**

Fund Facts

State Investment Board

1-11-2021

Since its inception, the Legacy Fund has earned over \$2.4 billion of net investment income as of November 30, 2020.

1-19-2021

State Investment Board client assets under management have more than tripled from \$5 billion in 2010 to \$18 billion in 2020.

1-25-2021

Returns for the SIB pension investment pool, which includes TFFR and PERS, are ranked in the top 25% of U.S. public funds in the last 10-years.

2-1-2021

In September 2020, the State Investment Board raised the Legacy Fund's "In-State Investing Commitment" to a record high of \$400 million with a new \$100 million funding commitment to the Bank of North Dakota's in-state loan program.

2-8-2021

The Legacy Fund's primary mission, as determined by the Legacy and Budget Stabilization Fund Advisory Board, is to preserve the real inflation-adjusted purchasing power of the money deposited into the fund while maximizing total return.

2-16-2021

Current Legacy Fund biennium-to-date "earning" per state statute have reached \$592 million as of 12/31/2020. Net investment income, which includes net unrealized gains and losses, exceeds \$1.5 billion for this same time period.

Teachers' Fund for Retirement

1-11-2021

ND Teacher's Fund for Retirement distributed \$224 million to beneficiaries in the fiscal year 2020, which positively impacted the ND economy. Eighty-four percent of the Teacher's Fund for Retirement's benefits paid were North Dakota residents in the fiscal year 2020.

1-19-2021

In 1913 the North Dakota Teachers' Insurance and Retirement Fund (TIRF) was established to provide retirement benefits to North Dakota public school educators just 24 years after North Dakota became a state. TIRF became Teachers' Fund for Retirement (TFFR) in 1971 and thus has served our teachers for over 100 years.

1-25-2021

During the 2019-20 school year, over 300 Teachers' Fund for Retirement (TFFR) retirees returned to teach in a TFFR covered position.

2-1-2021

Our Teachers' Fund for Retirement members (TFFR) members include: superintendents, assistant superintendents, business managers, principals, assistant principals, classroom teachers, special teachers, guidance and school counselors, speech language pathologists, social workers, school psychologists, librarians, media specialists, and technology coordinators.

2-8-2021

The Teachers' Fund for Retirement allows school districts to tailor contribution arrangements through various payment plan models.

2-16-2021

TFFR is a defined benefit plan which provides members with a monthly retirement benefit based on a formula defined in state law. Defined benefit plans provide retirees with a stable and predictable portion of their retirement income.

Pension Administration System (PAS) Update

Sara Sauter & Jan Murtha

Executive Overview – 3 Phases of PAS

Phase 1

- Consultant Retention and Evaluations

Phase 2

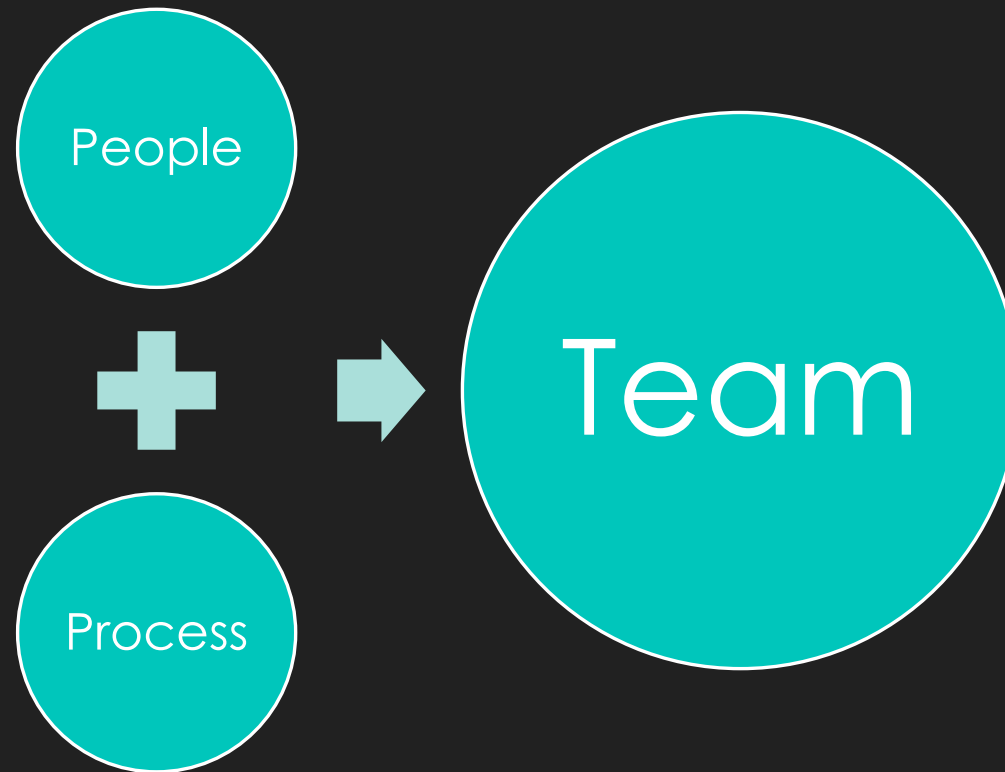
RFP Development & Vendor Selection

Phase 3

- Vendor Implementation

I. Pre-Kickoff – Preparing for Success (June-October, 2020)

129 Hours

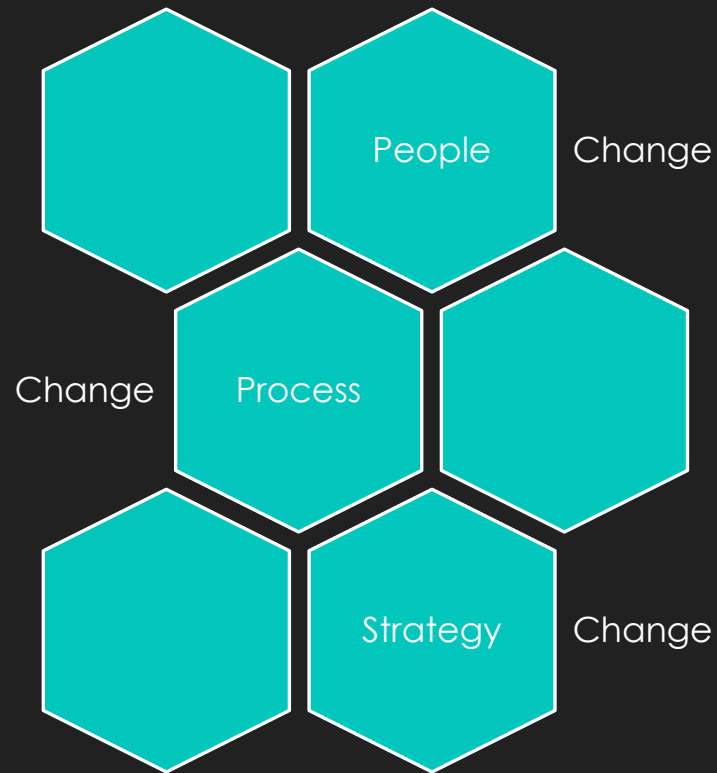


Pre-Kickoff Activities

Date	Activity	Hours
July-September 2020	Review Consultant RFP Responses	62
July-September 2020	Task List Project	10
August 2020	All Staff Training	2
September – October 2020	Manager Training	7
August 2020	ESC meetings	.5
September – October 2020	Small Group Sessions	42.5
September –October 2020	Monthly Division Meetings	5

II. Business Interviews/Demos (October, 2020 – January, 2021)

131 Hours



II. Business Interviews/Demos Activities

Date	Activity	Hours
October 2020 – January 2020	Business Process/ Communication/Cybersecurity Interviews	67
December 2020	Pre-Procurement Demos	44
December & January 2020	ESC Meetings	2
November – January 2020	Prosci Training & Communication	8
October 2020 – January 2020	Staff/Manager/Division Meetings	10

III. Post-Kickoff Deliverables – (February, 2021 – Current)

- Communication Assessment
- Cybersecurity Assessment
- Business Process Assessment

IV. Next Steps

- Phase 1 – wrapping up in March 2021
 - Work-on recommendations from business process review
- Phase 2 – starting March 2021
 - RFP Development
 - RFP to be issued Summer 2021
 - RFP review in Fall 2021
 - Contract Award End of Year 2021



Questions?

Thank you!

Benefits communications best practices

A deep dive into your score on the 10 keys of
successful benefits communication

ND-TFFR | January 21, 2021

10 keys framework overview

Segal Benz experience

50+ clients

10+ years

Multiple industries

A pattern emerged among our most successful clients

What success looks like

- Top scores on engagement surveys
- Lower health care costs
- Better financial security
- ...and more!

10 keys to successful communication

Foundation

Strategy | Brand | Website

Marketing

Feedback | Simplicity | Year-round
Targeted | Employee experience

Resources

Budget | Partners

Evaluating your communication efforts

- We evaluate each key separately to create your individual key scores.
- We then provide a total score that is a weighted average of each key.
- The end result is a guide on what to do differently to make the most impact.

How do we evaluate each key score?

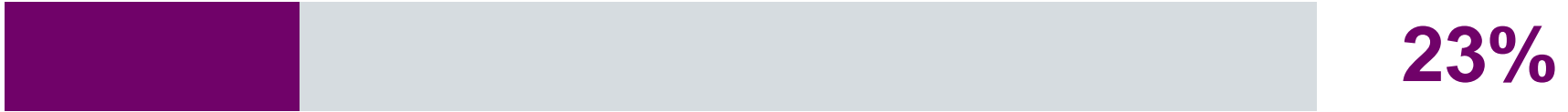
- Each of our 10 keys has its own subset of criteria.
- The scores of each criteria have assigned point values based on their importance to the quality of the overall key. (i.e. not all criteria are created equally).
- These scores add up to 100.

For example, a high score on brand would reflect:

1. Consistent application of Company brand to communications
2. Communication expert in place to ensure proper branding
3. Up-to-date style guide that is easily referenceable
4. Vendor communications that all reflect the brand

How did ND-TFFR do?

Key 1: Strategy



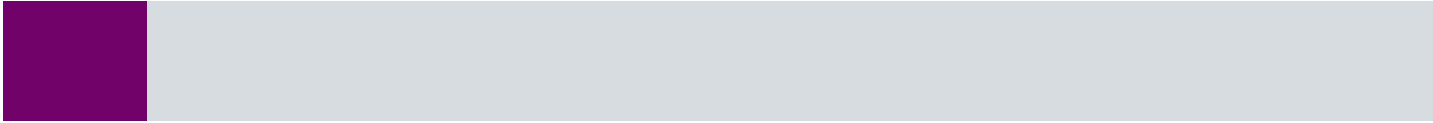
Your combined strategy score is 23%

- You do not have a clear, documented strategy outlining the specific goals you want to achieve, how the goals will be met, and how you will measure success.
- You recognize that you have distinct audiences with different needs.
- You desire specific behavior changes from different audiences, but have not been able to accomplish these goals. Examples include educating new teachers and increasing business managers' engagement.

73% of respondents largely credit their benefits communication in helping them meet their goals.

Source: IBC survey results 2017

Key 2: Brand



10%

Your combined brand score is 10%

- Communications are not consistently branded and there is no single person who is responsible for checking the branding of each piece.
- The logo for the state, the agency or the program may appear on a communication – and the logos don't seem to have any clear relationship to each other.
- Some materials don't have any logo at all.
- In addition to logo confusion, there is not a consistent look and feel to the materials.

If people believe they share values with a company, they will stay loyal to the brand.

Source: Howard Schultz, CEO Starbucks

NORTH
Dakota | Retirement and Investment
Be Legendary.™

North Dakota
 **Teachers'
Fund For
Retirement**



Key 3: Website



Your combined Website score is 78%

- Your website that launched in August 2020 is publicly accessible, engaging, comprehensive, responsive, and easy to navigate.
- Since the launch, you have consistently promoted the website as the “go-to” source for more information in all communications.
- There is understandably some confusion in regards to branding.
- Ensure that the website is updated on a regular basis (ideally monthly) and review analytics regularly to understand ongoing traffic and the effect of specific campaigns.

**87% of employees say
having benefits gives
them peace of mind for
the unexpected.**

Source: MetLife's 16th Annual U.S. Employee Benefit Trends Study.

Key 4: Feedback



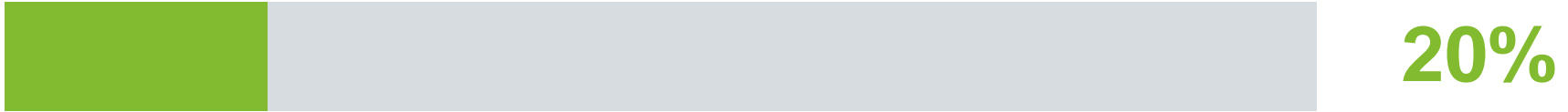
Your combined feedback score is 55%

- You value feedback and consistently ask for it after events or counseling sessions.
- In addition, you make it easy to provide feedback from the website and in your email signatures.
- Consider offering onsite office hours where participants can share feedback and get answers to their questions.
- When building your communication strategy, determine how feedback will help you measure success for each campaign or activity.

84% of employees with high benefit satisfaction report high job satisfaction.

Source: Guardian Life, Workplace Benefits Study, 2016.

Key 5: Simplicity



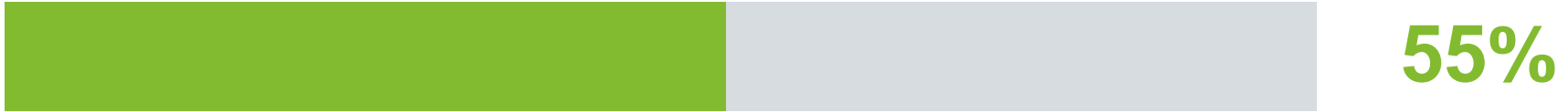
Your combined simplicity score is 20%

- Ensure that all communications have a clear call to action.
- Eliminate jargon whenever possible, ideally keeping content at or below an 8th grade reading level
- Streamline print pieces and emails to ensure the copy is easy to scan and send to the website for more information.
- In addition, use information design to help people “graphically” connect the dots and quickly scan information on the web and in print

The shorthand jargon that employees adopt to get work done efficiently has leaked out to customers.

Source: [Welcome to the Human Era](#), Lippincott and Hill Holiday.

Key 6: Year-round



Your combined year-round score is 55%

- You communicate regularly with participants via newsletters, annual statements, and email blasts.
- Consider additional channels including social media, texting, and videos.
- Consider developing specific campaigns based on behaviors you wish to change.
- Because you currently rely on business managers to pass along communication to members, it's essential to focus on the interest and engagement of each business manager. This should become less important when you have a new system that collects members' emails.

78% of employers say
year-round
engagement is the
biggest challenge.

Key 7: Targeted



Your combined targeted score is 20%

- While you want to target your communication to specific audiences, you don't have the time or resources to do so.
- You don't always target communication based on the action that a participant needs to take – such as sending a packet of useful information when someone reaches retirement age. (Note: You do send a letter to vested inactive members, but not to active members who are reaching their normal retirement.)
- A more robust member portal and improved system-generated communication will allow you to target members.

**Casting a wide net
doesn't necessarily
catch more fish when it
comes to
communication.**

Key 8: Experience



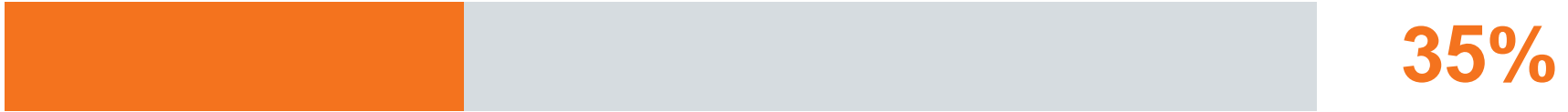
Your combined experience score is 35%

- While you view the member experience as an important part of your program, you don't know if their interaction with ND-TFFR is having an impact. This isn't a question that you've asked.
- You are interested in incorporating the member point of view into your strategy. A good way to accomplish this is to map out the experience by life events/timeline to help develop the best communication plan.

Full engagement is the energy state that best serves performance.

Source: The Power of Full Engagement,
Jim Loehr and Tony Schwartz, The Free Press, 2003.

Key 9: Budget



Your combined budget score is 35%

- The annual budget for communications is currently part of the overall operations budget.
- The budget is set every two years. This requires careful planning in advance and means that you often don't have the resources to do the things you'd like to do.
- You evaluate budget needs and make the business case when needed to add depth and breadth of resources. But it takes a long time.
- Continue to leverage other partnerships – such as ND United.

The budget is not just a collection of numbers, but an expression of our values and aspirations.

Source: Jacob Lew, 76th United States Secretary of the Treasury.

Key 10: Partners

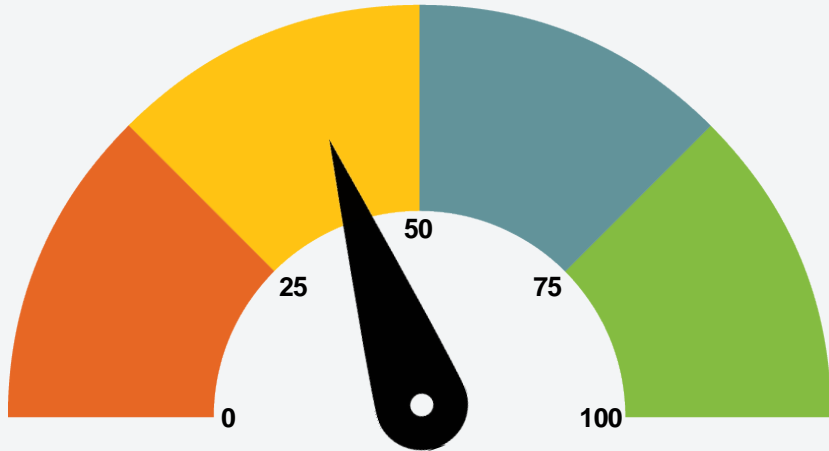


Your combined partners score is 60%

- You have a strong internal team, but you don't have enough people to do everything that needs to be done.
- Fortunately, you have strong relationships with others at the state to ensure the necessary things are accomplished.
- Your work with Segal is helping you step back and look at how you can improve the experience for your members.

Working with partners introduces you to new people and new ideas.

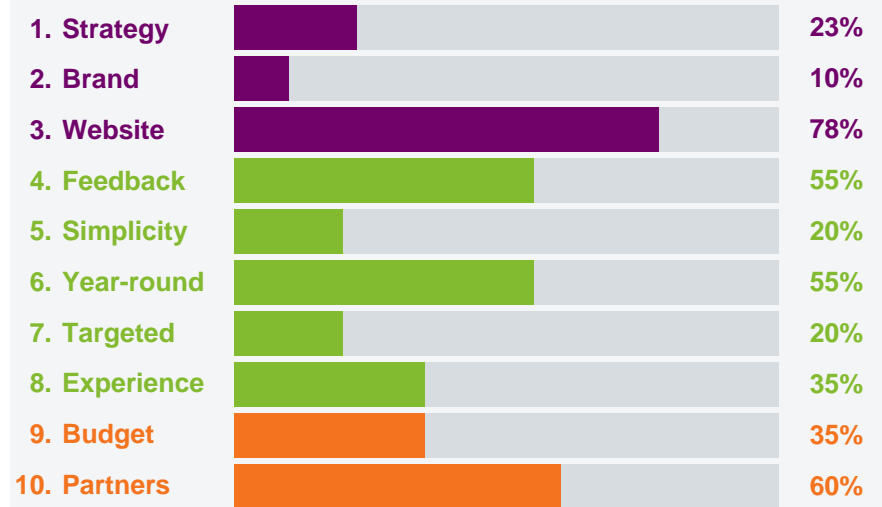
Overall score



39%

You're on the right path –
with room to improve.

Individual key scores



Recommended next steps

- Develop and document a detailed communication strategy with the team
 - Consider “life of a member” by plotting out the life events/timeline of a typical member
 - Create plan by audience with tactics and success measures
 - Include new channels such as social media, texting and videos
- Determine how you will brand communications going forward, including logo and look/feel
 - NOTE: It will take time for the transition to occur
- Hire a Public Information Officer to make these and other tasks feasible

Thank you!

MEMORANDUM

TO: State Investment Board (SIB) Audit Committee
FROM: Sara Sauter, Supervisor of Internal Audit
DATE: February 25, 2021
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 2020 Audit Committee meeting. As anticipated, CLA concluded their audit of the GASB 68 schedules. The final audit report was issued in December 2020 and is included for your review.

The State Auditor's Office is in the process of reviewing and selecting the next external auditor. This is done every three years, and RIO staff should know in March 2021 which firm is awarded the contract. The winner of this bid will be in attendance at the May 27, 2021 Audit Committee meeting to present the audit scope and approach for the upcoming financial audit of RIO for fiscal year July 1, 2020 to June 30, 2021.

If after review of the enclosed information any member of the Audit Committee has any questions or concerns which they would like the external auditors to address during their presentation on May 27, 2021, please forward those to the Supervisor of Internal Audit, Sara Sauter at sasauter@nd.gov.

Approval of GASB 68 Census Data Audit is requested.

**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, 2020**

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, 2020, 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, 2020 (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 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, 2020, 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, 2020, and our report thereon, dated November 9, 2020, 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, 2020 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 November 24, 2020, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the RIO's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering RIO's internal control over financial reporting.



CliftonLarsonAllen LLP

Baltimore, Maryland
November 24, 2020

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, 2020

Employer Name	Covered Payroll	Employer's Proportionate Share Allocation
Alexander School	\$ 1,516,327	0.20781258%
Anamoose School	667,786	0.09152008%
Apple Creek Elem School	313,284	0.04293564%
Ashley School	985,644	0.13508248%
Bakker Elem School	47,000	0.00644137%
Barnes County North	1,680,520	0.23031533%
Beach School	2,196,464	0.30102544%
Belcourt School	9,111,627	1.24874859%
Belfield Public School	1,578,454	0.21632708%
Beulah School	3,757,239	0.51492958%
Billings Co. School Dist.	966,608	0.13247364%
Bismarck Public Schools	76,353,593	10.46426062%
Bismarck State College	-	0.00000000%
Blessed John Paul II Catholic Sch Network	-	0.00000000%
Bottineau School	3,768,589	0.51648521%
Bowbells School	623,250	0.08541637%
Bowman School	3,239,963	0.44403698%
Burke Central School	848,351	0.11626653%
Burleigh County Spec. Ed.	116,718	0.01599626%
Carrington School	2,904,013	0.39799494%
Cavalier School	2,311,493	0.31679016%
Center Stanton School	1,629,941	0.22338337%
Central Cass School	4,358,996	0.59740047%
Central Regional Education Association	755,315	0.10351589%
Central Elementary School	-	0.00000000%
Central Valley School	1,362,991	0.18679788%
Dakota Prairie School	2,241,420	0.30718659%
Devils Lake School	11,341,461	1.55434734%
Dickinson School	22,761,047	3.11940163%
Divide School	2,808,133	0.38485460%
Drake School	486,337	0.06665250%
Drayton School	1,422,991	0.19502093%
Dunseith School	3,525,436	0.48316100%
E Central Ctr Exc Childn	676,836	0.09276040%
Earl Elem. School	26,600	0.00364554%
Edgeley School	1,341,706	0.18388086%
Edmore School	780,443	0.10695971%
Eight Mile School	1,761,637	0.24143233%
Elgin-New Leipzig School	1,159,310	0.15888350%
Ellendale School	1,767,418	0.24222468%

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, 2020

Employer Name	Covered Payroll	Employer's Proportionate Share Allocation
Emerado Elementary School	698,267	0.09569745%
Enderlin Area School District	2,054,563	0.28157782%
Fairmount School	929,538	0.12739313%
Fargo Public Schools	76,240,219	10.44872266%
Fessenden-Bowdon School	1,187,276	0.16271614%
Finley-Sharon School	1,116,786	0.15305557%
Flasher School	1,307,963	0.17925630%
Fordville Lankin School	637,285	0.08733998%
Fort Ransom Elem School	162,931	0.02232976%
Fort Totten School	1,618,359	0.22179615%
Fort Yates School	1,040,065	0.14254092%
Gackle-Streeter Pub Sch	835,704	0.11453326%
Garrison School	2,405,219	0.32963528%
Glen Ullin School	1,111,317	0.15230599%
Glenburn School	1,875,222	0.25699923%
Goodrich School	314,461	0.04309684%
Grafton School	4,358,209	0.59729252%
Grand Forks School	49,439,033	6.77561996%
Great North West Cooperative	221,324	0.03033246%
Grenora School	1,232,603	0.16892829%
Griggs County Central Sch	1,696,493	0.23250434%
Gst Educational Services	1,958,708	0.26844101%
Halliday School	294,264	0.04032886%
Hankinson School	1,575,245	0.21588740%
Harvey School	2,298,099	0.31495449%
Hatton Eielson Psd	1,230,334	0.16861729%
Hazelton - Moffit School	904,847	0.12400929%
Hazen School	2,841,888	0.38948072%
Hebron School	1,182,129	0.16201080%
Hettinger School	1,446,113	0.19818975%
Hillsboro School	2,657,830	0.36425568%
Hope School	820,544	0.11245558%
Horse Creek Elem. School	41,600	0.00570129%
James River Multidistrict Spec Ed Unit	1,334,064	0.18283351%
Jamestown School	13,783,091	1.88897270%
Kenmare School	1,867,353	0.25592075%
Kensal School	256,520	0.03515611%
Kidder County School District	2,093,733	0.28694606%
Killdeer School	3,732,429	0.51152939%
Kindred School	3,764,121	0.51587278%

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, 2020

Employer Name	Covered Payroll	Employer's Proportionate Share Allocation
Kulm School	1,047,025	0.14349472%
Lake Region Spec Ed	2,081,434	0.28526054%
Lakota School	1,205,653	0.16523477%
Lamoure School	1,490,331	0.20424987%
Langdon Area School	2,665,970	0.36537117%
Larimore School	2,159,099	0.29590457%
Leeds School	1,081,246	0.14818480%
Lewis And Clark School	2,499,777	0.34259449%
Lidgerwood School	1,197,058	0.16405674%
Linton School	1,600,940	0.21940891%
Lisbon School	3,549,681	0.48648383%
Litchville-Marion School	864,250	0.11844544%
Little Heart Elem. School	149,344	0.02046759%
Logan County	2,165	0.00029674%
Lone Tree Elem. School	264,906	0.03630540%
Lonetree Spec Ed Unit	228,201	0.03127501%
Maddock School	965,853	0.13237022%
Mandan Public Schools	22,091,591	3.02765273%
Mandaree School	1,786,886	0.24489268%
Manning Elem School	59,081	0.00809708%
Manvel Elem. School	995,594	0.13644616%
Maple Valley School	1,661,577	0.22771910%
Mapleton Elem. School	1,017,967	0.13951245%
Marmarth Elem. School	120,354	0.01649453%
Max School	1,127,294	0.15449563%
May-Port C-G School	2,764,970	0.37893911%
Mcclusky School	661,053	0.09059727%
Mckenzie County	47,700	0.00653734%
Mckenzie County School	10,402,682	1.42568771%
Medina School	1,091,674	0.14961398%
Menoken Elem School	218,510	0.02994680%
Midkota	1,184,023	0.16227031%
Midway School	1,232,268	0.16888228%
Milnor School	1,480,583	0.20291387%
Minnewaukan School	1,895,129	0.25972739%
Minot School	46,143,620	6.32398347%
Minto School	1,643,007	0.22517414%
Mohall Lansford Sherwood	2,055,147	0.28165787%
Montpelier School	814,613	0.11164266%
Morton County	5,963	0.00081724%

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, 2020

Employer Name	Covered Payroll	Employer's Proportionate Share Allocation
Mott-Regent School	1,508,673	0.20676362%
Mt Pleasant School	1,845,320	0.25290109%
Munich School	1,059,347	0.14518349%
N Central Area Career And Tech Center	-	0.00000000%
Napoleon School	1,292,220	0.17709880%
Naughton Rural School	108,263	0.01483738%
Nd Center For Distance Education	1,440,161	0.19737411%
Nd Dept Of Public Instruction	187,538	0.02570209%
Nd School For Blind	708,255	0.09706635%
Nd School For Deaf	933,476	0.12793287%
Nd United	105,593	0.01447148%
Nd Youth Correctional Cnt	1,052,040	0.14418206%
Nedrose School	3,165,545	0.43383802%
Nelson County	9,802	0.00134334%
Nesson School	2,040,758	0.27968597%
New England School	1,405,053	0.19256257%
New Rockford Sheyenne School	1,822,509	0.24977487%
New Salem-Almont	2,136,308	0.29278099%
New Town School	6,285,982	0.86149395%
Newburg United District	843,042	0.11553892%
North Border School	2,788,632	0.38218199%
North Sargent School	1,547,775	0.21212251%
North Star	1,723,536	0.23621060%
North Valley Area Career	708,466	0.09709527%
Northern Cass School Dist	3,357,999	0.46021379%
Northern Plains Spec Ed	319,314	0.04376198%
Northwood School	1,907,442	0.26141487%
Oakes School	2,272,380	0.31142968%
Oberon Elem School	295,094	0.04044265%
Oliver - Mercer Spec Ed	962,089	0.13185437%
Page School	767,931	0.10524501%
Park River Area School District	2,099,622	0.28775320%
Parshall School	1,897,432	0.26004310%
Peace Garden Spec Ed	669,068	0.09169575%
Pembina Spec Ed Coop	128,775	0.01764862%
Pingree - Buchanan School	879,726	0.12056640%
Pleasant Valley Elem	-	0.00000000%
Powers Lake School	1,340,245	0.18368058%
Richardton-Taylor	1,988,540	0.27252947%
Richland School	1,603,375	0.21974253%

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, 2020

Employer Name	Covered Payroll	Employer's Proportionate Share Allocation
Robinson School	-	0.00000000%
Rolette County	-	0.00000000%
Rolette School	1,270,285	0.17409257%
Roosevelt School	454,028	0.06222449%
Roughrider Area Career And Tech Center	198,675	0.02722839%
Roughrider Service Program	197,712	0.02709643%
Rugby School	3,782,065	0.51833205%
Rural Cass Spec Ed	1,474,163	0.20203403%
Sargent Central School	1,724,352	0.23632252%
Sawyer School	601,265	0.08240341%
Scranton School	1,189,926	0.16307936%
Se Region Career And Tech	1,671,318	0.22905409%
Selfridge School	941,960	0.12909562%
Sheyenne Valley Area Voc	969,891	0.13292362%
Sheyenne Valley Spec Ed	1,456,285	0.19958382%
Slope County	27,358	0.00374945%
Solen - Cannonball School	1,419,532	0.19454686%
Souris Valley Spec Ed	1,246,538	0.17083798%
South Cent. Prairie Sp Ed	299,443	0.04103867%
South East Education Cooperative	488,162	0.06690259%
South Heart School	2,182,955	0.29917403%
South Prairie Elem School	2,730,461	0.37420974%
South Valley Spec Ed	449,663	0.06162638%
Southwest Special Education Unit	73,836	0.01011922%
St. John'S School	3,172,612	0.43480650%
St. Thomas School	624,062	0.08552774%
Stanley School	3,674,635	0.50360881%
Starkweather School	588,591	0.08066633%
Sterling School	175,948	0.02411367%
Strasburg School District	888,426	0.12175873%
Surrey School	2,655,504	0.36393679%
Sweet Briar Elem School	117,470	0.01609927%
Tgu School District	2,620,423	0.35912896%
Thompson School	2,596,683	0.35587541%
Tioga School	3,390,378	0.46465135%
Turtle Lake-Mercer School	1,405,204	0.19258328%
Twin Buttes Elem. School	450,250	0.06170678%
Underwood School	1,507,179	0.20655895%
United School	3,407,994	0.46706559%
Upper Valley Spec Ed	2,641,132	0.36196710%

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, 2020

Employer Name	Covered Payroll	Employer's Proportionate Share Allocation
Valley - Edinburg School	1,539,823	0.21103270%
Valley City School	6,207,336	0.85071540%
Velva School	2,786,874	0.38194107%
Wahpeton School	6,959,753	0.95383423%
Ward County	30,600	0.00419368%
Warwick School	1,847,543	0.25320573%
Washburn School	1,930,849	0.26462286%
West Fargo School	67,244,705	9.21588744%
West River Student Services	542,506	0.07435043%
Westhope School	1,104,509	0.15137299%
White Shield School	1,824,514	0.25004970%
Williams Co School Dist #8	2,695,268	0.36938654%
Williston School	23,435,588	3.21184755%
Wilmac Special Education	4,436,166	0.60797665%
Wilton School	1,511,218	0.20711247%
Wing School	634,207	0.08691802%
Wishek School	1,183,387	0.16218324%
Wolford School	-	0.00000000%
Wyndmere School	1,482,459	0.20317101%
Yellowstone Elem. School	526,205	0.07211635%
Zeeland School	448,558	0.06147481%
Grand Totals:	\$729,660,661	100%

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, 2020

Employer Name	Deferred Outflows of Resources					Deferred Inflows of Resources				Pension Expense			
	Net Pension Liability for the year ended June 30, 2020	Differences Between Expected and Actual Experience	Net Difference Between Projected and Actual Investment Earnings on Pension Plan	Changes of Assumptions	Changes in Proportionate Share of Contributions	Total Deferred Outflows of Resources	Differences Between Expected and Actual Experience	Changes of Assumptions	Changes in Proportionate Share of Contributions	Total Deferred Inflows of Resources	Proportionate Share of Pension Expense	Net Amortization of Deferred Amounts from Changes in Proportionate Share of Contributions	Total Employer Pension Expense
Alexander School	\$ 3,180,579	\$ 656	\$ 196,342	\$ 143,154	\$ 391,552	\$ 731,704	\$ 119,360	\$ -	\$ 14,433	\$ 133,793	\$ 333,819	\$ 113,177	\$ 446,996
Anamoose School	1,400,718	289	86,468	63,045	26,082	175,884	52,566	-	230,825	283,391	147,013	(29,828)	117,185
Apple Creek Elem School	657,131	136	40,566	29,577	9,090	79,369	24,661	-	88,704	113,365	68,970	(26,994)	41,976
Ashley School	2,067,442	426	127,626	93,053	2,805	223,910	77,587	-	107,812	185,399	216,989	(28,596)	188,393
Bakker Elem School	98,585	20	6,086	4,437	8,938	19,481	3,700	-	1,270	4,970	10,347	1,290	11,637
Barnes County North	3,524,984	727	217,602	158,655	54,771	431,755	132,285	-	250,612	382,897	369,966	(100,294)	269,672
Beach School	4,607,205	950	284,409	207,365	12,499	505,223	172,899	-	254,827	427,726	483,551	(92,490)	391,061
Belcourt School	19,112,140	3,941	1,179,820	860,214	310,486	2,354,461	717,238	-	614,287	1,331,525	2,005,924	(156,492)	1,849,432
Belfield Public School	3,310,893	683	204,386	149,019	127,547	481,635	124,251	-	235,774	360,025	347,496	(7,849)	339,647
Beulah School	7,881,015	1,625	486,506	354,715	254,634	1,097,480	295,758	-	407,414	703,172	827,156	(71,245)	755,911
Billings Co. School Dist.	2,027,514	418	125,161	91,256	230,325	447,160	76,088	-	79,852	155,940	212,799	14,271	227,070
Bismarck Public Schools	160,155,871	33,026	9,886,651	7,208,422	950,071	18,078,170	6,010,311	-	3,573,968	9,584,279	16,809,238	(354,760)	16,454,478
Bismarck State College	-	-	-	-	-	-	-	-	8,928	8,928	-	(8,930)	(8,930)
Blessed John Paul II Catholic Sch Netw	-	-	-	-	-	-	-	-	17,152	17,152	-	(8,788)	(8,788)
Bottineau School	7,904,824	1,630	487,976	355,787	127,989	973,382	296,651	-	736,195	1,032,846	829,655	(160,569)	669,086
Bow bells School	1,307,300	270	80,702	58,840	41,737	181,549	49,060	-	70,928	119,988	137,208	(3,963)	133,245
Bowman School	6,796,001	1,401	419,527	305,880	310,327	1,037,135	255,040	-	132,565	387,605	713,278	2,355	715,633
Burke Central School	1,779,463	367	109,849	80,091	190,513	380,820	66,779	-	486,386	553,165	186,764	(53,570)	133,194
Burleigh County Spec. Ed.	244,823	50	15,113	11,019	30,882	57,064	9,188	-	11,963	21,151	25,696	7,559	33,255
Carrington School	6,091,326	1,256	376,026	274,163	45,508	696,953	228,595	-	536,521	765,116	639,318	(108,343)	530,975
Cavalier School	4,848,484	1,000	299,304	218,224	28,346	546,874	181,953	-	258,541	440,494	508,875	(44,412)	464,463
Center Stanton School	3,418,890	705	211,053	153,880	69,494	435,132	128,304	-	108,578	236,882	358,831	(7,216)	351,615
Central Cass School	9,143,235	1,885	564,425	411,526	663,115	1,640,951	343,126	-	108,067	451,193	959,633	56,742	1,016,375
Central Regional Education Associatio	1,584,314	327	97,802	71,308	1,203,732	1,373,169	59,456	-	59,456	166,282	200,622	200,622	366,904
Central Elementary School	-	-	-	-	2,077	-	-	-	92,541	92,541	-	(19,183)	(19,183)
Central Valley School	2,858,948	590	176,487	128,678	17,314	323,069	107,290	-	103,045	210,335	300,062	(38,071)	261,991
Dakota Prairie School	4,701,501	970	290,230	211,609	340,091	842,900	176,437	-	112,501	288,938	493,448	45,320	538,768
Devils Lake School	23,789,340	4,906	1,468,550	1,070,729	501,596	3,045,781	892,764	-	838,229	1,730,993	2,496,822	(257,996)	2,238,826
Dickinson School	47,742,550	9,845	2,947,216	2,148,835	3,179,113	8,285,009	1,791,677	-	527,429	2,319,106	5,010,843	913,197	5,924,040
Divide School	5,890,213	1,215	363,611	265,111	418,422	1,048,359	221,047	-	185,603	406,650	618,210	28,570	646,780
Drake School	1,020,119	210	62,973	45,914	16,196	125,293	38,283	-	118,065	156,348	107,067	(42,676)	64,391
Drayton School	2,984,802	616	184,256	134,342	123,433	442,647	112,013	-	152,175	264,188	313,271	15,419	328,690
Dunseith School	7,394,796	1,525	456,491	332,831	370,666	1,161,513	277,511	-	60,893	338,404	776,124	114,288	890,412
E Central Ctr Exc Childn	1,419,701	293	87,640	63,899	1,360	153,192	53,278	-	325,448	378,726	149,005	(68,351)	80,654
Earl Elem. School	55,795	12	3,444	2,511	1,459	7,426	2,094	-	13,633	15,727	8,586	(2,909)	2,947
Edgeley School	2,814,303	580	173,731	126,668	140,647	441,626	105,615	-	260,946	366,561	295,377	(29,310)	266,067
Edmore School	1,637,022	338	101,056	73,680	60,455	235,529	61,434	-	93,006	154,440	171,814	(5,234)	166,580
Eight Mile School	3,695,130	762	228,106	166,313	279,213	674,394	138,670	-	164,524	303,194	387,824	60,024	447,848
Elgin-New Leipzig School	2,431,717	501	150,113	109,449	61,521	321,584	91,257	-	200,260	291,517	255,222	(14,149)	241,073
Ellendale School	3,707,257	764	228,854	166,859	73,344	469,821	139,126	-	288,886	428,012	389,097	(88,673)	300,424

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, 2020

Employer Name	Deferred Outflows of Resources					Deferred Inflows of Resources					Pension Expense		
	Net Pension Liability for the year ended June 30, 2020	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	Net Amortization of Deferred Amounts from Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Employer Pension Expense
Emerado Elementary School	1,464,653	302	90,415	65,922	94,449	251,088	54,965	-	30,655	85,620	153,723	8,134	161,857
Enderlin Area School District	4,309,558	889	266,035	193,968	25,326	486,218	161,729	-	276,050	437,779	452,312	(52,399)	399,913
Fairmount School	1,949,756	402	120,361	87,756	17,292	225,811	37,170	-	311,999	385,169	204,638	(63,290)	141,398
Fargo Public Schools	159,918,062	32,977	9,871,971	7,197,719	1,074,232	18,176,899	6,001,386	-	2,130,173	8,131,559	16,784,278	(742,463)	16,041,815
Fessenden-Bow don School	2,490,376	514	153,734	112,089	74,801	341,138	93,459	-	13,530	106,989	261,379	16,318	277,697
Finley-Sharon School	2,342,521	483	144,607	105,434	64,724	315,248	87,910	-	161,699	249,609	245,860	(57,659)	188,201
Flasher School	2,743,524	566	169,362	123,483	128,093	421,504	102,959	-	37,291	140,250	287,948	(784)	287,164
Fordville Lan kin School	1,336,741	276	82,519	60,165	40,932	183,892	50,165	-	66,882	117,047	140,298	(10,785)	129,513
Fort Ransom Elem School	341,758	70	21,097	15,382	1,475	38,024	12,825	-	27,970	40,795	35,869	(6,833)	29,036
Fort Totten School	3,394,598	700	209,553	152,787	169,751	532,791	127,392	-	289,717	417,109	356,282	(69,888)	286,394
Fort Yates School	2,181,594	450	134,673	98,191	141,331	374,645	81,871	-	527,685	609,556	228,970	(63,495)	165,475
Gackle-Streeter Pub Sch	1,752,936	361	108,211	78,898	9,297	196,767	65,784	-	57,436	123,220	183,980	(15,284)	168,696
Garrison School	5,045,079	1,040	311,440	227,073	23,467	563,020	189,331	-	238,878	428,209	529,509	(40,137)	489,372
Glen Ullin School	2,331,048	481	143,899	104,918	20,086	269,384	87,479	-	224,982	312,461	244,656	(34,442)	210,214
Glenburn School	3,933,382	811	242,813	177,037	239,658	660,319	147,612	-	356,119	503,731	412,830	(4,656)	408,174
Goodrich School	659,599	136	40,718	29,688	12,146	82,688	24,753	-	31,267	56,020	69,228	(7,903)	61,325
Grafton School	9,141,583	1,885	564,323	411,452	16,478	984,138	343,064	-	774,853	1,117,917	959,459	(167,296)	792,163
Grand Forks School	103,701,098	21,385	6,401,617	4,667,461	256,342	11,346,805	3,891,683	-	2,964,428	6,856,111	10,884,000	(752,847)	10,131,153
Great North West Cooperative	464,239	96	28,658	20,895	150,897	200,546	17,422	-	64,053	81,475	48,724	15,675	64,399
Grenora School	2,585,453	533	159,604	116,368	148,795	425,300	97,027	-	236,992	334,019	271,358	224	271,582
Griggs County Central Sch	3,558,487	734	219,671	160,163	6,361	386,929	133,542	-	280,546	414,088	373,483	(100,492)	272,991
Gst Educational Services	4,108,499	847	253,624	184,919	300,984	740,374	154,183	-	75,198	229,381	431,210	37,078	468,288
Hallday School	617,235	127	38,103	27,781	15,129	81,140	23,164	-	206,210	229,374	64,782	(55,176)	9,606
Hankinson School	3,304,164	681	203,971	148,716	41,079	394,447	123,998	-	215,000	338,998	346,790	(87,861)	258,929
Harvey School	4,820,389	994	297,570	216,960	37,247	552,771	180,899	-	381,162	562,061	505,926	(81,876)	424,050
Hatton Elison Psd	2,580,693	532	159,310	116,154	58,422	334,418	96,848	-	115,150	211,998	270,858	(22,874)	247,984
Hazellton - Moffit School	1,897,966	391	117,164	85,425	134,424	337,404	71,227	-	151,288	222,515	199,202	(13,608)	185,594
Hazen School	5,961,016	1,229	367,982	268,298	71,333	708,842	223,704	-	575,815	799,519	625,641	(101,554)	524,087
Hebron School	2,479,581	511	153,068	111,603	35,172	300,354	93,053	-	199,552	292,605	260,246	(46,136)	214,110
Hettinger School	3,033,301	626	187,250	136,525	19,395	343,796	113,833	-	269,325	383,158	318,362	(112,982)	205,380
Hillsboro School	5,574,946	1,150	344,149	250,922	92,427	688,648	209,216	-	264,785	474,001	585,121	(6,730)	578,391
Hope School	1,721,137	355	106,248	77,466	193,994	378,063	64,591	-	61,748	126,339	180,643	21,022	201,665
Horse Creek Elem. School	87,258	18	5,387	3,927	30,530	39,862	3,275	-	35,849	39,124	9,158	(546)	8,612
James River Multidistrict Spec Ed Unit	2,798,273	577	172,741	125,947	94,196	393,461	105,013	-	341,797	446,810	293,694	(26,775)	266,919
Jamestown n School	28,910,793	5,962	1,784,705	1,301,240	-	3,091,907	1,084,961	-	1,504,150	2,589,111	3,034,346	(491,025)	2,543,321
Kenmare School	3,916,876	808	241,794	176,294	91,060	509,956	146,992	-	228,599	375,591	411,098	(64,449)	346,649
Kensal School	538,065	111	33,216	24,218	10,150	67,695	20,192	-	221,819	242,011	56,473	(53,012)	3,461
Kidder County School District	4,391,719	906	271,107	197,666	159,318	628,997	164,812	-	676,044	840,856	460,935	(143,099)	317,836
Killdeer School	7,828,975	1,614	483,294	352,373	1,152,260	1,989,541	293,805	-	37,015	330,820	821,694	210,408	1,032,102
Kindred School	7,895,451	1,628	487,397	355,365	308,655	1,153,045	296,300	-	69,045	365,345	828,671	25,192	853,863

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, 2020

Employer Name	Deferred Outflows of Resources						Deferred Inflows of Resources					Pension Expense		
	Net Pension Liability for the year ended June 30, 2020	Differences Between Expected and Actual Experience	Net Difference Between Projected and Actual Earnings on Pension Plan	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	
Kulm School	2,196,192	453	135,574	98,848	38,532	273,407	82,418	-	210,096	292,514	230,502	(57,885)	172,617	
Lake Region Spec Ed	4,365,922	900	269,515	196,505	282,767	749,687	163,844	-	98,026	261,870	458,228	(205)	458,023	
Lakota School	2,528,924	521	156,114	113,824	89,540	359,999	94,905	-	262,743	357,648	265,424	(54,265)	211,159	
Lamoure School	3,126,051	645	192,976	140,700	11,509	345,830	117,314	-	329,689	447,003	328,096	(67,702)	260,394	
Langdon Area School	5,592,018	1,153	345,203	251,690	597,765	1,195,811	209,857	-	214,445	424,302	586,913	57,583	644,496	
Larimore School	4,528,830	934	279,571	203,837	90,623	574,965	169,957	-	411,925	581,882	475,326	(106,396)	368,930	
Leeds School	2,267,973	468	140,005	102,079	5,445	247,997	85,112	-	166,228	251,340	238,036	(42,983)	195,053	
Lewis And Clark School	5,243,421	1,081	323,684	236,000	35,879	596,644	196,774	-	634,903	831,677	550,326	(118,328)	431,998	
Lidgerwood School	2,510,894	518	155,001	113,012	23,435	291,966	94,229	-	138,859	233,088	263,532	(40,245)	223,287	
Linton School	3,358,061	692	207,298	151,142	8,441	367,573	126,021	-	368,334	494,355	352,447	(95,019)	257,428	
Lisbon School	7,445,652	1,535	459,631	335,120	81,721	878,007	279,420	-	547,717	827,137	781,462	(122,541)	658,921	
Litchville-Marion School	1,812,812	374	111,907	81,592	39,849	233,722	68,031	-	144,034	212,065	190,265	(36,240)	154,025	
Little Heart Elem. School	313,257	65	19,338	14,099	34,187	67,689	11,756	-	3,391	15,147	32,878	7,758	40,636	
Logan County	4,542	1	280	204	-	485	170	-	3,793	3,963	477	(736)	(259)	
Lone Tree Elem. School	555,655	115	34,301	25,009	36,621	96,046	20,853	-	29,725	50,578	58,319	4,668	62,987	
Lonetree Spec Ed Unit	478,665	99	29,549	21,544	138,200	189,392	17,963	-	68,909	86,872	50,239	14,048	64,287	
Maddock School	2,025,931	418	125,064	91,185	6,707	223,374	76,029	-	159,093	235,122	212,633	(45,267)	167,366	
Mandan Public Schools	46,338,330	9,556	2,860,532	2,085,632	927,087	5,882,807	1,738,979	-	69,401	1,808,380	4,863,462	355,504	5,218,966	
Mandaree School	3,748,091	773	231,375	168,697	339,668	740,513	140,658	-	283,738	424,396	393,383	(49,140)	344,243	
Manning Elem. School	123,926	26	7,650	5,578	16,916	30,170	4,651	-	82,653	87,304	13,007	(7,597)	5,410	
Manvel Elem. School	2,088,313	431	128,915	93,992	171,072	394,410	78,370	-	63,905	142,275	219,180	18,501	237,681	
Maple Valley School	3,485,249	719	215,149	156,867	18,717	391,452	130,794	-	267,005	397,799	365,796	(65,984)	299,812	
Mapleton Elem. School	2,135,243	440	131,812	96,105	334,338	562,695	80,131	-	20,189	100,320	224,105	60,081	284,186	
Marmarth Elem. School	252,449	52	15,584	11,362	44,731	71,729	9,474	-	103,918	113,392	26,496	(17,545)	8,951	
Max School	2,364,561	488	145,968	106,426	6,458	259,340	88,737	-	261,408	350,145	248,174	(53,756)	194,418	
May-Port C-G School	5,799,676	1,196	358,022	261,036	13,585	633,839	217,650	-	397,982	615,632	608,708	(71,761)	536,947	
Mcclusky School	1,386,594	286	85,596	62,409	175,948	324,239	52,036	-	325,113	377,149	145,531	(61,220)	84,311	
Mckenzie County	100,054	21	6,176	4,503	3,762	14,462	3,755	-	8,754	12,509	10,501	(3,987)	6,514	
Mckenzie County School	21,820,200	4,500	1,346,992	982,101	4,513,323	6,846,916	818,866	-	-	818,866	2,290,150	1,179,621	3,469,771	
Medina School	2,289,847	472	141,356	103,063	70,442	315,333	85,933	-	138,323	224,256	240,332	(15,262)	225,070	
Menoken Elem. School	458,337	95	28,294	20,629	51,696	100,714	17,200	-	-	17,200	48,105	17,312	65,417	
Midkota	2,483,553	512	153,313	111,782	173,598	439,205	93,202	-	105,197	198,399	260,662	(14,004)	246,658	
Midway School	2,584,749	533	159,560	116,336	25,540	301,969	97,000	-	476,010	573,010	271,284	(110,713)	160,571	
Minor School	3,105,604	640	191,713	139,779	103,919	436,051	116,547	-	275,385	391,932	325,950	(68,879)	262,071	
Minnewaukan School	3,975,137	820	245,911	178,916	346,658	771,785	149,178	-	296,913	446,091	417,212	(27,813)	389,399	
Minot School	96,788,786	19,959	5,974,910	4,356,346	-	10,351,215	3,632,278	-	3,691,913	7,324,191	10,158,514	(1,042,715)	9,115,799	
Minto School	3,446,298	711	212,745	155,114	485,533	854,103	129,332	-	53,246	182,578	361,708	78,950	440,658	
Mohall Lansford Sherwood	4,310,783	889	266,111	194,023	-	461,023	161,775	-	587,951	749,726	452,440	(176,249)	276,191	
Montpelier School	1,708,695	352	105,480	76,906	15,558	198,296	64,124	-	56,122	120,246	179,337	(4,298)	175,039	
Morton County	12,508	3	772	563	503	1,841	469	-	29,417	29,886	1,313	(6,658)	(5,345)	

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, 2020

Employer Name	Deferred Outflows of Resources					Deferred Inflows of Resources					Pension Expense		
	Net Pension Liability for the year ended June 30, 2020	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	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 Resources	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 Total Employer Pension Expense
Mott-Regent School	3,164,524	653	195,351	142,431	169,773	508,208	118,758	-	349,911	468,669	332,134	(70,793)	261,341
Mt Pleasant School	3,870,660	798	238,941	174,214	175,761	589,714	145,258	-	103,700	248,958	406,247	9,776	416,023
Munich School	2,222,038	458	137,170	100,011	128,560	366,199	83,388	-	109,992	193,380	233,215	25,487	258,707
N Central Area Career And Tech Cent	-	-	-	-	-	-	-	-	164,007	164,007	-	(42,724)	(42,724)
Napoleon School	2,710,503	559	167,323	121,996	43,562	333,440	101,719	-	633,946	735,665	284,482	(116,837)	167,645
Naughton Rural School	227,087	47	14,018	10,221	50,497	26,211	8,522	-	2,133	10,655	23,834	6,328	30,162
Nd Center For Distance Education	3,020,818	623	186,479	135,963	151,602	474,667	113,365	-	146,167	259,532	317,051	74,137	391,188
Nd Dept Of Public Instruction	393,371	81	24,283	17,705	89,823	131,892	14,762	-	127,960	142,722	14,286	9,444	50,730
Nd School For Blind	1,485,604	306	91,708	66,865	39,179	198,058	55,752	-	129,618	185,370	155,922	(24,304)	131,618
Nd School For Deaf	1,958,017	404	120,871	88,128	31,031	240,434	73,480	-	157,496	230,976	205,505	(22,602)	182,903
Nd United	221,487	46	13,673	9,969	5,249	28,937	8,312	-	338,953	347,265	23,246	(67,011)	(43,765)
Nd Youth Correctional Cnt	2,206,711	455	136,223	99,321	49,735	285,734	82,813	-	477,616	560,429	231,606	(93,637)	137,969
Nedrose School	6,639,906	1,369	409,891	298,854	996,220	1,706,334	249,182	-	47,443	296,625	696,895	357,685	1,054,580
Nelson County	20,560	4	1,269	925	436	2,634	772	-	6,825	7,597	2,158	(963)	1,195
Nesson School	4,280,603	883	264,248	192,665	433,589	891,385	160,642	-	78,377	239,019	449,273	86,951	536,224
New England School	2,947,177	608	181,933	132,649	76,754	391,944	110,601	-	234,868	345,469	309,322	3,195	312,517
New Rockford Sheyenne School	3,822,813	788	235,988	172,060	90,112	488,948	143,462	-	234,101	377,563	407,225	(52,938)	348,287
New Salem-Almont	4,481,023	924	276,620	201,685	230,648	709,877	168,163	-	83,899	252,062	470,308	46,478	516,786
New Town School	13,185,195	2,719	813,941	593,450	1,919,334	3,329,444	494,812	-	73,693	568,505	1,383,859	389,802	1,773,661
Newburg United District	1,768,327	365	109,161	79,590	143,538	332,654	66,362	-	38,720	105,082	185,596	27,432	213,028
North Border School	5,849,309	1,206	361,086	263,270	102,985	728,547	219,512	-	539,647	759,159	613,917	(132,883)	481,034
North Sargent School	3,246,542	669	200,414	146,123	163,576	510,782	121,836	-	291,151	412,987	340,742	7,213	347,955
North Star	3,615,211	746	223,172	162,716	72,779	459,413	135,671	-	213,539	349,210	379,436	(20,180)	359,256
North Valley Area Career	1,486,046	306	91,736	66,885	202,920	361,847	55,768	-	73,005	128,773	155,969	(2,977)	152,992
Northern Cass School Dist	7,043,588	1,452	434,811	317,023	325,157	1,078,443	264,331	-	188,835	453,166	739,263	83,734	822,997
Northern Plains Spec Ed	669,779	138	41,346	30,146	47,075	118,705	25,135	-	34,679	59,814	70,297	18,621	88,918
Northwood School	4,000,964	825	246,985	180,079	289,662	717,551	150,148	-	10,934	161,082	419,923	68,972	488,895
Oakes School	4,766,442	983	294,239	214,532	405,258	915,012	178,874	-	350,557	529,431	500,264	(23,612)	476,652
Oberon Elem School	618,976	128	38,210	27,859	196,629	262,826	23,229	-	420,421	443,650	64,965	(62,130)	2,835
Oliver - Mercer Spec Ed	2,018,036	416	124,576	90,829	92,758	308,579	75,733	-	214,801	290,534	211,804	(27,617)	184,187
Page School	1,610,779	332	99,436	72,499	133,175	305,442	60,449	-	141,696	202,145	169,060	(15,608)	153,452
Park River Area School District	4,404,073	908	271,870	198,222	26,513	497,513	165,276	-	356,789	522,065	462,232	(99,153)	363,079
Parshall School	3,979,969	821	245,689	179,134	257,298	682,942	149,360	-	312,423	461,783	417,720	(40,126)	377,594
Peace Garden Spec Ed	1,403,407	289	86,634	63,166	229,375	379,464	52,667	-	107,861	160,528	147,295	176,972	176,972
Pembina Spec Ed Coop	270,113	56	16,674	12,157	29,152	58,039	10,137	-	38,948	49,085	28,350	(18,422)	9,928
Pingree - Buchanan School	1,845,273	381	113,911	83,054	152,883	350,229	69,249	-	177,032	246,281	193,672	(17,076)	176,596
Pleasant Valley Elem	-	-	-	-	-	-	-	-	4,752	4,752	-	(4,753)	(4,753)
Powers Lake School	2,811,238	580	173,542	126,530	210,281	510,933	105,500	-	41,925	147,425	295,055	39,719	334,774
Richardton-Taylor	4,171,073	860	257,486	187,735	167,800	613,881	156,532	-	94,628	251,160	437,777	12,984	450,761
Richland School	3,363,167	694	207,613	151,372	53,635	413,314	126,213	-	224,778	350,991	352,983	(67,675)	285,308

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, 2020

Employer Name	Deferred Outflows of Resources						Deferred Inflows of Resources				Pension Expense			
	Net Pension Liability for the year ended June 30, 2020	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	Net Amortization of Deferred Amounts from Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Employer Pension Expense	
Robinson School	-	-	-	-	-	-	-	-	30,320	30,320	-	(20,228)	(20,228)	
Rolette County	-	-	-	-	-	-	-	-	1,139	1,139	-	(1,137)	(1,137)	
Rolette School	2,664,493	549	164,483	119,926	63,678	348,636	99,993	-	181,482	281,475	279,653	(8,156)	271,497	
Roosevelt School	952,348	196	58,790	42,864	95,833	197,683	35,740	-	72,964	108,704	99,954	(5,389)	94,565	
Roughrider Area Career And Tech Ce	416,731	86	25,725	18,757	109,724	154,292	15,639	-	41,071	56,710	43,738	1,775	45,513	
Roughrider Service Program	414,712	86	25,601	18,666	78,358	122,711	15,563	-	162,032	177,595	43,526	16,745	60,271	
Rugby School	7,933,090	1,636	489,721	357,059	296,275	1,144,691	297,712	-	38,338	336,050	832,621	35,733	868,354	
Rural Cass Spec Ed	3,092,138	638	190,882	139,173	484,784	815,477	116,041	-	122,968	239,009	324,537	57,826	382,326	
Sargent Central School	3,616,924	746	223,278	162,793	178,610	565,427	135,736	-	78,761	214,497	379,616	15,835	395,451	
Sawyer School	1,261,187	260	77,855	56,765	71,879	206,759	47,330	-	398,764	446,094	132,369	(96,678)	35,691	
Scranton School	2,495,935	515	154,078	112,339	39,445	306,377	93,667	-	124,119	217,786	261,962	(17,454)	244,508	
Se Region Career And Tech	3,505,681	723	216,411	157,786	90,652	465,572	131,561	-	1,033	132,594	367,940	22,062	390,002	
Selfridge School	1,975,813	407	121,970	88,929	34,167	245,473	74,148	-	108,806	182,954	207,372	(12,304)	195,068	
Sheyenne Valley Area Voc	2,034,401	420	125,586	91,566	226,029	443,601	76,347	-	41,067	117,414	213,522	31,811	245,333	
Sheyenne Valley Spec Ed	3,054,637	630	188,567	137,486	67,557	394,240	114,634	-	423,087	537,721	320,601	(97,965)	222,636	
Slope County	57,385	12	3,542	2,583	558	6,695	2,154	-	1,398	3,552	6,023	(310)	5,713	
Solen - Cannonball School	2,977,546	614	183,808	134,016	57,858	376,296	111,741	-	649,934	761,675	312,510	(158,514)	152,996	
Souris Valley Spec Ed	2,614,681	539	161,408	117,684	207,507	487,138	98,123	-	561,742	659,865	274,425	(139,774)	134,651	
South Cent. Prairie Sp Ed	628,098	130	38,773	28,270	378,002	445,175	23,571	-	50,862	74,433	65,922	49,641	115,563	
South East Education Cooperative	1,023,946	211	63,210	46,087	581,398	690,906	38,427	-	363,161	401,588	107,469	112,525	219,994	
South Heart School	4,578,869	944	282,660	206,089	616,838	1,106,531	171,835	-	-	171,835	480,577	155,994	636,571	
South Prairie School District	5,727,293	1,181	353,554	257,779	773,287	1,385,801	214,933	-	-	214,933	601,111	289,522	890,633	
South Valley Spec Ed	943,194	194	58,225	42,452	105,199	206,070	35,396	-	314,084	349,480	98,993	(79,341)	19,652	
Southwest Special Education Unit	154,875	32	9,561	6,971	4,397	20,961	5,812	-	2,030	7,842	16,255	(382)	15,873	
St. John's School	6,654,729	1,372	410,806	299,521	551,251	1,262,950	249,738	-	37,916	287,654	698,450	84,596	783,046	
St. Thomas School	1,309,005	270	80,807	58,917	19,399	159,393	49,124	-	161,613	210,737	137,387	(42,084)	95,303	
Stanley School	7,707,750	1,589	475,810	346,917	297,142	1,121,458	289,256	-	500,952	790,208	808,971	24,826	833,797	
Starkweather School	1,234,601	255	76,214	55,568	80,836	212,873	46,332	-	110,357	156,689	129,578	(24,760)	104,818	
Sterling School	369,061	76	22,783	16,611	41,234	80,704	13,850	-	224,430	238,280	38,735	(23,322)	15,413	
Strasburg School District	1,863,522	384	115,038	83,875	123,059	322,356	69,934	-	266,383	336,317	195,587	(33,674)	161,913	
Surrey School	5,570,065	1,149	343,848	250,702	125,131	720,830	209,033	-	143,866	352,899	584,609	(6,588)	578,021	
Sweet Briar Elem School	246,400	51	15,211	11,090	27,574	53,926	9,247	-	10,193	19,440	25,861	6,366	32,227	
Tgu School District	5,496,481	1,133	339,306	247,390	-	587,829	206,271	-	457,886	664,157	576,886	(126,692)	450,194	
Thompson School	5,446,685	1,123	336,232	245,149	277,456	859,960	204,403	-	17,093	221,496	571,660	62,462	634,122	
Tioga School	7,111,505	1,466	439,003	320,080	279,795	1,040,344	266,880	-	176,320	443,200	746,391	99,290	845,681	
Turtle Lake-Mercer School	2,947,494	608	181,953	132,663	115,040	430,264	110,613	-	90,060	200,673	309,356	(23,560)	285,796	
Tw in Buttes Elem School	944,424	195	58,301	42,507	29,291	130,294	35,442	-	90,686	126,128	99,123	(24,289)	74,834	
Underwood School	3,161,392	652	195,157	142,290	-	338,099	118,640	-	262,460	381,100	331,805	(69,645)	262,160	
United School	7,148,455	1,474	441,284	321,743	248,320	1,012,821	268,266	-	359,824	628,090	750,270	(20,668)	729,602	
Upper Valley Spec Ed	5,539,919	1,142	341,987	249,345	109,853	702,327	207,901	-	268,370	476,271	581,445	(7,314)	574,131	

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, 2020

Employer Name	Deferred Outflows of Resources					Deferred Inflows of Resources					Pension Expense		
	Net Pension Liability for the year ended June 30, 2020	Differences Between Expected and Actual Experience	Net Difference Between Projected and Actual Investment Earnings on Pension Plan	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
Valley - Edinburg School	3,229,863	666	199,384	145,372	90,791	436,213	121,210	-	449,417	570,627	338,992	(59,953)	279,039
Valley City School	13,020,229	2,685	803,757	586,025	47,422	1,439,889	488,622	-	832,685	1,321,307	1,366,544	(268,694)	1,097,850
Velva School	5,845,621	1,205	360,859	263,104	92,082	717,250	219,374	-	159,570	378,944	613,530	(29,600)	583,930
Wahpeton School	14,598,466	3,010	901,184	657,059	-	1,561,253	547,850	-	673,488	1,221,338	1,532,189	(211,672)	1,320,517
Ward County	64,184	13	3,962	2,889	462	7,326	2,409	-	2,242	4,651	6,737	(519)	6,218
Warwick School	3,875,322	799	239,229	174,424	337,578	752,030	145,433	-	288,686	434,119	406,736	(12,229)	394,507
Washburn School	4,050,062	835	250,016	182,288	201,139	634,278	151,990	-	57,941	209,931	425,076	33,112	458,188
West Fargo School	141,049,476	29,086	8,707,186	6,348,467	8,747,885	23,832,624	5,293,288	-	-	5,293,288	14,803,917	2,987,739	17,791,656
West River Student Services	1,137,936	235	70,246	51,217	91,296	212,994	42,704	-	401,720	444,424	119,433	(49,219)	70,214
Westhope School	2,316,769	478	143,017	104,275	35,719	283,489	86,943	-	163,391	250,334	243,158	(19,325)	223,833
White Shield School	3,827,019	789	236,247	172,250	423,786	833,072	143,620	-	101,875	245,495	401,667	31,237	432,904
Williams Co School Dist #8	5,653,474	1,166	348,997	254,456	622,418	1,227,037	212,163	-	108,872	321,035	593,363	55,527	648,890
Williston School	49,157,438	10,137	3,034,559	2,212,517	5,183,825	10,441,038	1,844,775	-	56,199	1,900,974	5,159,343	1,453,633	6,612,976
Wilmac Special Education	9,305,104	1,919	574,417	418,811	1,086,240	2,081,387	349,201	-	205,326	554,527	976,622	315,802	1,292,424
Wilton School	3,169,864	654	195,680	142,672	127,420	466,426	118,958	-	40,723	159,681	332,695	20,970	353,665
Wing School	1,330,283	274	82,120	59,874	32,635	174,903	49,923	-	244,898	294,821	139,621	(40,551)	99,070
Wishek School	2,482,220	512	153,231	111,722	34,869	300,334	93,152	-	351,612	444,764	260,523	(50,425)	210,098
Wolford School	-	-	-	-	26,044	26,044	-	-	956,904	956,904	-	(153,235)	(153,235)
Wyndmere School	3,109,539	641	191,956	139,957	53,757	386,311	116,694	-	172,981	289,675	326,363	(54,755)	271,608
Yellowstone Elem. School	1,103,743	228	68,136	49,678	17,717	135,759	41,421	-	77,607	119,028	115,844	(13,184)	102,660
Zeeland School	940,874	194	58,082	42,348	81,098	181,722	35,309	-	117,354	152,663	98,750	(25,393)	73,357
Total for all entities	\$ 1,530,503,462	\$ 315,610	\$ 94,480,172	\$ 68,886,113	\$ 57,780,958	\$ 221,462,853	\$ 57,436,555	\$ -	\$ 57,780,958	\$ 115,217,513	\$ 160,634,740	\$ -	\$ 160,634,740

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
Notes to Schedules of Employer Allocations and Pension Amounts by Employer
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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.

North Dakota Retirement and Investment Office -
North Dakota Teachers' Fund for Retirement
Notes to Schedules of Employer Allocations and Pension Amounts by Employer
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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, 2020, 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	\$ 4,181,035,763
Plan fiduciary net position	<u>(2,650,532,301)</u>
Net pension liability (NPL)	<u>\$ 1,530,503,462</u>

Note 4 – Actuarial Assumptions

The total pension liability in the July 1, 2020, actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement:

Inflation	2.30%
Salary increases	3.80% to 14.80%, varying by service, including inflation and productivity
Investment rate of return	7.25%, net of investment expenses, including inflation
Cost-of-living adjustments	None

For active and inactive members, mortality rates were based on the PubT-2010 Employee table, projected with generational improvement using Scale MP-2019. For healthy retirees, mortality rates were based on 104% of the PubT-2010 Retiree table for retirees and to 95% of the PubT-2010 Contingent Survivor table for

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beneficiaries, both projected with generational improvement using Scale MP-2019. For disability retirees, mortality rates were based on the PubNS-2010 Non-Safety Disabled Mortality table projected with generational improvement using Scale MP-2019.

The actuarial assumptions used were based on the results of an actuarial experience study dated March 19, 2020. They are the same as the assumptions used in the July 1, 2020, 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, 2020 is summarized in the following table:

2020	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	58.0%	6.9%
Global Fixed Income	23.0%	1.3%
Global Real Assets	18.0%	5.0%
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 7.25 percent as of June 30, 2020. 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, 2020 Actuarial Valuation Report. For this purpose, only employer contributions that are intended to fund benefits of current plan members and

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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, 2020. 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, 2020.

Sensitivity of Net Pension Liability

The following presents the net pension liability of the TFFR employers calculated using the discount rate of 7.25% as of June 30, 2020, 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:

2020	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Employers' net pension liability	\$ 2,038,548,355	\$ 1,530,503,462	\$ 1,108,292,065

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.

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	Year Established	Original Balance	Original Amortization Period (in years)	Amortization Amount During 2020	Outstanding Balance June 30, 2020
Outflows					
Demographics	2014	\$ 9,347,346	7	\$ 1,335,336	\$ -
Demographics	2015	2,209,258	7	315,608	315,610
Assumptions	2015	171,324,647	7	24,474,950	24,474,947
Investments	2016	156,759,166	5	31,351,834	-
Investments	2019	59,163,355	5	11,832,671	35,498,013
Investments	2020	114,538,151	5	22,907,631	91,630,520
Assumptions	2020	51,813,028	7	7,401,862	44,411,166
Total Outflows				\$ 99,619,892	\$ 196,330,256
Inflows					
Demographics	2016	\$ 8,092,800	7	\$ 1,156,114	\$ 2,312,230
Demographics	2017	10,748,944	7	1,535,563	4,606,692
Investments	2017	103,235,815	5	20,647,163	20,647,163
Investments	2018	30,002,998	5	6,000,600	12,001,198
Demographics	2018	27,939,071	7	3,991,296	15,965,183
Demographics	2019	23,494,914	7	3,356,416	16,782,082
Demographics	2020	20,732,097	7	2,961,729	17,770,368
Total Inflows				\$ 39,648,881	\$ 90,084,916

	June 30, 2020
Deferred Outflows of Resources	
Difference between expected and actual experience in the Total Pension Liability	\$ 315,610
Changes in assumptions	68,886,113
Net difference between projected and actual earnings on pension plan investments	94,480,172
Total Deferred Outflows of Resources	\$ 163,681,895
Deferred Inflows of Resources	
Difference between expected and actual experience in the Total Pension Liability	\$ 57,436,555
Changes in assumptions	-
Net difference between projected and actual earnings on pension plan investments	-
Total Deferred Inflows of Resources	\$ 57,436,555

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

Year ended June 30:	
2021	\$ 27,283,839
2022	23,140,445
2023	30,297,156
2024	20,000,052
2025	1,083,715
Thereafter	4,440,133
Net deferred outflows/(inflows) of resources	\$ 106,245,340

Deferred outflows of resources and deferred inflows of resources resulting from changes in an individual

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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 – Collective Pension Expense

The components of allocable pension expense for the year ended June 30, 2020 (excluding employer specific pension expense for changes in proportion) are as follows:

Service cost	\$ 80,591,201
Interest on the total pension liability	306,790,705
Projected earnings on plan investments	(200,744,268)
Member contributions	(85,735,134)
Contributions - purchased service credit	(2,175,497)
Contributions - other	(158,683)
Administrative expenses	2,095,405
Current year recognition of:	
Changes in assumptions	31,876,812
Difference between expected and actual experience	(11,350,174)
Difference between projected and actual earnings on pension plan investments	39,444,373
Change of benefit terms	-
Total pension expense	\$ 160,634,740

Note 7 - 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, 2020. The supporting actuarial information is included in the June 30, 2020, 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 <https://www.rio.nd.gov/teachers-fund-retirement-employers> 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, 2020 (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 November 24, 2020.

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.


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 results 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.



CliftonLarsonAllen LLP

Baltimore, Maryland
November 24, 2020