



OVERVIEW OF AUDIT PROCEDURES FOR THE TEACHERS RETIREMENT ASSOCIATION OF MINNESOTA GASB 68 PENSION SCHEDULES FOR THE YEAR ENDED JUNE 30, 2022

CliftonLarsonAllen LLP was engaged to audit and provide opinions on the schedule of employer allocations of the Teachers Retirement Association of Minnesota (TRA) as of and for the year ended June 30, 2022, 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 (specified column totals) included in the schedule of pension amounts by employer, current reporting period only, of the TRA as of and for the year ended June 30, 2022, and the related notes. The financial statements of TRA were audited separately by other auditors.

Appropriate audit evidence was obtained focusing on the accuracy and completeness of information provided to and used by the actuary and supporting data underlying the specified elements being opined upon.

The AICPA issued the following audit and accounting guide for state and local governments: Chapter 13 *Defined Benefit Pension Plans (Plan & Employer Considerations)*. This guidance was used as the basis in our audit approach for the TRA GASB 68 pension schedules.

Auditors performed the following procedures related to the active participant census data. Auditors gained an understanding of internal controls, performed risk assessments, and evaluated and tested controls. A sample of employers was selected for testing. For each of the selected employers, auditors obtained detailed salary reports directly from the sample employers, performed procedures to ensure completeness of the list of employees, and selected a sample of employees for census data testing. Auditors then tested the TRA census data submitted to the actuary to calculate the pension liability for each plan against source documents maintained by the employers. For employees selected that do not participate in a pension plan, the employee exclusions were evaluated for accuracy with exclusions permitted by TRA.

Audit procedures were performed related to inactive and retired participant census data. Auditors gained an understanding of internal controls, performed risk assessments, and evaluated controls. Auditors directly tested records maintained by TRA to obtain sufficient appropriate audit evidence that the census data was accurate.

Various procedures were performed related to contributions. Auditors gained an understanding of internal controls and assessed risk of misstatement. These contributions are on an accrual basis, based on employer identified payroll dates from July 1, 2021 through June 30, 2022. A sample of employers were selected for testing employer contributions reported by TRA on the schedule of employer allocations for each plan compared to contributions reported in the employer's payroll system. Additionally, employer contributions were analyzed for reasonableness compared to employer contributions reported on the June 30, 2022 schedule of employer allocations for each plan. Employer contributions reported on the schedule of employer allocations were tested for accuracy compared to TRA's accounting system. There are reconciling items for contributions reported on the GASB 68 schedules compared to the amounts reported on TRA's financial statements. These were evaluated to be properly excluded from the GASB 68 schedules. The percentage allocated to each employer was recalculated. The allocation of the net pension liability, total deferred outflows of resources, total deferred inflows of resources, and total pension expense were recalculated for each employer.

A review of TRA's audited financial statements and the information within the GASB 68 actuarial valuation related to discount rates, actuarial assumptions, and investment earnings was performed to validate the accuracy, proper valuation and completeness of the net pension liability. Additionally, we performed recalculations of the deferred outflows of resources, deferred inflows of resources and pension expense.