

**ND STATE INVESTMENT BOARD
AUDIT COMMITTEE MEETING**

Thursday May 19, 2016 – 3:00 PM
State Capitol – Peace Garden Room
600 East Blvd Ave, Bismarck, ND 58505-0130

AGENDA

1. Call to Order and Approval of Agenda – Chair (committee action)(5 minutes)
2. Approval of February 25, 2016 Minutes – Chair (committee action)(5 minutes)
3. Presentation of July 1, 2015 to June 30, 2016 Fiscal Year Financial Audit Scope and Approach and Final GASB 68 Schedule Audit Report – CliftonLarsonAllen (committee action)(60 minutes)
4. 2015 - 2016 Third Quarter Audit Activities Report – Terra Miller Bowley (committee action)(10 minutes)
5. 2016 - 2017 Audit Services Workplan, Budgeted Hours, and Employer Risk Assessment – Terra Miller Bowley (committee action)(45 minutes)
6. Review and Approval of SIB Audit Committee Charter – Terra Miller Bowley (committee action)(15 minutes)
7. 2016 - 2017 SIB Audit Committee Membership – Terra Miller Bowley (information)(5 minutes)
8. GFOA – Certificate of Achievement for Excellence in Financial Reporting – Terra Miller Bowley (information)(5 minutes)
9. Other – Next SIB Audit Committee Meeting

North Dakota State Capitol Building
Friday September 23, 2016 @ 1:00 PM
Peace Garden Room

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
FEBRUARY 25, 2016, MEETING**

COMMITTEE MEMBERS PRESENT: Rebecca Dorwart, Chair
Mike Gessner, TFFR Board
Karol Riedman, Health Dept.
Mike Sandal, PERS Board
Cindy Ternes, Workforce Safety & Insurance

STAFF PRESENT: Bonnie Heit, Assist to the Audit Committee
David Hunter, ED/CIO
Fay Kopp, Dep ED/CRO
Terra Miller Bowley, Suprv Audit Services
Dottie Thorsen, Internal Auditor

CALL TO ORDER:

Ms. Dorwart called the State Investment Board (SIB) Audit Committee meeting to order at 3:00 p.m., on Thursday, February 25, 2016, at the State Capitol, Peace Garden Room, Bismarck, ND.

A quorum was present for the purpose of conducting business.

AGENDA:

IT WAS MOVED BY MS. TERNES AND SECONDED BY MS. RIEDMAN AND CARRIED ON A VOICE VOTE TO APPROVE THE AGENDA FOR THE FEBRUARY 25, 2016, MEETING AS DISTRIBUTED.

AYES: MR. SANDAL, MS. TERNES, MS. RIEDMAN, MR. GESSNER, AND MS. DORWART

NAYS: NONE

MOTION CARRIED

MINUTES:

IT WAS MOVED BY MR. SANDAL AND SECONDED BY MS. RIEDMAN AND CARRIED ON A VOICE VOTE TO APPROVE THE NOVEMBER 19, 2015, MINUTES AS DISTRIBUTED.

AYES: MR. GESSNER, MR. SANDAL, MS. TERNES, MS. RIEDMAN, AND MS. DORWART

NAYS: NONE

MOTION CARRIED

AUDIT SERVICES ACTIVITIES REPORT:

Ms. Miller Bowley reviewed Audit Service activities for the period of October 1, 2015 - December 31, 2015.

Nine employer audits were completed in the second quarter. Fifteen employer audits have been completed year to date including fourteen TFFR compliance Audits and one Not in Compliance review. Eight TFFR compliance Audits are currently in progress and represent the end of the third audit cycle. Audit Services intends to focus on concluding the third audit cycle by late 2016.

The TFFR File Maintenance audit was completed and no exceptions were noted.

The audit on Executive Limitations for calendar year 2015 commenced in November 2015. Ms. Miller Bowley also stated an organization wide employee survey was administered in December 2015, which provides employees the opportunity to evaluate the effectiveness of the Executive Director/CIO in the areas of leadership, communication, and valuing employees. This survey will be incorporated into the final Executive Limitations audit report.

The Executive Director/CIO requested Audit Services review the reasonableness of the Investment Performance Summary table in RIO's CAFR for the last five fiscal years ended June 30, 2015 and annualized returns for the 3, 5, 10, and 20-year periods ended June 15, 2015. Audit Services intends to focus on concluding the review by the end of the current fiscal year.

Audit Services continues to pursue professional development opportunities via the Institute of Internal Auditor's local chapter, Central Nodak.

The Audit Committee discussed training/mentoring opportunities for personnel changes that have occurred with Business Managers. RIO personnel make every attempt to contact the new Business Managers upfront and assist where needed. RIO personnel will audit the employer sooner rather than later to catch any errors up front. An Employer Reporting Manual is available on RIO's website as a reference for new Business Managers as well as existing. RIO also holds an annual training session for all the Business Managers and also tries to reach out to as many of the Business Managers as possible at the fall Business Managers workshops. RIO also works with the State Business Manager Association to provide training to the Business Managers throughout the year as well as the School Boards Association. Business Managers are also encouraged to come to the office and RIO personnel will provide additional training. The School Boards Association has implemented a Business Manager Certification Program and RIO personnel have been providing input and assisting with the program.

Mr. Sandal suggested some sort of succession plan should be in place in the event there is a shortage of personnel in Audit Services. Ms. Miller Bowley stated in the event of a shortage of staff, priorities would have to be determined. Mr. Sandal suggested a formal succession plan be put in place so the audit schedule is maintained. The Audit Committee also requested the policy/procedures manual for Audit Services be made a priority in the upcoming fiscal year.

IT WAS MOVED BY MS. RIEDMAN AND SECONDED BY MS. TERNES AND CARRIED ON A VOICE VOTE TO ACCEPT THE OCTOBER 1, 2015 - DECEMBER 31, 2015, AUDIT SERVICES ACTIVITIES REPORT.

**AYES: MS. TERNES, MS. RIEDMAN, MR. SANDAL, MR. GESSNER, AND MS. DORWART
NAYS: NONE
MOTION CARRIED**

AUDIT PLAN VS ACTUAL ACTIVITIES:

Ms. Miller Bowley provided an update on the current status of the following audit activities versus the work plan proposed in May 2015, specifically the actual hours dedicated to the audits thus far versus the anticipated hours: Employer Audits, Regional Education Associations Audits, Benefits Payment Audit, TFFR File Maintenance Audit, Annual Salary Verification Project, TFFR Cost Effective

Benefit Payments/Benefit Recalculation Audit, Executive Limitations Audit, Investment Performance Summary Review Audit, Schedule of Investment Fees and Investment Management Fees Review, External Auditor Assistance, Professional Development, and the Audit Services Procedure Manual.

The Committee discussed the Employer Audits. To date, fifteen TFFR employer audits have been completed, including fourteen TFFR Compliance Audits and one Not in Compliance review. Audit Services anticipates completing a total of 20-25 employer audits in fiscal year 2016, which would include 19-24 TFFR Compliance Audits and one Not in Compliance review. Audit Services will fall short of the established goal by 10-15 audits. Discussion followed on the work plan vs actual activities. The Committee felt that perhaps some adjustments would need to be made in some of the activities since there have been a number of different types of audits being completed. The Committee will be addressing the 2016-17 work plan at their May 19, 2016, meeting.

The Audit Committee thanked Audit Services for all of their hard work and due diligence in overseeing the areas that are of greatest concern to the Audit Committee, the external audit partners, and RIO Management.

EXECUTIVE LIMITATIONS AUDIT:

Ms. Miller Bowley reported the Executive Limitations Audit for calendar year 2015 had been completed. Audit Services was satisfied that the Executive Director/CIO is in compliance with State Investment Board Governance Manual Executive Limitation Policies A1-A11.

Audit Services recommends that a fraud reporting policy (as requested by the Audit Committee) and a Bring Your Own Mobile Device policy be added to the RIO Administrative Manual in the upcoming fiscal year.

IT WAS MOVED BY MS. TERNES AND SECONDED BY MR. SANDAL TO ACCEPT THE EXECUTIVE LIMITATIONS AUDIT REPORT FOR CALENDAR YEAR 2015.

AYES: MR. GESSNER, MS. RIEDMAN, MR. SANDAL, MS. TERNES, AND MS. DORWART

NAYS: NONE

MOTION CARRIED

GASB 68 SCHEDULE AUDIT:

Ms. Miller Bowley updated the Audit Committee on the GASB 68 Schedules Audit. CliftonLarsonAllen (CLA) concluded their audit of the schedules and the final audit report was issued on January 7, 2016. CLA is scheduled to be at the May 19, 2016, Audit Committee meeting to present the results of the audit and also the audit scope and approach for the upcoming financial audit of RIO for fiscal year July 1, 2015 - June 30, 2016.

CHARTER:

The Audit Committee reviewed a revised draft of their Charter. The Audit Committee was satisfied with the changes that were incorporated from their November 19, 2015, meeting review and discussion and directed staff to submit the revised Charter to legal counsel for review.

IT WAS MOVED BY MS. RIEDMAN AND SECONDED BY MS. TERNES AND CARRIED BY A VOICE VOTE TO FORWARD THE CHARTER TO LEGAL COUNSEL FOR REVIEW.

AYES: MR. SANDAL, MS. TERNES, MS. RIEDMAN, MR. GESSNER, AND MS. DORWART

NAYS: NONE

MOTION CARRIED

MEETING SCHEDULE:

Ms. Miller Bowley presented a 2016-17 draft-meeting schedule for the Audit Committee's consideration.

IT WAS MOVED BY MR. SANDAL AND SECONDED BY MS. RIEDMAN TO APPROVE THE 2016-17 AUDIT COMMITTEE MEETING SCHEDULE.

AYES: MR. GESSNER, MR. SANDAL, MS. TERNES, MS. RIEDMAN, MS. DORWART

NAYS: NONE

MOTION CARRIED

WEBSITE TRANSPARENCY:

Ms. Miller Bowley updated the Audit Committee on RIO's efforts to enhance transparency. RIO has taken additional steps to enhance transparency on the office website specifically focusing on greater public access to SIB, Teachers' Fund for Retirement (TFFR), and Audit Committee board member information, meeting materials, meeting minutes, meeting schedules, and the SIB's Governance Manual. RIO personnel finished updating the website in December 2015 to include these items.

COMMITTEE MEETINGS WITH STAFF:

On an annual basis, the Audit Committee may elect to meet with RIO's Management and or Supervisor of Audit Services separately and out of the presence of the independent auditors to discuss/review any concerns regarding the audit program at RIO.

The Audit Committee elected to meet with Mr. Hunter and Ms. Kopp. The meeting began at 4:08 pm and concluded at 4:31 pm.

The Audit Committee elected to meet with Ms. Miller Bowley and Ms. Thorsen. The meeting began at 4:31 pm and concluded at 4:34 pm.

The Audit Committee, RIO Management, and the Audit Services division concur that things are going well. The Audit Committee commended the Audit Service's staff for all of their great work.

OTHER:

Ms. Karol Riedman, external member of the SIB Audit Committee, notified the Audit Committee that she has accepted a position with the ND University System and is willing to continue to serve on the Committee. The Audit Committee membership has a term of one year.

Ms. Laura Schratt, wife of the current ED/CIO of RIO, is also employed at the ND University System. Both Ms. Riedman and Ms. Schratt report administratively to the agency Interim Chief of Staff and organizationally to the agency Audit Committee. Legal counsel was sought to determine if there was a conflict of interest and Ms. Jan Murtha, Attorney General's Office, has advised RIO that a conflict of interest does not exist.

The next Audit Committee meeting is scheduled for May 19, 2016, at 3:00 p.m. at the State Capitol, Peace Garden Room, Bismarck, ND.

ADJOURNMENT:

With no further business to come before the Audit Committee, Ms. Dorwart adjourned the meeting at 4:40 p.m.

Respectfully Submitted:

Ms. Rebecca Dorwart, Chair
SIB Audit Committee

Bonnie Heit
Assistant to the Audit Committee

MEMORANDUM

TO: State Investment Board (SIB) Audit Committee

FROM: Terra Miller Bowley, Supervisor of Audit Services

DATE: May 19, 2016

SUBJECT: 2015-2016 Fiscal Year Financial Audit Scope and Approach
Final GASB 68 Schedule Audit Report

Jason Ostroski and Thomas Rey, representing our external audit firm CliftonLarsonAllen (CLA), will be discussing the upcoming financial audit of the Retirement and Investment Office (RIO) for the fiscal year ending June 30, 2016. Mr. Ostroski and Mr. Rey will also be discussing the Final GASB 68 Schedule Audit Report issued on January 7, 2016. Time will be available to address any questions members of the board may have for our external audit firm.



May 19, 2016

Presentation to:

**North Dakota Retirement and Investment Office –
2016 Audit Kick-off**



CliftonLarsonAllen

www.cliftonlarsonallen.com

Engagement Scope

- Audit of the RIO's financial statements as of June 30, 2016
- Audit of TFFR's GASB 68 schedules as of June 30, 2016
- Report on Internal Controls and Compliance (in accordance with Government Auditing Standards)
- Written Communications with the Board

Work Plan

- Audits to be conducted in accordance with governmental auditing standards generally accepted in the United States of America
- Phased Approach – Planning, Internal Control, Employer Census Data Testing, Substantive Testing and Reporting

Timing of Work

KEY MILESTONES	DATE
Planning	May 2016
Understanding and Testing of Internal Controls	May 2016
Census Data Testing	July - September 2016
Substantive Procedures	August - September 2016
Final Audit Reports	September – October 2016

New GASB Statement

- *GASB 72: Fair Value Measurement and Application*
 - Effective for fiscal years beginning after June 15, 2015 (fiscal year ended June 30, 2016 for RIO)
 - This Statement provides guidance for determining a fair value measurement for financial reporting purposes.
 - This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

2015 Audit Results – Schedules of Employer Allocations and Pension Amounts by Employer

- Independent Auditors' Report - Unmodified “clean” opinion that the schedule of employer allocations and the net pension liability, total deferred outflows, total deferred inflows and total pension expense are presented fairly, in all material respects, in conformity with U.S. Generally Accepted Accounting Principles (GAAP).
- 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*
 - No material weaknesses were identified.
 - No significant deficiencies were identified.



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Engagement Partner-in-Charge

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**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, 2015**

North Dakota Retirement and Investment Office -
North Dakota Teachers' Fund for Retirement
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Independent Auditors' Report

Governor Jack Dalrymple
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, 2015, 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, 2015 (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, 2015, 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, 2015, and our report thereon, dated November 9, 2015, 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, 2015 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 January 6, 2016, on our consideration of RIO's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering RIO's internal control over financial reporting.



CliftonLarsonAllen LLP

Baltimore, Maryland
January 6, 2016

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, 2015

Employer Name	Covered Employee Payroll	Employer's Proportionate Share Allocation
Alexander School	\$ 942,165	0.153171%
Anamoose School	700,433	0.113872%
Apple Creek Elem School	321,168	0.052214%
Ashley School	940,568	0.152912%
Bakker Elem School	34,500	0.005609%
Barnes County North	1,652,365	0.268631%
Beach School	2,069,473	0.336442%
Belcourt School	8,039,312	1.306982%
Belfield Public School	1,356,823	0.220584%
Beulah School	3,386,927	0.550626%
Billings Co. School Dist.	631,967	0.102741%
Bismarck Public Schools	66,330,545	10.783616%
Bismarck State College	-	0.000000%
Blessed John Paul II Catholic Sch Network	30,863	0.005018%
Bottineau School	3,684,839	0.599059%
Bowbells School	521,990	0.084862%
Bowman School	2,727,489	0.443419%
Burke Central School	746,092	0.121295%
Burleigh County Spec. Ed.	87,435	0.014215%
Carrington School	2,851,899	0.463644%
Cavalier School	2,147,821	0.349180%
Center Stanton School	1,416,687	0.230316%
Central Cass School	3,427,889	0.557285%
Central Elementary School	63,927	0.010393%
Central Valley School	1,235,280	0.200824%
Dakota Prairie School	1,757,705	0.285757%
Devils Lake School	10,175,860	1.654329%
Dickinson School	17,340,566	2.819124%
Divide School	2,207,907	0.358948%
Drake School	520,062	0.084548%
Drayton School	1,236,526	0.201027%
Dunseith School	2,589,121	0.420923%
E Central Ctr Exc Childn	803,793	0.130676%
Earl Elem. School	30,900	0.005024%
Edgeley School	1,221,200	0.198535%
Edmore School	696,496	0.113232%
Eight Mile School	1,376,633	0.223805%
Elgin-New Leipzig School	982,762	0.159771%
Ellendale School	1,723,476	0.280192%
Emerado Elementary School	557,813	0.090686%

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, 2015

Employer Name	Covered Employee Payroll	Employer's Proportionate Share Allocation
Enderlin Area School District	1,928,787	0.313570%
Fairmount School	982,807	0.159779%
Fargo Public Schools	65,440,942	10.638990%
Fessenden-Bowdon School	939,878	0.152800%
Finley-Sharon School	1,122,664	0.182516%
Flasher School	1,010,501	0.164281%
Fordville Lankin School	569,625	0.092606%
Fort Ransom Elem School	166,524	0.027072%
Fort Totten School	1,543,627	0.250954%
Fort Yates School	1,118,852	0.181896%
Gackle-Streeter Pub Sch	724,545	0.117792%
Garrison School	2,240,554	0.364256%
Glen Ullin School	1,106,691	0.179919%
Glenburn School	1,540,540	0.250452%
Goodrich School	281,322	0.045736%
Grafton School	4,295,908	0.698403%
Grand Forks School	42,971,154	6.985988%
Great North West Cooperative	160,269	0.026056%
Grenora School	1,101,160	0.179020%
Griggs County Central Sch	1,727,525	0.280851%
Gst Educational Services	1,422,035	0.231186%
Halliday School	443,998	0.072183%
Hankinson School	1,473,275	0.239516%
Harvey School	2,145,151	0.348746%
Hatton Eielson Psd	1,105,167	0.179671%
Hazelton - Moffit School	721,118	0.117235%
Hazen School	2,784,803	0.452736%
Hebron School	1,116,577	0.181526%
Hettinger School	1,470,529	0.239070%
Hillsboro School	2,334,605	0.379546%
Hope School	596,108	0.096912%
Horse Creek Elem. School	34,500	0.005609%
James River Multidistrict Spec Ed Unit	1,252,559	0.203633%
Jamestown School	12,847,669	2.088696%
Kenmare School	1,657,519	0.269469%
Kensal School	416,510	0.067714%
Kidder County School District	2,113,190	0.343549%
Killdeer School	2,552,580	0.414983%
Kindred School	3,054,003	0.496501%
Kulm School	1,049,725	0.170658%

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, 2015

Employer Name	Covered Employee Payroll	Employer's Proportionate Share Allocation
Lake Region Spec Ed	1,704,712	0.277142%
Lakota School	1,078,948	0.175409%
Lamoure School	1,525,955	0.248080%
Langdon Area School	2,043,965	0.332295%
Larimore School	1,946,851	0.316507%
Leeds School	1,080,991	0.175741%
Lewis And Clark School	2,533,615	0.411900%
Lidgerwood School	1,075,893	0.174912%
Linton School	1,592,962	0.258974%
Lisbon School	3,229,368	0.525011%
Litchville-Marion School	802,581	0.130479%
Little Heart Elem. School	102,350	0.016639%
Logan County	4,079	0.000663%
Lone Tree Elem. School	222,167	0.036119%
Lonetree Spec Ed Unit	144,397	0.023475%
Maddock School	971,323	0.157912%
Mandan Public Schools	18,106,534	2.943650%
Mandaree School	1,545,115	0.251195%
Manning Elem School	84,270	0.013700%
Manvel Elem. School	739,999	0.120305%
Maple Valley School	1,566,975	0.254749%
Mapleton Elem. School	675,390	0.109801%
Marmarth Elem. School	133,327	0.021675%
Max School	1,109,259	0.180337%
May-Port C-G School	2,615,913	0.425279%
Mcclusky School	661,813	0.107593%
Mckenzie County	48,787	0.007931%
Mckenzie County School	5,592,594	0.909210%
Medina School	915,003	0.148756%
Menoken Elem School	126,900	0.020631%
Midkota	997,216	0.162121%
Midway School	1,341,951	0.218166%
Milnor School	1,451,776	0.236021%
Minnewaukan School	1,616,981	0.262879%
Minot School	41,782,306	6.792713%
Minto School	1,134,852	0.184497%
Mohall Lansford Sherwood	2,266,395	0.368457%
Montpelier School	700,707	0.113917%
Morton County	28,528	0.004638%
Mott-Regent School	1,487,872	0.241889%

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, 2015

Employer Name	Covered Employee Payroll	Employer's Proportionate Share Allocation
Mt Pleasant School	1,556,266	0.253008%
Munich School	828,470	0.134688%
N Central Area Career And Tech Center	143,586	0.023343%
Napoleon School	1,459,067	0.237206%
Naughton Rural School	68,210	0.011089%
Nd Center For Distance Education	1,376,782	0.223829%
Nd Dept Of Public Instruction	113,498	0.018452%
Nd School For Blind	653,216	0.106196%
Nd School For Deaf	880,743	0.143186%
Nd United	306,072	0.049759%
Nd Youth Correctional Cnt	1,148,682	0.186746%
Nedrose School	1,406,389	0.228642%
Nelson County	11,531	0.001875%
Nesson School	1,462,253	0.237724%
New England School	1,224,181	0.199020%
New Public School	2,018,470	0.328151%
New Rockford Sheyenne School	1,729,783	0.281218%
New Salem-Almont	1,743,327	0.283419%
New Town School	4,210,477	0.684514%
Newburg United District	609,685	0.099119%
North Border School	2,545,237	0.413789%
North Sargent School	1,270,298	0.206517%
North Star	1,541,769	0.250651%
North Valley Area Career	521,762	0.084825%
Northern Cass School Dist	2,544,771	0.413713%
Northern Plains Spec Ed	260,925	0.042420%
Northwood School	1,375,647	0.223644%
Oakes School	1,958,481	0.318398%
Oberon Elem School	425,282	0.069140%
Oliver - Mercer Spec Ed	943,552	0.153397%
Page School	694,469	0.112903%
Park River Area School District	2,007,593	0.326382%
Parshall School	1,640,900	0.266767%
Peace Garden Spec Ed	503,942	0.081928%
Pembina Spec Ed Coop	101,589	0.016516%
Pingree - Buchanan School	770,963	0.125338%
Pleasant Valley Elem	-	0.000000%
Powers Lake School	1,019,502	0.165744%
Richardton-Taylor	1,695,010	0.275564%
Richland School	1,568,558	0.255007%

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, 2015

Employer Name	Covered Employee Payroll	Employer's Proportionate Share Allocation
Robinson School	37,235	0.006053%
Rolette County	-	0.000000%
Rolette School	1,154,363	0.187669%
Roosevelt School	380,314	0.061829%
Roughrider Area Career And Tech Center	160,135	0.026034%
Roughrider Service Program	191,316	0.031103%
Rugby School	3,075,745	0.500036%
Rural Cass Spec Ed	1,026,048	0.166809%
Sargent Central School	1,356,395	0.220514%
Sawyer School	879,870	0.143044%
Scranton School	1,078,208	0.175288%
Se Region Career And Tech	1,339,785	0.217814%
Selfridge School	815,751	0.132620%
Sheyenne Valley Area Voc	694,429	0.112896%
Sheyenne Valley Spec Ed	1,607,429	0.261326%
Slope County	23,708	0.003854%
Solen - Cannonball School	1,481,895	0.240918%
Souris Valley Spec Ed	1,540,949	0.250518%
South Cent. Prairie Sp Ed	95,975	0.015603%
South Heart School	1,397,217	0.227151%
South Prairie Elem School	1,359,306	0.220988%
South Valley Spec Ed	699,887	0.113783%
Southwest Special Education Unit	60,320	0.009806%
St. John'S School	2,429,174	0.394920%
St. Thomas School	673,588	0.109508%
Stanley School	3,106,099	0.504971%
Starkweather School	570,703	0.092781%
Sterling School	234,027	0.038047%
Strasburg School District	755,456	0.122817%
Surrey School	2,278,060	0.370353%
Sweet Briar Elem School	77,000	0.012518%
Tgu School District	2,597,628	0.422307%
Thompson School	1,912,181	0.310871%
Tioga School	2,770,986	0.450490%
Turtle Lake-Mercer School	1,157,579	0.188192%
Twin Buttes Elem. School	448,113	0.072851%
Underwood School	1,489,724	0.242190%
United School	2,772,073	0.450667%
Upper Valley Spec Ed	2,320,219	0.377207%
Valley - Edinburg School	1,445,576	0.235013%

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, 2015

Employer Name	Covered Employee Payroll	Employer's Proportionate Share Allocation
Valley City School	5,626,852	0.914779%
Velva School	2,364,311	0.384375%
Wahpeton School	6,548,180	1.064563%
Ward County	27,466	0.004465%
Warwick School	1,780,738	0.289502%
Washburn School	1,503,763	0.244473%
West Fargo School	48,132,439	7.825079%
West River Student Services	675,396	0.109802%
Westhope School	1,058,898	0.172149%
White Shield School	1,397,389	0.227179%
Williston School	16,446,502	2.673772%
Wilmac Special Education	2,895,200	0.470684%
Wilton School	1,207,198	0.196259%
Wing School	651,680	0.105946%
Wishek School	1,169,293	0.190097%
Wolford School	510,644	0.083017%
Wyndmere School	1,381,266	0.224558%
Yellowstone Elem. School	519,594	0.084472%
Zeeland School	447,251	0.072711%
Grand Totals:	\$ 615,104,860	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, 2015

Employer Name	Deferred Outflows of Resources					Deferred Inflows of Resources					Pension Expense			
	Net Pension Liability for the year ended June 30, 2015	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	Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	Changes of Assumptions	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Inflows of Resources	Proportionate Share of Pension Expense	Proportionate Share of Contributions	Net Amortization of Deferred Amounts from Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions
Alexander School	\$ 2,003,255	\$ 13,127	\$ -	\$ 224,931	\$ 98,595	\$ 336,653	\$ -	\$ 22,590	\$ -	\$ -	\$ 22,590	\$ 132,890	\$ 16,432	\$ 149,322
Anamoose School	1,489,281	9,759	-	167,221	71,487	248,467	-	16,794	-	16,794	98,795	11,915	110,710	
Apple Creek Elem School	682,884	4,475	-	76,676	81,151	-	7,701	-	60,949	68,650	45,301	(10,158)	35,143	
Ashley School	1,999,868	13,105	-	224,551	16,827	254,483	-	22,551	-	22,551	132,666	2,804	135,470	
Bakker Elem School	73,358	481	-	8,237	-	8,718	-	827	-	827	4,866	(275)	4,591	
Barnes County North	3,513,304	23,023	-	394,484	-	417,507	-	39,618	-	210,867	250,485	233,063	(35,144)	197,919
Beach School	4,400,174	28,834	-	494,064	-	522,898	-	49,618	-	180,025	229,643	291,895	(30,004)	261,891
Belcourt School	17,093,432	112,013	-	1,919,299	-	2,031,312	-	192,753	-	539,324	1,133,930	(57,762)	1,076,168	
Belfield Public School	2,884,919	18,905	-	323,927	14,612	357,444	-	32,532	-	32,532	191,377	2,435	193,812	
Beulah School	7,201,391	47,190	-	808,593	-	855,783	-	81,206	-	148,651	477,720	(11,241)	466,479	
Billings Co. School Dist.	1,343,703	8,805	-	150,875	-	159,680	-	15,152	-	230,405	245,557	89,138	(38,401)	50,737
Bismarck Public Schools	141,034,081	924,191	-	15,835,707	1,406,587	18,166,485	-	1,590,365	-	1,590,365	9,355,804	234,431	9,590,235	
Bismarck State College	-	-	-	-	-	-	-	-	-	53,578	-	(8,930)	(8,930)	
Blessed John Paul II Cath. Schl Net	65,628	430	-	7,369	-	7,799	-	740	-	2,523	4,354	(420)	3,934	
Bottineau School	7,834,824	51,341	-	879,716	-	931,057	-	88,349	-	72,918	161,267	519,740	(12,153)	507,587
Bowbells School	1,109,872	7,273	-	124,620	-	131,893	-	12,515	-	24,514	37,029	73,626	(4,086)	69,540
Bowman School	5,799,278	38,002	-	651,159	-	689,161	-	65,395	-	27,614	93,009	384,708	(4,602)	380,106
Burke Central School	1,586,363	10,395	-	178,121	-	188,516	-	17,889	-	224,833	242,722	105,235	(37,472)	67,763
Burleigh County Spec. Ed.	185,912	1,218	-	20,875	25,737	47,830	-	2,096	-	-	2,096	12,333	4,289	16,622
Carrington School	6,063,792	39,736	-	680,860	63,402	783,998	-	68,378	-	68,378	402,255	10,567	412,822	
Cavalier School	4,566,769	29,926	-	512,770	85,791	628,487	-	51,497	-	51,497	302,947	14,299	317,246	
Center Stanton School	3,012,200	19,739	-	338,218	29,253	387,210	-	33,967	-	33,967	199,821	4,875	204,696	
Central Cass School	7,288,481	47,761	-	818,371	-	866,132	-	82,188	-	147,653	229,841	483,497	(24,609)	458,888
Central Elementary School	135,925	891	-	15,262	-	16,153	-	1,533	-	665	9,017	(111)	8,906	
Central Valley School	2,626,487	17,211	-	294,909	-	312,120	-	29,617	-	83,307	112,924	174,234	(13,885)	160,349
Dakota Prairie School	3,737,288	24,490	-	419,633	26,511	470,634	-	42,143	-	-	42,143	247,921	4,419	252,340
Devils Lake School	21,636,228	141,781	-	2,429,377	-	2,571,158	-	243,980	-	555,829	799,809	1,435,286	(92,638)	1,342,648
Dickinson School	36,870,059	241,608	-	4,139,875	2,225,083	6,606,566	-	415,764	-	415,764	2,445,856	370,847	2,816,703	
Divide School	4,694,520	30,763	-	527,114	-	557,877	-	52,938	-	122,801	175,739	311,421	(20,467)	290,954
Drake School	1,105,765	7,246	-	124,158	-	131,404	-	12,469	-	70,216	82,685	73,353	(11,703)	61,650
Drayton School	2,629,142	17,229	-	295,208	158,858	471,295	-	29,647	-	-	29,647	174,410	26,476	200,886
Dunseith School	5,505,063	36,074	-	618,124	41,033	695,231	-	62,078	-	62,078	365,190	6,839	372,029	
E Central Ctr Exc Childn	1,709,053	11,199	-	191,897	8,155	211,251	-	19,272	-	19,272	113,374	1,359	114,733	
Earl Elem. School	65,707	431	-	7,378	-	7,809	-	741	-	2,325	3,066	4,359	(387)	3,972
Edgeley School	2,596,550	17,015	-	291,548	-	308,563	-	29,280	-	13,519	42,799	172,248	(2,253)	169,995
Edmore School	1,480,911	9,704	-	166,281	35,093	211,078	-	16,699	-	16,699	98,239	5,849	104,088	
Eight Mile School	2,927,045	19,181	-	328,657	176,985	524,823	-	33,007	-	33,007	194,172	29,498	223,670	
Elgin-New Leipzig School	2,089,573	13,693	-	234,623	-	248,316	-	23,563	-	51,443	75,006	138,616	(8,574)	130,042
Ellendale School	3,664,506	24,013	-	411,461	-	435,474	-	41,323	-	136,270	177,593	243,093	(22,712)	220,381
Emerado Elementary School	1,186,042	7,772	-	133,172	-	140,944	-	13,374	-	11,423	24,797	78,679	(1,904)	76,775

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, 2015

Employer Name	Deferred Outflows of Resources					Deferred Inflows of Resources					Pension Expense			
	Net Pension Liability for the year ended June 30, 2015	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	Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	Changes of Assumptions	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Inflows of Resources	Proportionate Share of Pension Expense	Proportionate Share of Contributions	Net Amortization of Deferred Amounts from Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions
Enderlin Area School District	4,101,041	26,874	-	460,477	35,301	522,652	-	46,245	-	46,245	272,052	5,884	-	277,936
Fairmount School	2,089,678	13,694	-	234,635	-	248,329	-	23,564	-	23,564	138,623	(3,313)	-	135,310
Fargo Public Schools	139,142,582	911,796	-	15,623,325	-	16,535,121	-	1,569,035	-	2,538,045	4,105,080	9,230,327	(422,674)	8,807,653
Fessenden-Bowdon School	1,998,403	13,095	-	224,386	-	237,481	-	22,535	-	6,893	29,428	132,568	(1,149)	131,419
Finley-Sharon School	2,387,045	15,642	-	268,024	-	283,666	-	26,917	-	52,773	79,690	158,350	(8,796)	149,554
Flasher School	2,148,558	14,079	-	241,246	-	255,325	-	24,228	-	168,692	192,920	142,529	(28,115)	114,414
Fordville Lankin School	1,211,152	7,937	-	135,992	-	143,929	-	13,658	-	10,072	23,730	80,344	(1,679)	78,665
Fort Ransom Elem School	354,063	2,320	-	39,755	8,860	50,935	-	3,993	-	3,993	23,488	23,488	1,477	24,965
Fort Totten School	3,282,115	21,508	-	368,525	-	390,033	-	37,011	-	123,685	160,696	217,726	(20,614)	197,112
Fort Yates School	2,378,936	15,589	-	267,114	66,441	349,144	-	26,826	-	-	26,826	157,812	11,074	168,886
Gackle-Streeter Pub Sch	1,540,549	10,095	-	172,977	-	183,072	-	17,372	-	53,469	70,841	102,196	(8,912)	93,284
Garrison School	4,763,941	31,218	-	534,909	129,237	665,364	-	53,720	-	-	53,720	316,026	21,540	337,566
Glen Ullin School	2,353,080	15,420	-	264,211	95,118	374,749	-	26,534	-	-	26,534	156,097	15,853	171,950
Glenburn School	3,275,549	21,465	-	367,788	-	389,253	-	36,937	-	65,170	102,107	217,291	(10,862)	206,429
Goodrich School	598,161	3,920	-	67,163	-	71,083	-	6,745	-	19,647	26,392	39,680	(3,275)	36,405
Grafton School	9,134,100	59,855	-	1,025,603	98,863	1,184,321	-	103,000	-	-	103,000	605,930	16,477	622,407
Grand Forks School	91,366,606	598,722	-	10,258,902	-	10,857,624	-	1,030,291	-	2,080,718	3,111,009	6,061,003	(346,786)	5,714,217
Great North West Cooperative	340,775	2,233	-	38,263	39,712	80,208	-	3,843	-	-	3,843	22,606	6,619	29,225
Grenora School	2,341,322	15,343	-	262,890	117,537	395,770	-	26,402	-	-	26,402	155,317	19,589	174,906
Griggs County Central Sch	3,673,124	24,070	-	412,429	-	436,499	-	41,420	-	100,532	141,952	243,665	(16,755)	226,910
Gst Educational Services	3,023,578	19,813	-	339,496	-	359,309	-	34,095	-	177,363	211,458	200,576	(29,561)	171,015
Halliday School	944,049	6,186	-	106,001	7,122	119,309	-	10,646	-	-	10,646	62,626	1,187	63,813
Hankinson School	3,132,522	20,527	-	351,729	-	372,256	-	35,324	-	281,580	316,904	207,803	(46,930)	160,873
Harvey School	4,561,093	29,889	-	512,132	-	542,021	-	51,433	-	110,554	161,987	302,570	(18,426)	284,144
Hatton Eielson Psd	2,349,836	15,398	-	263,846	-	279,244	-	26,498	-	22,409	48,907	155,882	(3,735)	152,147
Hazellton - Moffit School	1,533,264	10,047	-	172,159	-	182,206	-	17,290	-	145,081	162,371	101,712	(24,180)	77,532
Hazen School	5,921,131	38,801	-	664,841	81,599	785,241	-	66,769	-	-	66,769	392,791	13,600	406,391
Hebron School	2,374,097	15,557	-	266,570	-	282,127	-	26,771	-	64,962	91,733	157,491	(10,827)	146,664
Hettinger School	3,126,689	20,489	-	351,074	-	371,563	-	35,258	-	253,817	289,075	207,416	(42,303)	165,113
Hillsboro School	4,963,912	32,528	-	557,362	139,370	729,260	-	55,975	-	-	55,975	329,292	23,228	352,520
Hope School	1,267,469	8,306	-	142,315	-	150,621	-	14,293	-	46,377	60,670	84,080	(7,730)	76,350
Horse Creek Elem. School	73,358	481	-	8,237	-	8,718	-	827	-	3,367	4,194	4,866	(561)	4,305
James River Multidistrict Spec Ed Unit	2,663,225	17,452	-	299,034	82,553	399,039	-	30,032	-	-	30,032	176,671	13,759	190,430
Jamestown School	27,317,119	179,008	-	3,067,244	-	3,246,252	-	308,040	-	808,603	1,116,643	1,812,141	(134,767)	1,677,374
Kenmare School	3,524,264	23,094	-	395,714	-	418,808	-	39,741	-	241,758	281,499	233,790	(40,293)	193,497
Kensal School	885,601	5,803	-	99,438	31,071	136,312	-	9,986	-	-	9,986	58,748	5,178	63,926
Kidder County School District	4,493,123	29,443	-	504,501	-	533,944	-	50,667	-	233,772	284,439	298,061	(38,962)	259,099
Killdeer School	5,427,377	35,565	-	609,401	145,021	789,987	-	61,202	-	-	61,202	360,037	24,170	384,207
Kindred School	6,493,514	42,552	-	729,110	-	771,662	-	73,224	-	80,993	154,217	430,761	(13,499)	417,262
Kulm School	2,231,959	14,626	-	250,611	-	265,237	-	25,169	-	61,317	86,486	148,062	(10,219)	137,843

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, 2015

Employer Name	Deferred Outflows of Resources					Deferred Inflows of Resources					Pension Expense			
	Net Pension Liability for the year ended June 30, 2015	Differences Between Expected and Actual Experience	Net Difference Between Projected and Actual Earnings on Pension Plan Investments	Changes of Assumptions	Proportionate Share of Contributions	Total Deferred Outflows of Resources	Differences Between Expected and Actual Experience	Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	Changes of Assumptions	Proportionate Share of Contributions	Total Deferred Inflows of Resources	Proportionate Share of Pension Expense	Proportionate Share of Contributions	Total Employer Pension Expense
Lake Region Spec Ed	3,624,616	23,752	-	406,982	-	430,734	-	40,873	-	117,696	158,569	240,447	(19,616)	220,831
Lakota School	2,294,096	15,033	-	257,588	-	272,621	-	25,869	-	204,828	230,697	152,184	(34,138)	118,046
Lamoure School	3,244,527	21,261	-	364,305	69,054	454,620	-	36,587	-	-	36,587	215,233	11,509	226,742
Langdon Area School	4,345,937	28,479	-	487,974	-	516,453	-	49,007	-	46,059	95,066	288,297	(7,577)	280,620
Larimore School	4,139,453	27,126	-	464,790	-	491,916	-	46,678	-	397,318	443,996	274,600	(66,220)	208,380
Leeds School	2,298,438	15,062	-	258,075	32,660	305,797	-	25,918	-	-	25,918	152,472	5,443	157,915
Lewis And Clark School	5,387,055	35,301	-	604,874	57,919	698,094	-	60,747	-	-	60,747	357,362	9,653	367,015
Lidgerwood School	2,287,596	14,991	-	256,858	-	271,849	-	25,796	-	120,119	145,915	151,753	(20,020)	131,733
Linton School	3,387,005	22,195	-	380,303	-	402,498	-	38,193	-	133,151	171,344	224,684	(22,192)	202,492
Lisbon School	6,866,384	44,995	-	770,977	-	815,972	-	77,428	-	293,727	371,155	455,497	(48,955)	406,542
Litchville-Marion School	1,706,476	11,182	-	191,608	-	202,790	-	19,243	-	85,781	105,024	113,203	(14,297)	98,906
Little Heart Elem. School	217,614	1,426	-	24,434	4,529	30,389	-	2,454	-	-	2,454	14,436	755	15,191
Logan County	8,671	57	-	974	-	1,031	-	98	-	249	347	575	(41)	534
Lone Tree Elem. School	472,384	3,096	-	53,041	26,223	82,360	-	5,327	-	-	5,327	31,337	4,371	35,708
Lonetree Spec Ed Unit	307,019	2,012	-	34,473	-	36,485	-	3,462	-	3,308	6,770	20,367	(551)	19,816
Maddock School	2,065,260	13,534	-	231,893	-	245,427	-	23,289	-	1,431	24,720	137,004	(238)	136,766
Mandan Public Schools	38,498,679	252,280	-	4,322,741	1,220,354	5,795,375	-	434,129	-	-	434,129	2,553,894	203,392	2,757,286
Mandaree School	3,285,267	21,528	-	368,879	-	390,407	-	37,046	-	249,943	286,989	217,935	(41,657)	176,278
Manning Elem School	179,176	1,174	-	20,118	20,055	41,347	-	2,020	-	-	2,020	11,886	3,342	15,228
Marvel Elem. School	1,573,415	10,311	-	176,668	-	186,979	-	17,743	-	62,131	79,874	104,376	(10,355)	94,021
Maple Valley School	3,331,748	21,833	-	374,098	-	395,931	-	37,570	-	98,168	135,738	221,019	(16,361)	204,658
Mapleton Elem. School	1,436,038	9,410	-	161,242	20,641	191,293	-	16,193	-	-	16,193	95,263	3,440	98,703
Marmarth Elem. School	283,478	1,858	-	31,830	-	33,688	-	3,197	-	45,523	48,720	18,805	(7,587)	11,218
Max School	2,358,547	15,455	-	264,824	-	280,279	-	26,596	-	31,467	58,063	156,459	(5,245)	151,214
May-Port C-G School	5,562,033	36,448	-	624,521	81,500	742,469	-	62,720	-	-	62,720	368,970	13,583	382,553
Mcclusky School	1,407,161	9,221	-	158,000	-	167,221	-	15,868	-	181,475	197,343	93,347	(30,246)	63,101
Mckenzie County	103,726	680	-	11,647	-	12,327	-	1,170	-	10,270	11,440	6,881	(1,712)	5,169
Mckenzie County School	11,891,150	77,922	-	1,335,172	1,408,485	2,821,579	-	134,090	-	-	134,090	788,825	234,747	1,023,572
Medina School	1,945,513	12,749	-	218,448	-	231,197	-	21,938	-	89,466	111,404	129,060	(14,911)	114,149
Menoken Elem School	269,824	1,768	-	30,297	6,456	38,521	-	3,043	-	-	3,043	17,899	1,076	18,975
Midkota	2,120,308	13,894	-	238,074	-	251,968	-	23,910	-	102,955	126,865	140,655	(17,159)	123,496
Midway School	2,853,295	18,698	-	320,376	-	339,074	-	32,175	-	116,255	148,430	189,280	(19,376)	169,904
Milnor School	3,086,813	20,228	-	346,596	-	366,824	-	34,808	-	42,423	77,231	204,770	(7,071)	197,699
Minnewaukan School	3,438,077	22,530	-	386,037	-	408,567	-	38,769	-	152,233	191,002	228,072	(25,372)	202,700
Minot School	88,838,849	582,158	-	9,975,078	-	10,557,236	-	1,001,787	-	1,184,169	2,185,956	5,893,319	(197,361)	5,695,958
Minto School	2,412,954	15,812	-	270,933	8,433	295,178	-	27,210	-	-	27,210	160,069	1,406	161,475
Mohall Lansford Sherwood	4,818,884	31,578	-	541,078	-	572,656	-	54,340	-	133,469	187,809	319,671	(22,245)	297,426
Montpelier School	1,489,869	9,763	-	167,287	3,795	180,845	-	16,800	-	-	16,800	98,834	632	99,466
Morton County	60,658	397	-	6,811	1,749	8,957	-	684	-	-	684	4,024	291	4,315
Mott-Regent School	3,163,558	20,731	-	355,213	-	375,944	-	35,674	-	61,217	96,891	209,862	(10,203)	199,659

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, 2015

Employer Name	Deferred Outflows of Resources					Deferred Inflows of Resources					Pension Expense			
	Net Pension Liability for the year ended June 30, 2015	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	Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	Changes of Assumptions	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Inflows of Resources	Proportionate Share of Pension Expense	Proportionate Share of Contributions	Net Amortization of Deferred Amounts from Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions
Mt Pleasant School	3,308,978	21,684	-	371,541	48,989	442,214	-	37,314	-	37,314	219,508	8,165	-	227,673
Munich School	1,761,524	11,543	-	197,789	52,565	261,897	-	19,864	-	19,864	116,855	8,761	-	125,616
N Ctr Area Career And Tech Ctr	305,293	2,001	-	34,279	-	36,280	-	3,443	-	3,443	20,252	(690)	-	19,562
Napoleon School	3,102,311	20,329	-	348,336	-	368,665	-	34,983	-	34,983	59,806	205,799	(4,137)	201,662
Naughton Rural School	145,028	950	-	16,284	-	17,234	-	1,635	-	1,635	9,621	(339)	-	9,282
Nd Center For Distance Education	2,927,359	19,183	-	328,692	714,548	1,062,423	-	33,010	-	33,010	194,193	119,091	-	313,284
Nd Dept Of Public Instruction	241,325	1,581	-	27,097	-	28,678	-	2,721	-	2,721	16,009	(902)	-	15,107
Nd School For Blind	1,388,890	9,101	-	155,949	-	165,050	-	15,862	-	15,862	92,135	(7,372)	-	84,763
Nd School For Deaf	1,872,666	12,272	-	210,268	32,233	254,773	-	21,117	-	21,117	124,227	5,372	-	129,599
Nd United	650,776	4,265	-	73,071	-	77,336	-	7,338	-	7,338	15,612	43,171	(1,379)	41,792
Nd Youth Correctional Cnt	2,442,367	16,005	-	274,236	-	290,241	-	27,541	-	27,541	109,984	162,020	(13,741)	148,279
Nedrose School	2,990,306	19,595	-	335,760	42,086	397,441	-	33,720	-	33,720	198,368	7,014	-	205,382
Nelson County	24,522	161	-	2,753	457	3,371	-	277	-	277	1,627	76	-	1,703
Nesson School	3,109,086	20,374	-	349,097	60,363	429,834	-	35,059	-	35,059	206,248	10,060	-	216,308
New England School	2,602,893	17,057	-	292,260	114,428	423,745	-	29,351	-	29,351	172,669	19,071	-	191,740
New Public School	4,291,740	28,124	-	481,889	-	510,013	-	48,396	-	48,396	284,702	(26,158)	-	258,544
New Rockford Sheyenne School	3,677,924	24,101	-	412,968	5,602	442,671	-	41,474	-	41,474	243,983	934	-	244,917
New Salem-Almont	3,706,710	24,290	-	416,200	166,179	606,669	-	41,799	-	41,799	245,893	27,696	-	273,589
New Town School	8,952,452	58,665	-	1,005,207	329,158	1,393,030	-	100,952	-	100,952	593,880	54,860	-	648,740
Newburg United District	1,296,333	8,495	-	145,556	-	154,051	-	14,618	-	14,618	25,097	(1,747)	-	23,350
North Border School	5,411,761	35,463	-	607,648	-	643,111	-	61,025	-	61,025	487,716	(71,115)	-	416,601
North Sargent School	2,700,943	17,699	-	303,270	15,634	336,603	-	30,457	-	30,457	179,173	2,606	-	181,779
North Star	3,278,152	21,482	-	368,080	43,089	432,651	-	36,966	-	36,966	217,463	7,182	-	224,645
North Valley Area Career	1,109,888	7,270	-	124,565	-	131,835	-	12,510	-	12,510	73,594	(27,289)	-	46,305
Northern Cass School Dist	5,410,767	35,457	-	607,536	38,481	681,474	-	61,014	-	61,014	358,935	6,413	-	365,348
Northern Plains Spec Ed	554,792	3,636	-	62,294	99,409	165,339	-	6,256	-	6,256	36,803	16,568	-	53,371
Northwood School	2,924,940	19,167	-	328,421	6,189	353,777	-	32,983	-	32,983	194,032	1,031	-	195,063
Oakes School	4,164,185	27,288	-	467,566	-	494,854	-	46,957	-	46,957	138,559	276,240	(15,267)	260,973
Oberon Elem School	904,251	5,926	-	101,532	-	107,458	-	10,197	-	10,197	62,667	59,985	(10,445)	49,540
Oliver - Mercer Spec Ed	2,006,211	13,147	-	225,263	62,001	300,411	-	22,623	-	22,623	133,086	10,334	-	143,420
Page School	1,476,608	9,676	-	165,798	-	175,474	-	16,651	-	16,651	37,054	97,954	(3,400)	94,554
Park River Area School District	4,268,604	27,972	-	479,291	-	507,263	-	48,135	-	48,135	174,741	283,167	(29,123)	254,044
Parshall School	3,488,926	22,863	-	391,747	-	414,610	-	39,343	-	39,343	213,726	231,446	(29,064)	202,382
Peace Garden Spec Ed	1,071,500	7,021	-	120,311	63,939	191,271	-	12,083	-	12,083	71,080	10,656	-	81,736
Pembina Spec Ed Coop	216,005	1,415	-	24,254	-	25,669	-	2,436	-	2,436	125,932	14,329	(20,583)	(6,254)
Pingree - Buchanan School	1,639,240	10,742	-	184,058	-	194,800	-	18,485	-	18,485	55,406	108,743	(9,234)	99,509
Pleasant Valley Elem	-	-	-	-	-	-	-	-	-	-	28,517	28,517	(4,753)	23,764
Powers Lake School	2,167,691	14,205	-	243,395	39,165	296,765	-	24,444	-	24,444	143,799	6,528	-	150,327
Richardson-Taylor	3,603,978	23,617	-	404,665	94,373	522,655	-	40,640	-	40,640	239,078	15,729	-	254,807
Richland School	3,335,122	21,855	-	374,477	-	396,332	-	37,608	-	37,608	81,819	221,243	(7,369)	213,874

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, 2015

Employer Name	Deferred Outflows of Resources					Deferred Inflows of Resources					Pension Expense			
	Net Pension Liability for the year ended June 30, 2015	Differences Between Expected and Actual Experience	Net Difference Between Projected and Actual Earnings on Pension Plan Investments	Changes of Assumptions	Proportionate Share of Contributions	Total Deferred Outflows of Resources	Differences Between Expected and Actual Experience	Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	Changes of Assumptions	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	79,164	519	-	8,889	-	9,408	-	893	-	60,810	61,703	5,252	(10,135)	(4,883)
Rolette County	-	-	-	-	-	-	-	-	-	6,824	6,824	-	(1,137)	(1,137)
Rolette School	2,454,439	16,084	-	275,591	103,909	395,584	-	27,677	-	162,821	27,677	162,821	17,318	180,139
Roosevelt School	808,634	5,299	-	90,796	-	96,095	-	9,119	-	41,023	50,142	53,642	(6,837)	46,805
Roughrider Area Career & Tech Ctr	340,487	2,231	-	38,231	-	40,462	-	3,839	-	14,959	18,798	22,587	(2,493)	20,094
Roughrider Service Program	406,782	2,666	-	45,675	159,742	208,083	-	4,587	-	4,587	4,587	26,985	26,624	53,609
Rugby School	6,539,747	42,855	-	734,301	-	777,156	-	73,745	-	6,795	80,540	433,828	(1,132)	432,696
Rural Cass Spec Ed	2,181,620	14,296	-	244,959	-	259,255	-	24,601	-	55,327	79,928	144,723	(9,221)	135,502
Sargent Central School	2,884,004	18,899	-	323,824	-	342,723	-	32,521	-	76,762	109,283	191,317	(12,794)	178,523
Sawyer School	1,870,808	12,259	-	210,060	58,317	280,636	-	21,096	-	-	21,096	124,104	9,719	133,823
Scranton School	2,292,513	15,023	-	257,410	26,660	299,093	-	25,851	-	-	25,851	152,079	4,443	156,522
Se Region Career And Tech	2,848,692	18,667	-	319,859	10,042	348,568	-	32,123	-	-	32,123	188,974	1,674	190,648
Selfridge School	1,734,478	11,366	-	194,752	-	206,118	-	19,559	-	27,603	47,162	115,060	(4,601)	110,459
Sheneye Valley Area Voc	1,476,516	9,676	-	165,787	-	175,463	-	16,650	-	32,709	49,359	97,948	(5,452)	92,496
Sheneye Valley Spec Ed	3,417,766	22,396	-	383,756	60,869	467,021	-	38,540	-	-	38,540	226,725	10,145	236,870
Slope County	50,405	330	-	5,660	-	5,990	-	568	-	745	1,313	3,344	(124)	3,220
Solen - Cannonball School	3,150,859	20,647	-	353,787	-	374,434	-	35,531	-	421,088	456,619	209,019	(70,181)	138,838
Souris Valley Spec Ed	3,276,413	21,470	-	367,885	-	389,355	-	36,946	-	19,002	55,948	217,348	(3,167)	214,181
South Cent. Prairie Sp Ed	204,065	1,337	-	22,913	-	24,250	-	2,301	-	3,585	5,886	13,537	(598)	12,939
South Heart School	2,970,806	19,468	-	333,571	145,280	498,319	-	33,500	-	-	33,500	197,075	24,213	221,288
South Prairie Elem School	2,890,203	18,939	-	324,520	153,902	497,361	-	32,591	-	-	32,591	191,728	25,660	217,378
South Valley Spec Ed	1,488,117	9,752	-	167,090	53,966	230,808	-	16,781	-	-	16,781	98,717	8,994	107,711
Southwest Special Education Unit	128,248	840	-	14,400	-	15,240	-	1,446	-	5,890	7,336	8,508	(982)	7,526
St. John'S School	5,164,982	33,846	-	579,939	35,153	648,938	-	58,243	-	-	58,243	342,630	5,859	348,489
St. Thomas School	1,432,206	9,385	-	160,812	715	170,912	-	16,150	-	-	16,150	95,009	119	95,128
Stanley School	6,604,289	43,278	-	741,548	203,527	988,353	-	74,473	-	-	74,473	438,110	33,921	472,031
Starkweather School	1,213,441	7,952	-	136,249	-	144,201	-	13,683	-	28,835	42,518	80,496	(4,806)	75,690
Sterling School	497,600	3,261	-	55,872	26,720	85,853	-	5,611	-	-	5,611	33,009	4,453	37,462
Strasburg School District	1,606,268	10,526	-	180,356	-	190,882	-	18,113	-	171,026	189,139	106,555	(28,504)	78,051
Surrey School	4,843,681	31,740	-	543,862	23,998	599,600	-	54,620	-	-	54,620	321,316	4,000	325,316
Sweet Briar Elem School	163,717	1,073	-	18,383	1,043	20,499	-	1,846	-	-	1,846	10,861	174	11,035
Tgu School District	5,523,164	36,193	-	620,157	-	656,350	-	62,282	-	80,199	142,481	366,391	(13,366)	353,025
Thompson School	4,065,742	26,643	-	456,513	-	483,166	-	45,847	-	102,558	148,405	269,710	(17,093)	252,617
Tioga School	5,891,757	38,608	-	661,543	458,615	1,158,766	-	66,438	-	-	66,438	390,843	76,436	467,279
Turtle Lake-Mercer School	2,461,279	16,129	-	276,359	-	292,488	-	27,755	-	195,292	223,047	163,274	(32,549)	130,725
Twin Buttes Elem. School	952,786	6,244	-	106,981	-	113,225	-	10,744	-	31,021	41,765	63,205	(5,170)	58,035
Underwood School	3,167,494	20,756	-	355,655	-	376,411	-	35,718	-	33,772	69,490	210,123	(5,629)	204,494
United School	5,894,072	38,624	-	661,803	-	700,427	-	66,464	-	268,746	335,210	390,996	(44,791)	346,205
Upper Valley Spec Ed	4,933,321	32,328	-	553,927	131,841	718,096	-	55,630	-	-	55,630	327,263	21,973	349,236
Valley - Edinburg School	3,073,630	20,141	-	345,116	-	365,257	-	34,660	-	66,153	100,813	203,896	(11,026)	192,870

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, 2015

Employer Name	Deferred Outflows of Resources					Deferred Inflows of Resources					Pension Expense			
	Net Pension Liability for the year ended June 30, 2015	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	Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	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
Valley City School	11,963,985	78,400	-	1,343,350	-	1,421,750	-	134,911	-	887,500	1,022,411	793,657	(147,917)	645,740
Velva School	5,027,068	32,942	-	564,454	-	597,396	-	56,688	-	148,209	204,897	333,482	(24,702)	308,780
Wahpeton School	13,922,942	91,237	-	1,563,308	-	1,654,545	-	157,001	-	101,227	258,228	923,609	(16,871)	906,738
Ward County	58,396	383	-	6,557	-	6,940	-	658	-	229	887	3,874	(38)	3,836
Warwick School	3,786,267	24,811	-	425,133	268,796	718,740	-	42,696	-	42,696	251,170	44,799	-	295,969
Washburn School	3,197,353	20,952	-	359,008	-	379,960	-	36,055	-	18,565	54,620	212,103	(3,094)	209,009
West Fargo School	102,340,701	670,635	-	11,491,105	3,270,290	15,432,030	-	1,154,040	-	1,154,040	6,788,994	545,048	-	7,334,042
West River Student Services	1,436,051	9,410	-	161,244	102,201	272,855	-	16,194	-	16,194	95,264	17,033	-	112,297
Westhope School	2,251,460	14,754	-	252,800	107,654	375,208	-	25,388	-	25,388	149,355	17,942	-	167,297
White Shield School	2,971,172	19,470	-	333,612	-	353,082	-	33,504	-	90,877	124,381	197,099	(15,146)	181,953
Williston School	34,969,066	229,151	-	3,926,426	2,783,227	6,938,804	-	394,327	-	394,327	2,319,749	463,871	-	2,783,620
Wilmac Special Education	6,155,865	40,339	-	691,198	452,397	1,183,934	-	69,416	-	69,416	408,363	75,399	-	483,762
Wilton School	2,566,784	16,820	-	288,206	7,947	312,973	-	28,944	-	28,944	170,273	1,324	-	171,597
Wing School	1,385,620	9,080	-	155,581	-	164,661	-	15,625	-	24,951	40,576	91,918	(4,159)	87,759
Wishek School	2,486,193	16,292	-	279,157	20,581	316,030	-	28,035	-	28,035	164,927	3,430	-	168,357
Wolford School	1,085,742	7,115	-	121,910	40,000	169,025	-	12,243	-	12,243	72,025	6,667	-	78,692
Wyndmere School	2,936,893	19,245	-	329,763	-	349,008	-	33,118	-	106,899	140,017	194,825	(17,816)	177,009
Yellowstone Elem. School	1,104,771	7,240	-	124,047	50,191	181,478	-	12,458	-	12,458	73,287	8,365	-	81,652
Zeeland School	950,955	6,232	-	106,776	-	113,008	-	10,723	-	42,603	53,326	63,084	(7,100)	55,984
Total for all entities	1,307,855,182	8,570,326	\$ -	146,849,697	19,310,133	174,730,156	\$ -	14,747,971	\$ -	19,310,133	34,058,104	86,759,429	-	86,759,429

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
As of and for the year ended June 30, 2015

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

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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 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

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

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As of and for the year ended June 30, 2015

service credits under TFFR. These service credits may be repurchased upon return to covered employment under certain circumstances, as defined by the NDCC.

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 of \$1,307,855,182 was measured as of July 1, 2015, 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.

Note 4 - Actuarial Assumptions

The total pension liability in the July 1, 2015 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement:

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

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

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

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North Dakota Teachers' Fund for Retirement
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The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan 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 Fund's target allocation are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equities	57%	7.5%
Global Fixed Income	22%	1.3%
Global Real Assets	20%	5.4%
Cash Equivalents	1%	0.0%

Discount rate

The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2015. 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, 2015 Actuarial Valuation Report. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members as of June 30, 2015. 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, 2015.

Note 5 - 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, 2015. The supporting actuarial information is included in the June 30, 2015, GASB Statements No. 67 and 68 Accounting and Financial Reporting for Pensions actuarial valuation for each retirement plan. The additional financial and actuarial information is available at www.nd.gov/rio or by contacting RIO at: ND Retirement and Investment Office, 1930 Burnt Boat Drive, 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 Jack Dalrymple
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, 2015 (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 January 6, 2016.

Internal Control over Financial Reporting

Management of the North Dakota Retirement and Investment Office (RIO), which includes TFFR, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audits, we considered RIO'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 RIO's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of RIO'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 RIO'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 audits, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

Baltimore, Maryland
January 6, 2016

**RETIREMENT AND INVESTMENT OFFICE
AUDIT SERVICES
2015 - 2016 3rd Quarter Audit Activities Report
January 1, 2016 – March 31, 2016**

The audit objective of Audit Services 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, 2015 through June 30, 2016 work plan approved by the SIB Audit Committee. The audit activities undertaken are consistent with the Audit Services 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.

Retirement Program Audit Activities

• **TFFR Compliance Audits and Not In Compliance (NIC) Reviews**

We examine employer reporting to the Teachers' Fund for Retirement (TFFR) to determine whether retirement salaries and contributions reported for members of TFFR are in compliance with the definition of salary as it appears in NDCC 15-39.1-04(9). 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 audit examination is completed.

In the third quarter two previously completed TFFR Compliance Audits were re-opened upon receipt of additional information from the auditees. In both instances the additional information was evaluated and amended reports were issued. No additional employer audits were completed during the third quarter. A total of fifteen employer audits have been completed year to date including fourteen TFFR Compliance Audits and one Not in Compliance (NIC) Review. Eight TFFR Compliance Audits are currently in progress. The eight audits currently in progress represent the end of the third audit cycle. It is the intention of Audit Services to focus available resources on concluding the third audit cycle prior to the close of the current calendar year.

It was initially anticipated that the third audit cycle may conclude sooner than expected, therefore six audit notifications were sent to employers in the fourth audit cycle. Information has been received and as a result six employer audits are currently pending but not yet started. Given that available resources are being focused on concluding the third audit cycle, all six employers have been notified that a delay has occurred and contact will be made once their audit is underway.

This is an area that requires special emphasis due to the level of risk identified through previous audit results. Our long-range plans include auditing each employer over a five year period.

• **TFFR File Maintenance Audits**

Audit Services tests changes made to TFFR member account data by RIO employees on a quarterly basis. Audit tables are generated and stored indicating any file maintenance changes made to member accounts. The TFFR File Maintenance Audit for the second quarter of fiscal year 2016 is underway and will be concluded prior to the close of the fiscal year.

• **Annual Salary Verification Project**

Each year during the third quarter Audit Services undertakes an effort to verify the accuracy of retirement salaries, contributions, and service hours reported to TFFR for the prior fiscal year for fifty randomly selected member accounts. Eligibility is also verified via an ESPB search. In February 2016 information reported for fifty member accounts representing thirty nine employers was verified. Eight member accounts required corrections.

Administrative and Investment Audit Activities

• Executive Limitation Audit

The Executive Limitations Final Audit Report for the calendar year beginning January 1, 2015 and ending December 31, 2015 was issued in February 2016. The final audit report was presented to the SIB Audit Committee and the SIB that same month and was ultimately approved by both governing boards. Audit Services was sufficiently satisfied that the Executive Director/CIO was in compliance with the SIB Governance Manual Executive Limitation polices A-1 through A-11.

In conjunction with the Executive Limitation Audit, Audit Services administers an employee opinion survey in January of each fiscal year. The intent of the survey is to provide employees the opportunity to share their opinions regarding the physical office environment and resources, job satisfaction, employee morale, compensation, and immediate supervisors. The results of the survey were made available in February 2016.

In February 2016 the SIB appointed a three member Executive Review Committee for the purpose of evaluating the Executive Director/CIO. The Executive Review Committee requested the assistance of Audit Services during this process. Audit Services administered a survey created by the SIB Executive Review Committee to current members of the SIB. Members of the SIB were asked to evaluate the Executive Director/CIO's level of compliance with the *Ends* and Executive Limitation policies set forth in the SIB Governance Manual. Results of the survey are anticipated in April 2016.

Professional Development Activities

Audit Services continues to pursue networking and professional development opportunities via the IIA's local chapter, Central Nodak.

Summary

Audit effort is directed to activities that are of greatest concern to the SIB Audit Committee, RIO Management, and our external audit partners. Audit Services will continue to work closely with the SIB Audit Committee, RIO Management, and our external audit partners to continue to improve overall efficiency, effectiveness, and economy of total audit activity.

**AMENDED REPORT ON COMPLIANCE AUDIT
FOR REPORTING AND PAYMENTS
TO THE TEACHERS' FUND FOR RETIREMENT
FARGO PUBLIC SCHOOL DISTRICT
JANUARY 11, 2016**

PURPOSE

The Teachers' Fund for Retirement (TFFR) Board of Trustees, through the Retirement and Investment Office (RIO), is responsible for ensuring that required reports and payments for TFFR members are made by public school districts and other member employers. This responsibility is contained in Chapter 15-39.1, NDCC, and most specifically, section 15-39.1-23, NDCC.

An Audit Program (AP) has been established within RIO to carry out this responsibility. This AP is in conjunction with and in addition to the audit performed by RIO's external auditors. Independent reports are filed with RIO/TFFR Management upon completion. Independent reports are filed with the Audit Committee of the State Investment Board (SIB) quarterly. All independent reports filed with the Audit Committee of the SIB are published on the RIO website in compliance with North Dakota open records and meetings laws.

BACKGROUND

A TFFR Compliance Audit was recently completed on the Fargo Public School District (FPS). The purpose of a TFFR Compliance Audit is to test the accuracy of retirement salaries and contributions reported by participating employers to determine compliance with the definition of salary as it appears in NDCC 15-39.1-04(9). A representative sample of TFFR accounts was selected from members of FPS for the 2012/13 and 2013/14 school years. A TFFR Compliance Audit report was issued on October 19, 2015. The audit report noted eight findings and is attached for reference.

One of the findings noted in the audit report pertained to the reporting of salary earned as a result of participation in professional development activities and payments made as a result of participation in Teach2Learn continuing education courses. It was determined that professional development salary was reported in the wrong fiscal year for one individual and a continuing education payment was not reported for another individual. Corrections were made to both member accounts. FPS was required to provide a written response detailing corrective action for each finding noted in the audit report. In the written response received on November 20, 2015 FPS indicated that continuing education payments would no longer be reported given that cash is offered in lieu of other benefits. It was determined that the existence of a potential cash in lieu of benefit situation merited further review and the TFFR Compliance Audit was subsequently reopened.

Additional information has been gathered pertaining to the professional development and continuing education activities which are occurring at FPS:

- FPS provides professional development activities for staff. Attendance is required and staff members are compensated for time spent at mandatory professional development activities at an hourly rate based on contracted salary. FPS reports salary earned for attendance at mandatory professional development activities to TFFR.
 - FPS also provides all staff members with the opportunity to complete continuing education courses via the online Teach2Learn portal. Participation in continuing education courses offered via Teach2Learn is optional and at the sole discretion of staff. If staff members opt to participate in continuing education courses via Teach2Learn the following options exist:
 - Staff members can earn 1 CEU hour per successfully completed course. Upon completion of 15 CEU hours FPS issues payment to the staff member in the amount of \$100.00. The cash payment of \$100.00 is in question regarding TFFR eligibility.
- OR
- Staff members can earn undergraduate or graduate college credit.

FPS determined that a cash in lieu of benefit situation existed for any payment made upon completion of 15 CEU hours and initially did not report this payment to TFFR. Over time FPS began reporting payment(s) made upon completion of 15 CEU hours, it is unclear when this transition occurred. FPS reported such payments throughout the audit period, except for one instance which triggered the audit finding.

CONCLUSIONS AND RECOMMENDATIONS

Upon review of all available information the following determination has been made:

- Salary earned for attendance at professional development activities provided by FPS where attendance is required and staff is reimbursed at an hourly rate based on contracted salary is eligible retirement salary and must be reported to TFFR.
- A cash (\$100.00) in lieu of benefit (undergraduate or graduate college credit) situation does exist with regards to payments made to staff members who participate in Teach2Learn continuing education courses and successfully earn 15 CEU hours or college credit. The \$100.00 payment made to a staff member who successfully earns 15 CEU hours is not eligible retirement salary and should not be reported to TFFR.

We understand beginning October 1, 2015 FPS ceased reporting \$100.00 payment(s) made to staff members who successfully earn 15 CEU hours to TFFR. Given the potentially large number of member accounts affected, the materiality of the payments made, the difficulty in determining when reporting initially occurred, and the consistency of reporting in recent years of all payments made to staff members who successfully earned 15 CEU hours TFFR has determined that any payments reported prior to October 1, 2015 may remain.

Recommendation 1:

TFFR strongly recommends FPS create a written policy which details the professional development and continuing education activities occurring at FPS including any options and/or payments available to staff members. A copy of this written policy should be provided to TFFR upon completion. Given that a cash in lieu of benefit situation exists, FPS should contact TFFR in the future if any changes and/or revisions are made to the Teach2Learn continuing education program.

Recommendation 2:

TFFR strongly recommends FPS create two distinct pay codes within the current payroll system used exclusively for professional development and continuing education activities. One pay code should include only salary which is earned for attendance at mandatory professional development activities which is reportable to TFFR. The other pay code should include only payments made upon successful completion of Teach2Learn continuing education courses resulting in 15 CEU hours which is not reportable to TFFR.

The conclusions and recommendations in this compliance audit are based on state statutes and rules currently in effect. Legislative and rule changes may occur after the audit period. Therefore, any future modifications to negotiated agreements, salary schedules, or special payments should be discussed with TFFR in advance to confirm whether amounts should be reported as eligible TFFR salary and subject to member and employer contributions. Written authorization and documentation describing the payment details will be requested in order to make eligible salary determinations.

Please provide a written response on the District's intent to implement the above recommendations by February 12, 2016.

In addition to the compliance audit, all accounts are reviewed as members notify the TFFR of their intent to retire.



Terra L. Miller Bowley
Supervisor of Audit Services

**REPORT ON COMPLIANCE AUDIT
FOR REPORTING AND PAYMENTS
TO THE TEACHERS' FUND FOR RETIREMENT
FORDVILLE-LANKIN SCHOOL DISTRICT
FEBRUARY 1, 2016**

PURPOSE

The Teachers' Fund for Retirement (TFFR) Board of Trustees, through the Retirement and Investment Office (RIO), is responsible for ensuring that required reports and payments for TFFR members are made by public school districts and other member employers. This responsibility is contained in Chapter 15-39.1, NDCC, and most specifically, section 15-39.1-23, NDCC.

An Audit Program (AP) has been established within RIO to carry out this responsibility. This AP is in conjunction with and in addition to the audit performed by RIO's external auditors. Independent reports are filed with RIO/TFFR Management upon completion. Independent reports are filed with the Audit Committee of the State Investment Board (SIB) quarterly. All independent reports filed with the Audit Committee of the SIB are published on the RIO website in compliance with North Dakota open records and meetings laws.

BACKGROUND

A TFFR Compliance Audit was recently completed on the Fordville-Lankin School District (FLS). The purpose of a TFFR Compliance Audit is to test the accuracy of retirement salaries and contributions reported by participating employers to determine compliance with the definition of salary as it appears in NDCC 15-39.1-04(9). A representative sample of TFFR accounts was selected from members of FLS for the 2012/13 and 2013/14 school years. A TFFR Compliance Audit report was issued on December 28, 2015. The audit report had three findings and is attached for reference.

In the original audit report, Finding 1 noted that the District overpaid summer salary for one member. After receipt of the audit report and further investigation, the District determined that the salary was not an overpayment but rather owed for summer school taught in June 2015. The District provided an explanation as well as other documentation in support of the June 2015 summer salary for consideration.

CONCLUSION AND RECOMMENDATION:

After further review, it has been determined that the salary paid for summer school taught in June 2015 is reportable. Finding 1 in the original audit report is null and void. RIO will reverse the adjustment made to the member's account. RIO will notify the member that an adjustment has been made to their account (see the amended Schedule 1-Primary Test and the amended Changes in Salaries and Contributions Worksheet). Finding 2 and Finding 3 in the original audit report remain valid.

In the written response received from the District on January 7, 2016, the District responded to Finding 1 noted in the original audit report. However, the District failed to provide a written response to Finding 2 and Finding 3 noted in the original audit report. Please send a written response on the District's intent to correct the errors noted in Finding 2 and Finding 3 in the original audit report to TFFR by February 5, 2016.

The conclusion and recommendation in this compliance audit are based on state statutes and rules in effect during the audit period. Legislative and rule changes may occur after the audit period. Therefore, any future modifications to negotiated agreements, salary schedules, or special payments should be discussed with TFFR in advance to confirm whether amounts should be reported as eligible TFFR salary and subject to member and employer contributions. Written authorization and documentation describing the payment details will be requested in order to make eligible salary determinations.

In addition to the compliance audit, all accounts are reviewed as members notify the TFFR of their intent to retire.

Dottie Thorsen
Auditor

Enclosures

Audit Services
North Dakota Retirement and Investment Office
2014-2015 Salary Verification Final Audit Report
March 16, 2016

Background

The accurate reporting of retirement salaries along with member contributions, employer contributions, and service hours is vital to the administration of retirement benefits. It is the responsibility of the Teachers' Fund for Retirement (TFFR) to ensure that retirement salaries reported by participating employers on behalf of members are in compliance with the definition of salary as it appears in the NDCC 15-39.1-04(9). Each year TFFR randomly selects a group of member accounts and requests additional information from participating employers for the purpose of verifying reported retirement salaries.

Results Summary

The retirement salaries reported to TFFR in 2014-2015 for fifty member accounts were verified. Eight of the fifty member accounts will require corrections to reported retirement salary and/or service hours. Overpaid contributions will be refunded and underpaid contributions will be billed to the participating employer with any applicable interest. Five reporting errors were identified during the verification process. The most frequently cited reporting error was the reporting of eligible salary in the wrong fiscal year. A participating employer also reported a cash benefit option in error for one member while another employer reported salary without a written agreement for one member. Contract salary was under reported for one member and eligible extra-curricular salary was not reported for one member.

Scope

Audit work commenced in February 2016 and concluded in March 2016. The accuracy of retirement salaries, member contributions, and employer contributions reported to TFFR for the 2014-2015 fiscal year were verified. In many instances the retirement salary along with member and employer contributions reported to TFFR in 2013-2014 were also verified during the reconciliation process. Service hours were reviewed for reasonableness and eligibility was confirmed via an ESPB search. The fifty member accounts selected for further testing were chosen from a population of member accounts which recorded an increase or decrease in reported retirement salary of \$6,000.00 or greater for the most recent fiscal year.

Observations, Conclusions and Recommendations

The following details the specific errors identified and the resulting corrections which will be required on eight member accounts. Individual identifying information has been eliminated. The participating employer is identified.

Belcourt Public School District (40-027)

Belcourt Public School District failed to report eligible extra-curricular salary to TFFR. The member earned salary for teaching and advising students participating in a summer activities program. The error caused retirement salary to be under reported and an underpayment in contributions. The member's account will be updated to reflect the additional salary earned, contributions will be billed with interest. A service hour correction is not required as the member earned a full year of service.

Divide County Public School District (12-001)

Divide County Public School District reported eligible extra-curricular salary in the wrong fiscal year. The member earned salary for participating in the Title I after school program in May 2014.

The salary was reported to TFFR the following fiscal year in July 2014. The error caused an overpayment of member and employer contributions due to a contribution rate change in 2014-2015 when the eligible salary was reported. The member's account will be updated to reflect the proper retirement salary in each fiscal year affected, contributions will be refunded. A service hour correction is required as the member did not earn a full year of service in 2014-2015.

Fairmount Public School District (39-018)

Fairmount Public School District reported service hours incorrectly. The member resigned during the 2014-2015 school year. A full year of service credit was reported by the employer rather than the actual hours worked. The error caused service hours to be overstated. The member's account will be updated to reflect actual hours worked.

McKenzie County Public School District (27-001)

McKenzie County Public School District under reported contract salary. The member's full contract amount was not paid prior to the close of the 2014-2015 fiscal year for reasons which could not be determined. The error was discovered upon receipt of the audit notification and steps were undertaken to immediately issue a payment to the member for salary owed. The member's account will be updated to reflect the additional salary earned and contributions owed with interest will be billed to the employer. A service hour correction is not required as the member earned a full year of service.

Medina Public School District (47-003)

Medina Public School District reported salary and service hours without a written agreement. The member was employed elsewhere in 2014-2015 and did not have a continuing contract with the Medina Public School District. The member's account will be updated, reported retirement salary will be removed and contributions will be refunded. Service hours will also be updated accordingly.

Minnewaukan Public School District (03-005)

Minnewaukan Public School District reported eligible extra-curricular salary in the wrong fiscal year. The member earned salary for participating in the school improvement committee in May 2014. The salary was reported to TFFR the following fiscal year. The error caused an overpayment of member and employer contributions due to a contribution rate change in 2014-2015 when the eligible salary was reported. The member's account will be updated to reflect the proper retirement salary in each fiscal year affected, contributions will be refunded. A service hour correction is not required as the member earned a full year of service.

New Salem-Almont Public School District (30-049)

New Salem-Almont Public School District reported eligible summer salary in the wrong fiscal year. The member earned salary for teaching summer school in June 2014. The salary was reported to TFFR the following fiscal year in July 2014. The error caused an overpayment of member and employer contributions due to a contribution rate change in 2014-2015 when the eligible salary was reported. The member's account will be updated to reflect the proper retirement salary in each fiscal year affected, contributions will be refunded. A service hour correction is not required as the member earned a full year of service.

Surrey Public School District (51-041)

The Surrey Public School District reported eligible retroactive pay in the wrong fiscal year and reported ineligible payments received in lieu of a benefit. The member received a retroactive salary payment in fiscal year 2015 for salary earned in fiscal year 2014. The retroactive salary payment was reported to TFFR in fiscal year 2015. The error caused an overpayment of

member and employer contributions due to a contribution rate change in 2014-2015 when the eligible salary was reported. The member's account will be updated to reflect the proper retirement salary in each fiscal year affected, contributions will be refunded. The member opted to receive cash in lieu of other benefits in fiscal year 2015. A portion of the payments received in lieu of a benefit were reported to TFFR as retirement salary in fiscal year 2015. The error caused retirement salary to be overstated in the year affected and contributions to be overpaid. The member's account will be updated to reflect a reduction in retirement salary and contributions will be refunded. A service hour correction is not required as the member earned a full year of service.

**NORTH DAKOTA RETIREMENT AND INVESTMENT OFFICE
 AUDIT SERVICES DIVISION
 BUDGETED VS. ACTUAL HOURS FOR FISCAL YEAR 2015-2016**

	2015-2016 BUDGET HOURS (2 FTE'S)
1. Audit	
Retirement Program Audits:	
TFFR Employer Compliance Audits	1,890
REA Audit(s)	75
Benefit Payments Audit	50
TFFR File Maintenance Audit(s)	80
Annual Salary Verification Project	65
TFFR Cost Effective Benefit Payments/Benefit Recalculation	80
Agency Administrative and Investment Audits	
Executive Limitation Audit	90
Investment Performance Summary Review	60
Schedule of Investment Fees Review	60
Investment Management Fees Review	60
RIO External Auditor Assistance	40
Special Projects	120
Total Audit Hours:	2,670
2. Administrative	
Administrative - Staff Mtgs, Time Reports, Email, Records Retention, General Reporting	400
Audit Committee/SIB/TFFR Attendance and Preparation	250
Professional Development/CE/General Education	160
Audit Services Procedure Manual	120
Annual Leave, Sick Leave, and Holidays	592
Total Administrative Hours:	1,522
Total Hours for 2015-2016:	4,192

Total Hours for 2015-2016: 4,192
 D. Thorsen Total Hours 2015-2016: 2,096
 T. Miller Bowley Hours 2015-2016: 2,096

1st Quarter Actual Hours	2nd Quarter Actual Hours	3rd Quarter Actual Hours	4th Quarter Actual Hours	2015- 2016 Actual Hours
522	601	395		1,519
8	4	8		19
126	0	0		126
57	45	53		155
0	0	121		121
0	0	0		0
6	40	59		105
0	11	2		13
0	0	0		0
0	0	0		0
16	4	0		20
0	0	0		0
734	704	638	0	2,076
128	121	139		388
72	53	55		179
7	43	14		63
7	10	0		17
111	132	196		439
325	359	402	0	1,086
1,059	1,063	1,040	0	3,162
25%	51%	75%		

NORTH DAKOTA RETIREMENT AND INVESTMENT OFFICE
 TFFR EMPLOYER AUDIT PROGRESS AND STATUS REPORT
 FOURTH AUDIT CYCLE

FISCAL YEAR JULY 1, 2015 - JUNE 30, 2016

	Size	District ID	Auditor	Employer	Anticipated Notification Timeframe	100% or On-site	Info Request	Info Received	Audit Started	Report Date	Corrections to Retirement Services	Invoice/Check Received from Retirement Services	Status	Members	Days b/w Info Request and Received	Days b/w Info Received and Report	Days b/w Info Received and Start Date	Days b/w Start and Report	Days w/Retirement Services	Audit Findings	Hours to Complete
97	M	09-097		NORTHERN CASS SCHOOL DIST											0	0	0	0	0		
98	S	49-009		HILLSBORO SCHOOL											0	0	0	0	0		
99	S	22-001		KIDDER COUNTY SCHOOL DISTRICT											0	0	0	0	0		
100	S	47-014		MONTPELIER SCHOOL											0	0	0	0	0		
101	S	51-200		SOURIS VALLEY SPEC ED											0	0	0	0	0		
102	S	39-018		FAIRMOUNT SCHOOL											0	0	0	0	0		
103	L	08-001		BISMARCK PUBLIC SCHOOLS											0	0	0	0	0		
104	S	29-201		OLIVER - MERCER SPEC ED											0	0	0	0	0		
105	S	04-001		BILLINGS CO. SCHOOL DIST.											0	0	0	0	0		
106	S	43-008		SELFREDGE SCHOOL											0	0	0	0	0		
107	S	05-054		NEWBURG UNITED DISTRICT											0	0	0	0	0		
108	S	52-025		FESSENDEN-BOWDON SCHOOL											0	0	0	0	0		
109	S	34-043		ST. THOMAS SCHOOL											0	0	0	0	0		
110	S	30-400		ND YOUTH CORRECTIONAL CNT											0	0	0	0	0		
111	S	51-004		NEDROSE SCHOOL											0	0	0	0	0		
112	M	37-019		LISBON SCHOOL											0	0	0	0	0		
113	S	16-049		CARRINGTON SCHOOL											0	0	0	0	0		
114	S	17-003		BEACH SCHOOL											0	0	0	0	0		
115	S	30-013		HEBRON SCHOOL											0	0	0	0	0		
116	M	05-001		BOTTINEAU SCHOOL											0	0	0	0	0		
117	S	20-007		MIDKOTA											0	0	0	0	0		
118	S	41-003		NORTH SARGENT SCHOOL											0	0	0	0	0		
119	L	40-027		BELCOURT SCHOOL											0	0	0	0	0		
120	S	39-042		WYNDMERE SCHOOL											0	0	0	0	0		
121	S	30-049		NEW SALEM-ALMONT											0	0	0	0	0		
122	S	51-028		KENMARE SCHOOL											0	0	0	0	0		
123	M	29-027		BEULAH SCHOOL											0	0	0	0	0		
124	S	53-002		NESSON SCHOOL											0	0	0	0	0		
125	S	27-036		MANDAREE SCHOOL											0	0	0	0	0		
126	S	15-036		LINTON SCHOOL											0	0	0	0	0		
127	S	37-024		ENDERLIN AREA SCHOOL DISTRICT											0	0	0	0	0		
128	S	15-006		HAZELTON - MOFFIT SCHOOL											0	0	0	0	0		
129	S	19-049		ELGIN-NEW LEIPZIG SCHOOL											0	0	0	0	0		
130	S	05-017		WESTHOPE SCHOOL											0	0	0	0	0		
131	L	18-001		GRAND FORKS SCHOOL											0	0	0	0	0		
132	S	50-020		MINTO SCHOOL											0	0	0	0	0		
133	S	30-048		GLEN ULLIN SCHOOL											0	0	0	0	0		
134	S	32-001		DAKOTA PRAIRIE SCHOOL											0	0	0	0	0		
135	S	47-019		KENSAL SCHOOL											0	0	0	0	0		
136	M	31-001		NEW TOWN SCHOOL											0	0	0	0	0		
137	S	35-001		WOLFORD SCHOOL											0	0	0	0	0		
138	S	45-200		WEST RIVER STUDENT SERVICES											0	0	0	0	0		
139	S	09-080		PAGE SCHOOL											0	0	0	0	0		
140	S	14-200		E CENTRAL CTR EXC CHLDN											0	0	0	0	0		
141	M	50-200		UPPER VALLEY SPEC ED											0	0	0	0	0		
142	S	18-127		EMERADO ELEMENTARY SCHOOL											0	0	0	0	0		
143	S	03-009		MADDOCK SCHOOL											0	0	0	0	0		
144	S	36-002		EDMORE SCHOOL											0	0	0	0	0		
145	L	39-037		WAHPETON SCHOOL											0	0	0	0	0		
146	S	08-028		WING SCHOOL											0	0	0	0	0		
147	S	02-046		LITCHVILLE-MARION SCHOOL											0	0	0	0	0		
148	S	09-004		MAPLE VALLEY SCHOOL											0	0	0	0	0		
149	S	47-010		PINGREE - BUCHANAN SCHOOL											0	0	0	0	0		
150	S	36-201		LAKE REGION SPEC ED											0	0	0	0	0		
151	L	09-006		WEST FARGO SCHOOL											0	0	0	0	0		
152	S	18-128		MIDWAY SCHOOL											0	0	0	0	0		
153	S	49-010		MAY-PORT C-G SCHOOL											0	0	0	0	0		
154	S	10-019		MUNICH SCHOOL											0	0	0	0	0		
155	S	47-003		MEDINA SCHOOL											0	0	0	0	0		
156	M	34-100		NORTH BORDER SCHOOL											0	0	0	0	0		
157	S	53-008		NEW PUBLIC SCHOOL											0	0	0	0	0		
158	S	51-070		SOUTH PRAIRIE ELEM SCHOOL											0	0	0	0	0		
159	S	02-200		SHEYENNE VALLEY AREA VOC											0	0	0	0	0		
160	S	23-724		JAMES RIVER MULTIDISTRICT SPEC ED UNIT											0	0	0	0	0		
161	S	36-044		STARKWEATHER SCHOOL											0	0	0	0	0		
162	S	50-005		FORDVILLE LANKIN SCHOOL											0	0	0	0	0		
163	S	53-200		WILMAC SPECIAL EDUCATION											0	0	0	0	0		
164	S	51-161		LEWIS AND CLARK SCHOOL											0	0	0	0	0		
165	S	23-007		KULM SCHOOL											0	0	0	0	0		
166	L	09-001		FARGO PUBLIC SCHOOLS											0	0	0	0	0		
167	S	09-400		ND CENTER FOR DISTANCE EDUCATION											0	0	0	0	0		
168	S	03-030		FORT TOTTEN SCHOOL											0	0	0	0	0		
169	S	31-003		PARSHALL SCHOOL											0	0	0	0	0		
170	S	39-200		SE REGION CAREER AND TECH											0	0	0	0	0		
171	S	43-003		SOLEN - CANNONBALL SCHOOL											0	0	0	0	0		
172	S	40-003		ST. JOHN'S SCHOOL											0	0	0	0	0		
173	S	03-029		WARWICK SCHOOL**	2017-2018										0	0	0	0	0		
174	S	28-085		WHITE SHIELD SCHOOL											0	0	0	0	0		

Average: 35 1 0 0 0 0 0 #DIV/0!

YTD Assigned	DT	TMB	Total Audit Days	Average Audit Days	Audits Completed	Total Hours	Average Hrs	Actual Audit Days
			0	#DIV/0!		0	#DIV/0!	#DIV/0!
			0	#DIV/0!		0	#DIV/0!	#DIV/0!

**WARWICK SCHOOL - Found Not In Compliance 2016. Audit years were 2013-2014 and 2014-2015. Will need NIC Review at conclusion of FY 2017.

MEMORANDUM

TO: State Investment Board (SIB) Audit Committee

FROM: Terra Miller Bowley, Supervisor of Audit Services

DATE: May 19, 2016

SUBJECT: 2016 – 2017 Audit Services Workplan

Attached is the 2016 – 2017 Audit Services workplan, budgeted hours, TFFR participating employer risk assessment, and employer audit plans for the upcoming fiscal year and future years. Significant changes have been made to the workplan for the upcoming fiscal year. The auditing of TFFR participating employers is of the utmost importance, however Audit Services also performs other audit activities that are of critical importance to the organization including audits related to executive limitations, staff compliance with policies and procedures, efficiency of operations, and investment activities. In an effort to honor all the aforementioned interests the following changes have been made to the workplan:

Retirement Program Audits

- The number of TFFR Employer Audits required each fiscal year has been reduced from 35 audits to 20 – 25 audits and the audit cycle has been extended from five years to eight years.
- The number of required REA Audits each fiscal year has been reduced from 2 to 1.
- The scope of the Benefit Payment Audit has been reduced.
- The scope of the TFFR File Maintenance Audit(s) has been reduced but the frequency has been maintained.
- The method used to determine the sample population for the Annual Salary Verification Project has been revised to increase the number of unique participating employers selected for inclusion in the project.
- The TFFR Cost Effective Benefit Payment Audit will be conducted in even numbered fiscal years as opposed to annually.
- The Special Projects item has been eliminated and replaced with an ACL Software Project for the 2016 –2017 fiscal year.

Agency Administrative and Investment Audits and Activities:

- The Investment Performance Summary Review will be conducted in odd numbered fiscal years as opposed to annually.
- The Schedule of Investment Fees/Investment Management Fees Review will be conducted in even numbered fiscal years as opposed to annually.

MEMORANDUM

TO: State Investment Board (SIB) Audit Committee

FROM: Terra Miller Bowley, Supervisor of Audit Services

DATE: May 19, 2016

SUBJECT: TFFR Participating Employer Memorandum

A list of TFFR participating employers is provided by the Retirement and Investment Office (RIO) Information Systems Division in November of each fiscal year. Per the most recent information available, TFFR has 214 participating employers including school districts, special education units, vocational centers, state agencies, county superintendents, and others. Participating employers with 10 or fewer total members are not eligible for a TFFR Employer Audit. Therefore, a total of 174 TFFR participating employers will require an audit in the upcoming fourth audit cycle.

A risk assessment is conducted annually on all participating employers eligible for a TFFR Employer Audit. The results of the risk assessment, in particular the risk score, are used to create the current year and long range TFFR Employer Audit plan. Employers with the highest risk scores are audited prior to those employers with lower risk scores with some exceptions for medium and large employers which must be spread out over the entire audit cycle to accommodate the greater size and complexity often associated with these employers. Current year and long range TFFR Employer Audit plans will be reviewed on at least an annual basis. Ad hoc adjustments will be made throughout the fiscal year as staff deems appropriate.

Risk factors and scoring are as follows:

<u>Risk Factor</u>	<u>Risk Score</u>
Change Key Personnel	<p>1 - Superintendent and/or Business Manager personnel change since last TFFR Compliance Audit</p> <p>0 - Superintendent and/or Business Manager personnel unchanged since last TFFR Compliance Audit</p>
Prior Compliance Audit Results	<p>3 - Most recent TFFR Compliance Audit determined retirement salaries were Not In Compliance with NDCC</p> <p>2 - Most recent TFFR Compliance Audit determined retirement salaries were Generally In Compliance with NDCC</p> <p>1 - Most recent TFFR Compliance Audit determined retirement salaries were In Compliance with NDCC</p> <p>0 - No prior TFFR Compliance Audit</p>
NIC (Not In Compliance) Review Results	<p>3 - Most recent NIC Review determined retirement salaries were Not In Compliance with NDCC</p> <p>2 - Most recent NIC Review determined retirement salaries were Generally In Compliance with NDCC</p> <p>1 - Most recent NIC Review determined retirement salaries were In Compliance with NDCC</p> <p>0 - No prior NIC Review</p>
	1 - Payment model has changed since last TFFR

Change Payment Model	<p>Compliance Audit</p> <p>0 - Payment model is unchanged since last TFFR Compliance Audit</p>
Years Since Last Compliance Audit	<p>3 - 5+ years since last TFFR Compliance Audit</p> <p>2 - 3 – 4 years since last TFFR Compliance Audit</p> <p>1 - 1 – 2 years since last TFFR Compliance Audit</p> <p>0 - Less than 1 year since last TFFR Compliance Audit</p>
Staff Concerns	<p>1 - RIO Staff has concerns regarding accuracy and timeliness of reporting</p> <p>0 - Not Applicable</p>

Current year and long range TFFR Employer Audit plans assume 20 – 25 TFFR Employer Audits will be completed each fiscal year. This includes both TFFR Compliance Audits and Not In Compliance (NIC) Reviews. The fourth audit cycle is anticipated to require approximately eight years to complete. Any employer where it has been determined at the conclusion of a TFFR Compliance Audit that retirement salaries are Not In Compliance with NDCC will be scheduled for a follow-up audit once two years of unaudited salary are available. Each NIC Review required will be included in the regular audit schedule and will be included in the 20 – 25 TFFR Employer Audits anticipated to be completed each fiscal year. NIC Reviews will therefore extend the overall time required to complete the audit cycle.

Each fiscal year will include audits of 18 – 16 small employers (less than 51 total members), 2 – 3 medium employers (between 51 – 100 total members), and 1 – 2 large employers (greater than 101 total members). The four audit eligible state agencies which have not previously been audited by RIO Audit Services will be included throughout the fourth audit cycle at no more than one state agency per year. Hours required to audit small, medium, and large employers have been increased to more accurately reflect actual audit hours based on available historical data. In the fourth audit cycle 40 hours will be allotted for a small employer, 65 hours for a medium employer, and 95 hours for a large employer.

Audit notifications are sent to employers throughout the fiscal year based on anticipated production levels with approximately 6 – 7 employers notified at one time. It is Audit Services intention to have 6 – 8 audits in progress with 6 audits pending but not yet started at any given time. Audit notifications are sent electronically to key personnel including the superintendent and business manager. Each notification requires approximately 4 hours to complete.

TFFR PARTICIPATING EMPLOYER RISK ASSESSMENT
CURRENT YEAR AND FUTURE TFFR EMPLOYER AUDIT PLAN

EMPLOYER #	EMPLOYER NAME	CATEGORY	TOTAL MEMBERS	AUDIT HOURS	SIZE	CHANGE KEY PERSONNEL	PRIOR COMPLIANCE AUDIT RESULTS	NIC REVIEW RESULTS	CHANGE PAYMENT MODEL	YEARS SINCE LAST COMPLIANCE AUDIT	STAFF CONCERNS	RISK SCORE	COMMENTS	
03-030	FORT TOTTEN SCHOOL	SCHOOL DISTRICTS	28	40	S	1	2	0	0	3	0	6	Third Audit Cycle - In Progress	
31-003	PARSHALL SCHOOL	SCHOOL DISTRICTS	32	40	S	1	3	0	0	3	0	7	Third Audit Cycle - In Progress	
39-200	SE REGION CAREER AND TECH	VOCATIONAL CENTERS	27	40	S	0	1	0	0	3	0	4	Third Audit Cycle - In Progress	
43-003	SOLEEN - CANNONBALL SCHOOL	SCHOOL DISTRICTS	29	40	S	1	3	1	0	3	0	8	Third Audit Cycle - In Progress	
40-003	ST. JOHN'S SCHOOL	SCHOOL DISTRICTS	40	40	S	0	1	0	0	3	0	4	Third Audit Cycle - In Progress	
03-029	WARWICK SCHOOL	SCHOOL DISTRICTS	31	40	S	1	1	0	1	3	0	6	Third Audit Cycle - In Progress	
50-201	NORTH VALLEY AREA CAREER	VOCATIONAL CENTERS	9	40	S	1	1	0	1	3	0	6	Third Audit Cycle - In Progress	
28-085	WHITE SHIELD SCHOOL	SCHOOL DISTRICTS	24	40	S	1	1	0	0	3	0	5	Third Audit Cycle - In Progress	
Fiscal Year 2016 - 2017														
02-007	BARNES COUNTY NORTH	SCHOOL DISTRICTS	28	40	S	1	2	0	0	3	0	6	Fourth Audit Cycle - Pending	
06-001	BOWMAN SCHOOL	SCHOOL DISTRICTS	53	65	M	1	2	0	1	3	0	7	Fourth Audit Cycle - Pending	
53-006	EIGHT MILE SCHOOL	SCHOOL DISTRICTS	24	40	S	0	3	0	0	3	1	7	Fourth Audit Cycle - Pending	
43-004	FORT YATES SCHOOL	SCHOOL DISTRICTS	29	40	S	1	3	0	0	2	1	7	Fourth Audit Cycle - Pending	
13-019	HALLIDAY SCHOOL	SCHOOL DISTRICTS	11	40	S	1	3	3	0	3	0	10	Fourth Audit Cycle - Pending	
25-001	VELVA SCHOOL	SCHOOL DISTRICTS	43	40	S	1	3	0	0	3	0	7	Fourth Audit Cycle - Pending	
27-014	YELLOWSTONE ELEM. SCHOOL	SCHOOL DISTRICTS	11	40	S	1	3	0	0	3	0	7	Fourth Audit Cycle - Requested	
07-027	POWERS LAKE SCHOOL	SCHOOL DISTRICTS	25	40	S	1	3	1	0	2	0	7	Fourth Audit Cycle - Requested	
41-006	SARGENT CENTRAL SCHOOL	SCHOOL DISTRICTS	27	40	S	0	2	0	1	3	0	6	Fourth Audit Cycle - Requested	
34-118	VALLEY - EDINBURG SCHOOL	SCHOOL DISTRICTS	34	40	S	1	1	0	1	3	0	6	Fourth Audit Cycle - Requested	
45-013	BELFIELD PUBLIC SCHOOL	SCHOOL DISTRICTS	31	40	S	1	1	0	0	3	0	5	Fourth Audit Cycle - Requested	
27-001	MCKENZIE COUNTY SCHOOL	SCHOOL DISTRICTS	96	65	M	1	1	0	0	3	0	5	Fourth Audit Cycle - Requested	
40-029	ROLETTE SCHOOL	SCHOOL DISTRICTS	23	40	S	1	2	0	1	2	1	7	Fourth Audit Cycle - IT Data Requested	
40-001	DUNSEITH SCHOOL	SCHOOL DISTRICTS	55	65	M	1	3	1	0	2	0	7	Fourth Audit Cycle - IT Data Requested	
03-006	LEEDS SCHOOL	SCHOOL DISTRICTS	22	40	S	1	2	0	0	3	0	6	Fourth Audit Cycle - IT Data Requested	
18-129	NORTHWOOD SCHOOL	SCHOOL DISTRICTS	28	40	S	1	1	0	1	2	1	6	Fourth Audit Cycle - IT Data Requested	
34-019	DRAYTON SCHOOL	SCHOOL DISTRICTS	26	40	S	1	1	0	1	3	0	6	Fourth Audit Cycle - IT Data Requested	
20-018	GRIGGS COUNTY CENTRAL SCH	SCHOOL DISTRICTS	29	40	S	1	2	0	0	3	0	6	Fourth Audit Cycle - IT Data Requested	
53-001	WILLISTON SCHOOL	SCHOOL DISTRICTS	261	95	L	1	3	3	0	2	1	10	TFFR Compliance Audit Required - Need 14/15 & 15/16 Salary	
03-005	MINNEWAUKAN SCHOOL	SCHOOL DISTRICTS	29	40	S	1	3	2	0	2	1	9	TFFR Compliance Audit Required - Need 14/15 & 15/16 Salary	
42-019	MCCLUSKY SCHOOL	SCHOOL DISTRICTS	17	40	S	0	3	1	1	2	0	7	TFFR Compliance Audit Required - Need 14/15 & 15/16 Salary	
Fiscal Year 2017 - 2018														
28-051	GARRISON SCHOOL	SCHOOL DISTRICTS	44	40	S	1	1	0	1	3	0	6	Fourth Audit Cycle - IT Data Requested	
49-003	CENTRAL VALLEY SCHOOL	SCHOOL DISTRICTS	22	40	S	1	1	1	0	3	0	6	Fourth Audit Cycle - IT Data Requested	
38-026	GLENBURN SCHOOL	SCHOOL DISTRICTS	36	40	S	1	2	0	0	3	0	6	Fourth Audit Cycle - IT Data Requested	
18-400	ND SCHOOL FOR BLIND	STATE AGENCIES	14	40	S	0	0	0	0	0	0	0	0	Fourth Audit Cycle - IT Data Requested
53-015	TIOGA SCHOOL	SCHOOL DISTRICTS	45	40	S	1	1	0	1	3	0	6	Fourth Audit Cycle - IT Data Requested	
09-002	KINDRED SCHOOL	SCHOOL DISTRICTS	56	65	M	0	3	1	0	2	0	6	Fourth Audit Cycle - IT Data Requested	
25-014	ANAMOOSE SCHOOL	SCHOOL DISTRICTS	13	40	S	1	1	0	0	3	0	5	Fourth Audit Cycle - IT Data Requested	
24-056	GACKLE-STREETER PUB SCH	SCHOOL DISTRICTS	18	40	S	1	2	0	0	2	0	5	Fourth Audit Cycle - IT Data Requested	
06-033	SCRANTON SCHOOL	SCHOOL DISTRICTS	20	40	S	0	1	0	1	3	0	5	Fourth Audit Cycle - IT Data Requested	
07-036	BURKE CENTRAL SCHOOL	SCHOOL DISTRICTS	20	40	S	1	1	0	0	3	0	5		
27-002	ALEXANDER SCHOOL	SCHOOL DISTRICTS	21	40	S	1	1	0	0	3	0	5		
39-201	SOUTH VALLEY SPEC ED	SPECIAL EDUCATION UNITS	22	40	S	1	1	0	0	3	0	5		
35-005	RUGBY SCHOOL	SCHOOL DISTRICTS	57	65	M	1	1	0	1	3	0	6		
53-099	GRENORA SCHOOL	SCHOOL DISTRICTS	22	40	S	1	1	0	0	3	0	5		
39-028	LIDGERWOOD SCHOOL	SCHOOL DISTRICTS	23	40	S	1	1	0	0	3	0	5		
26-019	WISHEK SCHOOL	SCHOOL DISTRICTS	25	40	S	1	1	0	1	2	0	5		
21-009	NEW ENGLAND SCHOOL	SCHOOL DISTRICTS	25	40	S	1	1	0	1	2	0	5		
51-001	MINOT SCHOOL	SCHOOL DISTRICTS	687	95	L	1	1	0	0	3	0	5		
23-003	EDGELEY SCHOOL	SCHOOL DISTRICTS	26	40	S	1	1	0	0	3	0	5		
51-007	UNITED SCHOOL	SCHOOL DISTRICTS	52	65	M	0	2	0	0	3	0	5		
28-001	WILTON SCHOOL	SCHOOL DISTRICTS	27	40	S	1	1	0	0	3	0	5		
Fiscal Year 2018 - 2019														
01-013	HETTINGER SCHOOL	SCHOOL DISTRICTS	29	40	S	1	1	0	0	3	0	5		

TFFR PARTICIPATING EMPLOYER RISK ASSESSMENT
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<u>EMPLOYER #</u>	<u>EMPLOYER NAME</u>	<u>CATEGORY</u>	<u>TOTAL MEMBERS</u>	<u>AUDIT HOURS</u>	<u>SIZE</u>	<u>CHANGE KEY PERSONNEL</u>	<u>PRIOR COMPLIANCE AUDIT RESULTS</u>	<u>NIC REVIEW RESULTS</u>	<u>CHANGE PAYMENT MODEL</u>	<u>YEARS SINCE LAST COMPLIANCE AUDIT</u>	<u>STAFF CONCERNS</u>	<u>RISK SCORE</u>	<u>COMMENTS</u>
02-201	SHEYENNE VALLEY SPEC ED	SPECIAL EDUCATION UNITS	27	40	S	1	1	0	1	2	0	5	
28-050	MAX SCHOOL	SCHOOL DISTRICTS	26	40	S	1	1	0	0	3	0	5	
21-001	MOTT-REGENT SCHOOL	SCHOOL DISTRICTS	32	40	S	1	1	0	0	2	1	5	
28-072	TURTLE LAKE-MERCER SCHOOL	SCHOOL DISTRICTS	26	40	S	1	2	0	0	2	0	5	
47-001	JAMESTOWN SCHOOL	SCHOOL DISTRICTS	210	95	L	0	1	0	0	2	0	3	
45-034	RICHARDTON-TAYLOR	SCHOOL DISTRICTS	33	40	S	0	1	0	1	3	0	5	
12-001	DIVIDE SCHOOL	SCHOOL DISTRICTS	39	40	S	1	1	0	0	3	0	5	
34-006	CAVALIER SCHOOL	SCHOOL DISTRICTS	41	40	S	1	1	0	0	3	0	5	
51-041	SURREY SCHOOL	SCHOOL DISTRICTS	41	40	S	1	1	0	0	2	1	5	
50-008	PARK RIVER AREA SCHOOL DISTRICT	SCHOOL DISTRICTS	42	40	S	1	1	0	0	3	0	5	
09-017	CENTRAL CASS SCHOOL	SCHOOL DISTRICTS	62	65	M	1	1	0	0	3	0	5	
13-016	KILLDEER SCHOOL	SCHOOL DISTRICTS	46	40	S	1	1	0	1	2	0	5	
09-007	MAPLETON ELEM. SCHOOL	SCHOOL DISTRICTS	11	40	S	1	1	0	0	2	0	4	
46-010	HOPE SCHOOL	SCHOOL DISTRICTS	11	40	S	1	1	0	0	2	0	4	
36-001	DEVILS LAKE SCHOOL	SCHOOL DISTRICTS	172	95	L	1	2	0	0	1	0	4	
07-014	BOWBELLS SCHOOL	SCHOOL DISTRICTS	13	40	S	1	1	0	0	2	0	4	
46-019	FINLEY-SHARON SCHOOL	SCHOOL DISTRICTS	20	40	S	1	1	0	0	2	0	4	
30-039	FLASHER SCHOOL	SCHOOL DISTRICTS	23	40	S	0	2	0	0	1	1	4	
31-002	STANLEY SCHOOL	SCHOOL DISTRICTS	62	65	M	1	1	0	1	2	0	5	
15-015	STRASBURG SCHOOL DISTRICT	SCHOOL DISTRICTS	18	40	S	1	1	0	0	2	0	4	
Fiscal Year 2019 - 2020													
26-009	ASHLEY SCHOOL	SCHOOL DISTRICTS	20	40	S	1	1	0	0	2	0	4	
32-066	LAKOTA SCHOOL	SCHOOL DISTRICTS	24	40	S	0	1	0	0	3	0	4	
51-016	SAWYER SCHOOL	SCHOOL DISTRICTS	21	40	S	1	1	0	0	2	0	4	
33-001	CENTER STANTON SCHOOL	SCHOOL DISTRICTS	27	40	S	1	1	0	0	2	0	4	
36-400	ND SCHOOL FOR DEAF	STATE AGENCIES	16	40	S	0	0	0	0	0	0	0	
49-007	HATTON EIELSON PSD	SCHOOL DISTRICTS	23	40	S	0	1	0	1	2	0	4	
39-008	HANKINSON SCHOOL	SCHOOL DISTRICTS	27	40	S	1	1	0	0	2	0	4	
50-003	GRAFTON SCHOOL	SCHOOL DISTRICTS	86	65	M	0	2	0	0	3	0	5	
41-002	MILNOR SCHOOL	SCHOOL DISTRICTS	30	40	S	1	1	0	0	2	0	4	
23-008	LAMOURE SCHOOL	SCHOOL DISTRICTS	31	40	S	0	1	0	0	3	0	4	
24-002	NAPOLEON SCHOOL	SCHOOL DISTRICTS	31	40	S	1	1	0	0	2	0	4	
40-004	MT PLEASANT SCHOOL	SCHOOL DISTRICTS	31	40	S	0	1	0	1	2	0	4	
49-200	GST EDUCATIONAL SERVICES	SPECIAL EDUCATION UNITS	32	40	S	1	1	0	1	1	0	4	
14-002	NEW ROCKFORD SHEYENNE SCHOOL	SCHOOL DISTRICTS	33	40	S	0	1	0	1	2	0	4	
48-010	NORTH STAR	SCHOOL DISTRICTS	33	40	S	1	1	0	0	2	0	4	
30-001	MANDAN PUBLIC SCHOOLS	SCHOOL DISTRICTS	326	95	L	1	1	0	0	2	0	4	
28-004	WASHBURN SCHOOL	SCHOOL DISTRICTS	33	40	S	0	1	0	0	3	0	4	
11-041	OAKES SCHOOL	SCHOOL DISTRICTS	40	40	S	1	1	0	0	2	0	4	
18-061	THOMPSON SCHOOL	SCHOOL DISTRICTS	40	40	S	1	1	0	0	2	0	4	
02-002	VALLEY CITY SCHOOL	SCHOOL DISTRICTS	88	65	M	0	1	0	1	3	0	5	
45-009	SOUTH HEART SCHOOL	SCHOOL DISTRICTS	33	40	S	0	2	0	1	1	0	4	
Fiscal Year 2020 - 2021													
11-040	ELLENDALE SCHOOL	SCHOOL DISTRICTS	38	40	S	0	1	0	0	3	0	4	
18-044	LARIMORE SCHOOL	SCHOOL DISTRICTS	43	40	S	0	1	0	0	3	0	4	
39-044	RICHLAND SCHOOL	SCHOOL DISTRICTS	27	40	S	1	1	0	0	2	0	4	
28-008	UNDERWOOD SCHOOL	SCHOOL DISTRICTS	30	40	S	1	1	0	0	2	0	4	
45-001	DICKINSON SCHOOL	SCHOOL DISTRICTS	285	95	L	1	2	0	0	0	0	3	
38-001	MOHALL LANSFORD SHERWOOD	SCHOOL DISTRICTS	38	40	S	1	1	0	1	1	0	4	
10-023	LANGDON AREA SCHOOL	SCHOOL DISTRICTS	40	40	S	1	1	0	0	2	0	4	
29-003	HAZEN SCHOOL	SCHOOL DISTRICTS	52	65	M	1	1	0	0	2	0	4	
09-200	RURAL CASS SPEC ED	SPECIAL EDUCATION UNITS	22	40	S	0	1	0	0	2	0	3	
52-038	HARVEY SCHOOL	SCHOOL DISTRICTS	41	40	S	0	1	0	0	3	0	4	
18-125	MANVEL ELEM. SCHOOL	SCHOOL DISTRICTS	22	40	S	1	1	0	0	1	0	3	

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25-060	TGU SCHOOL DISTRICT	SCHOOL DISTRICTS	44	40	S	1	1	0	0	2	0	4	
09-097	NORTHERN CASS SCHOOL DIST	SCHOOL DISTRICTS	53	65	M	1	1	0	0	2	0	4	
49-009	HILLSBORO SCHOOL	SCHOOL DISTRICTS	44	40	S	0	1	0	1	2	0	4	
22-001	KIDDER COUNTY SCHOOL DISTRICT	SCHOOL DISTRICTS	47	40	S	1	1	0	0	2	0	4	
47-014	MONTPELIER SCHOOL	SCHOOL DISTRICTS	18	40	S	0	1	0	1	1	0	3	
51-200	SOURIS VALLEY SPEC ED	SPECIAL EDUCATION UNITS	22	40	S	0	1	0	0	2	0	3	
39-018	FAIRMOUNT SCHOOL	SCHOOL DISTRICTS	18	40	S	0	1	0	0	2	0	3	
08-001	BISMARCK PUBLIC SCHOOLS	SCHOOL DISTRICTS	1,111	95	L	1	1	0	0	2	0	4	
29-201	OLIVER - MERCER SPEC ED	SPECIAL EDUCATION UNITS	19	40	S	0	2	0	0	1	0	3	
04-001	BILLINGS CO. SCHOOL DIST.	SCHOOL DISTRICTS	17	40	S	1	2	0	0	0	0	3	
Fiscal Year 2021 - 2022													
43-008	SELFRIDGE SCHOOL	SCHOOL DISTRICTS	17	40	S	0	1	0	0	1	1	3	
05-054	NEWBURG UNITED DISTRICT	SCHOOL DISTRICTS	15	40	S	0	1	0	0	2	0	3	
52-025	FESSENDEN-BOWDON SCHOOL	SCHOOL DISTRICTS	22	40	S	0	1	0	0	2	0	3	
34-043	ST. THOMAS SCHOOL	SCHOOL DISTRICTS	15	40	S	0	1	0	0	2	0	3	
30-400	ND YOUTH CORRECTIONAL CNT	STATE AGENCIES	22	40	S	0	0	0	0	0	0	0	
51-004	NEDROSE SCHOOL	SCHOOL DISTRICTS	41	40	S	0	1	0	0	2	0	3	
37-019	LISBON SCHOOL	SCHOOL DISTRICTS	61	65	M	0	1	0	0	3	0	4	
16-049	CARRINGTON SCHOOL	SCHOOL DISTRICTS	48	40	S	0	1	0	0	2	0	3	
17-003	BEACH SCHOOL	SCHOOL DISTRICTS	40	40	S	0	1	0	0	2	0	3	
30-013	HEBRON SCHOOL	SCHOOL DISTRICTS	23	40	S	0	1	0	0	2	0	3	
05-001	BOTTINEAU SCHOOL	SCHOOL DISTRICTS	65	65	M	0	1	0	0	3	0	4	
20-007	MIDKOTA	SCHOOL DISTRICTS	23	40	S	1	1	0	0	1	0	3	
41-003	NORTH SARGENT SCHOOL	SCHOOL DISTRICTS	27	40	S	0	1	0	0	2	0	3	
40-027	BELCOURT SCHOOL	SCHOOL DISTRICTS	109	95	L	0	1	0	0	2	0	3	
39-042	WYNDMERE SCHOOL	SCHOOL DISTRICTS	28	40	S	1	1	0	0	1	0	3	
30-049	NEW SALEM-ALMONT	SCHOOL DISTRICTS	33	40	S	0	1	0	0	2	0	3	
51-028	KENMARE SCHOOL	SCHOOL DISTRICTS	33	40	S	0	1	0	0	2	0	3	
29-027	BEULAH SCHOOL	SCHOOL DISTRICTS	68	65	M	1	1	0	0	2	0	4	
53-002	NESSON SCHOOL	SCHOOL DISTRICTS	29	40	S	0	2	0	0	1	0	3	
27-036	MANDAREE SCHOOL	SCHOOL DISTRICTS	30	40	S	0	1	0	0	2	0	3	
15-036	LINTON SCHOOL	SCHOOL DISTRICTS	32	40	S	0	1	0	0	2	0	3	
Fiscal Year 2022 - 2023													
37-024	ENDERLIN AREA SCHOOL DISTRICT	SCHOOL DISTRICTS	37	40	S	0	1	0	0	2	0	3	
15-006	HAZELTON - MOFFIT SCHOOL	SCHOOL DISTRICTS	20	40	S	0	2	0	0	1	0	3	
19-049	ELGIN-NEW LEIPZIG SCHOOL	SCHOOL DISTRICTS	22	40	S	1	1	0	0	1	0	3	
05-017	WESTHOPE SCHOOL	SCHOOL DISTRICTS	21	40	S	0	1	0	0	2	0	3	
18-001	GRAND FORKS SCHOOL	SCHOOL DISTRICTS	805	95	L	0	2	0	0	1	0	3	
50-020	MINTO SCHOOL	SCHOOL DISTRICTS	24	40	S	1	1	0	0	1	0	3	
30-048	GLEN ULLIN SCHOOL	SCHOOL DISTRICTS	25	40	S	0	3	0	0	0	0	3	
32-001	DAKOTA PRAIRIE SCHOOL	SCHOOL DISTRICTS	33	40	S	0	1	0	0	2	0	3	
47-019	KENSAL SCHOOL	SCHOOL DISTRICTS	11	40	S	0	1	0	0	1	0	2	
31-001	NEW TOWN SCHOOL	SCHOOL DISTRICTS	78	65	M	0	1	0	0	2	0	3	
35-001	WOLFORD SCHOOL	SCHOOL DISTRICTS	11	40	S	0	1	0	0	1	0	2	
45-200	WEST RIVER STUDENT SERVICES	SPECIAL EDUCATION UNITS	12	40	S	0	1	0	0	1	0	2	
09-080	PAGE SCHOOL	SCHOOL DISTRICTS	13	40	S	0	1	0	0	1	0	2	
14-200	E CENTRAL CTR EXC CHLDN	SPECIAL EDUCATION UNITS	14	40	S	0	1	0	0	1	0	2	
50-200	UPPER VALLEY SPEC ED	SPECIAL EDUCATION UNITS	52	65	M	0	1	0	0	2	0	3	
18-127	EMERADO ELEMENTARY SCHOOL	SCHOOL DISTRICTS	14	40	S	0	2	0	0	0	0	2	
03-009	MADDOCK SCHOOL	SCHOOL DISTRICTS	19	40	S	0	1	0	0	1	0	2	
36-002	EDMORE SCHOOL	SCHOOL DISTRICTS	14	40	S	0	1	0	0	1	0	2	
39-037	WAHPETON SCHOOL	SCHOOL DISTRICTS	113	95	L	0	1	0	0	2	0	3	
08-028	WING SCHOOL	SCHOOL DISTRICTS	16	40	S	0	1	0	0	0	0	1	
02-046	LITCHVILLE-MARION SCHOOL	SCHOOL DISTRICTS	18	40	S	0	1	0	0	0	0	1	

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Fiscal Year 2023 - 2024													
09-004	MAPLE VALLEY SCHOOL	SCHOOL DISTRICTS	32	40	S	0	2	0	0	0	0	2	
47-010	PINGREE - BUCHANAN SCHOOL	SCHOOL DISTRICTS	19	40	S	0	1	0	0	1	0	2	
36-201	LAKE REGION SPEC ED	SPECIAL EDUCATION UNITS	28	40	S	0	1	0	0	1	0	2	
09-006	WEST FARGO SCHOOL	SCHOOL DISTRICTS	901	95	L	0	2	0	0	0	0	2	
18-128	MIDWAY SCHOOL	SCHOOL DISTRICTS	30	40	S	0	1	0	0	1	0	2	
49-010	MAY-PORT C-G SCHOOL	SCHOOL DISTRICTS	48	40	S	0	1	0	0	1	0	2	
10-019	MUNICH SCHOOL	SCHOOL DISTRICTS	20	40	S	0	1	0	0	1	0	2	
47-003	MEDINA SCHOOL	SCHOOL DISTRICTS	22	40	S	0	1	0	0	1	0	2	
34-100	NORTH BORDER SCHOOL	SCHOOL DISTRICTS	57	65	M	0	1	0	0	1	0	2	
53-008	NEW PUBLIC SCHOOL	SCHOOL DISTRICTS	29	40	S	0	1	0	0	0	0	1	
51-070	SOUTH PRAIRIE ELEM SCHOOL	SCHOOL DISTRICTS	36	40	S	0	1	0	0	0	0	1	
02-200	SHEYENNE VALLEY AREA VOC	VOCATIONAL CENTERS	12	40	S	0	1	0	0	0	0	1	
23-724	JAMES RIVER MULTIDISTRICT SPEC ED UNIT	SPECIAL EDUCATION UNITS	22	40	S	0	1	0	0	0	0	1	
36-044	STARKWEATHER SCHOOL	SCHOOL DISTRICTS	12	40	S	0	1	0	0	0	0	1	
50-005	FORDVILLE LANKIN SCHOOL	SCHOOL DISTRICTS	12	40	S	0	1	0	0	0	0	1	
53-200	WILMAC SPECIAL EDUCATION	SPECIAL EDUCATION UNITS	45	40	S	0	1	0	0	0	0	1	
51-161	LEWIS AND CLARK SCHOOL	SCHOOL DISTRICTS	48	40	S	0	1	0	0	0	0	1	
23-007	KULM SCHOOL	SCHOOL DISTRICTS	22	40	S	0	1	0	0	0	0	1	
09-001	FARGO PUBLIC SCHOOLS	SCHOOL DISTRICTS	1,086	95	L	0	2	0	0	0	0	2	
09-400	ND CENTER FOR DISTANCE EDUCATION	STATE AGENCIES	38	40	S	0	0	0	0	0	0	0	

MEMORANDUM

TO: State Investment Board (SIB) Audit Committee

FROM: Terra Miller Bowley, Supervisor of Audit Services

DATE: May 19, 2016

SUBJECT: 2016 – 2017 Audit Services Workplan

The following information details the proposed workplan for Audit Services for 2016 - 2017. This workplan represents what Audit Services anticipates will be accomplished in the upcoming fiscal year, however needs and priorities may change and this workplan may require adjustments. Any anticipated changes will be discussed with the SIB Audit Committee as they are identified. Frequency, hours, and reporting are addressed where applicable.

RETIREMENT PROGRAM AUDITS:

- **Teachers' Fund For Retirement (TFFR) Employer Audits**

Activities include TFFR Employer Audits and TFFR Employer Audit Notifications. Please reference *TFFR Participating Employer Memorandum* for additional information. Annual Audit Services audit planning is also included. An employer risk assessment and employer audit plan, audit hours budget, and workplan are created. A total of 2,051 hours has been allocated to activities related to TFFR Employer Audits.

TFFR Employer Audit Reporting: Deputy Executive Director/Chief Retirement Officer, Employer, and SIB Audit Committee.

- **Regional Education Associations (REA) Audit**

Currently, there are eight REAs which employ TFFR eligible staff as well as many retirees that have returned to covered employment. An REA audit verifies eligibility as well as the accuracy of service hours and retirement salary reported to TFFR. One REA will be audited each fiscal year with all REAs receiving an audit every eight years. A total of 40 hours has been allocated to REA Audit activities.

REA Audit Reporting: Deputy Executive Director/Chief Retirement Officer, REA, REA Fiscal Agent, and SIB Audit Committee.

- **Benefit Payments Audit**

On an annual basis a review of deaths, long outstanding checks, and long term annuitants is completed to determine that established policies and procedures are being followed by Retirement Services staff. Historically this audit has also included a review of refunds and purchases of service credit (lump sum). Refunds and purchases of service credit (installment) were also being reviewed quarterly under the TFFR File Maintenance Audit(s). This resulted in overlapping audit scopes and duplication of effort. Moving forward refunds and purchases of service credit (installment and lump sum) will only be reviewed under the TFFR File Maintenance Audit. A total of 40 hours has been allocated to Benefit Payments Audit activities.

Benefit Payments Audit Reporting: Deputy Executive Director/Chief Retirement Officer, Retirement Program Manager, and SIB Audit Committee.

- **TFFR File Maintenance Audit**

Audit Services reviews changes made to TFFR member account data by Retirement and Investment Office (RIO) staff utilizing CPAS generated audit tables. Refunds and purchases of service credit (installment and lump sum) along with member account information entered from Member Action Forms are also reviewed as a part of this audit. Historically the TFFR File Maintenance Audit has been completed on a quarterly basis with all activities occurring in the prior three month period requiring review. The scope of the TFFR File Maintenance Audit will be reduced moving forward. In any given quarter one month will be selected. CPAS generated audit tables will be reviewed for all staff for the selected month, member account information entered from two Member Action Forms will be reviewed, and one refund and two purchases of service credit (one installment and one lump sum) will be reviewed during each audit. A total of 60 hours has been allocated for TFFR File Maintenance Audit activities (15 hours per audit with 4 audits per year).

TFFR File Maintenance Audit Reporting: Deputy Executive Director/Chief Retirement Officer and SIB Audit Committee.

- **Annual Salary Verification Project**

On an annual basis Audit Services will verify retirement salaries and contributions reported to TFFR for the prior fiscal year for 50 randomly selected member accounts. Given the reduction in the number of TFFR Employer Audits, the population from which member accounts are selected for this project will be altered slightly to ensure a greater number of unique participating employers are included. The initial sample population will include all member accounts which indicate a change in retirement salary (+ or -) of \$5,000.00. Participating employers will be omitted from the sample population if they are currently being audited, have been notified of an upcoming audit, have been audited in the last 12 months, have been selected for a GASB 68 audit, and/or were included in the prior year Annual Salary Verification Project. Only one member will be selected from each of the remaining participating employers. This will eliminate duplication of effort and ensure a greater number of employers are included in overall audit activities. A total of 95 hours has been allocated for activities related to the Annual Salary Verification Project.

Annual Salary Verification Project Reporting: Deputy Executive Director/Chief Retirement Officer, Retirement Program Manager, and SIB Audit Committee.

- **TFFR Cost Effective Benefit Payments Audit (Even Numbered Fiscal Years)**

One of the missions of the RIO is to ensure that TFFR benefit recipients receive their retirement benefits in a cost effective and timely manner. In even numbered fiscal years Audit Services will verify that this mission is being achieved. As part of this overall process Audit Services will also verify the accuracy of benefit payments via the recalculation of benefit payments for a sampling of member accounts. A total of 95 hours will be allocated for activities related to the TFFR Cost Effective Benefit Payments Audit.

TFFR Cost Effective Benefit Payments/Benefit Recalculation Reporting: Executive Director/CIO, Deputy Executive Director/Chief Retirement Officer, SIB Audit Committee, and SIB.

- **ACL Software Project**

GASB 68 has resulted in the creation of a Master Payroll File. The Master Payroll File presents an incredible opportunity for Audit Services. When used in conjunction with ACL analytics software, the Master Payroll File will allow for improved audit sampling and the possibility of 100% audits. A total of 95 hours has been allocated to activities related to the ACL software Project.

AGENCY ADMINISTRATIVE AND INVESTMENT AUDITS AND ACTIVITIES:

- **Executive Limitation Audit**

On an annual basis the Executive Director/CIO's compliance with the State Investment Board (SIB) Governance Manual Executive Limitation Policies A-1 through A-11 is reviewed. As a part of the Executive Limitation Audit process Audit Services facilitates two employee opinion surveys. In December of each year staff is asked to evaluate the Executive Director/CIO in support of Executive Limitation A-2. In January of each year staff is asked to complete a general employee opinion survey covering a wide variety of topics to assist the Executive Director/CIO in the overall management and improvement of RIO. In July of each year Audit Services facilitates a customer satisfaction survey which is administered to SIB investment clients. At the request of the SIB Executive Review Committee Audit Services will also facilitate and compile the results of survey administered to members of the SIB each February. A total of 95 hours has been allocated for activities related to the Executive Limitation Audit.

Executive Limitation Audit Reporting: Executive Director/CIO, SIB Audit Committee, and SIB.

- **Investment Performance Summary Review (Odd Numbered Fiscal Years)**

In fiscal year 2016 - 2017 Audit Services will review the reasonableness of the "Investment Performance Summary" table in RIO's CAFR for the last five fiscal years ended June 30, 2015 and annualized returns for the 3, 5, 10, and 20 years ended June 30, 2015. A total of 95 hours will be allocated for activities related to the Review of the Investment Performance Summary Table in odd numbered fiscal years.

Investment Performance Summary Review Reporting: Executive Director/CIO, Fiscal and Investment Operations Manager, and SIB Audit Committee.

- **Schedule of Investment Fees/Investment Management Fees Review (Even Numbered Fiscal Years)**

In fiscal year 2017 – 2018 Audit Services will review the reasonableness of the “Schedule of Investment Fees” in RIO’s CAFR for the last six fiscal years ended June 30, 2016. Audit Services will review the reasonableness of the five largest investment management fees and five largest incentive/investment performance fees for the fiscal year ended June 30, 2016. A total of 95 hours will be allocated for activities related to the Review of Investment Fees and Investment Management Fees in even numbered fiscal years.

Schedule of Investment Fees Review Reporting: Executive Director/CIO, Fiscal and Investment Operations Manager, and SIB Audit Committee.

- **RIO External Auditor Assistance**

Audit Services assists our external auditor, CliftonLarsonAllen, with a variety of tasks related to the annual financial audit of RIO and GASB 68 Census Data Audits. A total of 25 hours has been allocated for external auditor assistance.

- **Audit Services Procedure Manual**

At the close of FY 2016 the Audit Committee requested Audit Services place greater priority on the completion of the audit services procedure manual and general succession planning. Eight critical individual audits and/or audit procedures require documentation. A total of 200 hours has been allocated for activities related to the audit procedure manual and succession planning (25 hours per audit/audit procedure).

ADMINISTRATIVE ACTIVITIES (NON AUDIT RELATED):

- **Administrative – Staff Mtgs, Time Reports, Email, Records Retention, General Reporting**

Administrative activities include email, audit time tracking reports, records management activities, general audit reporting, Audit Services staff meetings, and RIO all staff meetings. A total of 450 hours has been allocated for administrative activities (approx. 45 minutes per day per staff member).

- **Audit Committee/SIB/TFFR Meeting Preparation and Attendance**

Activities include preparation of meeting materials for Audit Committee, SIB, and TFFR meetings. Supervisor of Audit Services attends (whenever possible) all Audit Committee, SIB, and TFFR meetings. Staff auditor attends (whenever possible) Audit Committee meetings. A total of 250 hours has been allocated for activities related to governing boards and subcommittees.

- **Professional Development/CE/General Education**

Audit Services is a member of the Institute of Internal Auditors (IIA) and attends monthly meetings along with bi-annual seminars. A member of Audit Services attends a national industry conference on an annual basis. The Supervisor of Audit Services is also pursuing a professional designation which will require ongoing continuing education. A total of 80 hours has been allocated for professional development activities (40 hours per year per staff member).

ANNUAL LEAVE, SICK LEAVE, and HOLIDAYS:

		Thorsen	Miller Bowley	
Annual Leave D. Thorsen Jul – Oct: 14 hrs/month Nov – Jun: 16 hrs/month	14 hours x 4 months 16 hours x 8 months	184	96	280
T. Miller Bowley Jul – Jun: 8 hrs/month	8 hours x 12 months			
State Holidays	10 days x 8 hours/day	80	80	160
Sick Leave	10 days x 8 hours/day	80	80	160

**NORTH DAKOTA RETIREMENT AND INVESTMENT OFFICE
 AUDIT SERVICES DIVISION
 BUDGETED HOURS FOR THE FISCAL YEAR JULY 1, 2016 TO JUNE 30, 2017**

	2016 - 2017 BUDGET HOURS (2 FTE'S)
1. Audit	
Retirement Program Audits:	
TFFR Compliance Audits	2,051
REA Audits	40
Benefit Payments Audit	40
TFFR File Maintenance Audits	60
Annual Salary Verification Project	95
TFFR Cost Effective Benefit Payment Audit (Even Numbered Fiscal Years)	0
ACL Software Project	95
Total Retirement Program Audit Hours	2,381
% of Available Hours Allocated to Retirement Program Audit	57%
Agency Administrative and Investment Audits and Activities:	
Executive Limitations Audit	95
Investment Performance Summary Review (Odd Numbered Fiscal Years)	95
Schedule of Investment Fees/Investment Management Fees Review (Even Numbered Fiscal Years)	0
RIO External Auditor Assistance	25
Audit Services Procedure Manual	200
Total Agency Administrative and Investment Audits and Activities Hours	415
% of Available Hours Allocated to Agency Administrative and Investment Audits and Activities	10%
Total Audit Hours	2,796
% of Available Hours Allocated to Audit Activities	67%
2. Administrative	
Administrative - Staff Mtgs, Time Reports, Email, Records Retention, General Reporting	450
Audit Committee/SIB/TFFR Attendance and Preparation	250
Professional Development/CE/General Education	80
Annual Leave, Sick Leave, and Holidays	600
Total Administrative Hours	1,380
% of Available Hours Allocated to Administrative Activities	33%
Total Budget Hours	4,176
Total Budget Hours for 2016 - 2017	4,176
Budget Hours for D. Thorsen	2,088
Budget Hours for T. Miller Bowley	2,088

MEMORANDUM

TO: State Investment Board (SIB) Audit Committee

FROM: Terra Miller Bowley, Supervisor of Audit Services

DATE: May 19, 2016

SUBJECT: Audit Charter Revisions

The Audit Committee is a standing committee of the State Investment Board (SIB) authorized under SIB Governance Policy B-6, Standing Committees. Its primary function is to assist the SIB in fulfilling its oversight responsibilities of the Retirement and Investment Office (RIO) internal and external audit programs, including financial and other reporting practices, internal controls, and compliance with laws, regulations, and ethics. SIB Governance Policy B-6 requires the Audit Committee to operate under the terms of a charter approved by the SIB.

On February 25, 2016 the SIB Audit Committee reviewed proposed revisions to the current audit charter and requested that staff submit the revisions to legal counsel for review. Legal counsel, Jan Murtha, has completed the requested review. Legal counsel has indicated that the charter is acceptable as written for submission to the SIB. General feedback was provided on the following items:

- Authority
 - Proposed revision to second paragraph under Authority (page 1).
 - Revision is intended to more clearly define reporting structure.
- Meetings
 - Proposed discussion on fourth paragraph under Meetings (page 2).
 - The Committee will act only on the affirmative vote of a majority of the committee members at a meeting. A quorum requires three members of the Committee, therefore business could be conducted and the Committee could act with two affirmative votes. The Committee may want to consider requiring three affirmative votes as opposed to simply stating that a majority is required.
- Responsibilities
 - Proposed discussion to third bullet point under Responsibilities (page 3).
 - The term “ethical conduct” is very far-reaching. The Committee may want to consider a more specific statement.
- Audit Services
 - Proposed discussion to second bullet point under Audit Services (page 4).
 - The statement “review the RIO’s staff compliance with federal and state law” embodies a significant amount of law when one considers all applicable federal and state laws currently in force. The Committee may want to consider a more specific statement.

Discussion on the above suggestions from our legal counsel is encouraged. The SIB Audit Committee will be required to approve any revisions to the charter with a vote prior to submission to the SIB for final approval.

DRAFT

**CHARTER OF THE
AUDIT COMMITTEE OF THE
NORTH DAKOTA STATE INVESTMENT BOARD**

PURPOSE

The Audit Committee (the Committee) is a standing committee of the North Dakota State Investment Board (SIB) created to fulfill its fiduciary oversight responsibilities of the North Dakota Retirement and Investment Office (RIO) and to serve as a communications link among the SIB, the RIO's management and Audit Services staff, independent auditors, and others.

The Committee will assist with the integrity of the RIO's financial reporting process and system of internal controls, the RIO's compliance with legal and regulatory requirements, the performance of the RIO's Audit Services function and independent auditors, and the RIO's management of risks in the Committee's areas of responsibility.

AUTHORITY

The Committee is authorized to provide oversight to the Audit Services function and the independent audit for the RIO. These activities provide assurance that RIO's financial condition and results of operations are accomplished in accordance with the RIO's policies and procedures and legal and regulatory requirements. The Committee may investigate any activity of the RIO and may retain persons as necessary from within or outside the RIO having special competence to assist the Committee in the accomplishment of its responsibilities.

The RIO's Supervisor of Audit Services will ~~report to the Committee; the Committee may delegate oversight for certain administrative functions to the staff member reporting administratively to the Executive Director/Chief Investment Officer for this staff member, and functionally to the Committee.~~

The RIO's management will supervise the administrative activities of the Audit Services function and independent audit activities such as securing contracts, paying fees, maintaining official reports, and other appropriate activities.

COMPOSITION

The Committee will consist of five members, selected by and approved by the SIB. Three members of the Committee will represent the three groups on the SIB: Teachers' Fund for Retirement (TFFR) Board, Public Employees Retirement System (PERS) Board, and elected and appointed officials, and two members selected from outside of the SIB and the RIO. The SIB should select committee members who are both independent and financially literate.

Membership on the Committee will be for one year or termination of term on the SIB. Vacancies will be filled by the SIB at the first scheduled meeting following the vacancy. There will be no limit to the number of terms served on the Committee.

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Comment [MJK1]: I didn't have a good understanding of the reporting structure based on the language proposed. I suggest some clarity is needed. Based on our conversation I offer the following modifications for consideration but please feel free to edit.

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The Committee will elect a Chair, a Vice Chair, and a liaison. The Chair will preside at all meetings of the Committee. In the absence of the Chair, the Vice Chair will perform the duties of the Chair. The liaison will report annually to the SIB on the results of the independent audit and at least four times a year to the SIB and TFFR board on the activities of the Committee and other pertinent information.

The Committee may form, and delegate authority to, subcommittees when it deems appropriate.

MEETINGS

The Committee will meet generally four times a year, with authority to convene additional meetings, as circumstances require or to adequately fulfill all the obligations and duties as outlined in this charter.

Meeting agendas will be prepared by the Supervisor of Audit Services and approved by the Committee Chair, unless otherwise directed by the Committee and will be provided to the Committee members along with briefing materials before the scheduled committee meeting.

Committee members are expected to attend each meeting, in person or via tele- or video-conference. The RIO's executive management and Supervisor of Audit Services and others necessary to provide information and to conduct business will attend meetings. The Committee may invite staff of the RIO, auditors or others to attend meetings, as necessary. The Committee may meet separately with the staff of the RIO, auditors and others. The Committee may, at its discretion, elect to meet without the presence of the RIO's executive management and/or Supervisor of Audit Services or others. The Committee may hold executive sessions as allowed under state law.

The Committee will act only on the affirmative vote of a majority of the committee members at a meeting ~~or by unanimous consent.~~ To conduct business, a quorum will be three members of the Committee. Should a quorum not be present before a scheduled meeting or during a meeting, the Chair will announce the absence of a quorum and the members will disburse. Meetings unable to transact business for lack of a quorum are not considered meetings. Meeting minutes will be prepared by the RIO, or as otherwise directed by the Committee. Approved meeting minutes of the Committee will be submitted to the SIB.

RESPONSIBILITIES

The RIO's management is responsible for financial and other reporting, internal controls, and compliance with laws, regulations, and ethics. The Committee has the responsibility to provide oversight in the areas of:

- the reliability and integrity of financial and operating information;
- compliance with policies, plans, procedures, pertinent laws and regulations;
- ~~ethical conduct compliance with the Code of Conduct applicable to (Boards and employees?);~~
- safeguarding of assets;

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Comment [MJK2]: The addition of unanimous consent somewhat contradicts the statement that an action can be taken by a majority (as unanimous would also be the result of a majority). In addition I'd just like to offer that you further consider the language regarding votes taken. With a committee of 5, a quorum of 3, a vote could pass with the majority of a quorum which is 2. Both TFFR and NDPERS have language in their statutes that requires a vote to at least equal the minimum quorum before it can pass (ie a vote of 3 for this committee). It's legally fine as is, I'd just thought I would bring it to your attention.

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Comment [MJK3]: This seems broad and potentially difficult to measure. When we discussed how this duty is met you had indicated that the Committee may review whether employees or Board members had completed their Code of Conduct compliance forms. Given this seems to be the best measurement tool, consider modifying the language to better reflect the action and result ie compliance with the applicable Code of Conduct

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- economical and efficient use of resources; and
- effectiveness of achieving desired results from operations.

To this end, the Committee will:

Independent Audit

- Review the independent auditors' proposed audit scope and approach, including coordination of audit effort with RIO's Audit Services staff and any developments in accounting principles and auditing standards that may affect either the financial statements or the audit.
- Meet with the independent auditors to discuss any matters that the Committee or auditors believe should be discussed privately (out of the presence of RIO's management and/or Audit Services staff, as appropriate) and review any restrictions on the audit work.
- Inquire as to any proposed changes in accounting or financial reporting procedures and of any unusual events that could impact the financial statements.
- Review the results of the financial statements report with the independent auditors and the RIO's management, prior to the release of the financial statements report to the SIB and other officials. This review will include the following, as applicable:
 - Any major problems encountered by the independent auditors and the resolution thereof;
 - The effect on the audit of any developments;
 - Any unresolved differences between the independent auditors and the RIO's management;
 - Any other significant comments or recommendations of the independent auditors or the RIO's management;
 - The adequacy of the RIO's internal accounting controls and accounting policies, procedures, and practices; and
 - Understand the scope of independent auditors' review of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with the RIO's management responses.
- Consider the effectiveness of the RIO's internal control system, including information technology security and control.
- Consider whether the financial statements are complete, consistent with information known to committee members, and reflect appropriate accounting principles. This will include the following, as applicable:
 - The accuracy and completeness of the information in other sections of the annual report and related regulatory filings;

- The significant accounting and reporting issues, including complex or unusual transactions and highly judgmental areas, and recent professional and regulatory pronouncements, and understand their impact on the financial statements; and
- All matters required to be communicated to the Committee under generally accepted auditing standards with the RIO's management and the independent auditors.
- Review non-audit services, if any, performed for the RIO by the independent auditors.

Audit Services

- Consider the effectiveness of the Audit Services function, within The Institute of Internal Auditors' *International Professional Practices Framework for Internal Auditing* consisting of the *Definition of Internal Auditing, Code of Ethics and the Standards*.
- Review with the RIO's management and the Supervisor of Audit Services the audit charter, activities, staffing, and organizational structure of Audit Services.
- Review and approve the annual work plan and all major changes to the plan.
- Meet with the RIO's Supervisor of Audit Services to discuss any matters that the Committee or Audit Services believes should be discussed privately (out of the presence of RIO's management and/or the independent auditors, as appropriate) and review any restrictions on the audit work.
- Participate with RIO's management in the appointment and annual evaluation of the Supervisor of Audit Services. Work with RIO's management on any changes in staffing, including the addition, termination, or replacement of auditors, and the approval of salary increases and/or promotions other than those authorized by the legislature.

Compliance

- Review compliance by TFFR participating employers as it relates to TFFR laws, rules and policies through the receipt of employer audit results.
- Review the RIO's staff compliance with federal and state law, North Dakota administrative code, the SIB and TFFR Board programs, and the process for communicating the code of conduct to the RIO's staff, and for monitoring compliance through the receipt of the audit results.
- Obtain updates from the RIO's management and legal counsel regarding compliance matters, as deemed necessary.

Comment [MJK4]: This again seems broad, and therefore difficult to measure, possibly consider tailoring the language more to what you'll be looking at ie compliance with laws applicable to the duties being performed (also any federal laws in particular)?

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Reporting Responsibilities

- Report to the SIB about the Committee's activities, issues, and related recommendations.

- Provide a written report annually to the SIB, describing the Committee's composition, responsibilities and how they were discharged, and any other information required.

Other Responsibilities

- Make recommendations to the North Dakota State Auditor's Office, when appropriate, as it relates to selection, evaluation, and termination of independent auditors.
- Obtain the information and training needed to enhance the committee members' understanding of the role of Audit Services and the independent auditor, the risk management process, internal controls, and a certain level of familiarity in financial reporting standards and processes so the Committee may adequately oversee.
- Serve as an open avenue of communication among the SIB, the RIO's management and Audit Services, the independent auditors, and others.
- Serve as an appropriate confidential body for individuals to provide information on potentially fraudulent financial reporting or breaches of internal control.
- Inquire of management and Audit Services regarding the procedures in place for the prevention of illegal payments, conflicts of interest, or other questionable practices.
- Meet with the RIO's management to discuss any matters that the Committee or management believes should be discussed privately (out of the presence of Audit Services staff and/or the independent auditors, as appropriate) and review any restrictions on the audit work.
- Perform other activities related to this charter as requested by the SIB.
- Institute and oversee special investigations as needed.
- Review any other reports the RIO issues that relates to the Committee's responsibilities.
- Review and assess the adequacy of the Committee charter annually, requesting the SIB approval for proposed changes.
- Confirm annually the review of all responsibilities outlined in this charter.

DATE OF CREATION OF COMMITTEE AMENDMENTS: December 14, 1993

DATE AUDIT COMMITTEE CHARTER ADOPTED AND APPROVED: June 24, 1994

REVISED: November 22, 1996, February 13, 1997, November 6, 2001, May 19, 2006, May 18, 2007, June 26, 2009, February 25, 2016.

MEMORANDUM

TO: State Investment Board (SIB) Audit Committee

FROM: Terra Miller Bowley, Supervisor of Audit Services

DATE: May 19, 2016

SUBJECT: 2016 – 2017 SIB Audit Committee Membership

The Audit Committee is a standing committee of the State Investment Board (SIB) authorized under SIB Governance Policy B-6, Standing Committees. Its primary function is to assist the SIB in fulfilling its oversight responsibilities of the Retirement and Investment Office (RIO) internal and external audit programs, including financial and other reporting practices, internal controls, and compliance with laws, regulations, and ethics.

The committee is comprised of five members selected by the SIB. Three members of the Committee will represent the three groups of the SIB (Teachers' Fund for Retirement (TFFR), Public Employees Retirement System (PERS), and elected and appointed officials). The other two members are to be selected from outside the SIB and will be auditors with at least a Certified Public Accountant (CPA) or Certified Internal Auditor (CIA) designation. Membership on the Committee will be for a term of one year or termination of term on the SIB. There is no limit to the number of terms that can be served on the Committee.

Each July, as a new fiscal year gets underway, the SIB is required to review and approve appointments to the SIB Audit Committee. As current members of the SIB Audit Committee your service is greatly appreciated. **Please notify the Supervisor of Audit Services, Terra Miller Bowley, by Wednesday June 1, 2016 if you are willing to continue to serve on the SIB Audit Committee through the end of the next fiscal year (July 1, 2016 to June 30, 2017). The Supervisor of Audit Services can be reached via phone at 1.800.952.2970 or 701.328.9896 or via email at tmbowley@nd.gov.**

INFORMATIONAL

To: State Investment Board

From: Dave Hunter, Executive Director / CIO

Date: April 15, 2016

RE: **Certificate of Achievement for Excellence in Financial Reporting**

Government Finance Officers Association (“GFOA”) Award:

The North Dakota Retirement and Investment Office received a **Certificate of Achievement for Excellence in Financial Reporting** from the GFOA for its Comprehensive Annual Financial Report (“CAFR”) for the year ended June 30, 2015. This marks the 18th consecutive year that RIO been awarded this honor. RIO’s CAFR was judged by an impartial panel to meet the high standards of the program including demonstrating a constructive “spirit of full disclosure” to clearly communicate its financial story. **“The Certificate of Achievement is the highest form of recognition in the area of governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a government and its management.”**

I would like to sincerely thank our entire accounting and financial reporting team for this outstanding achievement including Connie Flanagan, Susan Walcker, Cody Schmidt, Dottie Thorsen, Terra Miller-Bowley, Bonnie Heit, Darlene Roppel, Darren Schulz and Fay Kopp.