

2021

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND JUNE 30, 2020



**NORTH DAKOTA
PUBLIC EMPLOYEES RETIREMENT SYSTEM**

AN AGENCY OF THE STATE OF NORTH DAKOTA

North Dakota Public Employees Retirement System
An Agency of the State of North Dakota

Annual Comprehensive Financial Report

For the Fiscal Years Ended June 30, 2021 and June 30, 2020

Introduction.....	1
Financial.....	14
Investment.....	88
Actuarial.....	105
Statistical.....	165

Prepared by the staff of the North Dakota Public Employees Retirement System
PO Box 1657; Bismarck, North Dakota 58502-1657
701-328-3900 • Toll-Free: 1-800-803-7377 • E-mail: ndpers-info@nd.gov • <https://www.ndpers.nd.gov>

*In compliance with the Americans with Disabilities Act, this document can be provided in alternate formats.
To request an alternate format, please call PERS ADA Coordinator at 701-328-3918, or toll-free: 1-800-803-7377.*

TABLE OF CONTENTS**North Dakota Public Employees Retirement System****Introductory Section**

PPCC Award.....	2
GFOA Certificate of Achievement.....	3
Letter of Transmittal.....	4
The Retirement Board.....	11
Administrative Organization.....	12
Consulting and Professional Services.....	13

Financial Section

Independent Auditor's Report.....	15
Management's Discussion and Analysis.....	18

Basic Financial Statements:

Fund Financial Statements:	
Statements of Net Position - Proprietary Fund.....	23
Statements of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds.....	24
Statements of Cash Flows - Proprietary Funds.....	25
Statements of Net Position - Fiduciary Funds.....	26
Statements of Changes in Plan Net Position - Fiduciary Funds.....	30
Notes to the Financial Statements.....	32

Required Supplementary Information:

Schedule of Changes to the Net Pension Liability and Related Ratios.....	70
Schedule of Changes to the Net Other Post Employment Benefit Liability and Related Ratios.....	73
Schedule of Employer Contributions.....	74
Notes to the Required Supplementary Information.....	75
Schedule of Investment Returns.....	80

Supplementary Information:

Schedule of Investment Expenses-Fiduciary Funds.....	81
Schedule of Administrative Expenses-Fiduciary Funds.....	83
Schedule of Consultant Expenses - Fiduciary Funds.....	85
Statement of Appropriations.....	87

Investment Section:

Report on Investment Activity.....	89
Investment Policies.....	92
Investment Summaries.....	93
Investment Results.....	95
Largest Holdings.....	98
Schedule of Investment Fees.....	99
Defined Contributions Investments.....	102
Defined Contribution Investment Results.....	103

Actuarial Section:**Public Employees Retirement System:**

Actuary's Certification Letter.....	106
Actuarial Assumptions & Cost Method.....	111
Changes in Actuarial Assumptions or Cost Methods.....	115
Summary of Plan Provisions.....	116
Plan Amendments.....	120
Solvency Test.....	121
Schedule of Funding Progress.....	121
Schedule of Active Member Valuation Data.....	122

Analysis of Financial Experience.....	124
Retirees and Beneficiaries Added To and Removed From the Rolls.....	125

Highway Patrolmen's Retirement System:

Actuary's Certification Letter.....	127
Actuarial Assumptions & Cost Method.....	132
Changes in Actuarial Assumptions or Cost Methods.....	134
Summary of Plan Provisions.....	135
Plan Amendments.....	137
Schedule of Active Member Valuation Data.....	137
Retirees and Beneficiaries Added To and Removed From the Rolls.....	137
Solvency Test.....	138
Schedule of Funding Progress.....	139
Analysis of Financial Experience.....	139

Job Service Retirement Plan:

Actuary's Certification Letter.....	140
Actuarial Assumptions & Cost Method.....	144
Changes in Actuarial Assumptions or Cost Methods.....	146
Summary of Plan Provisions.....	146
Plan Amendments.....	148
Schedule of Active Member Valuation Data.....	149
Retirees and Beneficiaries Added To and Removed From the Rolls.....	149
Solvency Test.....	150
Schedule of Funding Progress.....	151
Analysis of Financial Experience.....	151

Retiree Health Insurance Credit Fund:

Actuary's Certification Letter.....	152
Actuarial Assumptions & Cost Method.....	156
Changes in Actuarial Assumptions or Cost Methods.....	160
Summary of Plan Provisions.....	160
Plan Amendments.....	162
Retired Members, Average Benefit, and Active/Retiree Comparison.....	163
Funding Progress.....	164
Analysis of Financial Experience.....	164

Statistical Section:**Retirement:**

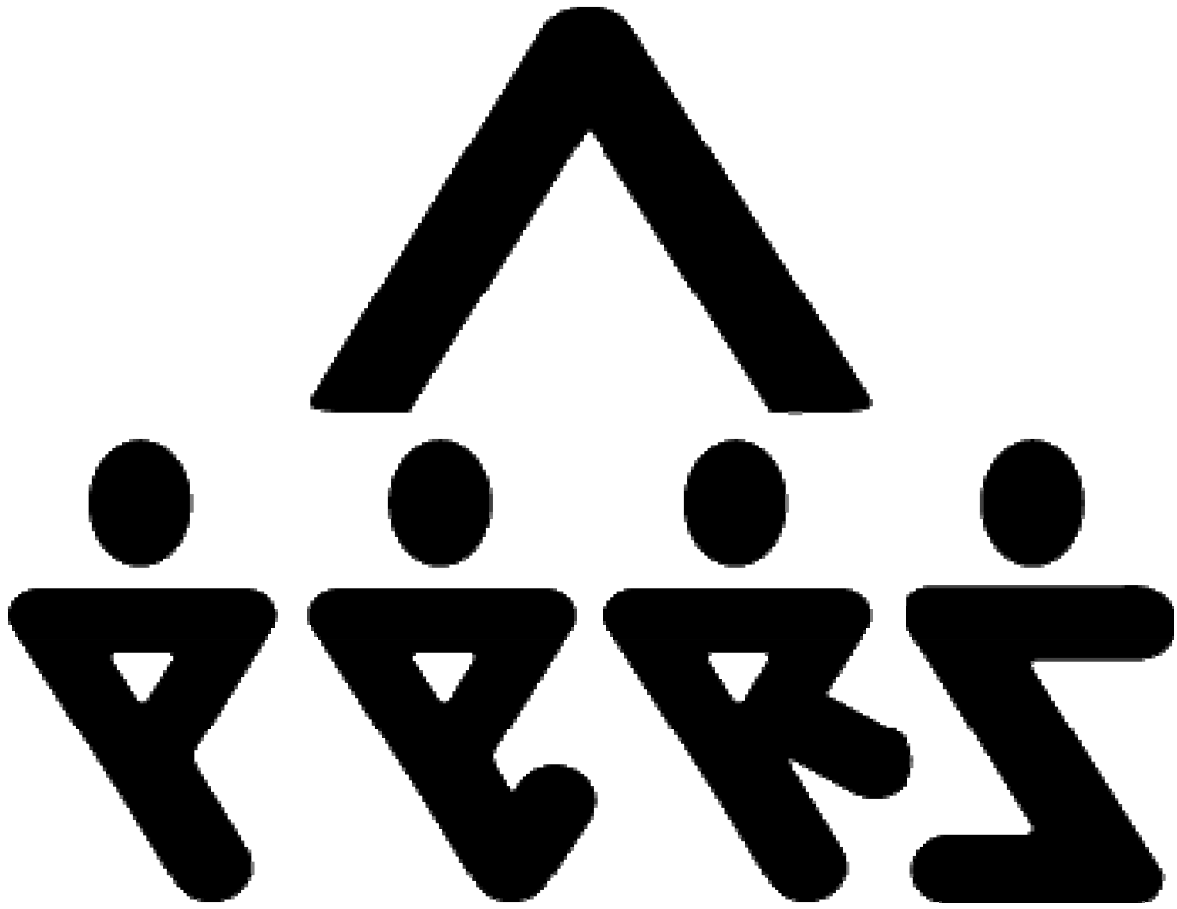
Retirement System Membership.....	166
Schedule of Benefit Expenses by Type.....	167
Changes in Net Assets.....	168
Schedule of Retired Members by Type and Schedule of Average Benefit Payments.....	170
Schedule of Participating Employers.....	180
Principle Participating Employers.....	183

Deferred Compensation:

Schedule of Assets by Provider.....	183
-------------------------------------	-----

Group Insurance:

Health Insurance Contracts in Force.....	184
Health Insurance Premiums.....	184



INTRODUCTORY SECTION



Public Pension Coordinating Council

***Recognition Award for Administration
2021***

Presented to

North Dakota Public Employees Retirement System

In recognition of meeting professional standards for
plan administration as
set forth in the Public Pension Standards.

Presented by the Public Pension Coordinating Council, a confederation of

National Association of State Retirement Administrators (NASRA)
National Conference on Public Employee Retirement Systems (NCPERS)
National Council on Teacher Retirement (NCTR)

A handwritten signature in cursive script that reads "Alan H. Winkle".

Alan H. Winkle
Program Administrator



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

North Dakota Public Employees Retirement System

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

Executive Director/CEO



**North Dakota
Public Employees Retirement System**
1600 East Century Avenue, Suite 2 • PO Box 1657
Bismarck, North Dakota 58502-1657

Scott A. Miller
Executive Director
(701) 328-3900
1-800-803-7377

Fax (701) 328-3920 Email ndpers-info@nd.gov Website www.ndpers.nd.gov

December 9, 2021

Board of Trustees
Members of the System

We are pleased to present the Annual Comprehensive Financial Report for the North Dakota Public Employees Retirement System (System) for the fiscal year ended June 30, 2021. The management of the System is responsible for both the accuracy of the data and the completeness and fairness of the presentation.

Generally accepted accounting principles (GAAP) require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The System's MD&A can be found immediately following the report of the independent auditors in the Financial Section.

Plan History and Services Provided

The System is the administrator of three defined benefit pension plans and an optional defined contribution retirement plan. The System also manages and administers the retiree health insurance credit program, the uniform group insurance program, the deferred compensation program, and the pretax benefits program. Following is a brief overview of the statistical and financial highlights for each of these programs for the fiscal year ended June 30, 2021.

Defined Benefit Pension Plans

The Public Employees Retirement System (PERS) is a cost-sharing multiple-employer retirement plan. PERS was established July 1, 1966 as a defined contribution plan and was changed to a defined benefit plan by the 1977 North Dakota Legislature. PERS covers substantially all employees of the State of North Dakota and its agencies, and various participating political subdivisions. PERS also covers Supreme and District Court Judges and public safety officers, including participating political subdivision police, firefighters, and correctional officers as well as retirees of the National Guard plan. The Highway Patrolmen's Retirement System (HPRS) is a single-employer defined benefit plan established July 1, 1949 that covers substantially all sworn officers of the North Dakota Highway Patrol. The System became the administrator of this plan effective July 1, 1983. The Retirement Plan for Employees of Job Service North Dakota (Job Service Plan) is a single-employer defined benefit plan established July 1, 1961 and is limited to employees participating in the plan as of September 30, 1980. The System became the administrator of the Job Service plan effective August 1, 2003.

PERS has 39,631 contributing members and 13,714 retirees and beneficiaries currently receiving benefits. HPRS has 196 contributing members and 135 retirees and beneficiaries. The Job Service Plan has 3 contributing members and 133 retirees. The employers participating in PERS include 97 state agencies and 364 political subdivisions.

PERS, HPRS and Job Service Plan are accounted for as pension trust funds.

Defined Contribution Retirement Plan

An optional Defined Contribution Retirement Plan (DC Plan) was established effective January 1, 2000. The DC Plan was available to state employees who are in positions not classified by the Human Resource Management Services division of the State of North Dakota. Employees of the judicial branch or the Board of Higher Education and State Institutions under the jurisdiction of the Board of Higher Education are not eligible to participate in the Plan. The 2013 Legislative Assembly passed legislation to expand eligibility for the Plan to include all new state employees hired on or after October 1, 2013 through July 31, 2017. Eligibility then reverted back to non-classified employees. The Plan has 91 participants.

The defined contribution retirement plan is accounted for as a pension trust fund.

Retiree Health Insurance Credit Program

This program was created by the North Dakota Legislature in 1989, and closed to new entrants effective January 1, 2020. It is designed to provide members with a benefit that can be used to offset the cost of their health insurance premiums during their retirement years. There are 24,736 contributing members and 13,280 retired participants currently receiving benefits.

The retiree health insurance credit program is accounted for as an other post-employment benefit trust fund.

Uniform Group Insurance Program

Group Health Insurance. The System began administering the group health insurance plan in 1971. There are 25,467 active and retired contracts under this plan as of June 30, 2021. Total covered lives, including spouses and dependents, are 59,402. As of June 30, 2021 there were 127 political subdivisions participating in the group health program. The health insurance premiums paid to Sanford Health Plan for the fiscal year ended June 30, 2021 totaled \$339.2 million. This last year, the System continued its efforts to reduce the trend in health care costs by promoting wellness through online programs and supporting health club memberships and providing on-site wellness programs and premium discounts to employers that have on-site wellness programs. In addition, the System continued targeted programs that include Healthy Pregnancy, diabetes management and prevention, an opioid management program, as well as a value based care arrangement coordinated with Sanford Health Plan.

Group Life Insurance. The System began administering the group life insurance plan in 1971. There are 18,122 active and 3,215 retired employees covered under the basic life insurance plan. Active employees have the option of purchasing additional life insurance under the employee supplemental, dependent supplemental, and spouse supplemental provisions of the plan. The life insurance premiums paid to Voya for the fiscal year ended June 30, 2021 totaled \$3.9 million. As of fiscal year end, there is \$1.869 billion of life insurance in force for all participants covered by this plan.

Voluntary Insurance Products. The 1995 North Dakota Legislature authorized the System to offer voluntary insurance products, specifically dental, vision and long term care insurance. On January 1, 1997, the System began offering a dental plan and long term care plan, and on January 1, 2003, a vision plan was offered. There are 12,407 participants in the dental plan and 12,844 participants in the vision plan. NDPERS' administration of the long term care plan was discontinued as of January 1, 2019.

Employee Assistance Program. The 1997 North Dakota Legislature authorized the System to administer an employer-sponsored Employee Assistance Program (EAP) for all state employees, effective August 1, 1997. The System has contracted with four EAP vendors to provide services to employees and their families. The System collects the monthly premiums from the employers and remits them to the appropriate vendor. Approximately 14,754 state employees are covered under this program.

The uniform group insurance plan is a public entity risk pool and is accounted for as an enterprise fund.

Deferred Compensation Program

This is a voluntary, supplemental retirement plan provided in accordance with Section 457 of the Internal Revenue Code. It allows eligible employees to defer and invest income on a pretax basis to be withdrawn at a later date, usually at retirement. The System has administered the Plan since 1987. Fourteen companies have agreed to provide investment services for the State's deferred compensation program. The System is the trustee for deferred compensation assets totaling \$186.6 million; provider companies hold the remaining plan assets of \$203.2 million in custodial accounts for the exclusive benefit of participants and their beneficiaries. Approximately 15,046 employees participate in this program.

The deferred compensation program is accounted for as an other employee benefit trust fund.

Pretax Benefits Program (FlexComp)

This program was established by the North Dakota Legislature in 1989 in accordance with Section 125 of the Internal Revenue Code. It allows eligible employees to elect to reduce their salaries to pay for qualified insurance premiums, medical expenses, and dependent care expenses on a pretax basis. There are 2,697 participants in the medical and dependent care spending accounts. Employee contributions to the spending accounts totaled \$6.23 million. Starting in January 2013, the System contracted with a benefits service company for processing spending account reimbursements.

The pretax benefits program is accounted for as an other employee benefit trust fund.

Major Initiatives

Retirement

- Went out to bid to secure an investment consultant for our 457 Companion Plan and 401(a) Plan
- Renewed the 457 Companion Plan and 401(a) Plan recordkeeping services with the incumbent provider
- Renewed our disability consultant contract with the incumbent provider
- Transitioned our Retiree Health Insurance Credit program to be on a calendar year instead of a fiscal year reporting period
- Developed a request for proposal for the administration of the Retiree Health Credit program

Group Insurance

- Went out to bid for the Health plan and awarded the contract to the incumbent provider
- Went out to bid for EAP services and selected four providers from which agencies can select

- Renewed our Medicare Part D, Vision, and Life insurance contracts with the incumbent provider
- Offered COBRA Premium Subsidies and increased dependent care limitations in accordance with the American Rescue Plan

Administrative

- Discontinued an underperforming mobile app by implementing fully functional and scalable portals for our employers and members
- Reviewed and updated our internal policy for reviewing member accounts prior to receiving benefit payments
- Reviewed and updated our policy on operating guidelines, which outlines the responsibilities of Staff and the Board
- Upgraded our internal line of business application to a Mobile-View-View-Mobile platform to match the employer and member web portals
- Developed an interface to replace our legacy mainframe system
- Upgraded our website to a more effective and efficient platform
- Secured new office space inside a state owned building
- Redesigned how issues are reported in our business system
- Reviewed and updated our internal employment policies and practices on background checks
- Developed a policy to charge employers penalties for noncompliance with statutory requirements

Financial Information

The financial statements included in this report are the responsibility of the System's management and have been prepared in accordance with generally accepted accounting principles for governmental accounting and reporting as pronounced or adopted by the Governmental Accounting Standards Board and the Financial Accounting Standards Board. Management is also responsible for maintaining a system of adequate internal accounting controls designed to provide reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and are recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Management has established a comprehensive framework of internal controls to provide a reasonable basis for asserting that the financial statements are fairly presented. Because the cost of a control should not exceed the benefits to be derived, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The expenses of the System are monitored through two budgetary controls. The majority of the administrative expenditures are appropriated each biennium by the North Dakota Legislature; certain statutorily-prescribed expenses (including benefit payments, actuarial and consulting fees and audit fees) have received a continuing appropriation from the North Dakota Legislature and are reviewed directly by the System's Board.

Revenues and Expenses

Investment earnings, together with employee and employer contributions, are the funding sources for the benefits provided through the System. The main expenses of the System are benefit payments and the cost of administering the System. The following tables show the combined revenues and expenses for the PERS, HPRS and Job Service plans for fiscal years 2021 and 2020:

(Millions)	Fiscal Year	Fiscal Year		Percentage
<u>Revenue Type</u>	<u>2021</u>	<u>2020</u>	<u>Change in \$ s</u>	<u>Change</u>
Employee Contributions	\$ 87.5	\$ 83.0	\$ 4.5	5.4%
Employer Contributions	93.6	87.7	5.9	6.7
Investment Income	870.4	106.3	764.1	718.1
Total	\$1,051.5	\$ 277.0	\$ 774.5	279.6%
 <u>Expense Type</u>				
Benefits	\$ 228.9	\$ 214.5	\$ 14.4	6.7%
Refunds & Transfers	13.0	14.2	(1.2)	(9.5)
Administrative Expenses	2.6	2.8	(0.2)	(7.1)
Total	\$ 244.5	\$ 231.5	\$ 13.0	5.6%

The increase in revenues reflects stronger financial markets. The increase in expenses is primarily due to an increase in the total number of retirees who are receiving pension payments.

Funding Status

The funding goal of any retirement system is to accumulate sufficient assets to pay all of its promised benefits as they come due. The annual valuation of the System's assets and liabilities performed by the System's actuary provides the best current estimate of the System's funding status and allows the Board to monitor funding progress.

A common measure of the strength of a pension system is to express the assets as a percentage of liabilities - the greater the percentage, the stronger the funding position of the System. The July 1, 2021 actuarial valuation reports the actuarial value of assets for PERS at \$3,547 million, which is 71.1% of the actuarial accrued liabilities of \$4,992 million. The actuarial value of assets for HPRS is \$91.4 million, which is 74.1% of the actuarial accrued liabilities of \$123.4. The Job Service Plan is fully funded. The actuarial value of assets for the Job Service Plan is \$95.9 million, which is 147.7% of the actuarial present value of benefits of \$64.9 million.

The Retiree Health Insurance Credit Program is advance-funded on an actuarially-determined basis. As of fiscal year end, the program's actuarial value of assets is 68.6% of the actuarial accrued liability. The Retiree Health Implicit Subsidy is not advance funded. As of June 30, 2021 the annual gross normal cost for this plan is \$4.4 million.

Funding progress is covered in more detail in the actuarial section of this report.

Investments

The North Dakota State Investment Board (SIB) invests the funds for the PERS, HPRS and Job Service Plans. Chapter 21-10 of the North Dakota Century Code states that the SIB shall apply the prudent investor rule when investing funds under its supervision. The prudent investor rule means that in making investments, the fiduciaries shall exercise the judgment and care, under the circumstances then prevailing, that an institutional investor of ordinary prudence, discretion and intelligence exercises in the management of large investments entrusted to it, not in regard to speculation, but in regard to the permanent disposition of funds, considering probable safety of capital as well as probable income. All funds must be invested exclusively for the benefit of the System's members and all investments are made in accordance with the System's long-term investment objectives and performance goals.

The combined fair value of assets for PERS and HPRS as of June 30, 2021 is \$4.0 billion, which is an increase of 2.5% from the previous year. The fair value of assets for Job Service as of June 30, 2021 is \$96.7 million, an increase of 1.4% from the previous year. During the fiscal year ended June 30, 2021 the System's portfolio remained broadly diversified with investments in domestic and international equities, domestic and international fixed income securities, real estate, private equity, timber, infrastructure, and cash equivalents.

The PERS and HPRS assets had an annualized rate of return of 27.15% for the fiscal year ended June 30, 2021. The annualized rate of return was 11.53% for the last three years and 11.36% for the last five years. The annualized rate of return for the fiscal year ended June 30, 2021 for the Job Service Plan was 6.46%. The annualized rate of return was 5.33% for the last three years and 4.94% for the last five years.

The assets of the Retiree Health Insurance Credit Program are also invested with the SIB. The market value of assets as of June 30, 2021 is \$180.2 million, which is 25.0% higher than the previous year. The assets earned an annualized rate of return of 25.57% for the fiscal year ended June 30, 2021. The annualized rate of return was 11.98% for the last three years and 10.96% for the last five years. During the fiscal year ended June 30, 2021, the System's portfolio remained broadly diversified with investments in domestic and international equities and fixed income securities.

The assets of the defined contribution retirement plan are invested according to the direction of each participating member. The participant can select from fifteen investment categories and a mutual fund window, as provided by the Board. The investment categories are designed to cover a broad range of investment options to allow the participant to structure an investment strategy that meets their individual return objectives and risk tolerances. The market value of assets in the defined contribution retirement plan as of June 30, 2021 is \$19.6 million, which is a 26.5% increase from the previous year.

More detailed information on investment policies, schedule of fees and commissions, performance results and asset allocation can be found in the Investment Section of this report.

Independent Audit

The financial statements contained in this report were audited by the accounting firm of CliftonLarsonAllen LLP, under the direction of the North Dakota State Auditor. The auditors' opinion was unmodified for the System for the year ended June 30, 2021.

Achievement Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the North Dakota Public Employees Retirement System for its annual comprehensive financial report (ACFR) for the fiscal year ended June 30, 2020. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized annual comprehensive financial report, whose contents conform to program standards. The ACFR must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. The North Dakota Public Employees Retirement System has received a Certificate of Achievement for the last twenty-five consecutive years (fiscal years ended June 30, 1996 - 2020). We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA for their review.

Acknowledgements

The preparation of this report is the result of the combined effort of the System's staff. It is intended to provide complete and accurate information concerning the activities and results of operations. Copies of this report are available to employers, members and other interested parties upon request or it can be downloaded from the System's website.

Sincerely,



Scott Miller
Executive Director



Derrick Hohbein, CPA, MBA
Chief Operating/Financial Officer

THE RETIREMENT BOARD

The Retirement Board is the governing authority of the Public Employees Retirement System and consists of nine persons. A North Dakota citizen who is neither a state or political subdivision employee is appointed by the Governor to serve as Chairman of the Board. A member of the Attorney General's legal staff and the State Health Officer are also appointed to serve on the Board. One Board member is elected by retired PERS members, two members are appointed by legislative management, and the remaining three Board members are elected from active employees currently contributing to PERS. Three members of the Retirement Board are included in the membership of the North Dakota State Investment Board (SIB). The Retirement Board has specified that the members who serve on the SIB are to be selected from among the four elected members.

The Board members, and their respective terms, are as follows:



Mona Rindy
Chairperson
Term Expires 4/1/2025



Dirk Wilke
Health Department
Designee



Troy Seibel
Attorney General Appointee
Term Expires 6/30/21



Casey Goodhouse
Member Elected
Term Expires 6/30/24



Yvonne Smith
Retiree Elected
Term Expires 6/30/24



Adam Miller
Member Elected
Term Expires 6/30/22



Kim Wassim
Member Elected
Term Expires 6/30/23



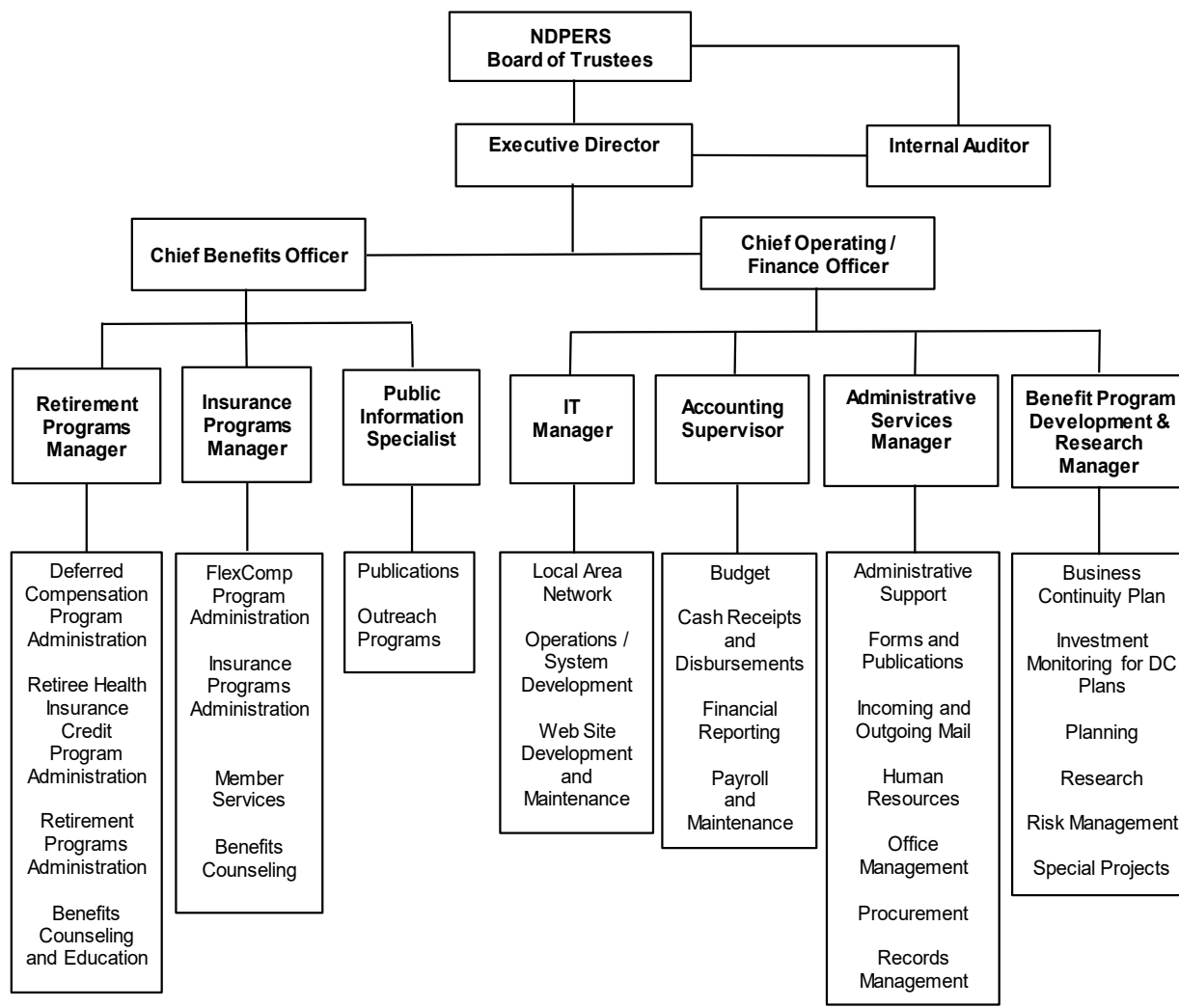
Senator Tim Mathern
Appointed by
Legislative Management



Rep. Jason Dockter
Appointed by
Legislative Management

The Board's mission is to design, communicate and efficiently administer a viable employee benefits program within a framework of prudent risk taking, applicable state and federal laws, and professional and ethical standards so as to provide an employee benefit package that is among the best available from public and private employers in the upper Midwest.

Organizational Chart



ADMINISTRATION

Scott Miller, *Executive Director*
 Derrick Hohbein, CPA, MBA *Chief Operating / Finance Manager*
 Rebecca Fricke, *Chief Benefits Officer*
 Shawna Platz, CPA, CIA, *Chief Audit Executive*
 MaryJo Anderson, *Retirement Programs Manager*
 Lindsay Schaf, *Insurance Programs Administrator*
 Aime Miller, *Public Information Specialist*
 Mandy Nagel, *IT Manager*
 Robin Mistelski, *Accounting Supervisor*
 Janis Lund, *Administrative Services Manager*
 Bryan Reinhardt, *Benefit Program Development and Research Manager*

See the following page for a listing of professionals who provide services to the North Dakota Public Employees Retirement System and page 98-99 in the Investment Section for a summary of fees paid to investment professionals.

Consulting & Professional Services

ACTUARY:

Gabriel Roeder Smith & Company
Chicago, IL

AUDITOR:

Clifton Larson Allen LLP
Baltimore, MD

DENTAL INSURANCE CARRIER:

Delta Dental of Minnesota
Minneapolis, MN

DISABILITY CONSULTANT:

Mid Dakota Clinic
Bismarck, ND

EMPLOYEE ASSISTANCE PROGRAM VENDORS:

eni NexGen EAP
New York, NY

St. Alexius/Heartview
Bismarck, ND

Live Well Solutions
Fargo, ND

Village Family Services
Fargo, ND

HEALTH INSURANCE CARRIER:

Sanford Health Plan
Sioux Falls, SD

INSURANCE CONSULTANT:

Deloitte Consulting LLP
Minneapolis, MN

INVESTMENT SERVICES:

North Dakota Retirement &
Investment Office
Bismarck, ND

LEGAL COUNSEL:

North Dakota Attorney General's
Office
Bismarck, ND

LIFE INSURANCE CARRIER:

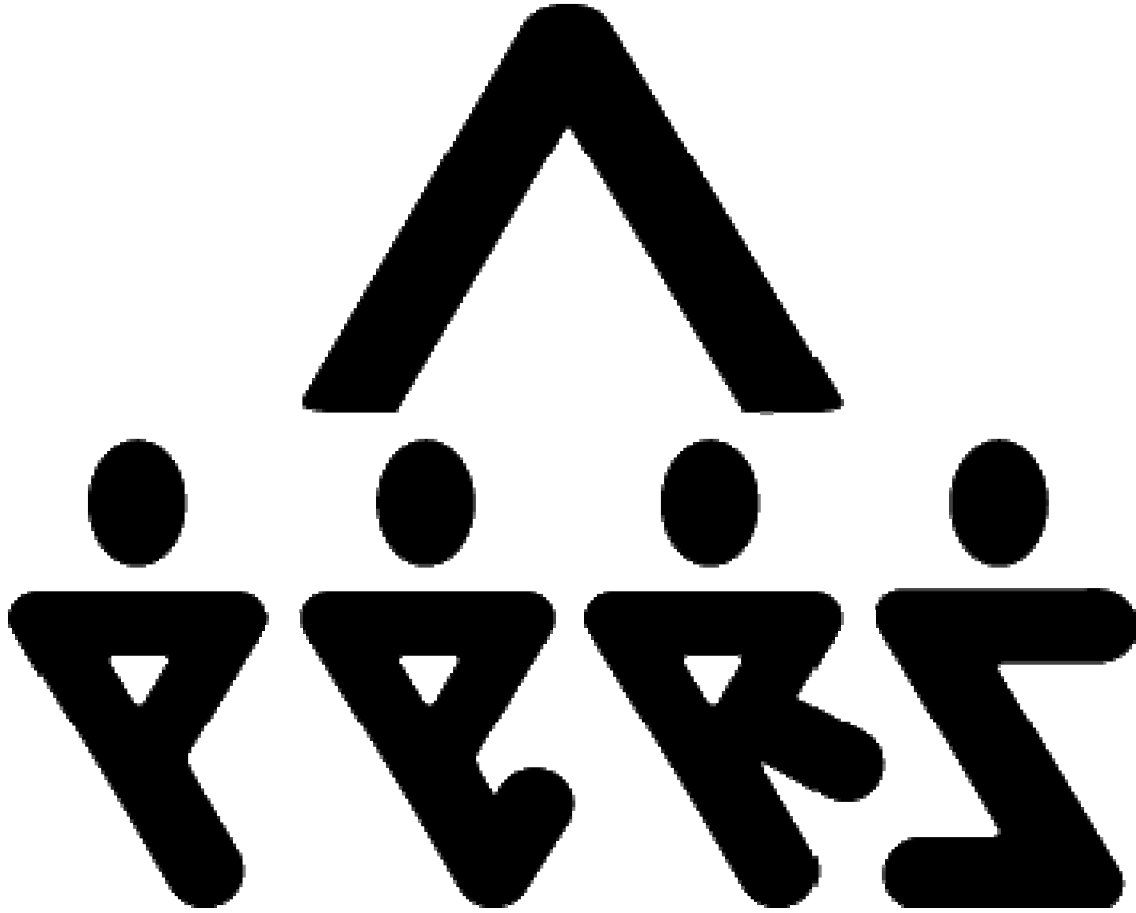
Voya Financial
New York, NY

VISION INSURANCE CARRIER:

Superior Vision
Rancho Cordova, CA

3rd PARTY PAYMENT PROCESSING:

ASI Flex (FlexComp & RHIC Reimbursements)
Columbia, MO



FINANCIAL SECTION

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021 AND 2020**



CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

Governor Doug Burgum
The Legislative Assembly

Scott Miller, Executive Director
North Dakota Public Employees' Retirement System
Bismarck, North Dakota

Report on the Financial Statements

We have audited the accompanying financial statements of the proprietary fund and each of the individual fiduciary funds of the North Dakota Public Employees' Retirement System (the System), a department of the State of North Dakota, as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the System's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, 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 financial statements 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 financial statements.

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



A member of
Nexia
international

CLA is an independent member of Nexia International, a leading, global network of independent accounting and consulting firms. See nexia.com/member-firm-disclaimer for details.

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021 AND 2020**

Governor Doug Burgum
The Legislative Assembly
Scott Miller, Executive Director
North Dakota Public Employees' Retirement System

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the proprietary fund and the fiduciary net position of each of the individual fiduciary funds of the System as of June 30, 2021 and 2020, and the respective changes in financial and net position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements of the System are intended to present the financial position, the changes in financial position, and cash flows of only that portion of the State of North Dakota that is attributable to the transactions of the System. They do not purport to, and do not, present fairly the financial position, changes in financial position, and, where applicable, the cash flows of the State of North Dakota as of June 30, 2021 and 2020, and for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the System's basic financial statements. The schedules of investment expenses, administrative expenses and consultant expenses and statement of appropriations (supplementary information), and the introductory, investment, actuarial and statistical sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021 AND 2020**

Governor Doug Burgum
The Legislative Assembly
Scott Miller, Executive Director
North Dakota Public Employees' Retirement System

The introductory, investment, actuarial and statistical sections, as listed in the table of contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 6, 2021, with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the System's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the System's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Baltimore, Maryland
December 6, 2021

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021 AND 2020**

Management's Discussion and Analysis (MD&A) of the North Dakota Public Employees Retirement System's (NDPERS) financial performance provides an overview of the agency's financial activities for the fiscal years ended June 30, 2021 and 2020. Please read it in conjunction with the basic financial statements, which follow this discussion.

NDPERS administers a total of seven fiduciary funds. This includes three defined benefit pension trust funds (PERS, Highway Patrol and Job Service), one defined contribution pension trust fund, the retiree health insurance credit trust fund, the deferred compensation trust fund and pretax benefits trust fund. NDPERS also administers one proprietary fund, the Uniform Group Insurance Program, which is an enterprise fund.

Financial Highlights – Pension and Other Employee Benefit Plans

- As of June 30, 2021, and 2020, the Plan Fiduciary Net Position (FNP) as a percentage of the Total Pension Liability (TPL) and Total OPEB Liability (TOL) for each pension and OPEB fund is shown below:

	<u>2021</u>	<u>2020</u>
Public Employees Retirement System	79.1%	49.4%
Highway Patrolmen Retirement System	81.1%	46.1%
Retirement Plan for Employees of Job Service of ND	149.0%	148.5%
Retiree Health Insurance Credit Fund	76.6%	63.4%

The increases in the FNP as a percentage of the TPL for the Public Employees Retirement System and the Highway Patrol System were mainly due to increases in the discount rate from June 30, 2020 to June 30, 2021. The increase in the FNP as a percentage of the TPL for the Retiree Health Insurance Credit Fund and Job Service of ND was the result of positive investment earnings in the current year.

- The fiduciary net position for all trust funds administered by NDPERS increased \$902.6 million or 24.8% during the fiscal year ended June 30, 2021. This increase is primarily due to increased investment earnings as well as increased contributions from members and their employers.

<i>(in thousands)</i>	<u>Change in Net Position</u>
Public Employees Retirement System	\$ 795,372
Highway Patrolmen Retirement System	17,891
Retiree Health Insurance Credit Fund	36,714
Defined Contribution Retirement Fund	4,174
Pretax Benefits Fund	(201)
Deferred Compensation Plan	47,313
Retirement Plan for Employees of Job Service ND	1,353
Total Increase in Plan Fiduciary Net Position	<u>\$ 902,616</u>

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021 AND 2020**

Financial Highlights – Uniform Group Insurance Program

- Net position increased by \$0.32 million or 0.9%. The increase is primarily a result of positive investment earnings for the year ended June 30, 2021.

Overview of the Financial Statements

The MD&A is intended to serve as an introduction and overview of the basic financial statements for NDPERS, which include the fund financial statements and notes to the financial statements.

Financial Statements

There are two financial statements presented for the fiduciary funds. The Statements of Fiduciary Net Position as of June 30, 2021 and 2020 indicate the net position available to pay future benefits and gives a snapshot at a particular point in time. The Statements of Changes in Fiduciary Net Position for the years ended June 30, 2021 and 2020 provide a view of the current year's additions and deductions to the individual trust funds.

There are three financial statements presented for the proprietary fund. The Statements of Net Position as of June 30, 2021 and 2020 provide a snapshot at a particular point in time of the net position available for use by this program. The Statements of Revenues, Expenses, and Changes in Fund Net Position for the years ended June 30, 2021 and 2020, provide a view of the current year's operating and non-operating revenues and expenses for the enterprise fund. The Statements of Cash Flows for the years ended June 30, 2021 and 2020 show the cash used and provided by operating activities as well as the net increase or decrease in cash due to operating and investing activities for the years presented.

Notes to the financial statements. The notes provide additional information that is essential for a full understanding of the data provided in the fund financial statements. The notes to the financial statements can be found on pages 32-69 of this report.

Required supplementary information. The required supplementary information consists of a Schedule of Employer Contributions, Schedule of Changes to the Net Pension Liability and Related Ratios, and Schedule of Investment Returns for the defined benefit pension trust funds and a Schedule of Net OPEB Liability and related ratios, Schedule of Employer Contributions and Schedule of Investment Returns for the Retiree Health Insurance Credit advance funded plan.

Other supplementary schedules. The other supplementary schedules consist of a Schedule of Administrative Expenses, Schedule of Investment Expenses, Schedule of Consultant Expenses and Statement of Appropriations.

Financial Analysis

The financial results for fiscal years 2021, 2020 and 2019 are summarized on page 5. The information in the tables on the following page are condensed from the Financial Statements.

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021 AND 2020**

Statement of Fiduciary Plan Net Position (condensed, in thousands)

	June 30, 2021	% Change	June 30, 2020	% Change	June 30, 2019
Assets					
Cash	\$ 18,154	7.8%	\$ 16,847	10.1%	\$ 15,303
Receivables	23,871	-6.7%	25,582	-0.4%	25,680
Investments	4,500,167	25.1%	3,596,248	2.2%	3,517,501
Invested Securities Lending Collateral	16,290	77.3%	9,189	-10.3%	10,242
Software & Equipment, Net of Accumulated Depreciation	229	-38.9%	375	-61.6%	976
Total Assets	4,558,711	25.0%	3,648,241	2.2%	3,569,702
Liabilities					
Long-Term Liabilities	186	22.4%	152	24.6%	122
Other Liabilities	21,272	58.1%	13,452	4.4%	12,891
Total Liabilities	21,458	57.7%	13,604	4.5%	13,013
Fiduciary Net Position	\$ 4,537,253	24.8%	\$ 3,634,637	2.2%	\$ 3,556,689

The total assets for all fiduciary funds as of June 30, 2021 were \$4.56 billion and were comprised mostly of investments. For the fiscal year ended June 30, 2021 net position increased \$902.6 million. The increase was primarily due to financial market gains during the fiscal year. For the fiscal year ended June 30, 2020, net position increased by \$77.9 million. This increases were primarily due to financial market gains during the fiscal year.

Total liabilities as of June 30, 2021 increased \$7.9 million due to an increase in accounts payable and securities lending collateral. Total liabilities as of June 30, 2020 increased \$0.6 million over the prior year due to increases in accounts payable.

Statement of Changes in Fiduciary Plan Net Position (condensed, in thousands)

	June 30, 2021	% Change	June 30, 2020	% Change	June 30, 2019
Additions					
Contributions	\$ 214,981	5.8%	\$ 203,276	4.7%	\$ 194,086
Transfers In	2,690	27.9%	2,103	9.1%	1,927
Net Investment Income	950,393	701.9%	118,521	-36.1%	185,529
Other	8,859	-29.2%	12,518	41.2%	8,865
Total Additions	1,176,923	249.8%	336,418	-13.8%	390,407
Deductions					
Benefit Payments	256,388	7.3%	238,909	8.8%	219,596
Transfers Out	633	-1.7%	644	58.6%	406
Refunds	12,970	-9.0%	14,252	20.4%	11,840
Administrative Expenses	4,316	-7.5%	4,665	3.1%	4,524
Total Deductions	274,307	6.1%	258,470	9.4%	236,366
Change in Fiduciary Net Position	\$ 902,616	1058.0%	\$ 77,948	-49.4%	\$ 154,041

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021 AND 2020**

Additions. Contributions, transfers in and earnings on invested funds are the primary additions that are accumulated and used to pay benefits for each of the plans. Contributions and transfers in, combined, increased by \$12.3 million for the year ended June 30, 2021 and increased \$9.4 million for the year ended June 30, 2020. The increases reflect an increase in contributions as a result of membership and payroll growth. Investment earnings increased \$831.9 million in 2021. Investment earnings, while positive in 2020, decreased by \$67.0 million from the previous year. The change in Other Additions for June 30, 2021 and June 30, 2020 is primarily due to fluctuations in service purchase payments received during the year.

Deductions. Total deductions increased by \$15.8 million or 6.1% for the fiscal year ended June 30, 2021. Total deductions increased by \$22.1 million or 9.4% for the fiscal year ended June 30, 2020. The increase each year was due to an increase in benefit payments, which reflects the increase in the total number of retirees who are receiving pension payments, as well as the significant increase in refunds/transfers.

Statement of Proprietary Fund Net Position (in thousands)

	June 30, 2021	% Change	June 30, 2020	% Change	June 30, 2019
Assets					
Cash & Investments	\$ 36,136	-0.4%	\$ 36,294	4.7%	\$ 34,676
Receivables	182	-97.5%	7,279	2835.1%	248
Software	93	-38.4%	151	-61.7%	394
Total Assets	36,411	-16.7%	43,724	23.8%	35,318
Liabilities					
Long-Term Liabilities	74	13.8%	65	22.6%	53
Other Liabilities	197	-97.5%	7,834	25.2%	6,255
Total Liabilities	271	-96.6%	7,899	25.2%	6,308
Net Position	\$ 36,140	0.9%	\$ 35,825	23.5%	\$ 29,010

The net position for the proprietary fund increased by \$0.3 million during the fiscal year ended June 30, 2021. The increase is mostly due to investment earnings. The net position for the proprietary fund increased by \$6.8 million during the fiscal year ended June 30, 2020. The increase is due to a refund of PPACA fees for the year as a result of a federal moratorium.

Total assets, as of June 30, 2021, were \$36.4 million and were comprised mainly of cash and investments. Total assets decreased by \$7.3 million from the prior fiscal year primarily due to payment of a receivable related to the PPACA moratorium. Total assets, as of June 30, 2020, were \$43.7 million and were comprised mainly of cash and investments. Total assets increased by \$8.4 million from the prior fiscal year primarily due to receivable related to the PPACA moratorium.

Total liabilities, as of June 30, 2021, were \$0.3 million, \$7.9 million as of June 30, 2021 and \$6.3 million as of June 30, 2020, and were comprised mostly of unearned premiums, which represent premiums received before they are due as well as a liability to Sanford Health Plan as further explained in Note 14.

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021 AND 2020**

The net position of the proprietary fund consists primarily of cash and investments and is to pay administrative expenses of the uniform group insurance program, reduce premium payments/increases, and increase insurance coverage.

Statement of Changes in Proprietary Fund Net Position (in thousands)

	June 30, 2021	% Change	June 30, 2020	% Change	June 30, 2019
Operating Revenues					
Premium Revenues	\$ 366,941	-0.3%	\$ 367,910	11.1%	\$ 331,090
Administrative Fee	981	-2.0%	1,001	-0.1%	1,002
Miscellaneous	(4)	-100.1%	7,023	175475.0%	4
Total Operating Revenues	<u>367,918</u>	-2.1%	<u>375,934</u>	13.2%	<u>332,096</u>
Non-Operating Revenues					
Net Investment Income	<u>1,277</u>	78.1%	<u>717</u>	-52.8%	<u>1,519</u>
Total Revenues	<u>369,195</u>	-2.0%	<u>376,651</u>	12.9%	<u>333,615</u>
Operating Expenses					
Premium Expenses	366,959	-0.3%	367,954	8.8%	338,090
Administrative Expenses	1,832	3.6%	1,769	-6.3%	1,888
Total Operating Expenses	<u>368,791</u>	-0.3%	<u>369,723</u>	8.7%	<u>339,978</u>
Non-Operating Expense					
Transfer Out	<u>88</u>	-22.1%	<u>113</u>	-65.2%	<u>325</u>
Change in Net Position	<u>\$ 316</u>	95.4%	<u>\$ 6,815</u>	-201.9%	<u>\$ (6,688)</u>
Total Net Position	\$ 36,140	0.9%	\$ 35,825	23.5%	\$ 29,010

The net position for the proprietary fund increased by \$0.3 million during the fiscal year ended June 30, 2021 primarily due to positive investment earnings. The net position for the proprietary fund increased by \$6.8 million during the fiscal year ended June 30, 2020 primarily due to a refund of PPACA fees for the year as a result of a federal moratorium. The net position for the proprietary fund decreased by \$6.7 million during the fiscal year ended June 30, 2019 primarily due to the buydown of insurance premiums for the year.

Contacting NDPERS Financial Management

This financial report is designed to provide our members, annuitants, employers, business partners and the general public with a general overview of the System's financial activities. If you have questions about this report or need additional financial information, contact the North Dakota Public Employees Retirement System, PO Box 1657, Bismarck, ND 58502.

North Dakota Public Employees Retirement System – Financial Section
Statement of Net Position – Proprietary Fund
June 30, 2021 and 2020

	Uniform Group Insurance Program	
	2021	2020
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 1,699,735	\$ 4,914,119
Invested Cash	1,719,117	2,727,932
Commingled Domestic Fixed Income Investments	32,716,340	28,651,685
Due from Other State Agencies	-	52,724
Accounts Receivable	182,412	7,226,484
Total Current Assets	36,317,604	43,572,944
NONCURRENT ASSETS		
Capital Assets (Net of Depreciation/Amortization)	92,841	151,212
Total Assets	36,410,445	43,724,156
LIABILITIES		
CURRENT LIABILITIES		
Salaries Payable	85,798	79,111
Accounts Payable	196,195	157,551
Due to Other State Agencies	13,480	8,920
Unearned Premiums/(Expense)	(105,400)	7,582,398
Accrued Compensated Absences	6,720	6,390
Total Current Liabilities	196,793	7,834,370
NONCURRENT LIABILITIES		
Accrued Compensated Absences	73,663	65,086
Total Liabilities	270,456	7,899,456
NET POSITION		
Net Investment in Capital Assets	92,841	151,212
Unrestricted Net Position	36,047,148	35,673,488
Total Net Position	\$ 36,139,989	\$ 35,824,700

North Dakota Public Employees Retirement System – Financial Section
Statements of Revenues, Expenses, and Changes in Fund Net Position—Proprietary Fund
For the Fiscal Year Ended June 30, 2021 and 2020

	Uniform Group Insurance Program	
	2021	2020
OPERATING REVENUES		
Premium Revenues	\$ 366,940,896	\$ 367,910,354
Administrative Fee	980,446	1,001,017
Underwriting Gain (Loss)	(4,408)	6,992,619
Miscellaneous	47	30,000
Total Operating Revenues	<u>367,916,981</u>	<u>375,933,990</u>
OPERATING EXPENSES		
Premium Expenses	366,958,640	367,954,336
Salaries and Wages	1,005,078	937,444
Operating Expenses	309,960	330,960
Professional Fees	323,669	117,316
Data Processing	92,570	86,508
Amortization	101,221	297,190
Total Operating Expenses	<u>368,791,138</u>	<u>369,723,754</u>
Operating Gain (Loss)	<u>(874,157)</u>	<u>6,210,236</u>
NON-OPERATING REVENUES AND EXPENSES		
Investment Income	1,322,916	747,377
Investment Expenses	(45,970)	(30,879)
Total Non-Operating Revenues and Expenses	<u>1,276,946</u>	<u>716,498</u>
INCOME BEFORE TRANSFERS	402,789	6,926,734
TRANSFERS OUT	<u>87,500</u>	<u>112,500</u>
Change in Net Position	<u>315,289</u>	<u>6,814,234</u>
Total Net Position - Beginning of Year	<u>35,824,700</u>	<u>29,010,466</u>
TOTAL NET POSITION - END OF YEAR	<u>\$ 36,139,989</u>	<u>\$ 35,824,700</u>

North Dakota Public Employees Retirement System – Financial Section
Statements of Cash Flows – Proprietary Fund
For the Fiscal Year Ended June 30, 2021 and 2020

	Uniform Group	Insurance Program
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Premiums Collected	\$ 366,940,896	\$ 367,910,354
Administrative Fees Collected	389,444	(4,500,535)
Payments to Suppliers	(682,995)	(480,519)
Premiums Paid	(366,958,640)	(367,954,336)
Payments to Employees	(989,484)	(929,945)
Underwriting Gain (Loss)	(4,408)	6,992,619
Miscellaneous Income	47	30,000
Net Cash Provided (Used) by Operating Activities	<u>(1,305,140)</u>	<u>1,067,638</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net Purchase of Investments	(4,064,655)	(444,355)
Investment Income	1,322,916	747,377
Investment Expense	(45,970)	(30,879)
Net Cash Provided (Used) by Investing Activities	<u>(2,787,709)</u>	<u>272,143</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Purchase of Software	(42,850)	(54,863)
Transfers Out	(87,500)	(112,500)
Net Cash Used by Financing Activities	<u>(130,350)</u>	<u>(167,363)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(4,223,199)	1,172,418
Cash and Cash Equivalents - Beginning of Year	<u>7,642,051</u>	<u>6,469,633</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 3,418,852</u>	<u>\$ 7,642,051</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Income (Loss)	\$ (874,157)	\$ 6,210,236
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Amortization	101,221	297,190
Effect of Changes in Assets and Liabilities:		
Accounts Receivable	7,044,072	(6,978,246)
Due from Other State Agencies	52,724	(52,724)
Salaries Payable	6,687	(5,714)
Accrued Compensated Absences	8,907	13,214
Accounts Payable	38,644	55,124
Due to Fiduciary Funds	-	-
Due to Other State Agencies	4,560	(859)
Amounts Held in Custody for Others	(7,687,798)	1,529,417
Net Cash Provided (Used) by Operating Activities	<u>\$ (1,305,140)</u>	<u>\$ 1,067,638</u>

North Dakota Public Employees Retirement System – Financial Section
Statement of Fiduciary Net Position – Fiduciary Funds
June 30, 2021

	Public Employees Retirement System	Highway Patrolmen's Retirement System	Retiree Health Insurance Credit Fund	Defined Contribution Retirement Fund	Pretax Benefits Program	Deferred Compensation Plan	Retirement Plan for Employees of Job Services North Dakota	Total
ASSETS								
Cash	\$ 16,168,202	\$ -	\$ 1,298,715	\$ 214,040	\$ 238,482	\$ 223,073	\$ 11,723	\$ 18,154,235
Receivables:								
Contribution Receivable	12,731,180	4,300	941,729	102,629	612,014	1,058,391	1,022	15,451,265
Interest Receivable	8,205,048	214,366	37	-	-	-	6	8,419,457
Due from Other State Agencies	-	-	282	-	-	-	-	282
Total Receivables	20,936,228	218,666	942,048	102,629	612,014	1,058,391	1,028	23,871,004
Investments:								
External Investment Pool	3,917,244,099	99,855,106	-	-	-	-	-	4,017,099,205
Equities	-	-	118,281,574	-	-	-	19,108,158	137,389,732
Fixed Income	-	-	61,279,787	622,065	-	2,318,952	77,129,210	141,350,014
Mutual Funds	-	-	-	18,721,710	-	181,261,020	-	199,982,730
Invested Cash	-	-	681,897	242,473	-	2,985,672	435,556	4,345,598
Total Investments	3,917,244,099	99,855,106	180,243,258	19,586,248	-	186,565,644	96,672,924	4,500,167,279
Invested Securities Lending Collateral	15,875,367	415,066	-	-	-	-	-	16,290,433
Capital Assets (Net of Depreciation/Amortization)	123,726	2,037	9,372	361	30,947	61,894	462	228,799
Total Assets	3,970,347,622	100,490,875	182,493,393	19,903,278	881,443	187,909,002	96,686,137	4,558,711,750

North Dakota Public Employees Retirement System – Financial Section
Statement of Fiduciary Net Position – Fiduciary Funds
June 30, 2021

	Public Employees Retirement System	Highway Patrolmen's Retirement System	Retiree Health Insurance Credit Fund	Defined Contribution Retirement Fund	Pretax Benefits Program	Deferred Compensation Plan	Retirement Plan for Employees of Job Services North Dakota	Total
LIABILITIES								
Salaries Payable	\$ 131,657	\$ -	\$ -	\$ -	\$ 20,259	\$ 35,891	\$ -	187,807
Accounts Payable	4,471,974	-	158,834	102	16,192	33,006	82,440	4,762,548
Due to Other State Agencies	18,050	-	113	100	3,804	6,491	-	28,558
Amounts Held in Custody for Others	-	-	-	-	-	3,322	-	3,322
Securities Lending Collateral	15,875,367	415,066	-	-	-	-	-	16,290,433
Accrued Compensated Absences	127,874	-	-	-	19,202	38,722	-	185,798
Total Liabilities	20,624,922	415,066	158,947	202	59,457	117,432	82,440	21,458,466
FIDUCIARY NET POSITION								
Restricted for Pensions	3,949,722,700	100,075,809	-	19,903,076	-	187,791,570	96,603,697	4,354,096,852
Restricted for Postemployment Healthcare Benefits	-	-	182,334,446	-	-	-	-	182,334,446
Restricted for Pretax Benefits	-	-	-	-	821,986	-	-	821,986
Total Fiduciary Net Position Held in Trust	\$ 3,949,722,700	\$ 100,075,809	\$ 182,334,446	\$ 19,903,076	\$ 821,986	\$ 187,791,570	\$ 96,603,697	\$ 4,537,253,284

North Dakota Public Employees Retirement System – Financial Section
Statement of Fiduciary Net Position – Fiduciary Funds
June 30, 2020

	Public Employees Retirement System	Highway Patrolmen's Retirement System	Retiree Health Insurance Credit Fund	Defined Contribution Retirement Fund	Pretax Benefits Program	Deferred Compensation Plan	Retirement Plan for Employees of Job Services North Dakota	Total
ASSETS								
Cash	\$ 15,113,663	\$ -	\$ 814,077	\$ 159,859	\$ 501,349	\$ 250,648	\$ 7,644	\$ 16,847,240
Receivables:								
Contribution Receivable	12,756,310	23,152	1,007,849	83,406	518,551	966,517	2,153	15,357,938
Interest Receivable	9,952,954	261,434	252	-	-	-	43	10,214,683
Due from Other Fiduciary Funds	9,250							9,250
Due from Other State Agencies	-	-	291	-	-	-	-	291
Total Receivables	22,718,514	284,586	1,008,392	83,406	518,551	966,517	2,196	25,582,162
Investments:								
External Investment Pool	3,120,007,872	81,897,326	-	-	-	-	-	3,201,905,198
Equities	-	-	88,768,471	-	-	-	18,153,248	106,921,719
Fixed Income	-	-	54,676,415	285,606	-	2,262,844	76,766,803	133,991,668
Mutual Funds	-	-	-	14,974,555	-	133,971,266	-	148,945,821
Invested Cash	-	-	792,184	224,680	-	3,048,553	418,439	4,483,856
Total Investments	3,120,007,872	81,897,326	144,237,070	15,484,841	-	139,282,663	95,338,490	3,596,248,262
Invested Securities Lending Collateral Capital Assets (Net of Depreciation/Amortization)	8,953,451	235,324	-	-	-	-	-	9,188,775
	200,849	2,551	17,873	1,034	50,404	100,808	991	374,510
Total Assets	3,166,994,349	82,419,787	146,077,412	15,729,140	1,070,304	140,600,636	95,349,321	3,648,240,949

North Dakota Public Employees Retirement System – Financial Section
Statement of Fiduciary Net Position – Fiduciary Funds
June 30, 2020

	Public Employees Retirement System	Highway Patrolmen's Retirement System	Retiree Health Insurance Credit Fund	Defined Contribution Retirement Fund	Pretax Benefits Program	Deferred Compensation Plan	Retirement Plan for Employees of Job Services North Dakota	Total
LIABILITIES								
Salaries Payable	\$ 118,234	\$ -	\$ -	\$ -	\$ 18,495	\$ 33,653	\$ -	\$ 170,382
Accounts Payable	3,454,006	-	456,495	-	12,077	11,771	89,434	4,023,783
Due to Other State Agencies	13,824	-	-	98	2,580	4,537	-	21,039
Due to Other Fiduciary Funds	-	-	-	-	-	-	9,250	9,250
Amounts Held in Custody for Others	-	-	-	-	-	38,644	-	38,644
Securities Lending Collateral	8,953,451	235,324	-	-	-	-	-	9,188,775
Accrued Compensated Absences	103,695	-	-	-	14,683	33,884	-	152,262
Total Liabilities	12,643,210	235,324	456,495	98	47,835	122,489	98,684	13,604,135
FIDUCIARY NET POSITION								
Restricted for Pensions	3,154,351,139	82,184,463	0	15,729,042	-	140,478,147	95,250,637	3,487,993,428
Restricted for Postemployment Healthcare Benefits	-	-	145,620,917	-	-	-	-	145,620,917
Restricted for Pretax Benefits	-	-	-	-	1,022,469	-	-	1,022,469
Total Fiduciary Net Position Held in Trust	\$ 3,154,351,139	\$ 82,184,463	\$ 145,620,917	\$ 15,729,042	\$ 1,022,469	\$ 140,478,147	\$ 95,250,637	\$ 3,634,636,814

North Dakota Public Employees Retirement System – Financial Section
Statement of Changes in Fiduciary Net Position – Fiduciary Funds
For the Fiscal Year Ended June 30, 2021

	Public Employees Retirement System	Highway Patrolmen's Retirement System	Retiree Health Insurance Credit Fund	Defined Contribution Retirement Fund	Pretax Benefits Program	Deferred Compensation Plan	Retirement Plan for Employees of Job Services North Dakota	Total
ADDITIONS								
Contributions:								
From Employer	\$ 91,265,640	\$ 2,293,404	\$ 13,110,651	\$ 481,934	\$ -	\$ -	\$ -	\$ 107,151,629
From Employee	85,914,756	1,548,335	15,481	412,341	5,757,480	14,167,468	13,979	107,829,840
Transfers from Other Plans	-	-	-	5,918	-	627,500	-	633,418
From External Plans	-	-	-	4,984	-	2,052,023	-	2,057,007
Total Contributions	<u>177,180,396</u>	<u>3,841,739</u>	<u>13,126,132</u>	<u>905,177</u>	<u>5,757,480</u>	<u>16,846,991</u>	<u>13,979</u>	<u>217,671,894</u>
Investment Income:								
Net Change in Fair Value of Investments	793,302,359	18,448,605	34,154,175	3,591,121	-	38,727,815	4,513,662	892,737,737
Interest and Dividends	62,626,623	1,427,901	2,867,873	957,992	793	1,100	1,833,777	69,716,059
Less Investment Expense	(11,212,468)	(244,020)	(495,393)	(10,209)	-	-	(322,167)	(12,284,257)
Net Investment Income	<u>844,716,514</u>	<u>19,632,486</u>	<u>36,526,655</u>	<u>4,538,904</u>	<u>793</u>	<u>38,728,915</u>	<u>6,025,272</u>	<u>950,169,539</u>
Securities Lending Income	216,695	5,355	-	-	-	-	-	222,050
Repurchase Service Credit	7,129,269	400,751	375,038	-	-	-	-	7,905,058
FICA Tax Savings	-	-	-	-	856,973	-	-	856,973
Transfer from Proprietary Fund	-	-	-	-	-	87,500	-	87,500
Miscellaneous Income (Expense)	(1,723)	(11)	312	11,662	-	-	-	10,240
Total Additions	<u>1,029,241,151</u>	<u>23,880,320</u>	<u>50,028,137</u>	<u>5,455,743</u>	<u>6,615,246</u>	<u>55,663,406</u>	<u>6,039,251</u>	<u>1,176,923,254</u>
DEDUCTIONS								
Benefits Paid to Participants	218,414,339	5,780,173	-	1,275,339	5,795,730	7,574,521	4,668,820	243,508,922
Refunds	12,792,647	171,704	5,437	-	-	-	-	12,969,788
Prefunded Credit Applied	-	-	12,879,074	-	-	-	-	12,879,074
Transfers to Other Plans	93,418	-	-	-	540,000	-	-	633,418
	<u>231,300,404</u>	<u>5,951,877</u>	<u>12,884,511</u>	<u>1,275,339</u>	<u>6,335,730</u>	<u>7,574,521</u>	<u>4,668,820</u>	<u>269,991,202</u>
Administrative Expenses	2,569,186	37,097	430,097	6,370	479,999	775,462	17,371	4,315,582
Total Deductions	<u>233,869,590</u>	<u>5,988,974</u>	<u>13,314,608</u>	<u>1,281,709</u>	<u>6,815,729</u>	<u>8,349,983</u>	<u>4,686,191</u>	<u>274,306,784</u>
CHANGE IN FIDUCIARY NET POSITION	<u>795,371,561</u>	<u>17,891,346</u>	<u>36,713,529</u>	<u>4,174,034</u>	<u>(200,483)</u>	<u>47,313,423</u>	<u>1,353,060</u>	<u>902,616,470</u>
Net Position - Beginning of Year	<u>3,154,351,139</u>	<u>82,184,463</u>	<u>145,620,917</u>	<u>15,729,042</u>	<u>1,022,469</u>	<u>140,478,147</u>	<u>95,250,637</u>	<u>3,634,636,814</u>
FIDUCIARY NET POSITION - END OF YEAR	<u>\$ 3,949,722,700</u>	<u>\$ 100,075,809</u>	<u>\$ 182,334,446</u>	<u>\$ 19,903,076</u>	<u>\$ 821,986</u>	<u>\$ 187,791,570</u>	<u>\$ 96,603,697</u>	<u>\$ 4,537,253,284</u>

North Dakota Public Employees Retirement System – Financial Section
Statement of Changes in Fiduciary Net Position – Fiduciary Funds
For the Fiscal Year Ended June 30, 2020

	Public Employees Retirement System	Highway Patrolmen's Retirement System	Retiree Health Insurance Credit Fund	Defined Contribution Retirement Fund	Pretax Benefits Program	Deferred Compensation Plan	Retirement Plan for Employees of Job Services North Dakota	Total
ADDITIONS								
Contributions:								
From Employer	\$ 85,504,033	\$ 2,176,902	\$ 13,392,266	\$ 479,861	\$ -	\$ -	\$ -	\$ 101,553,062
From Employee	81,477,666	1,469,682	16,319	482,365	5,534,001	12,716,174	27,047	101,723,254
Transfers from Other Plans	-	-	-	6,221	-	637,500	-	643,721
From External Plans	-	-	-	4,324	-	1,454,944	-	1,459,268
Total Contributions	<u>166,981,699</u>	<u>3,646,584</u>	<u>13,408,585</u>	<u>972,771</u>	<u>5,534,001</u>	<u>14,808,618</u>	<u>27,047</u>	<u>205,379,305</u>
Investment Income:								
Net Change in Fair Value of Investments	43,599,936	1,150,890	3,791,934	(132,456)	-	4,681,216	149,250	53,240,770
Interest and Dividends	65,795,981	1,736,006	3,530,531	677,312	1,747	931	2,792,754	74,535,262
Less Investment Expense	(8,419,181)	(222,946)	(417,596)	(8,520)	-	-	(320,937)	(9,389,180)
Net Investment Income	<u>100,976,736</u>	<u>2,663,950</u>	<u>6,904,869</u>	<u>536,336</u>	<u>1,747</u>	<u>4,682,147</u>	<u>2,621,067</u>	<u>118,386,852</u>
Securities Lending Income	129,262	3,421	-	-	-	-	-	132,683
Repurchase Service Credit	10,818,588	205,461	556,585	2,727	-	-	-	11,583,361
FICA Tax Savings	-	-	-	-	806,837	-	-	806,837
Transfer from Proprietary Fund	-	-	-	-	-	112,500	-	112,500
Miscellaneous Income (Expense)	(2,580)	(16)	9,580	8,870	-	100	-	15,954
Total Additions	<u>278,903,705</u>	<u>6,519,400</u>	<u>20,879,619</u>	<u>1,520,704</u>	<u>6,342,585</u>	<u>19,603,365</u>	<u>2,648,114</u>	<u>336,417,492</u>
DEDUCTIONS								
Benefits Paid to Participants	204,312,452	5,580,332	-	802,861	5,285,746	6,033,883	4,581,575	226,596,849
Refunds	14,122,715	124,254	4,614	-	-	-	-	14,251,583
Prefunded Credit Applied	-	-	12,312,461	-	-	-	-	12,312,461
Transfers to Other Plans	118,721	-	-	-	525,000	-	-	643,721
	<u>218,553,888</u>	<u>5,704,586</u>	<u>12,317,075</u>	<u>802,861</u>	<u>5,810,746</u>	<u>6,033,883</u>	<u>4,581,575</u>	<u>253,804,614</u>
Administrative Expenses	2,729,759	45,870	453,913	8,347	532,247	875,951	19,148	4,665,235
Total Deductions	<u>221,283,647</u>	<u>5,750,456</u>	<u>12,770,988</u>	<u>811,208</u>	<u>6,342,993</u>	<u>6,909,834</u>	<u>4,600,723</u>	<u>258,469,849</u>
CHANGE IN FIDUCIARY NET POSITION	<u>57,620,058</u>	<u>768,944</u>	<u>8,108,631</u>	<u>709,496</u>	<u>(408)</u>	<u>12,693,531</u>	<u>(1,952,609)</u>	<u>77,947,643</u>
Net Position - Beginning of Year	<u>3,096,731,081</u>	<u>81,415,519</u>	<u>137,512,286</u>	<u>15,019,546</u>	<u>1,022,877</u>	<u>127,784,616</u>	<u>97,203,246</u>	<u>3,556,689,171</u>
FIDUCIARY NET POSITION - END OF YEAR	<u>\$ 3,154,351,139</u>	<u>\$ 82,184,463</u>	<u>\$ 145,620,917</u>	<u>\$ 15,729,042</u>	<u>\$ 1,022,469</u>	<u>\$ 140,478,147</u>	<u>\$ 95,250,637</u>	<u>\$ 3,634,636,814</u>

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Public Employees Retirement System (the System) is an agency of the State of North Dakota, operating through the legislative authority of North Dakota Century Code 54-52-03. As a state agency, the System is considered to be a department of the State of North Dakota and is included in the State's Comprehensive Annual Financial Report as a pension and other employee benefit trust fund except for the uniform group insurance program, which is reported as a proprietary fund.

The System is governed by a nine-member board, five of the members are appointed and the remaining four are elected by the participants of the retirement plans.

The System administers three defined benefit pension plans and one defined contribution retirement plan. The System also manages and administers the retiree health insurance credit program, the uniform group insurance program, the deferred compensation program and the pretax benefits program.

For financial reporting purposes, the System has included all funds, and has considered all potential component units for which the System is financially accountable, and other organizations for which the nature and significance of their relationship with the System are such that exclusion would cause the System's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. This criteria includes appointing a voting majority of an organization's governing body and (1) the ability of the System to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the System.

Based upon these criteria, there are no component units to be included within the System as a reporting entity and the System is part of the State of North Dakota as a reporting entity.

Fund Financial Statements

The System's only non-fiduciary activity is the administration and management of the uniform group insurance program. This program is an enterprise fund that relies to a significant extent on fees and charges for support and is shown in the separate proprietary fund financial statements.

The Statement of Net Position presents the reporting entity's non-fiduciary assets and liabilities with the difference reported as net position. Net position is reported as restricted for benefits which result when constraints on net position use are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation.

All other activities of the system are pension and other post-employment employee benefit trust funds and are shown in the separate fiduciary fund financial statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The financial statements of the System are reported using the economic resources measurement focus and the accrual basis of accounting.

This measurement focus includes all assets and liabilities associated with the operations of the proprietary and fiduciary funds on the statements of net position. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The proprietary fund is used to account for the operations of the Uniform Group Insurance Program. The System has been given the responsibility to manage this public entity risk pool. The Uniform Group Insurance Program is a risk sharing pool that provides the employees of the State of North Dakota, or any of its political subdivisions, institutions, departments, or agencies, economies of scale in purchasing health, life, dental, vision, and long-term care insurance.

The fiduciary funds consist of the pension and other employee benefit trust funds that are used to account for assets held by the department in a trust capacity. These include:

Public Employees Retirement System – a cost-sharing multiple-employer defined benefit retirement plan.

Highway Patrolmen’s Retirement System – a single-employer defined benefit retirement plan.

Defined Contribution Retirement Plan – an optional defined contribution retirement plan available to state employees.

Retiree Health Insurance Credit Fund – a cost-sharing multiple employer other post-employment benefit (OPEB) plan that offsets the members’ cost of health insurance during their retirement

Pretax Benefits Program – allows eligible employees to elect to reduce their salaries to pay for eligible dependent care and medical expenses.

Deferred Compensation Plan – voluntary, supplemental retirement plan provided in accordance with Section 457 of the Internal Revenue Code.

Retirement Plan for Employees of Job Service North Dakota – a single-employer defined benefit retirement plan.

The System follows the pronouncements of the GASB, which is the nationally accepted standard setting body for establishing accounting principles generally accepted in the United States of America for governmental entities.

The proprietary fund is accounted for on the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized when the liability is incurred, regardless of the timing of related cash flows. The proprietary fund distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the proprietary fund are premiums and administrative fees charged to the participants in the Uniform Group Insurance Program and underwriting gains and losses. Operating expenses include premiums, salaries and wages, and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The fiduciary funds are accounted for on the accrual basis of accounting. Member contributions are recognized in the period in which the contributions are due. Employer contributions to each plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each system.

Budgetary Process

The System operates through a biennial appropriation provided by the State Legislature. The System prepares a biennial budget on the modified accrual basis, which is included in the Governor's budget and presented to the General Assembly at the beginning of each legislative session. The General Assembly enacts the budgets of the various state departments through passage of specific appropriation bills. Before signing the appropriation bills, the Governor has line item veto powers over legislation, subject to legislative override. Once passed and signed, the appropriation becomes the system's financial plan for the next two years. Changes to the appropriation are subject to approval by the Emergency Commission.

The Schedule of Appropriations has been prepared using the accrual basis of accounting. Unexpended appropriations lapse at the end of each biennium, except certain capital expenditures covered under the North Dakota Century Code (NDCC), Section 54-44.1-11. Expenditures not subject to appropriation of a specific amount include premium expenses, professional fees, depreciation and amortization expense, benefits and refunds paid to participants, prefunded credits applied, and employee reimbursements in the Pretax Benefits Program.

There were no supplemental appropriations during the fiscal years ending June 30, 2021 and 2020. The legal level of budgetary control is at the appropriation and expenditure line item level, with administrative controls established at lower levels of detail in certain instances.

Investment Valuation and Income Recognition

The fair value of investments is discussed in further detail in Note 2 to the financial statements.

The net change in fair value of investments consists of the realized gains or losses and the unrealized increase or decrease in fair value of investments during the year. Realized gains and losses on sales of investments are computed based on the difference between the sales price and the original cost of the investment sold. Realized gains and losses on investments that had been held in more than one fiscal year and sold in the current fiscal year were included as a change in the fair value of investments reported in the prior year(s) and the current year. Unrealized gains and losses are computed based on changes in the fair value of investments between years. Security transactions are accounted for on a trade date basis. Interest income is recognized when earned. Dividend income is recorded on the ex-dividend date. The fair value for the Stable Value option within the deferred compensation and defined contribution plans is measured at contract value.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Derivative Securities

Derivatives are financial arrangements between two parties whose payments are based on, or “derived” from, the performance of some agreed upon benchmark. The System’s investment policy allows the use of derivative securities to hedge or replicate underlying exposures but not for speculation. All derivatives are considered investment derivative instruments. The fair value of all derivative securities is reported in the statements of fiduciary net position.

Accounts Receivable and Credit Policy

Accounts receivable primarily include amounts due for contributions, insurance premiums, employee pretax benefit deductions, and accrued interest on investments. Management reviews all receivables at year-end and assesses collectability. All remaining receivables are considered collectible.

Capital Assets and Depreciation

Capital assets, which include equipment and intangibles (software) greater than \$5,000, are presented in the accompanying financial statements at cost or estimated historical cost. Donated capital assets are stated at acquisition value at the time of donation. Capital assets acquired via lease agreements are capitalized at the inception of the agreement. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. For the years ending June 30, 2021 and 2020, the System capitalized equipment and software in accordance with Section 54-27-21 of the North Dakota Century Code.

The capital assets are depreciated on a straight-line basis over estimated useful lives ranging from five to 10 years.

Accrued Compensated Absences

Annual leave is a part of permanent employees’ compensation as set forth in Section 54-06-14 of the North Dakota Century Code. Employees are entitled to earn annual leave based on tenure of employment, within a range of a minimum of one working day per month of employment, to a maximum of two working days per month of employment, to be fixed by rules and regulations adopted by the employing unit. No more than 240 hours of annual leave may be carried forward beyond April 30th of each year. Employees are paid for unused annual leave upon termination or retirement. Permanent employees accrue sick leave from the first day of employment at the rate of eight hours per month with unlimited accumulation. Employees with at least 10 years of state employment are paid one-tenth of their accumulated sick leave under Section 54-06-14 of the North Dakota Century Code when the employee leaves the employ of the state.

The System’s liability for accumulated unpaid leave is reported in the applicable funds.

Amounts Held in Custody for Others

Amounts held in custody for others includes monies collected from participating employers for deferred compensation contributions that had not been forwarded to the investment provider company as of June 30.

Unearned Premiums

Unearned premiums include monies collected by the System from individuals or participating employers for insurance premiums before the premiums are due.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Transfers to/from Other Plans

Transfers to/from other plans consist of monies transferred from the Public Employees Retirement System Defined Benefit Plan to the Defined Contribution Retirement Plan pursuant to Section 54-52.6 Subsection 3 of the North Dakota Century Code. Each eligible employee who elects to terminate membership in the Defined Benefit Plan has a lump sum amount transferred to the participating member's account under the Defined Contribution Retirement Plan. For new employees electing to transfer to the Defined Contribution Retirement Plan, the lump sum transferred is the actual employee and employer contributions plus interest. In 2021 and 2020, transfers to other plans also includes transfers from the pretax benefits program, retirement plan, and insurance plan to the deferred compensation plan to cover general administrative expenses.

Restricted Net Position

Net position restricted for benefits consists of funds on deposit with Sanford Health Plan to pay health care benefits in the event total claims incurred during the biennium exceed total premiums. This amount was \$0 as of June 30, 2021 and June 30, 2020. See Note 14 for additional discussion on the status of open contracts.

Use of Estimates

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. The System utilizes various investment instruments. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the statement of fiduciary net position.

Fair Value Measurement

The System's investments in the Defined Contribution Retirement Plan and Deferred Compensation Plan are measured and reported at fair value, and are classified according to the following hierarchy:

Level 1 – Investments that represent unadjusted quoted prices for identical instruments in active markets

Level 2 – Investments are based on quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs are observable.

Level 3 – Investments are based on valuation techniques in which significant inputs are unobservable.

North Dakota Public Employees Retirement System – Financial Section
Notes to the Financial Statements
June 30, 2021 and 2020

NOTE 2 DEPOSITS AND INVESTMENTS

Defined Contribution Retirement Fund

		June 30, 2021		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
June 30, 2021		<hr/>		
Investments at Fair Value				
Mutual Funds	\$ 18,721,710	<u>\$ 18,721,710</u>	<u>\$ -</u>	<u>\$ -</u>
Investments at Contract Value				
Fixed Income	622,065			
Investments at Amortized Cost				
Invested Cash	<u>242,473</u>			
Total Investments	<u>\$ 19,586,248</u>			
		<hr/>		
		June 30, 2020		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
June 30, 2020		<hr/>		
Investments at Fair Value				
Mutual Funds	\$ 14,974,555	<u>\$ 14,974,555</u>	<u>\$ -</u>	<u>\$ -</u>
Investments at Contract Value				
Fixed Income	285,606			
Investments at Amortized Cost				
Invested Cash	<u>224,680</u>			
Total Investments	<u>\$ 15,484,841</u>			

North Dakota Public Employees Retirement System – Financial Section
Notes to the Financial Statements
June 30, 2021 and 2020

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

Deferred Compensation Plan

		June 30, 2021		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
June 30, 2021				
Investments at Fair Value				
Mutual Funds	\$181,261,020	<u>\$ 181,261,020</u>	<u>\$ -</u>	<u>\$ -</u>
Investments at Contract Value				
Fixed Income	2,318,952			
Investments at Amortized Cost				
Invested Cash	<u>2,985,672</u>			
Total Investments	<u>\$186,565,644</u>			

		June 30, 2020		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
June 30, 2020				
Investments at Fair Value				
Mutual Funds	\$133,971,266	<u>\$ 133,971,266</u>	<u>\$ -</u>	<u>\$ -</u>
Investments at Contract Value				
Fixed Income	2,262,844			
Investments at Amortized Cost				
Invested Cash	<u>3,048,553</u>			
Total Investments	<u>\$139,282,663</u>			

Investments Measured at the Net Asset Value – Proprietary Fund

Commingled Domestic Fixed Income	<u><u>June 30, 2021</u></u> <u>\$ 32,716,340</u>
Commingled Domestic Fixed Income	<u><u>June 30, 2020</u></u> <u>\$ 28,651,685</u>

North Dakota Public Employees Retirement System – Financial Section
Notes to the Financial Statements
June 30, 2021 and 2020

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

Investments Measured at the Net Asset Value – Fiduciary Funds

	June 30, 2021			
	Public Employees Retirement System	Highway Patrolmen's Retirement System	Retiree Health Insurance Credit Fund	Retirement Plan for Employees of Job Services North Dakota
Commingled External Investment Pools	\$ 3,917,244,099	\$ 99,855,106	\$ -	\$ -
Commingled Equities	-	-	118,281,574	19,108,158
Commingled Fixed Income	-	-	61,279,787	77,129,210
Total Investments Measured at the Net Asset Value	<u>\$ 3,917,244,099</u>	<u>\$ 99,855,106</u>	<u>\$ 179,561,361</u>	<u>\$ 96,237,368</u>

	June 30, 2020			
	Public Employees Retirement System	Highway Patrolmen's Retirement System	Retiree Health Insurance Credit Fund	Retirement Plan for Employees of Job Services North Dakota
Commingled External Investment Pools	\$ 3,120,007,872	\$ 81,897,326	\$ -	\$ -
Commingled Equities	-	-	88,768,471	18,153,248
Commingled Fixed Income	-	-	54,676,415	76,766,803
Total Investments Measured at the Net Asset Value	<u>\$ 3,120,007,872</u>	<u>\$ 81,897,326</u>	<u>\$ 143,444,886</u>	<u>\$ 94,920,051</u>

Net Asset Value Measurement

The System's investments in the Uniform Group Insurance Program are held in an external investment pool with the North Dakota Retirement and Investment Office and are valued at Net Asset Value (NAV). The System's investments in commingled cash are valued at amortized cost. There are no unfunded commitments and the plan may redeem investments daily with a one day redemption notice period.

The System's investments in the Public Employees Retirement System and Highway Patrol Retirement System are held in an external investment pool with the North Dakota Retirement and Investment Office and are valued at Net Asset Value (NAV). There are no unfunded commitments and the plan may redeem investments daily with a one day redemption notice period.

The System's investments in the Retiree Health Insurance Credit Fund are directly managed and held in an individual investment account with the North Dakota Retirement and Investment Office and are valued at NAV as of June 30, 2021 and 2020. There are no unfunded commitments and the plan may redeem investments daily with a one day redemption notice period. For the years ended June 30, 2021 and 2020, the Retirement Plan for Employees of Job Service of North Dakota's investments were held in an individual investment pool with the North Dakota Retirement and Investment Office and were valued at Net Asset Value (NAV). There were no unfunded commitments and the plan may redeem investments daily with a one day redemption notice period.

North Dakota Public Employees Retirement System – Financial Section
Notes to the Financial Statements
June 30, 2021 and 2020

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

Deposits

According to North Dakota Century Code 21-04-01, the System is required to bank at the state-owned and operated Bank of North Dakota. The System receives interest for funds on deposit in all accounts.

Cash and cash equivalents for reporting purposes, includes cash and short-term, highly liquid investments that are readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. This includes investments with original maturity of three months or less at the time of acquisition.

	<u>2021</u>	<u>2020</u>
Cash Deposits at the Bank of North Dakota Recorded as Cash and Cash Equivalents	\$ 17,488,930	\$ 19,444,296
Cash Deposits at State Treasury Recorded as Cash and Cash Equivalents	2,336,748	2,250,071
Cash Held by the North Dakota Retirement and Investment Office Recorded as Cash and Cash Equivalents	1,719,117	2,727,932
Guaranteed Investment Contract with Health Plan Provider Recorded as Cash and Cash Equivalents	<u>28,292</u>	<u>66,993</u>
Total Cash and Cash Equivalents	<u><u>\$ 21,573,087</u></u>	<u><u>\$ 24,489,292</u></u>

Custodial Risk

For deposits, custodial risk is the risk that in the event of the failure of a depository financial institution, the System will not be able to recover the deposits. The System does not have a formal policy that limits custodial risk for deposits. Deposits at the Bank of North Dakota and the State Treasury are uncollateralized but are guaranteed by the State of North Dakota (NDCC Section 6-09-10).

At June 30, 2021 and 2020, the carrying amount of the System's cash deposits were \$54,289,427 and \$53,140,977, and the bank balances were \$53,258,613 and \$55,005,793. All of the System's deposits are uncollateralized and uninsured at June 30, 2021 and 2020.

Investments

Total investments of the fiduciary funds of the System as of June 30, 2021 and 2020, consisted of the following:

	<u>2021</u>	<u>2020</u>
Equity Securities	\$ 2,561,562,701	\$ 1,952,520,744
Fixed Income Securities	1,084,047,978	869,135,872
Real Assets	625,531,022	602,436,549
Mutual Funds	199,982,730	148,945,821
Invested Cash	29,042,848	23,209,276
Securities Lending Collateral	16,290,433	9,188,775
	<u><u>\$ 4,516,457,712</u></u>	<u><u>\$ 3,605,437,037</u></u>

North Dakota Public Employees Retirement System – Financial Section
Notes to the Financial Statements
June 30, 2021 and 2020

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

All investments of the fund, except for the Defined Contribution Retirement Plan and Deferred Compensation Plan, are to be made by the North Dakota State Investment Board (SIB). Chapter 21-10-07 of the North Dakota Century Code requires that all investments made by this state agency, be made using the prudent investor rule.

Investments of the Defined Contribution Retirement Plan and the Deferred Compensation Plan are participant directed and are held by TIAA.

The System’s Board is responsible for establishing the investment policy for the fund assets, which includes setting investment goals and specifying the percentage of assets to be invested in various types of investments. The investment goals are viewed over the long term. The Board recognizes the plans’ performance objectives, benefit projections, and capital market expectations when determining the asset allocation. The SIB is responsible for managing the System’s investments in accordance with the investment policy. The following were the System’s asset allocation policies for the Public Employees Retirement System, Highway Patrolmen’s Retirement System, Retirement Plan for Employees of Job Service of North Dakota, and Retiree Health Insurance Credit Fund as of June 30, 2021 and 2020:

Asset Class	Target Allocation		
	PERS & HPRS	JSND	RHIC
Domestic Equities	30.00%	2.00%	39.00%
International Equities	21.00%	18.00%	26.00%
Private Equity	7.00%	6.00%	0.00%
Domestic Fixed Income	23.00%	74.00%	35.00%
Global Real Assets	19.00%	0.00%	0.00%
Total	100.00%	100.00%	100.00%

Rate of return – The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for changing amounts actually invested. The annual money-weighted rate of return on pension and OPEB plan investments, net of pension and OPEB plan investment expense for the years ended June 30, 2021 and 2020 are:

	2021	2020
Public Employees Retirement System	27.43%	3.57%
Highway Patrolman's Retirement System	23.90%	3.28%
Job Service Plan	6.81%	3.09%
Retiree Health Insurance Credit Fund	25.58%	5.37%

Realized gains and losses — Realized gains and losses on sales of investments are components of net change in fair value of investments and are computed as described in Note 1.

North Dakota Public Employees Retirement System – Financial Section
Notes to the Financial Statements
June 30, 2021 and 2020

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

For the years ended June 30, 2021 and 2020, the following are the net realized gains (losses):

	2021	2020
Public Employees Retirement System	\$ 301,304,554	\$ 59,815,789
Highway Patrolmen's Retirement System	7,191,804	1,578,933
Retiree Health Insurance Credit Plan	6,384,582	9,822,393
Defined Contribution Plan	401,039	(5,049)
Deferred Compensation Plan	7,861,634	5,491,243
Job Service Plan	2,375,571	1,125,627

Credit Risk

All investments of the Public Employees Retirement System, Highway Patrolmen's Retirement System, and Uniform Group Insurance Program are invested in an external investment pool managed by SIB. The pool is not rated. The System does not have a formal credit risk policy that limits the credit risk of the investments.

All investments of the Retirement Plan for Employees of Job Service of North Dakota and Retiree Health Insurance Credit Fund are managed and invested by the SIB in institutional equity and fixed income mutual funds. The fixed income funds are rated AA. The System does not have a formal credit risk policy that limits the credit risk of the investments.

Investments of the Defined Contribution Retirement Plan and the Deferred Compensation Plan are invested in mutual funds directed by the participants. The mutual funds are not rated. The System does not have a formal credit risk policy that limits the credit risk of the investments.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt securities will adversely affect the fair value of an investment. The System does not have a formal investment policy that limits investment maturities as a means of managing its exposure to potential fair value losses arising from future changes in interest rates. The SIB has chosen to use the Segmented Time Distribution disclosure method. Tables detailing the System's portion of the investment pool are reported on the next page. Readers may refer to the North Dakota Retirement and Investment Office financial statements regarding highly sensitive securities that are disclosed at the SIB level.

The System does not have a formal investment interest rate risk policy for the investments in the Defined Contribution Retirement Plan or the Deferred Compensation Plan as the investments are directed by each individual participant.

North Dakota Public Employees Retirement System – Financial Section
Notes to the Financial Statements
June 30, 2021 and 2020

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

PERS and HPRS Plan

Type (in thousands)	Fair Value	2021			
		Less Than 1 Year	1-6 Years	6-10 Years	Over 10 Years
Domestic Fixed Income Pool	\$ 640,088	\$ 55,770	\$ 163,265	\$ 101,832	\$ 319,220
Below Investment Grade FI Pool	91,795	105	39,500	43,664	8,526
Large Cap Domestic Equity Pool	132,693	1,225	77,443	1,559	52,466
Total Debt Securities	\$ 864,576	\$ 57,100	\$ 280,208	\$ 147,055	\$ 380,212

Note: Table above represents fixed income investments, as well as debt securities in underlying equity funds.

Type (in thousands)	Fair Value	2020			
		Less Than 1 Year	1-6 Years	6-10 Years	Over 10 Years
Domestic Fixed Income Pool	\$ 486,185	\$ 23,329	\$ 129,948	\$ 64,822	\$ 268,086
Below Investment Grade FI Pool	78,309	99	31,774	33,821	12,615
Large Cap Domestic Equity Pool	98,564	569	48,562	4,373	45,060
Small Cap Domestic Equity Pool	68,182	-	32,217	1,923	34,042
Total Debt Securities	\$ 731,240	\$ 23,997	\$ 242,501	\$ 104,939	\$ 359,803

Note: Table above represents fixed income investments, as well as debt securities in underlying equity funds.

Job Service Retirement Plan

Type (in thousands)	Fair Value	2021			
		Less Than 1 Year	1-6 Years	6-10 Years	Over 10 Years
Pooled Investments	\$ 77,129	\$ -	\$ 41,428	\$ 32,832	\$ 2,869

Note: Table above represents fixed income investments, as well as debt securities in underlying equity funds.

Type (in thousands)	Fair Value	2020			
		Less Than 1 Year	1-6 Years	6-10 Years	Over 10 Years
Pooled Investments	76,767	-	48,531	25,394	2,842

Note: Table above represents fixed income investments, as well as debt securities in underlying equity funds.

North Dakota Public Employees Retirement System – Financial Section
Notes to the Financial Statements
June 30, 2021 and 2020

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

Retiree Health Insurance Credit Fund

Type (in thousands)	2021				
	Fair Value	Less Than 1 Year	1-6 Years	6-10 Years	Over 10 Years
Pooled Investments	\$ 61,280	\$ -	\$ 5,346	\$ 48,782	\$ 7,152

Note: Table above represents fixed income investments, as well as debt securities in underlying equity funds.

Type (in thousands)	2020				
	Fair Value	Less Than 1 Year	1-6 Years	6-10 Years	Over 10 Years
Pooled Investments	54,676	-	5,617	43,307	5,752

Note: Table above represents fixed income investments, as well as debt securities in underlying equity funds.

Securities Lending

Securities are loaned against collateral that may include cash, U.S. government securities and irrevocable letters of credit. U.S. securities are loaned versus collateral valued at 102% of the fair value of the securities plus any accrued interest. Non-U.S. securities are loaned versus collateral valued at 105% of the fair value of the securities plus any accrued interest.

Non-cash collateral cannot be pledged or sold unless the borrower defaults.

All securities loans can be terminated on demand by either the lender or the borrower, although the average term of North Dakota State Investment Board loans was approximately 130 days as of June 30, 2021.

Cash open collateral is invested in a short term investment pool, the NDSIB USD Cash fund, which had an interest sensitivity of 1 days as of this statement date.

There were no violations of legal or contractual provisions, no borrower or lending agent default losses known to the securities lending agent.

There are no dividends or coupon payments owing on the securities lent. Securities lending earnings are credited to participating clients on approximately the fifteenth day of the following month.

Indemnification deals with the situation in which a client's securities are not returned due to the insolvency of a borrower and Northern Trust has failed to live up to its contractual responsibilities relating to the lending of those securities. Northern Trust's responsibilities include performing appropriate borrower and collateral investment credit analyses, demanding adequate types and levels of collateral, and complying with applicable Department of Labor and Federal Financial Institutions Examination Council regulations concerning securities lending.

For securities loaned at fiscal year end, the SIB has no credit risk exposure to borrowers because the amounts the SIB owes the borrowers exceeds the amounts the borrowers owe the SIB.

North Dakota Public Employees Retirement System – Financial Section
Notes to the Financial Statements
June 30, 2021 and 2020

NOTE 3 DUE TO/FROM AND TRANSFERS IN/OUT FIDUCIARY AND PROPRIETARY FUNDS AND STATE AGENCY TRANSACTIONS

As of June 30, 2021 there were no due from/to balances on the fiduciary or proprietary funds as the Plan liquidated all account balances as of June 30, 2021.

The June 30, 2020 due from/to fiduciary and proprietary funds are summarized as follows:

Fund	Due From Fiduciary and Proprietary Funds	Due to Fiduciary and Proprietary Funds
Fiduciary		
Public Employees Retirement System	\$ 9,250	\$ -
Highway Patrolmen's Retirement System	-	-
Retiree Health Insurance Credit Fund	-	-
Retirement Plan for Employees of Job Service North Dakota	-	9,250
Pretax Benefits Program	-	-
Deferred Compensation Plan	-	-
Defined Contribution Plan	-	-
Proprietary		
Uniform Group Insurance Program	-	-
	<u>\$ 9,250</u>	<u>\$ 9,250</u>

These balances are a result of a time lag between the dates the expenditures are incurred, the allocations determined, and when the transactions are entered into the accounting system.

North Dakota Public Employees Retirement System – Financial Section
Notes to the Financial Statements
June 30, 2021 and 2020

NOTE 3 DUE TO/FROM AND TRANSFERS IN/OUT FIDUCIARY AND PROPRIETARY FUNDS AND STATE AGENCY TRANSACTIONS (CONTINUED)

June 30, 2021 due from/to state agencies are summarized as follows:

Fund	Due From State Agencies	Due to State Agencies
Fiduciary		
Public Employees Retirement System		
Information Technology Department	\$ -	\$ 14,018
Attorney General	-	1,067
Central Duplicating	-	17
Central Supply	-	25
Department of Transportation	-	293
Workforce Safety and Insurance	-	2,630
Total	<u>\$ -</u>	<u>\$ 18,050</u>
Retiree Health Insurance Credit Fund		
Job Service	\$ 282	\$ -
Attorney General	-	113
Total	<u>\$ 282</u>	<u>\$ 113</u>
Defined Contribution Plan		
Information Technology Department	\$ -	\$ 100
Total	<u>\$ -</u>	<u>\$ 100</u>
Pretax Benefits Program		
Information Technology Department	\$ -	\$ 2,908
Central Supply	-	6
Workforce Safety and Insurance	-	658
Attorney General	-	232
Total	<u>\$ -</u>	<u>\$ 3,804</u>
Deferred Compensation Plan		
Information Technology Department	\$ -	\$ 4,954
Central Supply	-	12
Workforce Safety and Insurance	-	1,315
Attorney General	-	209
Total	<u>\$ -</u>	<u>\$ 6,490</u>
Proprietary		
Uniform Group Insurance Program		
Information Technology Department	\$ -	\$ 10,533
Central Supply	-	18
Workforce Safety and Insurance	-	1,973
Central Duplicating	-	17
Attorney General	-	939
Total	<u>\$ -</u>	<u>\$ 13,480</u>

These balances are a result of a time lag between the dates that services are provided, the payments are made, and the transactions are entered into the accounting system.

North Dakota Public Employees Retirement System – Financial Section
Notes to the Financial Statements
June 30, 2021 and 2020

**NOTE 3 DUE TO/FROM AND TRANSFERS IN/OUT FIDUCIARY AND PROPRIETARY FUNDS
AND STATE AGENCY TRANSACTIONS (CONTINUED)**

The June 30, 2020 due from/to state agencies are summarized as follows:

Fund	Due From State Agencies	Due to State Agencies
Fiduciary		
Public Employees Retirement System		
Information Technology Department	\$ -	\$ 12,832
Attorney General	-	783
Central Duplicating	-	17
Office of Administrative Hearings	-	192
Total	<u>\$ -</u>	<u>\$ 13,824</u>
Retiree Health Insurance Credit Fund		
Job Service	\$ 291	\$ -
Total	<u>\$ 291</u>	<u>\$ -</u>
Defined Contribution Plan		
Information Technology Department	\$ -	\$ 98
Total	<u>\$ -</u>	<u>\$ 98</u>
Pretax Benefits Program		
Information Technology Department	\$ -	\$ 2,424
Attorney General	-	156
Total	<u>\$ -</u>	<u>\$ 2,580</u>
Deferred Compensation Plan		
Information Technology Department	\$ -	\$ 4,198
Attorney General	-	339
Total	<u>\$ -</u>	<u>\$ 4,537</u>
Proprietary		
Uniform Group Insurance Program		
Information Technology Department	\$ -	\$ 8,383
Central Duplicating	-	17
Attorney General	-	520
Total	<u>\$ -</u>	<u>\$ 8,920</u>

North Dakota Public Employees Retirement System – Financial Section
Notes to the Financial Statements
June 30, 2021 and 2020

**NOTE 3 DUE TO/FROM AND TRANSFERS IN/OUT FIDUCIARY AND PROPRIETARY FUNDS
AND STATE AGENCY TRANSACTIONS (CONTINUED)**

The June 30, 2021 transfers in/out are summarized as follows:

Fund Type/Fund	Transfers In	Transfers Out
Fiduciary Funds		
Defined Contribution Plan	\$ 5,918	\$ -
Deferred Compensation Plan	715,000	-
Pretax Benefit Program	-	540,000
Public Employee Retirement System	-	93,418
Proprietary Funds		
Uniform Group Insurance Program	-	87,500

The June 30, 2020 transfers in/out are summarized as follows:

Fund Type/Fund	Transfers In	Transfers Out
Fiduciary Funds		
Defined Contribution Plan	\$ 6,221	\$ -
Deferred Compensation Plan	750,000	-
Pretax Benefit Program	-	525,000
Public Employee Retirement System	-	118,721
Proprietary Funds		
Uniform Group Insurance Program	-	112,500

The transfer to the Defined Contribution Retirement Fund is for those employees electing to transfer from the PERS plan. The transfers to the Deferred Compensation Plan are to cover administrative expenses pursuant to NDCC 54-52-04 subsection 11.

North Dakota Public Employees Retirement System – Financial Section
Notes to the Financial Statements
June 30, 2021 and 2020

NOTE 4 CAPITAL ASSETS

A statement of changes in equipment and accumulated depreciation for the System for the year ended June 30, 2021 and 2020 is as follows:

	Balance 7/1/2020	Additions	Deletions	Balance 6/30/2021
Proprietary Funds:				
Capital Assets Being Depreciated:				
Software	\$ 2,976,279	\$ 42,850	\$ -	\$ 3,019,129
Less Accumulated Amortization for:				
Software	(2,825,067)	(101,221)	-	(2,926,288)
Total Capital Assets Being Depreciated, Net	<u>151,212</u>	<u>(58,371)</u>	<u>-</u>	<u>92,841</u>
Proprietary Funds Capital Assets, Net	<u>\$ 151,212</u>	<u>\$ (58,371)</u>	<u>\$ -</u>	<u>\$ 92,841</u>
Fiduciary Funds:				
Capital Assets Being Depreciated:				
Software	\$ 7,379,921	\$ 105,151	\$ -	\$ 7,485,072
Total Capital Assets Being Depreciated	7,379,921	105,151	-	7,485,072
Less Accumulated Depreciation for:				
Software	(7,005,411)	(250,862)	-	(7,256,273)
Total Capital Assets Being Depreciated, Net	<u>374,510</u>	<u>(145,711)</u>	<u>-</u>	<u>228,799</u>
Fiduciary Funds Capital Assets, Net	<u>\$ 374,510</u>	<u>\$ (145,711)</u>	<u>\$ -</u>	<u>\$ 228,799</u>
	Balance 7/1/2019	Additions	Deletions	Balance 6/30/2020
Proprietary Funds:				
Capital Assets Being Depreciated:				
Software	\$ 2,921,416	\$ 54,863	\$ -	\$ 2,976,279
Less Accumulated Amortization for:				
Software	(2,527,877)	(297,190)	-	(2,825,067)
Total Capital Assets Being Depreciated, Net	<u>393,539</u>	<u>(242,327)</u>	<u>-</u>	<u>151,212</u>
Proprietary Funds Capital Assets, Net	<u>\$ 393,539</u>	<u>\$ (242,327)</u>	<u>\$ -</u>	<u>\$ 151,212</u>
Fiduciary Funds:				
Capital Assets Being Depreciated:				
Software	\$ 7,244,785	\$ 135,136	\$ -	\$ 7,379,921
Total Capital Assets Being Depreciated	7,244,785	135,136	-	7,379,921
Less Accumulated Depreciation for:				
Software	(6,268,433)	(736,978)	-	(7,005,411)
Total Capital Assets Being Depreciated, Net	<u>976,352</u>	<u>(601,842)</u>	<u>-</u>	<u>374,510</u>
Fiduciary Funds Capital Assets, Net	<u>\$ 976,352</u>	<u>\$ (601,842)</u>	<u>\$ -</u>	<u>\$ 374,510</u>

North Dakota Public Employees Retirement System – Financial Section
Notes to the Financial Statements
June 30, 2021 and 2020

NOTE 5 LEASE OBLIGATIONS

Operating Lease

The system entered into an operating lease for office space until June 30, 2023. Expenditures for this lease were \$171,308 for the year ended June 30, 2021 and \$171,308 for the year ended June 30, 2020, respectively. The future minimum lease payment for the fiscal year ending June 30, 2022 is \$97,043.

The system has also entered into an operating lease for office equipment, with expenditures totaling \$10,603 for the year ended June 30, 2021 and \$10,553 for the year ended June 30, 2020.

The lease contains clauses stating that renewal is dependent upon appropriation funding by the State Legislature. Lease obligations for operating and capital leases are payable from all funds of the System.

NOTE 6 CHANGE IN LONG-TERM LIABILITIES

	Proprietary Fund	Fiduciary Fund
	Accrued Compensated Absences	Accrued Compensated Absences
Balance - June 30, 2019	\$ 58,262	\$ 122,228
Increases	46,117	98,241
Decreases	(32,903)	(68,207)
Balance - June 30, 2020	71,476	152,262
Increases	51,045	117,987
Decreases	(42,138)	(84,451)
Balance - June 30, 2021	<u>\$ 80,383</u>	<u>\$ 185,798</u>
Balance - Due Within One Year	\$ 6,720	\$ 15,533

The accrued annual compensated absences is generally liquidated by excess revenue in the Uniform Group Insurance Program and the Pension Trust Funds.

NOTE 7 NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM

All eligible employees of the System, except those electing to participate in the North Dakota Defined Contribution Retirement Plan, contribute to the North Dakota Public Employees Retirement System (PERS), a state-wide cost-sharing multiple-employer defined benefit pension plan, which is detailed in the notes that follow.

The System is required to contribute to PERS at a statutorily determined rate for permanent employees. The System's contributions to PERS for the years ended June 30, 2021 and 2020, were \$221,614 and \$201,316 which were equal to the required contributions for each year.

The System is required to contribute to the North Dakota Defined Contribution Retirement Plan at a statutorily determined rate for permanent employees who have elected to participate in this plan. The System's contributions to this plan for the years ended June 30, 2021 and 2020, were \$17,467 and \$16,682.

NOTE 8 DESCRIPTION OF PLANS

General

The System administers three defined benefit pension plans and a defined contribution plan. The Public Employees Retirement System (PERS) is a cost-sharing multiple-employer retirement plan. The PERS was established July 1, 1966 as a defined contribution plan and was changed to a defined benefit plan by the 1977 North Dakota Legislature. The PERS is administered in accordance with Chapter 54-52 of the North Dakota Century Code. The Highway Patrolmen's Retirement System (HPRS) was established July 1, 1949 and is administered in accordance with Chapter 39-03 of the North Dakota Century Code. The HPRS is a single-employer defined benefit plan. The North Dakota Defined Contribution Retirement Plan was established on January 1, 2000 and is administered in accordance with Chapter 54-52.6 of the North Dakota Century Code. The Retirement Plan for Employees of Job Service North Dakota is a single-employer defined benefit public employee retirement plan administered by the Agency. The plan is established under NDCC 52-11-01 with benefit provisions established through the plan document, as amended.

The costs of administering PERS, HPRS, and the Retirement Plan for Employees of Job Service North Dakota are financed through the contributions and investment earnings of each plan. The administrative costs of the Defined Contribution Plan are funded by forfeitures of non-vested employer contributions and administrative fees charged to individual participant accounts.

The following brief description of the PERS, HPRS, Defined Contribution Plan and the Retirement Plan for Employees of Job Service North Dakota is provided for general information purposes only. Participants should refer to the applicable chapters of the North Dakota Century Code for more complete information.

The PERS covers substantially all employees of the State of North Dakota, its agencies and various participating political subdivisions (Main System). It also covers Supreme and District Court Judges, the National Guard Security Officers and Firefighters, peace officers and correctional officers employed by political subdivisions, and as of August 1, 2017, firefighters employed by participating political subdivisions. Effective August 1, 2015, current and newly eligible members of the National Guard System were transferred to the Law Enforcement System. The HPRS covers substantially all sworn officers of the North Dakota Highway Patrol. An optional Defined Contribution Retirement Plan (DC Plan) was established effective January 1, 2000. The DC plan was available to state employees who are in positions not classified by the Human Resource Management Services division of the State of North Dakota. Employees under the judicial branch or the Board of Higher Education and State Institutions under the jurisdiction of the Board of Higher Education are not eligible to participate in the Plan. The 2013 Legislative Assembly passed legislation to expand eligibility to the Plan to include all new state employees hired on or after October 1, 2013 through July 31, 2017. The Retirement Plan for Employees of Job Service North Dakota is limited to employees participating in the plan as of September 30, 1980.

Responsibility for administration of the defined benefit pension plans and the defined contribution plan is assigned to a Board comprised of nine members. The Board consists of a Chairman, who is appointed by the Governor; one member appointed by the Attorney General; one member appointed by the State Health Officer; two members of the legislative assembly appointed by the chairman of the legislative management, three members elected by the active membership of the NDPERS system; and one member elected by the retired public employees.

North Dakota Public Employees Retirement System – Financial Section
Notes to the Financial Statements
June 30, 2021 and 2020

NOTE 8 DESCRIPTION OF PLANS (CONTINUED)

The plans are not subject to the provisions of the Employee Retirement Income Security Act of 1974. The number of participating political subdivisions in the PERS was:

	2021	2020
Cities	98	98
Counties	51	51
School Districts	131	129
Other	88	86
Total Participating Political Subdivisions	<u>368</u>	<u>364</u>

Employee membership data is as follows:

	PERS		HPRS		Job Service	
	2021	2020	2021	2020	2021	2020
Retirees, Beneficiaries, and Disability						
Currently Receiving Benefits	13,575	12,945	135	133	177	181
Terminated Vested Participants	7,877	7,135	28	26	-	1
Inactive Participants	7,094	6,708	21	17	-	-
Active Plan Participants						
Vested	17,160	17,174	73	74	3	5
Nonvested	7,434	7,315	78	80	-	-
Total Plan Membership	<u>53,140</u>	<u>51,277</u>	<u>335</u>	<u>330</u>	<u>180</u>	<u>187</u>

The defined contribution plan had 89 and 93 active participants as of June 30, 2021 and June 30, 2020, respectively.

BENEFITS

PERS

Benefits are set by statute. The System has no provisions or policies with respect to automatic and ad hoc post-retirement benefit increases. Members of the main system are entitled to unreduced monthly pension benefits beginning when the sum of age and years of credited service equal or exceed 85 (Rule of 85), or at normal retirement age (65). For members hired on or after January 1, 2016, the Rule of 85 is replaced with the Rule of 90 with a minimum age of 60. The annual pension benefit is equal to 2.00% of their average monthly salary, using the highest 36 months out of the last 180 months of service, for each year of service. For members hired on or after January 1, 2020 the annual pension benefit is equal to 1.75% of their average monthly salary, using the three highest periods of twelve consecutive months employed during the last one hundred eighty months of employment. The Plan permits early retirement at ages 55-64 with three or more years of service.

Supreme and District Court Judges are entitled to unreduced monthly pension benefits beginning at normal retirement age of (65) or the Rule of 85. The monthly pension benefit is equal to a percentage of average monthly salary using the highest 36 months out of the last 180 months of service. The percentage is equal to 3.50% of average monthly salary multiplied by the first ten years of service, plus 2.80% of the average monthly salary times the second ten years of service, plus 1.25% of average monthly salary times years of service in excess of twenty years. The judicial retirement formula is only applied to eligible judicial service. Non-judicial service benefits are calculated using the 2.00% multiplier. The Plan permits early retirement at ages 55-64 with five or more years of service.

NOTE 8 DESCRIPTION OF PLANS (CONTINUED)

Members of the National Guard System are entitled to unreduced monthly pension benefits at normal retirement age (55). Effective August 1, 2015, the National Guard System became part of the Law Enforcement System. Members of the Law Enforcement System are entitled to unreduced monthly pension benefits at normal retirement age (55) or the Rule of 85. The monthly pension benefit for the National Guard/Law Enforcement is equal to 2.00% of their average monthly salary, using the highest 36 months out of the last 180 months of service, for each year of service. The Plan permits early retirement at ages 50-55 with three or more years of service.

Members may elect to receive the pension benefits in the form of a single life, joint and survivor, term-certain annuity, or partial lump sum with ongoing annuity. Members may elect to receive the value of their accumulated contributions, plus interest, as a lump sum distribution upon retirement or termination, or they may elect to receive their benefits in the form of an annuity. For each member electing an annuity, total payment will not be less than the members' accumulated contributions plus interest.

HPRS

Benefits are set by statute. The System has no provisions or policies with respect to automatic and ad hoc post-retirement benefit increases. Members are entitled to unreduced pension benefits upon attainment of age 55 and 10 years of eligible employment or when the sum of age and years of credited service equals or exceeds 80. The annual pension benefit is equal to a percentage of average monthly salary using the highest 36 months out of the last 180 months of service. The percentage is equal to the sum of the first 25 years of service multiplied by 3.60% and 1.75% multiplied by years of service in excess of 25, if any. The Plan permits early retirement at ages 50-54, with ten or more years of service.

Members may elect to receive the pension benefits in the form of a single life, joint and survivor, term-certain annuity, or partial lump sum with ongoing annuity. Members may elect to receive the value of their accumulated contributions, plus interest, as a lump sum distribution upon retirement or termination, or they may elect to receive their benefits in the form of an annuity. For each member electing an annuity, total payment will not be less than the members' accumulated contributions plus interest.

Defined Contribution Plan

Benefits are set by statute. Members are entitled to their vested account balance. A participating member is immediately 100% vested in the member's contributions. A participating member vests in the employer contributions made on the member's behalf as follows:

Upon completion of two years of service	50%
Upon completion of three years of service	75%
Upon completion of four years of service	100%

Members may elect to receive their account balance in a lump sum, lump sum direct rollover or periodic distribution. Legislation was passed during the 2015 session providing eligible members of the Defined Contribution Plan a special election period in which to elect to return to the PERS defined benefit plan.

NOTE 8 DESCRIPTION OF PLANS (CONTINUED)

Retirement Plan for Employees of Job Service North Dakota

Benefits are established through the plan document, as amended by the Board. The System provides a post-retirement cost-of living adjustment each year based on the Consumer Price Index. Employees are entitled to annual pension benefits beginning at normal retirement age (65). Employees may elect optional retirement eligibility at age 62 with 5 years of credited service, at age 60 with 20 years of credited service, or at age 55 with 30 years of credited service. Pension benefits are calculated based on the final average earnings (basic monthly earnings averaged over the highest three consecutive years of basic earnings) of the employee multiplied by the sum of:

- 1.5% times years of credited service up to five plus
- 1.75% times years of credited service between six and ten plus
- 2.0% times years of credited service in excess of ten years

Death and Disability Benefits

PERS

Death and disability benefits are set by statute. If an active member dies with less than three years of service for the Main System and Public Safety, or less than five years of service for Supreme and District Court Judges, a death benefit equal to the value of the member's accumulated contributions, plus interest, is paid to the member's beneficiary. If the member has earned more than three years of credited service for the Main System and Public Safety, the surviving spouse will be entitled to a single payment refund, life-time monthly payments in an amount equal to 50% of the member's accrued normal retirement benefit, or monthly payments in an amount equal to the member's accrued 100% Joint and Survivor retirement benefit if the member had reached normal retirement age prior to date of death. If the surviving spouse dies before the member's accumulated pension benefits are paid, the balance will be payable to the surviving spouse's designated beneficiary.

For Judges who have earned more than five years of credited service, the death benefit is the greater of (i) lump sum payment of accumulated contributions, or (ii) 100% of the members' accrued benefit (not reduced on account of age), payable for the spouse's lifetime.

Eligible members who become totally disabled after a minimum of 180 days of service, receive monthly disability benefits equal to 25% of their final average salary with a minimum benefit of \$100. To qualify under this section, the member has to become disabled during the period of eligible employment and apply for benefits within one year of termination. The definition for disabled is set by the System in the North Dakota Administrative Code.

For Judges only, the disability benefit formula is 70% of final average salary minus Social Security and Workers Compensation benefits.

HPRS

Death and disability benefits are set by statute. If an active member dies with less than ten years of credited service, a death benefit equal to the value of the member's accumulated contributions, plus interest is paid to the member's beneficiary. If the member has earned more than ten years of credited service, the surviving spouse, if any, will be entitled to a single payment refund or life-time monthly payments in an amount equal to 50% of the member's accrued normal retirement benefit. If the surviving spouse dies before the member's accumulated pension benefits are paid, the balance will be payable to any designated beneficiary.

NOTE 8 DESCRIPTION OF PLANS (CONTINUED)

Eligible members who become totally disabled after a minimum of 180 days of service, receive monthly disability benefits that are up to 70% of their final average salary, reduced by worker's compensation, with a minimum benefit of \$100. To qualify under this section the member must meet the criteria established by the System for being totally disabled and apply for benefits within one year of termination.

Defined Contribution Plan

Death and disability benefits are set by statute. Upon the death of a participating member or former participating member, the vested account balance of that deceased participant is available to the participant's designated beneficiary(ies).

A member who becomes totally and permanently disabled while employed by the State is eligible to receive a distribution of the vested account balance. To qualify under this section, the member must meet the criteria established by the System for being totally disabled.

Retirement Plan for Employees of Job Service North Dakota

The plan document provides disability and death benefits. If the death of a participant occurs prior to his/her annuity starting date, the surviving spouse who has been married at least two years prior to the participant's death or, if married less than two years is a parent of a child of this marriage, then the spouse shall receive monthly benefits. The amount is the greater of the benefit had the participant retired on the day before he/she died and elected the Contingent Annuitant Option with 55% of his/her retirement benefit continued to his/her spouse or 55% of the smaller of 40% of the deceased participant's average monthly earnings or the deceased participant's normal retirement benefit obtained by increasing their credited service by the period of time between their date of death and the date they would have attained age 60. Upon remarriage of the surviving spouse before age 60, the death benefits will cease.

If a participant becomes totally disabled, he/she will be eligible for a monthly disability benefit that shall be equal to the greater of 40% of the participant's average annual earnings or the accrued benefit determined as their date of disability.

Refunds of Member Contributions

Upon termination, if a member of PERS or HPRS is not vested (is not 65 or does not have three years of service for the Main System and National Guard/Law Enforcement, or five years of service for the Supreme and District Court Judges, credited for the PERS, or is not 60 or does not have ten years of service credited for the HPRS), they will receive the accumulated member contributions plus interest, or may elect to receive this amount at a later date. If a member has vested, they have the option of applying for a refund or can remain as a terminated vested participant. If a member terminated and withdrew their accumulated member contribution and is subsequently reemployed, they have the option of repurchasing their previous service.

Contributions

Contribution rates for PERS, HPRS, and the Defined Contribution Plan are set by state statute and are a percentage of salaries and wages. Contribution rates for the Job Service Retirement Plan are established in the plan document, as amended, which prescribes that they are actuarially determined using the frozen initial liability actuarial cost method which is the same as the aggregate cost method.

North Dakota Public Employees Retirement System – Financial Section
Notes to the Financial Statements
June 30, 2021 and 2020

NOTE 8 DESCRIPTION OF PLANS (CONTINUED)

Members that made a qualifying election under Senate Bill 2015 to move from the Defined Contribution Plan back to the Defined Benefit Plan have a 2% increase on employee contributions. The 2019 Legislative Assembly passed legislation that ended the RHIC plan for new hires after January 1, 2020 and redirected the 1.14% RHIC employer contribution to the retirement account for both the PERS plan as well as the defined contribution plan.

PERS

Member contributions are set by statute. During the 1983-1985 biennium the State and some of the participating political subdivisions implemented the employer pickup provision of the IRS code whereby a portion or all of the required member contributions are made by the employer. The State is paying 4% of the member contribution. Some of the political subdivisions are paying all or part of the member contributions. Employer contributions are set by statute except the contribution rates for the National Guard/Law Enforcement Plans which are set by the Board.

Contribution rates are established by statute as a percent of covered compensation as follows:

	Member Contributions	Employer Contributions
Public Employees Retirement System		
Members first enrolled prior to January 1, 2020	7.00%	7.12%
Members first enrolled after January 1, 2020	7.00%	8.26%
Members returning to the Defined Benefit Plan as a result of Senate Bill 2015	9.00%	7.12%
Judges Retirement System	8.00%	17.52%
Law Enforcement with Previous Service		
State - BCI Plan	6.00%	9.81%
State - National Guard	5.50%	9.81%
Political Subdivisions	5.50%	9.81%
Law Enforcement without Previous Service	5.50%	7.93%

The member's account balance includes employee contributions, interest, and the vested employer contributions equal to the member's contributions to an eligible deferred compensation plan. Members of the Supreme and District Court Judges are not eligible to vest in the employer contributions if contributing to the deferred compensation plan.

North Dakota Public Employees Retirement System – Financial Section
Notes to the Financial Statements
June 30, 2021 and 2020

NOTE 8 DESCRIPTION OF PLANS (CONTINUED)

The minimum monthly member contribution to the deferred compensation plan is \$25 and the maximum vesting in the employer contributions may not exceed the following:

1 to 12 months of service	Greater of one percent of monthly salary or \$25
13 to 24 months of service	Greater of two percent of monthly salary or \$25
25 to 36 months of service	Greater of three percent of monthly salary or \$25
Longer than 36 months of service	Greater of four percent of monthly salary or \$25

HPRS

Member and employer contributions are set by statute as a percent of covered compensation. The state is paying 4.0% of the member contribution. The member contribution rate is 13.3% and the employer rate is 19.7%. Both the member and the employer contribution rate will increase by 0.5% in January 2022, 2023, 2024, and 2025.

Defined Contribution Plan

Member and employer contributions are set by statute as a percent of covered compensation. The state is paying 4% of the member contribution. The member contribution rate is 7.00% and the employer rate is 7.12% for members first enrolled prior to January 1, 2020. For members first enrolled after January 1, 2020 the member contribution rate is 7.00% and the employer rate is 8.26%.

Retirement Plan for Employees of Job Service North Dakota

Employees' contributions are established at 7.0% of total compensation. The funding policy of the plan provides for employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due. For the fiscal years ended June 30, 2021 and June 30, 2020 there were no employer contributions necessary into the plan.

Effective July 1, 1999, the "scheduled contribution" will be zero as long as the plan's actuarial value of assets exceeds the actuarial present value of projected benefits. The "scheduled contribution" and amortization will be determined when the plan is not in surplus and will be based on a funding policy adopted by the Employer.

North Dakota Public Employees Retirement System – Financial Section
Notes to the Financial Statements
June 30, 2021 and 2020

NOTE 9 NET PENSION LIABILITY OF THE PLANS

The components of the net pension liability (asset) of the Plans at June 30, 2021 and 2020, are as follows:

2021	PERS	HPRS	JSND
Total Pension Liability	\$ 4,991,542,997	\$ 123,371,001	\$ 64,843,971
Plan Fiduciary Net Position	3,949,722,700	100,075,809	96,603,697
Net Pension Liability (Asset)	<u>\$ 1,041,820,297</u>	<u>\$ 23,295,192</u>	<u>\$ (31,759,726)</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	79.13%	81.12%	148.98%
2020	PERS	HPRS	JSND
Total Pension Liability	\$ 6,379,800,316	\$ 178,229,354	\$ 64,128,637
Plan Fiduciary Net Position	3,154,351,139	82,184,463	95,250,637
Net Pension Liability (Asset)	<u>\$ 3,225,449,177</u>	<u>\$ 96,044,891</u>	<u>\$ (31,122,000)</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	49.44%	46.11%	148.53%

The plan provisions used in the measurement of the total pension liability are the same as those used in the PERS, HPRS and JSND Actuarial Valuation and Reviews as of July 1, 2021 and 2020.

Actuarial Assumptions

The actuarial assumptions used in the June 30, 2021 and June 30, 2020 valuations were based on the results of an actuarial experience study for the period July 1, 2014 – June 30, 2019 as adopted by the Board.

PERS:

The total pension liability as of June 30, 2021 and 2020, was determined by actuarial valuations as of July 1, 2021 and 2020, respectively, using the following actuarial assumptions, applied to all periods included in the measurement (unless noted otherwise):

Actuarial Cost Method	Entry Age Normal
Inflation	2.25%
Salary Increases	3.50% to 17.75% including inflation.
Retirement Age	Age-based table of rates that are specific to the type of eligibility condition

North Dakota Public Employees Retirement System – Financial Section
Notes to the Financial Statements
June 30, 2021 and 2020

NOTE 9 NET PENSION LIABILITY OF THE PLANS (CONTINUED)

Mortality Rates Sex-distinct Pub-2010 tables for General Employees, with scaling based on actual experience. Respective corresponding tables were used for healthy retirees, disabled retirees, and active members.

Other Notes The benefit accrual rate for members first enrolled on or after January 1, 2020 in the Main and Public Safety Systems is 1.75% (compared to 2.00% for members enrolled before January 1, 2020).

The employer rates to the System are the statutory/Board approved contribution rates of 7.12% of payroll for the Main System (8.26% for members enrolled on or after January 1, 2020), 17.52% for the Judges System, 9.81% for the Public Safety with prior Main System, and 7.93% for the Public Safety without prior Main System service System.

The actuarial assumptions used in the actuarial valuation as of July 1, 2021 were based on an experience review for the period from July 1, 2014 to July 1, 2019, and were adopted for use commencing with the actuarial valuation as of July 1, 2020

Highway Patrol

The total pension liability as of June 30, 2021 and 2020, was determined by actuarial valuations as of July 1, 2021 and 2020, using the following actuarial assumptions, applied to all periods included in the measurement (unless noted otherwise):

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Plan Fiduciary Net Position (Market value of assets, no assets smoothing)
Inflation	2.25%
Salary Increases	Service-based table for members with less than five years of service and age-based table for members with more than five years of service
Retirement Age	Age-based table of rates that are specific to the type of eligibility condition
Mortality Rates	Pub 2010 Healthy Retiree Mortality table (for General Employees), sex-distinct, with rates multiplied by 103% for males and 101% for females. Pub-2010 Disabled Retiree Mortality table (for General Employees), sex-distinct, with rates multiplied by 117% for males and 112% for females. Pub-2010 Employee Mortality table (for General Employees), sex-distinct, with rates multiplied by 92% for both males and females. Mortality rates are projected from 2010 using MP-2019 scale.

North Dakota Public Employees Retirement System – Financial Section
Notes to the Financial Statements
June 30, 2021 and 2020

NOTE 9 NET PENSION LIABILITY OF THE PLANS (CONTINUED)

Other Notes There were no benefit changes during the year

The assumptions were updated beginning with the actuarial valuation as of July 1, 2020 based on an experience study covering the period of July 1, 2014 through July 1, 2019.

The employer rate to the System is the statutory contribution rate of 19.70% of payroll. The statutory employer and employee contributions will each increase by 0.5% of pay every year from January 1, 2022 to January 1, 2025, ultimately increasing both by 2.0% of pay.

JSND

The total pension liability as of June 30, 2021 and 2020, was determined by actuarial valuations as of July 1, 2021 and 2020, using the following actuarial assumptions, applied to all periods included in the measurement (unless noted otherwise):

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Plan Fiduciary Net Position (Market value of assets, no assets smoothing)
COLA	2.25%
Inflation	2.25%
Salary Increases	3.50%
Investment Rate of Return	As of June 30, 2021, 3.75%. As of June 30, 2020, 4.25%.
Retirement Age	Age-based table of rates that are specific to the type of eligibility condition
Mortality Rates	Pub-2010 Healthy Retiree Mortality table (for General Employees), sex-distinct, with rates multiplied by 103% for males and 101% for females. Pub-2010 Disabled Retiree Mortality table (for General Employees), sex-distinct, with rates multiplied by 117% for males and 112% for females. Pub-2010 Employee Mortality table (for General Employees), sex-distinct, with rates multiplied by 92% for both males and females. Mortality rates are projected from 2010 using the MP-2019 scale.

Other Notes There were no benefit changes during the year

The assumptions were updated beginning with the actuarial valuation as of July 1, 2020 based on an experience study covering the period July 1, 2014 through July 1, 2019. The Board approved lowering the investment return assumption from 4.25% to 3.75%, first effective July 1, 2021.

The System has assets in excess of the present value of future benefits. Therefore, no employer contributions are being made.

NOTE 9 NET PENSION LIABILITY OF THE PLANS (CONTINUED)

Investment Rate of Return

The long-term expected investment rate of return assumption for PERS, HPRS, and JSND 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. Estimates of arithmetic real rates of return, for each major asset class included in the pension plan's target asset allocation as of July 1, 2021 are summarized in the following tables:

PERS and HPRS

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	6.00%
International Equity	6.70%
Private Equity	9.50%
Domestic Fixed Income	0.73%
Global Real Assets	4.77%
Cash Equivalents	0.00%

JSND

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	5.50%
Core Fixed Income	0.07%
Limited Duration Fixed Income	-0.34%
Global Equity	5.24%
Diversified Short-Term Fixed Income	-0.21%
Short-Term Corporate Fixed Income	-0.89%
US High Yield	3.11%
Emerging Market Debt	5.26%

Discount Rate

For PERS, GASB Statement No. 67 includes a specific requirement for the discount rate that is used for the purpose of the measurement of the Total Pension Liability. This rate considers the ability of the System to meet benefit obligations in the future. To make this determination, employer contributions, employee contributions, benefit payments, expenses and investment returns are projected into the future. The current employer and employee fixed rate contributions are assumed to be made in each future year. The Plan Net Position (assets) in future years can then be determined and compared to its obligation to make benefit payments in those years. In years where assets are not projected to be sufficient to meet benefit payments the use of a municipal bond rate is required.

NOTE 9 NET PENSION LIABILITY OF THE PLANS (CONTINUED)

The Single Discount Rate (SDR) is equivalent to applying these two rates to the benefits that are projected to be paid during the different time periods. The SDR reflects (1) the long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits) and (2) a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of the June 30, 2021 valuation, the expected rate of return on pension plan investments is 7.00%; the municipal bond rate is 1.92%; and the resulting Single Discount Rate is 7.00%. For the June 30, 2020 valuation, the expected rate of return on pension plan investments is 7.00%; the municipal bond rate is 2.45%; and the resulting Single Discount Rate is 4.64%.

For HPRS, the expected rate of return on pension plan investments is 7.00%, the municipal bond rate is 1.92% and the resulting Single Discount Rate is 7.00%. The discount rate used to measure the total pension liability was 7.00% and 4.09% as of June 30, 2021 and June 30, 2020, respectively.

For JSND, the discount rate was 3.75% as of June 30, 2021 and 4.25% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed plan member and employer contributions will be made at rates equal to those based on the July 1, 2021 and July 1, 2020 Actuarial Valuation Reports. 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 (for JSND it is assumed no future contribution will be made), the pension plans' fiduciary net position were projected to be available to make all projected future benefit payments for current plan members as of June 30, 2021. 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, 2021 and 2020.

Sensitivity of Net Pension Liability (Asset)

The following presents the net pension liability (asset) of the Plans as of June 30, 2021, calculated using the discount rate of 7.00% for PERS (4.64% as of June 30, 2020), 7.00% for HPRS (4.09% as of June 30, 2020) and 3.75% for JSND (4.25% as of June 30, 2020), as well as what the Plan's net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

North Dakota Public Employees Retirement System – Financial Section
Notes to the Financial Statements
June 30, 2021 and 2020

NOTE 9 NET PENSION LIABILITY OF THE PLANS (CONTINUED)

Net Pension Liability (Asset) as of June 30, 2021	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
PERS	\$ 1,686,774,453	\$ 1,041,820,297	\$ 505,489,341
	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
HPRS	40,084,617	23,295,192	9,514,031
	1% Decrease 2.75%)	Current Discount (3.75%)	1% Increase (4.75%)
JSND	\$ (25,814,168)	\$ (31,759,726)	\$ (38,151,410)
Net Pension Liability (Asset) as of June 30, 2020	1% Decrease (3.64%)	Current Discount (4.64%)	1% Increase (5.64%)
PERS	\$ 4,199,073,080	\$ 3,225,449,177	\$ 2,429,510,424
	1% Decrease (3.09%)	Current Discount (4.09%)	1% Increase (5.09%)
HPRS	127,280,387	96,044,891	71,396,917
	1% Decrease (3.25%)	Current Discount (4.25%)	1% Increase (5.25%)
JSND	\$ (24,661,696)	\$ (31,122,000)	\$ (36,644,730)

NOTE 10 RETIREE HEALTH INSURANCE CREDIT (RHIC) FUND

The Retiree Health Insurance Credit Fund, a cost-sharing multiple-employer other post-employment benefit (OPEB) plan, is administered by the System to provide members that were first enrolled in the plan prior to January 1, 2020 and are receiving retirement benefits from the PERS, the HPRS, and Judges retired under Chapter 27-17 of the North Dakota Century Code a credit toward their monthly health insurance premium under the state health plan based upon the member's years of credited service. Effective July 1, 2015, the credit is also available to apply towards monthly premiums under the state dental, vision and long term care plan and any other health insurance plan. Effective August 1, 2019 the credit is expanded to also include any dental, vision, and long term care plan. The Retiree Health Insurance Credit Fund is advance-funded on an actuarially determined basis.

Employee membership data is as follows:

	2021	2020
Retired Participants, Receiving Benefits	13,697	13,092
Active Participants, Not Receiving Benefits	21,067	23,495
	<u>34,764</u>	<u>36,587</u>

NOTE 10 RETIREE HEALTH INSURANCE CREDIT (RHIC) FUND (CONTINUED)

The employer contribution for the PERS, the HPRS and the Defined Contribution Plan is set by statute at 1.14% of covered compensation. Employees participating in the retirement plan as part-time/temporary members are required to contribute 1.14% of their covered compensation to the Retiree Health Insurance Credit Fund. Employees purchasing previous service credit are also required to make an employee contribution to the Fund. The benefit amount applied each year is shown as *"prefunded credit applied"* on the Statement of Changes in Plan Net Position for the pension trust funds.

Retiree health insurance credit benefits and death and disability benefits are set by statute. There are no provisions or policies with respect to automatic and ad hoc post-retirement benefit increases. Employees who are receiving monthly retirement benefits from the PERS, the HPRS, the Defined Contribution Plan, the Chapter 27-17 judges or an employee receiving disability benefits, or the spouse of a deceased annuitant receiving a surviving spouse benefit or if the member selected a joint and survivor option are eligible to receive a credit toward their monthly health insurance premium under the state health plan.

The benefits are equal to \$5.00 for each of the employee's, or deceased employee's years of credited service not to exceed the premium in effect for selected coverage. The retiree health insurance credit is also available for early retirement with reduced benefits.

NOTE 11 NET OPEB LIABILITY OF THE RHIC FUND

The components of the net OPEB liability of the RHIC Plan at June 30, 2021 and June 30, 2020 are as follows:

2021	RHIC
Total OPEB Liability	\$ 237,951,735
RHIC Fiduciary Net Position	182,334,446
Net OPEB Liability (Asset)	<u>\$ 55,617,289</u>
RHIC Fiduciary Net Position as a Percentage of the Total OPEB Liability	76.63%
2020	RHIC
Total OPEB Liability	\$ 229,740,674
RHIC Fiduciary Net Position	145,620,917
Net OPEB Liability (Asset)	<u>\$ 84,119,757</u>
RHIC Fiduciary Net Position as a Percentage of the Total OPEB Liability	63.38%

North Dakota Public Employees Retirement System – Financial Section
Notes to the Financial Statements
June 30, 2021 and 2020

NOTE 11 NET OPEB LIABILITY OF THE RHIC FUND (CONTINUED)

Actuarial Assumptions

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Plan Fiduciary Net Position (Market value of assets, no asset smoothing)
Inflation	2.25%
Salary Increases	Not applicable
Investment Rate of Return	6.50%
Mortality Rates	Pub-2010 Healthy Retiree Mortality table (for General Employees), sex-distinct, with rates multiplied by 103% for males and 101% for females. Pub-2010 Disabled Retiree Mortality table (for General Employees), sex-distinct, with rates multiplied by 117% for males and 112% for females. Pub-2010 Employee Mortality table (for General Employees), sex-distinct, with rates multiplied by 92% for both males and females. Mortality rates are projected from 2010 using the MP-2019 scale.
Other Notes:	RHIC is for the most part a closed plan. There were no benefit changes during the year. The employer rate to the System is the statutory contribution rate of 1.14% of payroll.

Investment Rate of Return

The long-term expected investment rate of return assumption for the RHIC fund was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of RHIC 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. Estimates of arithmetic real rates of return, for each major asset class included in the RHIC’s target asset allocation as of July 1, 2021 are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Large Cap Domestic Equities	5.85%
Small Cap Domestic Equities	6.75%
International Equities	6.25%
Core-Plus Fixed Income	0.50%

NOTE 11 NET OPEB LIABILITY OF THE RHIC FUND (CONTINUED)

Discount Rate

The discount rate used to measure the total OPEB liability was 6.50% as of June 30, 2021 and June 30, 2020. The projection of cash flows used to determine the discount rate assumed plan member and statutory/Board approved employer contributions will be made at rates equal to those based on the July 1, 2021, and July 1, 2020, PERS actuarial valuation reports. For this purpose, only employer contributions that are intended to fund benefits of current RHIC members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries are not included. Based on those assumptions, the RHIC fiduciary net position was projected to be sufficient to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on RHIC investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of Net OPEB Liability (Asset)

The following presents the net OPEB liability of the Plans as of June 30, 2021 (using a single discount rate of 6.50%) and June 30, 2020 (using a 6.50% single discount rate), as well as what the RHIC net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

Net OPEB Liability (Asset) as of June 30, 2021	1% Decrease (5.50%)	Current Discount (6.50%)	1% Increase (7.50%)
RHIC	\$ 82,487,616	\$ 55,617,289	\$ 32,880,996
Net OPEB Liability (Asset) as of June 30, 2020	1% Decrease (5.50%)	Current Discount (6.50%)	1% Increase (7.50%)
RHIC	\$ 110,324,972	\$ 84,119,757	\$ 61,959,773

The benefit provided by the North Dakota Retiree Health Insurance Credit Fund is a fixed dollar subsidy and is not affected by healthcare cost trend. Therefore, a healthcare cost trend rate was not performed.

NOTE 12 DEFERRED COMPENSATION PLAN FOR PUBLIC EMPLOYEES

The System was given the authority by Chapter 54-52.2 to administer an employee deferred compensation plan in accordance with Internal Revenue Code Section 457. The plan allows employees of the State of North Dakota or any of its political subdivisions, institutions, departments, or agencies to participate, providing that the employee has signed a participant agreement, which permits them to defer a portion of their salary until future years. Each participant may defer the lesser of \$19,500 for calendar year 2021 (\$19,500 for 2020) or 100% of gross annual compensation. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All compensation deferred under the plans, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are held in trust for the exclusive use of the employee or their beneficiary.

North Dakota Public Employees Retirement System – Financial Section
Notes to the Financial Statements
June 30, 2021 and 2020

NOTE 12 DEFERRED COMPENSATION PLAN FOR PUBLIC EMPLOYEES (CONTINUED)

The deferred compensation plan had 14,559 and 14,044 active participants as of June 30, 2021 and 2020, respectively.

The related investments are reported at fair value as follows:

	2021		2020	
Investment Balance by:				
State of North Dakota	\$ 173,169,034	93%	\$ 121,097,251	87%
Other Jurisdictions	13,396,610	7%	18,185,412	13%
Total Investments	\$ 186,565,644	100%	\$ 139,282,663	100%

NOTE 13 FEDERAL INCOME TAX STATUS

The System is qualified under Section 401(a) of the Internal Revenue Code (IRC) and is exempt from the payment of any federal income taxes under Section 501(a) of the IRC and by virtue of being an agency of the state of North Dakota.

NOTE 14 UNIFORM GROUP INSURANCE PROGRAM SURPLUS

The Uniform Group Insurance Program, a proprietary fund, contracted with Sanford Health Plan to provide health care insurance to the employees of the State of North Dakota, or any of its political subdivisions, institutions, departments or agencies. The contract for the 2019-2021 biennium provides for an accounting of premiums paid and claims incurred during the biennium. The final gain or loss is determined two years after the end of the biennium, which for the 2019-2021 biennium will occur in 2023 with an initial settlement occurring in 2022. In the event of a loss, the system does not have any risk. For this period claims exceeded premiums, therefore, no gain is being returned to the System.

The System again entered into a similar contract with Sanford Health Plan for the 2021-2023 biennium. The contract for the 2021-2023 biennium provides for an accounting of premiums paid and claims incurred during the biennium. The final gain or loss is determined two years after the end of the biennium, which for the 2021-2023 biennium will occur in 2025. In the event of a loss, the system does not have any risk. No other insurance contracts have a gain sharing provision.

The accumulated surplus and other invested funds in the amounts of \$36.1 million and \$36.3 million are shown as cash, invested cash and commingled domestic fixed income investments on the Statement of Net Position as of June 30, 2021 and 2020, respectively.

NOTE 15 RISK MANAGEMENT

The System is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The following are funds/pools established by the state for risk management issues:

NOTE 15 RISK MANAGEMENT (CONTINUED)

The 1995 Legislative Session established the Risk Management Fund (RMF), an internal service fund, to provide a self-insurance vehicle for funding the liability exposures of state agencies resulting from the elimination of the state's sovereign immunity. The RMF manages the tort liability of the state, its agencies' employees and the University System. All state agencies participate in the RMF and their fund contribution was determined using a projected cost allocation approach. The statutory liability of the State is limited to a total of \$250,000 per person and \$1,000,000 per occurrence.

The System also participates in the North Dakota Fire and Tornado Fund and the State Bonding Fund. The agency pays an annual premium to the Fire and Tornado Fund to cover property damage to building and personal property. Replacement cost coverage is provided by estimating replacement cost in consultation with the Fire and Tornado Fund. The Fire and Tornado Fund is reinsured by a third party insurance carrier for losses in excess of one million dollars per occurrence during a 120-month period. The State Bonding Fund currently provides the agency with blanket fidelity bond coverage in the amount of \$2,000,000 for its employees. The State Bonding Fund does not currently charge any premium for this coverage.

The System participates in the North Dakota Workforce Safety, an Enterprise Fund of the State of North Dakota. Workforce Safety is a state insurance fund and a "no fault" insurance system covering the State's employers and employees financed by premiums assessed to employers. The premiums are available for the payment of claims to employees injured in the course of employment.

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

NOTE 16 RELATED PARTIES

As stated in Note 1 of these financial statements, the System is a state agency of the state of North Dakota, as such, the other state agencies of the state and political subdivisions are related parties.

NOTE 17 SUBSEQUENT EVENTS

The System evaluated subsequent events through December 6, 2021 which is the date the financial statements were available to be issued. Events or transactions occurring after June 30, 2021, but prior to December 6, 2021 that provided additional evidence about conditions that existed at June 30, 2021, have been recognized in the financial statements for the year ended June 30, 2021. Events or transactions that provided evidence about conditions that did not exist at June 30, 2021, but arose before the financial statements were available to be issued have not been recognized in the financial statements for the year ended June 30, 2021.

NOTE 18 CONTINGENCY

The State Investment Board has been named as a defendant in a case arising out of the Tribune bankruptcy proceedings, relating to securities that were purchased by external investment managers in one or more portfolios held by the SIB on behalf of its investment client funds. Outside counsel has been retained, in addition to assistance received from the ND Office of Attorney General. On July 15, 2019, the Litigation Trustee filed a Notice of Appeal to the Second Circuit, appealing the various judgments of the US District Court that dismissed his claims against defendants in the Action and denying leave to amend his complaint to add a constructive fraudulent transfer claim. The Second Circuit held oral argument on August 24, 2020, and on August 20, 2021, upheld the dismissal. The Litigation Trustee has now filed a petition for an en banc rehearing by the full Second Circuit of the Court's August 20, 2021, decision. No liability has been recorded for this case.

**North Dakota Public Employees Retirement System – Financial Section
 Required Supplementary Information
 Schedule of Changes to the Net Pension Liability and Related Ratios
 For the Years Ended June 30**

Public Employees Retirement System

	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability								
Service Cost	\$ 242,751,143	\$ 135,139,549	\$ 172,183,673	\$ 164,018,071	\$ 113,148,379	\$ 126,443,929	\$ 104,158,320	\$ 94,611,357
Interest	296,285,379	317,129,009	294,701,001	279,835,016	269,769,850	243,284,784	236,419,648	218,719,441
Change of Benefit Terms	-	-	-	-	-	-	2,615	-
Differences Between Expected and Actual Experience	47,335,729	17,186,877	(210,895,384)	(65,345,796)	(3,612,020)	15,914,938	4,395,805	25,782,859
Changes of Assumptions	(1,743,329,166)	1,859,558,804	(464,473,143)	125,224,437	741,491,982	108,139,418	(76,152,255)	-
Benefit Payments, Including Refund of Employee Contributions	(231,300,404)	(218,553,888)	(197,757,937)	(182,521,663)	(162,991,968)	(149,664,141)	(134,929,737)	(119,886,323)
Net Change in Total Pension Liability	(1,388,257,319)	2,110,460,351	(406,241,790)	321,210,065	957,806,223	344,118,928	133,894,396	219,227,334
Total Pension Liability - Beginning	6,379,800,316	4,269,339,965	4,675,581,755	4,354,371,690	3,396,565,467	3,052,446,539	2,918,552,143	2,699,324,809
Total Pension Liability - Ending (A)	\$ 4,991,542,997	\$ 6,379,800,316	\$ 4,269,339,965	\$ 4,675,581,755	\$ 4,354,371,690	\$ 3,396,565,467	\$ 3,052,446,539	\$ 2,918,552,143
Plan Fiduciary Net Position								
Contributions - Employer	\$ 91,265,640	\$ 85,504,033	\$ 81,588,318	\$ 80,727,209	\$ 78,933,571	\$ 77,080,576	\$ 70,842,535	\$ 61,661,050
Contributions - Employee	85,914,756	81,477,666	78,213,580	77,486,189	76,007,456	74,218,276	68,392,061	59,394,200
Service Credit Repurchase	7,129,269	10,818,588	7,219,697	19,984,972	11,805,070	9,179,163	6,651,879	8,325,140
Net Investment Income	844,933,209	101,105,998	159,824,092	249,165,181	311,760,863	11,333,836	81,536,565	316,629,563
Transfers and Other Income	(1,723)	(2,580)	(5,641)	(24,440)	32,183	23,574,937	-	-
Benefit Payments, Including Refund of Employee Contributions	(231,300,404)	(218,553,888)	(197,757,937)	(182,521,663)	(162,991,968)	(149,664,141)	(134,929,737)	(119,886,324)
Administrative Expense	(2,569,186)	(2,729,759)	(2,531,304)	(2,472,761)	(2,607,243)	(2,537,799)	(2,365,357)	(2,210,792)
Net Change in Plan Fiduciary Net Position	795,371,561	57,620,058	126,550,805	242,344,687	312,939,932	43,184,848	90,127,946	323,912,837
Plan Fiduciary Net Position - Beginning	3,154,351,139	3,096,731,081	2,970,180,276	2,727,835,589	2,414,895,657	2,371,710,809	2,281,582,863	1,957,670,026
Plan Fiduciary Net Position - Ending (B)	3,949,722,700	3,154,351,139	3,096,731,081	2,970,180,276	2,727,835,589	2,414,895,657	2,371,710,809	2,281,582,863
Net Pension Liability - Ending (A)-(B)	\$ 1,041,820,297	\$ 3,225,449,177	\$ 1,172,608,884	\$ 1,705,401,479	\$ 1,626,536,101	\$ 981,669,810	\$ 680,735,730	\$ 636,969,280
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	79.13%	49.44%	72.53%	63.53%	62.65%	71.10%	77.70%	78.18%
Covered Payroll	\$ 1,213,675,937	\$ 1,167,767,935	\$ 1,098,416,146	\$ 1,075,957,954	\$ 1,063,371,798	\$ 1,048,548,467	\$ 973,536,402	\$ 888,452,060
Plan Net Pension Liability (Asset) as a Percentage of Covered Payroll	85.84%	276.21%	106.75%	158.50%	152.96%	93.62%	69.92%	71.69%

*Complete data for this schedule is not available prior to 2014.

**North Dakota Public Employees Retirement System – Financial Section
Required Supplementary Information
Schedule of Changes to the Net Pension Liability and Related Ratios
For the Years Ended June 30**

Highway Patrolmen's Retirement System

	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability								
Service Cost	\$ 6,693,393	\$ 2,877,493	\$ 2,818,006	\$ 2,738,268	\$ 2,701,326	\$ 2,226,286	\$ 2,038,291	\$ 1,894,183
Interest	7,304,593	7,869,528	7,527,064	7,203,350	6,951,177	6,311,403	6,007,875	5,750,017
Change of Benefit Terms	(135,457)	-	-	-	-	-	-	-
Differences Between Expected and Actual Experience	(2,196,613)	729,281	(67,748)	(621,359)	21,564	39,748	984,241	(299,964)
Changes of Assumptions	(60,572,392)	66,142,608	3,042,863	-	1,257,370	3,945,801	394,419	-
Benefit Payments, Including Refund of Employee Contributions	(5,951,877)	(5,704,586)	(5,391,115)	(4,981,377)	(4,806,319)	(4,713,495)	(4,745,510)	(3,784,735)
Net Change in Total Pension Liability	(54,858,353)	71,914,324	7,929,070	4,338,882	6,125,118	7,809,743	4,679,316	3,559,501
Total Pension Liability (Asset) - Beginning	178,229,354	106,315,030	98,385,960	94,047,078	87,921,960	80,112,217	75,432,901	71,873,400
Total Pension Liability (Asset) - Ending (A)	\$ 123,371,001	\$ 178,229,354	\$ 106,315,030	\$ 98,385,960	\$ 94,047,078	\$ 87,921,960	\$ 80,112,217	\$ 75,432,901
Plan Fiduciary Net Position								
Contributions - Employer	\$ 2,293,404	\$ 2,176,902	\$ 2,090,886	\$ 2,152,970	\$ 2,155,944	\$ 2,127,355	\$ 2,002,291	\$ 1,864,632
Contributions - Employee	1,548,335	1,469,682	1,411,619	1,453,533	1,455,540	1,436,236	1,351,798	1,243,520
Service Credit Repurchase	400,751	205,461	167,824	281,573	249,436	-	96,429	87,418
Net Investment Income	19,637,841	2,667,371	4,250,901	6,716,525	8,500,352	316,963	2,334,780	9,239,929
Transfers and Other Income	(11)	(16)	(41)	(187)	221	-	-	-
Benefit Payments, Including Refund of Employee Contributions	(5,951,877)	(5,704,586)	(5,391,115)	(4,981,377)	(4,806,319)	(4,713,495)	(4,745,510)	(3,784,735)
Administrative Expense	(37,097)	(45,870)	(43,555)	(30,353)	(30,195)	(31,450)	(30,925)	(27,983)
Net Change in Plan Fiduciary Net Position	17,891,346	768,944	2,486,519	5,592,684	7,524,979	(864,391)	1,008,863	8,622,781
Plan Fiduciary Net Position - Beginning	82,184,463	81,415,519	78,929,000	73,336,316	65,811,337	66,675,728	65,666,865	57,044,084
Plan Fiduciary Net Position - Ending (B)	100,075,809	82,184,463	81,415,519	78,929,000	73,336,316	65,811,337	66,675,728	65,666,865
Net Pension Liability (Asset) - Ending (A)-(B)	\$ 23,295,192	\$ 96,044,891	\$ 24,899,511	\$ 19,456,960	\$ 20,710,762	\$ 22,110,623	\$ 13,436,489	\$ 9,766,036
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81.12%	46.11%	76.58%	80.22%	77.98%	74.85%	83.23%	87.05%
Covered Payroll	\$ 11,516,196	\$ 11,409,711	\$ 10,354,210	\$ 10,737,297	\$ 10,629,403	\$ 10,526,791	\$ 10,145,713	\$ 9,348,386
Plan Net Pension Liability (Asset) as a Percentage of Covered Payroll	202.28%	841.78%	240.48%	181.21%	194.84%	210.04%	132.44%	104.47%

*Complete data for this schedule is not available prior to 2014.

**North Dakota Public Employees Retirement System – Financial Section
Required Supplementary Information
Schedule of Changes to the Net Pension Liability and Related Ratios
For the Years Ended June 30**

Retirement Plan for Employees of Job Service North Dakota

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Pension Liability								
Service Cost	\$ 58,356	\$ 57,560	\$ 70,295	\$ 80,344	\$ 55,500	\$ 71,420	\$ 127,734	\$ 87,668
Interest	2,628,514	3,038,156	3,129,175	3,500,344	4,130,232	4,281,440	5,026,167	5,107,459
Change of Benefit Terms	-	-	-	-	-	-	-	-
Differences Between Expected and Actual Experience	(201,346)	(1,122,296)	(504,895)	(310,124)	(1,648,283)	(2,006,791)	(1,806,271)	(1,607,033)
Changes of Assumptions	2,898,630	539,852	-	5,811,755	4,421,401	69,885	(309,878)	-
Benefit Payments, Including Refund of Employee Contributions	(4,668,820)	(4,581,575)	(4,626,846)	(4,582,577)	(4,534,153)	(4,601,196)	(4,694,171)	(4,594,462)
Net Change in Total Pension Liability	<u>715,334</u>	<u>(2,068,303)</u>	<u>(1,932,271)</u>	<u>4,499,742</u>	<u>2,424,697</u>	<u>(2,185,242)</u>	<u>(1,656,419)</u>	<u>(1,006,368)</u>
Total Pension Liability (Asset) - Beginning	<u>64,128,637</u>	<u>66,196,940</u>	<u>68,129,211</u>	<u>63,629,469</u>	<u>61,204,772</u>	<u>63,390,014</u>	<u>65,046,433</u>	<u>66,052,801</u>
Total Pension Liability (Asset) - Ending (A)	<u>\$ 64,843,971</u>	<u>\$ 64,128,637</u>	<u>\$ 66,196,940</u>	<u>\$ 68,129,211</u>	<u>\$ 63,629,469</u>	<u>\$ 61,204,772</u>	<u>\$ 63,390,014</u>	<u>\$ 65,046,433</u>
Plan Fiduciary Net Position								
Contributions - Employer	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions - Employee	13,979	27,047	29,159	32,987	39,417	44,178	50,142	55,748
Service Credit Repurchase	-	-	-	-	-	-	-	-
Net Investment Income	6,025,272	2,621,067	6,229,630	2,918,585	5,238,877	4,840,333	3,260,507	11,887,840
Transfers and Other Income	-	-	-	-	-	-	-	-
Benefit Payments, Including Refund of Employee Contributions	(4,668,820)	(4,581,575)	(4,626,846)	(4,582,577)	(4,534,153)	(4,601,196)	(4,694,171)	(4,594,462)
Administrative Expense	(17,371)	(19,148)	(16,808)	(46,295)	(12,684)	(32,253)	(30,214)	(31,455)
Net Change in Plan Fiduciary Net Position	<u>1,353,060</u>	<u>(1,952,609)</u>	<u>1,615,135</u>	<u>(1,677,300)</u>	<u>731,457</u>	<u>251,062</u>	<u>(1,413,736)</u>	<u>7,317,671</u>
Plan Fiduciary Net Position - Beginning	<u>95,250,637</u>	<u>97,203,246</u>	<u>95,588,111</u>	<u>97,265,411</u>	<u>96,533,954</u>	<u>96,282,892</u>	<u>97,696,628</u>	<u>90,378,957</u>
Plan Fiduciary Net Position - Ending (B)	<u>96,603,697</u>	<u>95,250,637</u>	<u>97,203,246</u>	<u>95,588,111</u>	<u>97,265,411</u>	<u>96,533,954</u>	<u>96,282,892</u>	<u>97,696,628</u>
Net Pension Liability (Asset) - Ending (A)-(B)	<u>\$(31,759,726)</u>	<u>\$(31,122,000)</u>	<u>\$(31,006,306)</u>	<u>\$(27,458,900)</u>	<u>\$(33,635,942)</u>	<u>\$(35,329,182)</u>	<u>\$(32,892,878)</u>	<u>\$(32,650,195)</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	148.98%	148.53%	146.84%	140.30%	152.86%	157.72%	151.89%	150.20%
Covered Payroll	\$ 175,176	\$ 314,607	\$ 416,552	\$ 416,652	\$ 498,564	\$ 564,684	\$ 790,649	\$ 842,601
Plan Net Pension Liability (Asset) as a Percentage of Covered Payroll	(18,130.18)%	(9,892.34)%	(7,443.56)%	(6,590.37)%	(6,746.56)%	(6,256.45)%	(4,160.24)%	(3,874.93)%

*Complete data for this schedule is not available prior to 2014.

North Dakota Public Employees Retirement System – Financial Section
Required Supplementary Information
Schedule of Changes to the Net Other Post Employment Benefit Liability and Related Ratios
For the Years Ended June 30

Retiree Health Insurance Credit Fund

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB Liability					
Service Cost	\$ 4,273,247	\$ 4,041,849	\$ 3,827,807	\$ 3,766,661	\$ 3,430,578
Interest	14,657,683	15,498,021	15,217,017	14,485,170	14,327,443
Change of Benefit Terms	-	-	-	-	-
Differences Between Expected and Actual Experience	2,164,642	314,726	(1,374,146)	2,732,254	(2,231,206)
Changes of Assumptions	-	4,372,129	5,002,621	-	8,860,723
Benefit Payments, Including Refund of Employee Contributions	(12,884,511)	(12,317,075)	(11,505,070)	(11,016,060)	(10,014,370)
Net Change in Total OPEB Liability	<u>8,211,061</u>	<u>11,909,650</u>	<u>11,168,229</u>	<u>9,968,025</u>	<u>14,373,168</u>
Total OPEB Liability (Asset) - Beginning	<u>229,740,674</u>	<u>217,831,024</u>	<u>206,662,795</u>	<u>196,694,770</u>	<u>182,321,602</u>
Total OPEB Liability (Asset) - Ending (A)	<u>\$ 237,951,735</u>	<u>\$ 229,740,674</u>	<u>\$ 217,831,024</u>	<u>\$ 206,662,795</u>	<u>\$ 196,694,770</u>
Plan Fiduciary Net Position					
Contributions - Employer	\$ 13,110,651	\$ 13,392,266	\$ 12,977,460	\$ 12,834,547	\$ 12,575,627
Contributions - Employee	15,481	16,319	15,859	15,984	16,173
Service Credit Repurchase	375,038	556,585	377,329	746,942	464,323
Net Investment Income	36,526,655	6,904,869	8,178,932	8,210,898	12,074,082
Transfers and Other Income	-	-	-	-	-
Benefit Payments, Including Refund of Employee Contributions	(12,884,511)	(12,317,075)	(11,505,070)	(11,016,060)	(10,014,370)
Administrative Expense	(430,097)	(453,913)	(437,349)	(480,244)	(443,220)
Other	312	9,580	(857)	225	-
Net Change in Plan Fiduciary Net Position	<u>36,713,529</u>	<u>8,108,631</u>	<u>9,606,304</u>	<u>10,312,292</u>	<u>14,672,615</u>
Plan Fiduciary Net Position - Beginning	<u>145,620,917</u>	<u>137,512,286</u>	<u>127,905,982</u>	<u>117,593,690</u>	<u>102,921,075</u>
Plan Fiduciary Net Position - Ending (B)	<u>182,334,446</u>	<u>145,620,917</u>	<u>137,512,286</u>	<u>127,905,982</u>	<u>117,593,690</u>
Net OPEB Liability (Asset) - Ending (A)-(B)	<u>\$ 55,617,289</u>	<u>\$ 84,119,757</u>	<u>\$ 80,318,738</u>	<u>\$ 78,756,813</u>	<u>\$ 79,101,080</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	76.63%	63.38%	63.13%	61.89%	59.78%
Covered Payroll	\$ 1,090,257,793	\$ 1,139,970,530	\$ 1,115,857,588	\$ 1,094,216,775	\$ 1,081,841,008
Plan Net Pension Liability (Asset) as a Percentage of Covered Payroll	5.10%	7.38%	7.20%	7.20%	7.31%

*Complete data for this schedule is not available prior to 2017.

**North Dakota Public Employees Retirement System – Financial Section
Required Supplementary Information
Schedule of Employer Contributions
For the Years Ended June 30**

Public Employees Retirement System

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially Determined Contribution	157,543	140,537	127,129	125,714	116,564	124,336	107,514	107,864	97,985	91,458
Contributions in Relation to the Actuarially Determined Contribution	91,266	85,504	81,588	80,727	78,934	77,081	70,843	61,661	48,847	38,006
Contribution Deficiency (Excess)	66,277	55,033	45,541	44,987	37,630	47,255	36,671	46,203	49,138	53,452
Covered Payroll	1,213,676	1,167,768	1,098,416	1,075,958	1,063,372	1,048,548	973,536	888,452	800,878	804,169
Contributions as a Percentage of Covered Payroll	7.52%	7.32%	7.43%	7.50%	7.42%	7.35%	7.28%	6.94%	6.10%	4.73%

Highway Patrolmen's Retirement System

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially Determined Contribution	4,081	3,256	2,936	2,949	3,060	2,307	2,201	2,348	2,191	2,171
Contributions in Relation to the Actuarially Determined Contribution	2,293	2,177	2,091	2,153	2,156	2,127	2,002	1,865	1,586	1,423
Contribution Deficiency (Excess)	1,788	1,079	845	796	904	180	199	483	605	748
Covered Payroll	11,516	11,410	10,354	10,737	10,629	10,527	10,146	9,348	8,167	8,002
Contributions as a Percentage of Covered Payroll	19.91%	19.08%	20.20%	20.05%	20.28%	20.21%	19.73%	19.95%	19.42%	17.78%

Retiree Health Insurance Credit Plan

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially Determined Contribution	13,340	12,145	12,707	12,252	11,696	7,544	6,439	7,014	7,411	7,263
Contributions in Relation to the Actuarially Determined Contribution	13,111	13,392	12,977	12,835	12,575	12,350	11,479	10,710	9,960	9,388
Contribution Deficiency (Excess)	229	(1,247)	(270)	(583)	(879)	(4,806)	(5,040)	(3,696)	(2,549)	(2,125)
Covered Payroll	1,090,258	1,139,971	1,115,858	1,094,217	1,081,841	1,142,375	1,052,657	1,001,204	914,368	824,855
Contributions as a Percentage of Covered Payroll	1.20%	1.17%	1.16%	1.17%	1.16%	1.08%	1.09%	1.07%	1.09%	1.14%

North Dakota Public Employees Retirement System – Financial Section
Notes to the Required Supplementary Information
For the Years Ended June 30, 2021 and 2020

PERS

Benefit Changes: The interest rate earned on member contributions decreased from 7.00 percent to 6.50 percent effective January 1, 2021 (based on the adopted decrease in the investment return assumption). There have been no other changes in plan provisions since the previous actuarial valuation as of July 1, 2020.

Changes of Assumptions: All actuarial assumptions used in the July 1, 2021 valuation are the same as the last actuarial valuation as of July 1, 2020.

HPRS

Benefit Changes: There were no benefit changes during the year.

Changes of Assumptions: All actuarial assumptions used in the July 1, 2021 valuation are the same as the last actuarial valuation as of July 1, 2020.

JSND

Benefit Changes: There were no changes made in the plan provisions since the prior valuation

Changes of Assumptions: The Board approved the following changes to the actuarial assumptions beginning with the July 1, 2021 actuarial valuation:

- The investment return assumption was lowered from 4.25 to 3.75 percent for the July 1, 2020 valuation

All other actuarial assumptions used in the July 1, 2021 are the same as the last actuarial valuation as of July 1, 2020.

RHIC

Benefit Changes: Beginning January 1, 2020, members first enrolled in the NDPERS Main System and the Defined Contribution Plan on or after that date will not be eligible to participate in RHIC

Changes of Assumptions: All actuarial assumptions used in the July 1, 2021 valuation are the same as the last actuarial valuation as of July 1, 2020.

North Dakota Public Employees Retirement System – Financial Section
Notes to the Required Supplementary Information
For the Years Ended June 30, 2021 and 2020

Schedule of Employer Contributions – PERS

Valuation date	July 1, 2020
Actuarial cost method	Entry Age Normal Method.
Amortization Method	Level Percentage of Payroll, Open Period Assumed annual payroll growth of 3.50% (3.00% for Judges)
Remaining amortization period	20 years
Asset valuation method	5-Year smoothed marked
Inflation	2.25%
Salary Increases	3.50% to 17.75% including inflation
Investment Rate of Return	7.00%
Retirement Age	Age-based table of rates that are specific to the type of eligibility condition
Mortality	Sex-distinct Pub-2010 tables for General Employees, with scaling based on actual experience. Respective corresponding tables were used for healthy retirees, disabled retirees, and active members. Mortality rates are projected from 2010 using the MP-2019 scale.
Other Notes:	<p>The interest rate on member contributions decreased from 7.00% to 6.50% effective January 1, 2021.</p> <p>The benefit accrual rate for members first enrolled on or after January 1, 2020 in the Main and Public Safety Systems is 1.75% (compared to 2.00% for members enrolled before January 1, 2020).</p> <p>The investment return assumption was updated from 7.50% to 7.00% beginning with the actuarial valuation as of July 1, 2020. Other updates to actuarial assumptions since the July 1, 2019 valuation include changes to mortality tables used for the valuation as well as changes to rates of annual salary increases, separation for active membership, disability, and retirement. The actuarial assumptions were based on an experience review for the period from July 1, 2014 to July 1, 2019</p> <p>The employer rates to the System are the statutory/Board approved contribution rates of 7.12% of payroll for the Main System (8.26% for members enrolled on or after January 1, 2020), 17.52% for the Judges System, 9.81% for Public Safety with prior Main System service System and 7.93% for Public Safety without prior Main System service System.</p>

North Dakota Public Employees Retirement System – Financial Section
Notes to the Required Supplementary Information
For the Years Ended June 30, 2021 and 2020

Schedule of Employer Contributions – HPRS

Valuation date	July 1, 2021
Actuarial cost method	Entry Age Normal Method.
Amortization Method	Level Percentage of Payroll, Open Period Assumed annual payroll growth of 3.50%
Remaining amortization period	20 years
Asset valuation method	5-Year smoothed marked
Inflation	2.25%
Salary Increases	Service-based table for members with less than five years of service and age-based table for members with more than five years of service
Investment Rate of Return	For June 30, 2021, 7.0%. For June 30, 2020, 7.5%
Retirement Age	Age-based table of rates that are specific to the type of eligibility condition
Mortality	Pub-2010 Healthy Retiree Mortality table (for General Employees), sex- distinct, with rates multiplied by 103% for males and 101% for females. Pub-2010 Disabled Retiree Mortality table (for General Employees), sex- distinct, with rates multiplied by 117% for males and 112% for females. Pub-2010 Employee Mortality table (for General Employees), sex- distinct, with rates multiplied by 92% for both males and females. Mortality rates are projected from 2010 using the MP-2019 scale.
Other Notes:	There were no benefit changes during the year. The economic assumptions were updated beginning with the actuarial valuation as of July 1, 2020 based on a review performed by GRS. The investment return assumption was decreased from 7.50% to 7.00% beginning with the actuarial valuation as of July 1, 2020. All other actuarial assumptions were adopted by the Board based on an experience study covering the period July 1, 2014, through June 30, 2019. The employer rate to the System is the statutory contribution rate of 19.70% of payroll.

North Dakota Public Employees Retirement System – Financial Section
Notes to the Required Supplementary Information
For the Years Ended June 30, 2021 and 2020

Schedule of Employer Contributions – Job Service

Valuation date	July 1, 2021
Actuarial cost method	Frozen Initial Liability (Aggregate since no initial Liability remains)
Amortization Method	N/A
Asset valuation method	5-Year smoothed marked
Inflation	As of June 30, 2021, 2.25. As of June 30, 2020, 2.5%.
COLA	As of June 30, 2021, 2.25%. As of June 30, 2020, 2.5%.
Salary Increases	3.50%
Investment Rate of Return	As of June 30, 2021, 4.25%. As of June 30, 2020, 4.75%.
Retirement Age	Age-based table of rates that are specific to the type of eligibility condition
Mortality	Pub-2010 Healthy Retiree Mortality table (for General Employees), sex-distinct, with rates multiplied by 103% for males and 101% for females. Pub-2010 Disabled Retiree Mortality table (for General Employees), sex-distinct, with rates multiplied by 117% for males and 112% for females. Pub-2010 Employee Mortality table (for General Employees), sex-distinct, with rates multiplied by 92% for both males and females. Mortality rates are projected from 2010 using the MP-2019 scale.

Other Notes:

There were no benefit changes during the year.

The assumptions were updated beginning with the actuarial valuation as of July 1, 2020 based on an experience study covering the period July 1, 2014 through July 1, 2019.

The System has assets in excess of the present value of future benefits. Therefore, no employer contributions are being made.

**North Dakota Public Employees Retirement System – Financial Section
Notes to the Required Supplementary Information
For the Years Ended June 30, 2021 and 2020**

Schedule of Employer Contributions – RHIC

Valuation date	July 1, 2021
Actuarial cost method	Entry Age Normal Method.
Amortization Method	N/A
Asset valuation method	5-Year smoothed marked
Inflation	2.25%
Salary Increases	Not Applicable
Investment Rate of Return	6.50%
Retirement Age	Age-based table of rates that are specific to the type of eligibility condition
Mortality	Pub-2010 Healthy Retiree Mortality table (for General Employees), sex-distinct, with rates multiplied by 103% for males and 101% for females. Pub-2010 Disabled Retiree Mortality table (for General Employees), sex-distinct, with rates multiplied by 117% for males and 112% for females. Pub-2010 Employee Mortality table (for General Employees), sex-distinct, with rates multiplied by 92% for both males and females. Mortality rates are projected from 2010 using the MP-2019 scale.
Other Notes:	<p>Beginning January 1, 2020, members first enrolled in the NDPERS Main System and the Defined Contribution Plan on or after that date will not be eligible to participate in RHIC. Therefore, RHIC will become for the most part a closed plan. There were no other benefit changes during the year.</p> <p>The investment return assumption was decreased from 7.25% to 6.5% beginning with the actuarial valuation as of July 1, 2020. All other actuarial assumptions were adopted by the Board based on an experience study covering the period July 1, 2015, through June 30, 2019.</p> <p>The determination of the actuarial rate was changed effective July 1, 2019 to equal the rate needed to pay off the unfunded liability and future NC contributions at the end of 20 years as a level percent of closed group (decreasing) payroll.</p> <p>The employer rate to the System is the statutory contribution rate of 1.14% of payroll.</p>

North Dakota Public Employees Retirement System – Financial Section
Required Supplementary Information
Schedule of Investment Returns

	2021	2020	2019	2018	2017	2016	2015	2014	2013
Public Employees Retirement	27.43%	3.57%	5.69%	9.21%	13.01%	0.49%	3.61%	16.29%	13.52%
Highway Patrolmen's Retirement	23.90%	3.28%	5.39%	9.16%	12.93%	0.48%	3.66%	16.20%	13.38%
Retirement Plan for Employees									
Job Service North Dakota	6.81%	3.09%	7.00%	3.32%	5.85%	5.14%	3.41%	13.46%	12.07%
Retiree Health Insurance Credit Fund	25.58%	5.37%	6.75%	7.01%	11.75.%	0.83%	-	-	-

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

**North Dakota Public Employees Retirement System – Financial Section
Supplemental Information
Schedule of Investment Expenses – Fiduciary Funds
For the Fiscal Year Ended June 30, 2021**

	Public Employees Retirement System*	Highway Patrolmen's Retirement System	Retiree Health Insurance Credit Fund	Defined Contribution Retirement Fund	Pretax Benefits Program	Deferred Compensation Program	Job Service Retirement Plan
Payments to State Investment Board:							
Investment Fees	\$ 10,467,739	\$ 234,365	\$ 495,393	\$ -	\$ -	\$ -	\$ 322,167
Administrative Expenses	850,897	9,655	-	-	-	-	-
	<u>11,318,636</u>	<u>244,020</u>	<u>495,393</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>322,167</u>
Payments to Providers:							
Investment Fees (Net of Plan Servicing Credits)	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,209</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Investment Expenses	<u><u>\$ 11,318,636</u></u>	<u><u>\$ 244,020</u></u>	<u><u>\$ 495,393</u></u>	<u><u>\$ 10,209</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 322,167</u></u>

*Also includes GASB 68 admin expenses of the Retirement & Investment Office

**North Dakota Public Employees Retirement System – Financial Section
Supplemental Information
Schedule of Investment Expenses – Fiduciary Funds
For the Fiscal Year Ended June 30, 2020**

	Public Employees Retirement System*	Highway Patrolmen's Retirement System	Retiree Health Insurance Credit Fund	Defined Contribution Retirement Fund	Pretax Benefits Program	Deferred Compensation Program	Job Service Retirement Plan
Payments to State Investment Board:							
Investment Fees	\$ 8,016,185	\$ 211,500	\$ 417,596	\$ -	\$ -	\$ -	\$ 320,937
Administrative Expenses	433,642	11,446	-	-	-	-	-
	<u>8,449,827</u>	<u>222,946</u>	<u>417,596</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>320,937</u>
Payments to Providers:							
Investment Fees (Net of Plan Servicing Credits)	-	-	-	8,520	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,520</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Investment Expenses	<u>\$ 8,449,827</u>	<u>\$ 222,946</u>	<u>\$ 417,596</u>	<u>\$ 8,520</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 320,937</u>

*Also includes GASB 68 admin expenses of the Retirement & Investment Office

North Dakota Public Employees Retirement System – Financial Section
Supplemental Information
Schedule of Administrative Expenses – Fiduciary Funds
For the Fiscal Year Ended June 30, 2021

	Public Employees Retirement System	Highway Patrolmen's Retirement System	Retiree Health Insurance Credit Fund	Defined Contribution Retirement Fund	Pretax Benefits Program	Deferred Compensation Program	Job Service Retirement Plan
Personnel Services:							
Salaries	\$ 1,076,656	\$ 6,815	\$ 56,442	\$ 1,851	\$ 168,345	\$ 301,000	\$ 2,776
Social Security	78,934	500	4,126	135	12,297	21,994	203
Retirement	121,265	768	6,434	211	18,847	34,871	316
Insurance	270,389	1,712	13,816	453	39,837	65,454	679
Total Personnel Services	1,547,244	9,795	80,818	2,650	239,326	423,319	3,974
Professional Services:							
Actuarial	184,015	21,200	21,850	-	-	-	9,500
Audit	49,690	315	3,133	103	12,501	25,002	154
Data Processing	299,159	2,081	20,063	1,837	71,371	133,611	992
Consulting	87,754	555	340	204	-	24,696	-
Legal Counsel	31,548	200	5,249	104	3,817	3,105	81
Misc Outside Services	26,340	167	273,469	148	72,461	10,219	1,313
Total Professional Services	678,506	24,518	324,104	2,396	160,150	196,633	12,040
Communication:							
Printing	6,737	42	512	17	753	753	25
Postage	21,240	134	1,229	40	3,229	3,230	70
Telephone	10,693	68	581	19	2,237	2,533	29
Total Communication	38,670	244	2,322	76	6,219	6,516	124
Rentals:							
Equipment Rent	2,717	17	171	6	683	1,367	8
Office Rent	66,294	420	4,180	137	16,678	33,357	206
Total Rentals	69,011	437	4,351	143	17,361	34,724	214
Miscellaneous:							
Depreciation/Amortization	134,257	1,461	12,394	807	33,740	67,481	721
Dues & Prof Development	11,917	75	426	14	849	2,053	20
Insurance	954	6	51	2	179	358	3
Repairs and Maintenance	28,398	180	1,791	59	7,144	14,289	88
Supplies	59,946	379	3,810	222	15,031	30,089	185
Travel	283	2	30	1	-	-	2
Total Miscellaneous	235,755	2,103	18,502	1,105	56,943	114,270	1,019
Total Administrative Expenses	\$ 2,569,186	\$ 37,097	\$ 430,097	\$ 6,370	\$ 479,999	\$ 775,462	\$ 17,371

North Dakota Public Employees Retirement System – Financial Section
Supplemental Information
Schedule of Administrative Expenses – Fiduciary Funds
For the Fiscal Year Ended June 30, 2020

	Public Employees Retirement System	Highway Patrolmen's Retirement System	Retiree Health Insurance Credit Fund	Defined Contribution Retirement Fund	Pretax Benefits Program	Deferred Compensation Program	Job Service Retirement Plan
Personnel Services:							
Salaries	\$ 982,254	\$ 6,311	\$ 55,788	\$ 1,909	\$ 152,034	\$ 273,235	\$ 2,758
Social Security	72,598	466	4,103	140	11,185	20,060	203
Retirement	109,138	701	6,295	215	17,432	32,108	311
Insurance	261,771	1,682	14,546	498	39,636	64,134	719
Total Personnel Services	1,425,761	9,160	80,732	2,762	220,287	389,537	3,991
Professional Services:							
Actuarial	221,643	28,968	21,200	-	-	-	9,250
Audit	43,052	277	11,097	89	8,768	17,536	128
Data Processing	319,049	2,050	21,198	1,896	76,539	161,329	1,048
Consulting	15,314	98	4,000	-	-	-	-
Legal Counsel	28,874	186	1,720	303	2,725	16,710	77
Misc Outside Services	45,754	294	263,744	187	77,202	14,489	1,735
Total Professional Services	673,686	31,873	322,959	2,475	165,234	210,064	12,238
Communication:							
Printing	8,076	52	397	14	658	658	20
Postage	31,216	201	1,489	51	3,504	3,504	74
Telephone	10,878	70	627	21	1,912	2,608	31
Total Communication	50,170	323	2,513	86	6,074	6,770	125
Rentals:							
Equipment Rent	1,537	10	105	4	387	773	5
Office Rent	71,352	458	4,678	160	16,833	33,476	231
Total Rentals	72,889	468	4,783	164	17,220	34,249	236
Miscellaneous:							
Depreciation/Amortization	393,587	3,506	37,714	2,681	99,063	198,126	2,301
Dues & Prof Development	12,102	78	542	19	1,016	2,944	26
Insurance	657	4	45	2	165	331	2
Repairs and Maintenance	340	2	23	1	85	1,453	1
Supplies	92,408	404	4,245	145	22,976	30,287	210
Travel	8,158	52	357	12	127	2,190	18
Total Miscellaneous	507,252	4,046	42,926	2,860	123,432	235,331	2,558
Total Administrative Expenses	\$ 2,729,758	\$ 45,870	\$ 453,913	\$ 8,347	\$ 532,247	\$ 875,951	\$ 19,148

North Dakota Public Employees Retirement System – Financial Section
Supplemental Information
Schedule of Consultant Expenses – Fiduciary Funds
For the Fiscal Year Ended June 30, 2021

	Public Employees Retirement System	Highway Patrolmen's Retirement System	Retiree Health Insurance Credit Fund	Defined Contribution Retirement Fund	Pretax Benefits Program	Deferred Compensation Program	Job Service Retirement Plan
Actuary Fees:							
Gabriel Roeder Smith & Co	\$ 184,015	\$ 21,200	\$ 21,850	\$ -	\$ -	\$ -	\$ 9,500
Audit/Accounting Fees:							
CliftonLarsonAllen LLP	49,690	315	3,133	103	12,501	25,002	154
Disability Consulting Fees:							
Mid Dakota Clinic	4,500	-	-	-	-	-	-
IT Consulting:							
Sagitec Solution LLC	202,136	1,279	12,745	418	50,854	101,708	627
Miscellaneous Consulting Fees:							
Gabriel Roeder Smith & Co	15,255	555	340	-	-	-	-
Investment Consulting							
Callan Associates	68,000	-	-	204	-	24,696	-
Legal:							
Ice Miller, LLP	8,176	15	691	22	48	2,672	34
ND Attorney General	22,407	193	3,422	574	3,379	8,357	55
Totals	\$ 554,179	\$ 23,557	\$ 42,181	\$ 1,321	\$ 66,782	\$ 162,435	\$ 10,370

North Dakota Public Employees Retirement System – Financial Section
Supplemental Information
Schedule of Consultant Expenses – Fiduciary Funds
For the Fiscal Year Ended June 30, 2020

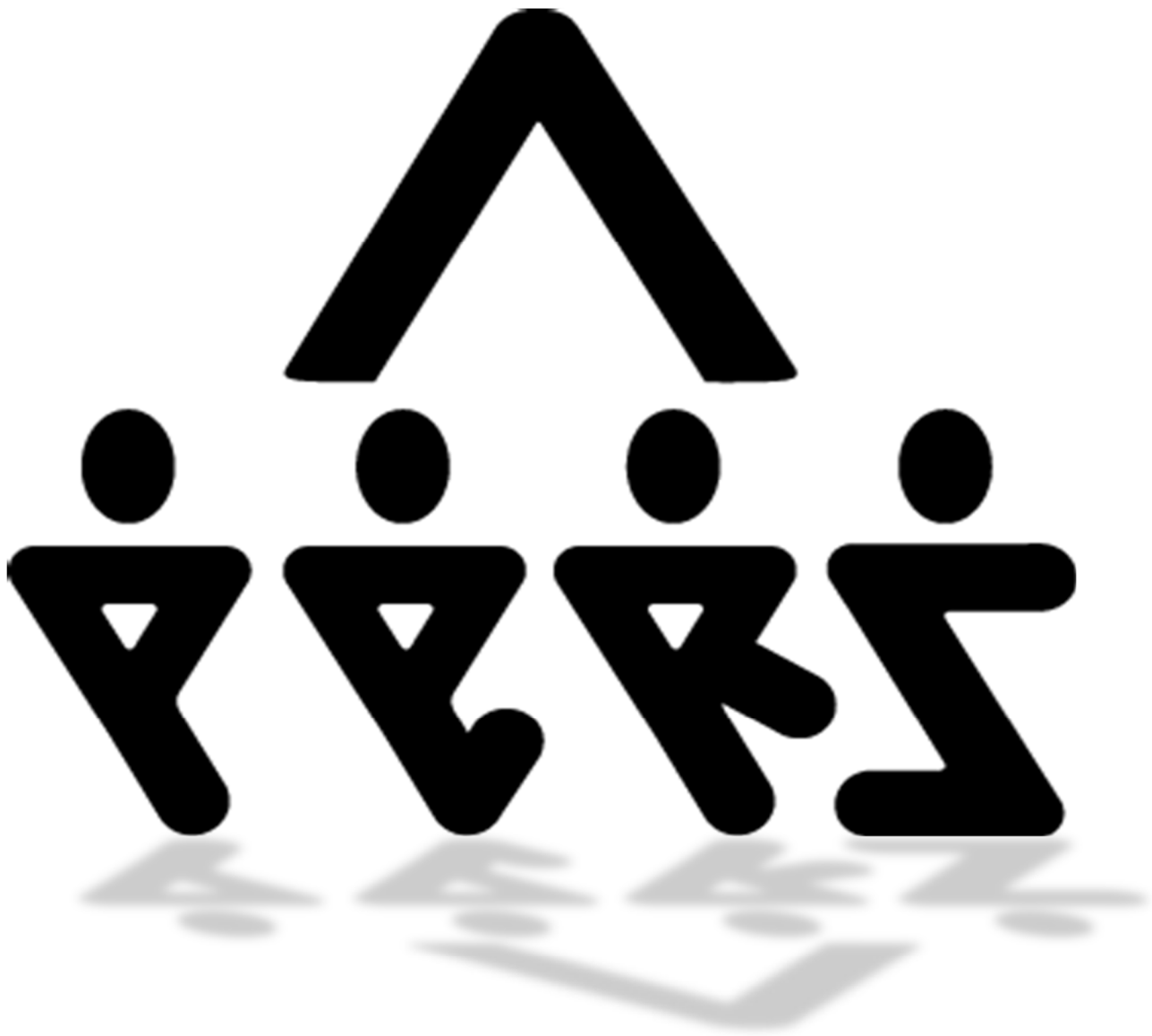
	Public Employees Retirement System	Highway Patrolmen's Retirement System	Retiree Health Insurance Credit Fund	Defined Contribution Retirement Fund	Pretax Benefits Program	Deferred Compensation Program	Job Service Retirement Plan
Actuary Fees:							
Gabriel Roeder Smith & Co	\$ 221,643	\$ 28,968	\$ 21,200	\$ -	\$ -	\$ -	\$ 9,250
Audit/Accounting Fees:							
CliftonLarsonAllen LLP	43,052	277	11,097	89	8,768	17,536	128
Disability Consulting Fees:							
Mid Dakota Clinic	4,850	-	-	-	-	-	-
IT Consulting:							
Sagitec Solution LLC	201,675	1,297	13,748	470	50,743	101,486	680
Agency MABU	161	-	-	-	40	81	-
Miscellaneous Consulting Fees:							
Gabriel Roeder Smith & Co	10,462	98	4,000	-	-	-	-
Legal:							
Ice Miller, LLP	4,730	30	511	17	971	13,131	25
ND Attorney General	19,853	128	1,092	282	1,754	3,579	46
Totals	\$ 506,426	\$ 30,798	\$ 51,648	\$ 858	\$ 62,276	\$ 135,813	\$ 10,129

North Dakota Public Employees Retirement System – Financial Section
Schedule of Appropriations
June 30, 2021

	Approved Fiscal Years 2020-2021	Fiscal Year 2020 Expenditures	Fiscal Year 2021 Expenditures	Unexpended
ALL FUND TYPES				
Salaries and Wages	6,652,604	3,026,429	3,269,761	356,414
Operating Expenses	2,483,592	1,136,257	1,159,137	188,198
Capital Assets	338,000	264,000	74,000	0
Contingency	102,000	-	0	102,000
	9,576,196	4,426,686	4,502,898	646,612

Reconciliation of Administrative Expenses to Appropriated Expenditures

Administrative expenses as reflected in the financial statements	2020	2021
Pension and OPEB trust funds	4,665,235	4,315,582
Enterprise funds - Group Insurance	369,723,754	368,791,138
Total administrative expenses	374,388,989	373,106,720
Adjustments:		
Change in accrued compensated absences	(43,248)	(42,443)
Professional Fees, premiums and benefits paid pursuant to NDCC54-52-	(368,884,922)	(368,209,317)
Amortization Expense	(1,034,168)	(352,083)
Contribution/premium over & short	35	21
	4,426,686	4,502,898



INVESTMENT SECTION

North Dakota Public Employees Retirement System – Investment Section Report on Investment Activity



December 15, 2021

Board of Trustees
Members of the System

This report is a summary of the investment portfolios managed by the State Investment Board (SIB) and market environment for the fiscal year ended June 30, 2021.

Introduction

For the fiscal year ended June 30, 2021, the North Dakota Public Employees Retirement System (PERS) investment portfolio experienced a net total return of 27.15%. The Job Service Pension Plan experienced a net total return of 6.46% for the same time period, while the Retiree Health Insurance Credit Fund returned 25.57% net of fees. The investment return calculations were prepared using a monthly time-weighted rate of return methodology based upon fair values and are subject to independent review.

Economic Overview as of June 30, 2021

The fiscal year ending June 30, 2021 was characterized by the economic and financial asset recovery that followed the initial wave of COVID-19 and corresponding economic lockdown. Real Gross Domestic Product (GDP) plummeted over 10% in the first two quarters of the 2020 calendar year, but rebounded 7.5% in the third calendar quarter, marking the largest quarterly growth rate on record. Real GDP growth was driven by strong consumer spending throughout the fiscal year and was able to reclaim pre-pandemic highs by the second calendar quarter of 2021 (up 12.2% during the fiscal year).

Alongside GDP, the labor market experienced an outstanding recovery during the fiscal year. The unemployment rate dropped from over 11% in June 2020 to 5.9% in June 2021. The retail and leisure and hospitality segments which had been hit the hardest benefited from the reopening economy. Consumer confidence, retail sales, and manufacturing data all trended higher during the fiscal year.

Early in the fiscal year, financial assets continued their upward trajectory amid uncertainty surrounding the health of the overall economy. The expanded federal unemployment benefits of the CARES act expired in July 2020 amid double-digit unemployment, a looming U.S. election, and resurging tensions between the U.S. and China. Meanwhile, corporate profits continued to surpass expectations. In August the S&P 500 reclaimed its high-water mark to notch a record high. The dovish tone and accommodative monetary policy of the Federal Reserve also helped to fuel risk assets. Federal Reserve Chair, Jerome Powell, was widely quoted as “not even thinking about thinking about thinking about raising rates,” after having lowered the Federal Funds Rate to the effective lower bound of zero earlier in the year. The Fed also announced its more accommodative approach to “average inflation targeting,” where temporary inflation levels above the target rate would be tolerated before taking action.

The combination of a second COVID-19 wave, U.S. presidential election unease, and political battles over a second round of stimulus gave markets pause in the fall of 2020. However, the peaceful resolution of the election in conjunction with positive COVID-19 vaccine trial results spurred the S&P 500 11% higher in the month of November (after declining in September and October). Vaccine optimism also pushed treasury yields higher as investors rotated into riskier assets in anticipation of an economic recovery. The more economically sensitive small capitalization stocks roared in the second and third fiscal quarters as a result. Small caps also benefited from a coordinated online effort to drive up the prices of a select group of heavily shorted small cap companies, giving birth to the “meme stock” craze. In contrast, growth stocks underperformed value in the second and third fiscal quarters as rates climbed

1600 E Century Avenue, Suite 3 | P.O. Box 7100 | Bismarck ND 58507-7100
PHONE: 701-328-9885 | TOLL-FREE: 800-952-2970 | FAX: 701-328-9897

and investors rotated out of the tech-heavy pandemic favorites and into more cyclical positions. In the fourth fiscal quarter, both of these trends reverted, with growth outperforming value and large caps outpacing small caps.

The most prevalent concern in the second half of the fiscal year was inflation. The Consumer Price Index (All Urban Consumers) climbed 4.3% during that period. Supply chain issues were of particular concern as lumber shortages, semi-conductor shortages, and limited shipping capacity all contributed higher prices across the Index. Oil prices jumped 50% during the second half of the fiscal year with the price of WTI Crude climbing from \$48.5/bbl on December 31, 2020 to \$73.5/bbl by fiscal year-end.

Fixed income allocations struggled as treasury yields steadily climbed in the first three fiscal quarters of 2021. The yield on the 10-year treasury began the fiscal year at 0.66% and peaked in March of 2021 at 1.74% before ending the year at 1.45%. While yields generally climbed, corporate spreads tightened throughout the year, leading riskier segments of the fixed income market to outperform government bonds.

Domestic Equity

U.S. equities generated historic returns in the fiscal year ended June 30, 2021. The economy recovered from pandemic lows as vaccine progress helped the world inch towards normalcy. Equity markets were further bolstered by a deluge of fiscal and monetary stimulus. In the second and third fiscal quarters, nearly \$3 trillion in COVID-relief funds were infused into the economy. As a result, the S&P 1500, a broad market indicator for the U.S. stock market, soared 42.12%. The small cap index (S&P 600) generated a 67.40% return, notably outpacing the S&P 500 large cap index (+40.79%). The Russell 3000 Value Index produced a gain of 45.40%, slightly outperforming the 42.99% return of the Russell 3000 Growth Index. Despite the similar performance of the growth and value style for the fiscal year, there were periods of significant under- and outperformance for each.

International Equity

Developed international equities had a strong 2021 fiscal year, with the MSCI EAFE Index climbing 32.35%. Among developed markets, value equities outperformed their growth counterparts. The MSCI EAFE Value Index appreciated 33.50% versus the MSCI EAFE Growth Index's return of 30.97%. Emerging market equities notably outperformed developed markets, with the MSCI EM Index gaining 40.90% during the fiscal year. Emerging Markets equities benefited from a weaker U.S. dollar in the first half of the fiscal year, and from strong results out of China where authoritarian measures were better able to control the COVID-19 outbreak.

Private Equity

Private equity remained an attractive asset class in the 2021 fiscal year with institutional investors placing significant capital into new programs. According to Pitchbook, 2,299 new partnerships were formed, raising \$815.4 billion in capital during the 12-month period. This was a larger number of new partnerships and a higher total dollar amount invested in the asset class when compared to fiscal year 2020. Due to the nature of private equity performance measurement, benchmark comparisons of fund performance are inherently imprecise.

Domestic Fixed Income

Rising interest rates were a headwind to fixed income investing in the 2021 fiscal year, with the 10-year Treasury yield more than doubling from 0.66% to 1.45% during the period. After a strong 2020 fiscal year performance, the Bloomberg Aggregate Bond Index recorded a 0.33% loss in the 2021 fiscal year. While the Federal Reserve maintained the historic lower bound policy rate range of 0.0% to 0.25% and continued its quantitative easing program, an appetite for risk assets drove interest rates higher. Investors' preference for risk and search for higher yielding securities caused credit spreads to tighten. The Bloomberg Government Long Index fell 10.42% during the fiscal year, while the Bloomberg Corporate High Yield Index jumped 15.37% and the Bloomberg Credit Index appreciated 2.99%.

International Fixed Income

Developed international fixed income outperformed domestic bonds on an unhedged basis in the 2021 fiscal year, with the FTSE Non-U.S. World Government Bond Index climbing 3.06%. The U.S. dollar declined during the fiscal year, acting as a headwind to the FTSE Non-U.S. World Government Hedged Bond Index which declined by 45 basis points. The third fiscal quarter was the worst of the year for international debt, with rates rising on inflation fears and the U.S. dollar rising nearly 4% against a basket of international currencies. European sovereign debt outperformed

other developed markets during the fiscal year. The FTSE Euro Government Bond Index produced a gain of 5.37%. Emerging market debt trailed Europe, but outperformed other developed markets. The JP Morgan Emerging Markets Bond Index Plus, which tracks U.S. dollar emerging market fixed and floating-rate debt instruments issued by sovereign entities, produced a 4.13% return over the trailing 12-month period ended June 30, 2021.

Real Estate

The NCREIF Property Index, a measure of the domestic direct private real estate market, appreciated 7.37% during the 2021 fiscal year. After ending a 41-quarter consecutive streak of positive performance in the fourth fiscal quarter last year, the index was positive in all four quarters of the 2021 fiscal year. The FTSE NAREIT Equity Index, a measure of the public real estate securities market, produced an impressive 38.02% return during the fiscal year. Being publicly traded securities, Real Estate Investment Trusts (REITS) tend to demonstrate higher correlations to public equities over shorter time periods as compared to private real estate.

Timber

The NCREIF Timberland Property Index rose 3.10% in the 2021 fiscal year, with the income component driving returns. Both the market value and the acreage of the NCREIF Timberland Property Index declined during the period. The total market value dropped to \$22.8 billion, and the acreage fell to 13.0 million acres, resulting in a decline in the market value per acre. The largest regional component of the index remains the South by a significant margin. The South region boasts 8.2 million acres valued at \$14.7 billion. From a performance perspective, the Northeast produced the largest gain, while the South underperformed other regions.

Infrastructure

By definition, infrastructure assets are essential to the economic health and productivity of civilized society. They include the basic facilities, services, and installations needed for the functioning of a community, such as transit and communications systems; both potable and sewage water lines; and electricity access. They also include such public entities as schools, post offices, and airports. Most of these facilities have traditionally been owned and regulated by municipalities and states. The private sector's participation has been limited, to varying degrees, to the areas of design, construction, and operation. Budget and fiscal pressures can limit the ability of public authorities to maintain existing infrastructure, much less to build new facilities required by a growing population. In response to these problems, many municipalities and states have sold or are contemplating the sale of their infrastructure assets to private investors.

Private infrastructure is challenging to appropriately benchmark given the concentrated nature of the assets and its only recent emergence as an institutional asset class. NDSIB uses a custom benchmark to measure performance. However, the FTSE Global Core 50/50 Infrastructure Index is a market capitalization weighted index that represents publicly traded companies that operate and own infrastructure assets on a global basis. The FTSE Global Core 50/50 Infrastructure Index returned 18.50% over the 12-month period ended June 30, 2021.

Summary

The State Investment Board and staff will continue to focus on monitoring and managing strategic asset allocations that prudently balance the menu of risks deemed acceptable, particularly given the strong recovery in the capital markets following the sharp market sell-off triggered by the global pandemic and continuing uncertainty associated with COVID-19. This includes carefully selecting and sizing a range of strategies and managers that we believe can achieve our clients' investment objectives in a sound fiduciary manner.

Sincerely,



ERIC CHIN
Interim Chief Investment Officer

North Dakota Public Employees Retirement System – Investment Section Investment Policies

By state law, PERS and HPRS assets are invested by the North Dakota State Investment Board (SIB). This change became effective July 1, 1989, with the primary purpose being to achieve cost savings through pooling of assets for investment. The System also contracts with the SIB to invest the assets of the Job Service Retirement Plan and the Retiree Health Insurance Credit Plan (RHIC).

State law requires that the SIB apply the prudent investor rule when investing funds under its supervision. The “prudent investor rule” means fund fiduciaries shall exercise the judgment and care, similar to that of an institutional investor who exercises ordinary prudence, discretion, and intelligence when managing the assets of large investments entrusted to it. The funds belonging to the System must be invested exclusively for the benefit of the members and the beneficiaries in accordance with the System’s investment goals and objectives.

The Retirement Board is responsible for establishing policies on investment goals and objectives and asset allocation, which are to be viewed over the long term. The investment goals for PERS and HPRS are: to accumulate sufficient wealth through a diversified portfolio of investments which will enable the State of North Dakota to pay all current and future retirement benefits and expense obligations of the Fund and, to obtain investment returns in excess of that needed to allow for increases in a retiree’s annuity to maintain the purchasing power of their retirement benefit.

The Board acknowledges the material impact that funding the pension plan has on the State’s financial performance. To enable the State to continue offering secure pension benefits to plan participants, the Board believes that the Fund should pursue the following secondary goals:

- Stabilize the employee and employer contributions needed to fund the Plan over the long term.
- Avoid both substantial volatility in contributions and sizable fluctuations in the funding status of the plan.

The investment performance objectives for the PERS, HPRS, Job Service and RHIC plans are:

- The fund’s rate of return, net of fees and expenses, should at least match that of the policy benchmark over a minimum evaluation period of five years.
- The fund’s risk, measured by the standard deviation of net returns, should not exceed 115% of the policy benchmark over a minimum evaluation period of five years.
- The risk-adjusted performance of the fund, net of fees and expenses, should at least match that of the policy benchmark over a minimum evaluation period of five years.

The investment goals for the Job Service Retirement Plan are:

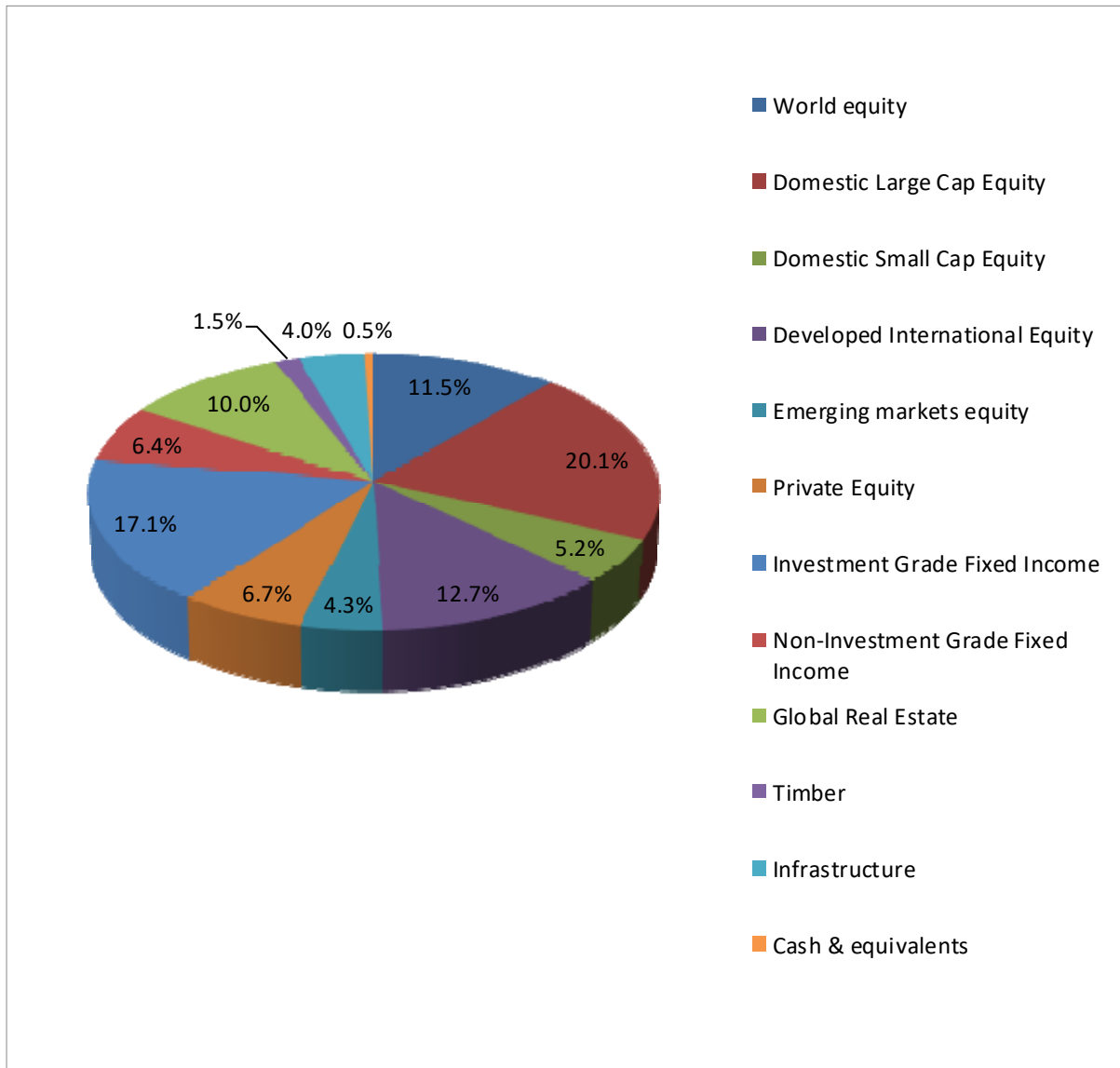
- To maintain a level of surplus sufficient to eliminate the need for future contributions.
- To achieve a rate of return which exceeds the rate of inflation, as measured by the Consumer Price Index, by 3.0 percentage points per year (based on current actuarial assumptions of 3.75% return and 2-3% inflation), over a complete market cycle.
- To maximize the Plan’s surplus to increase future benefit payments as a secondary objective.

The investment goals for the Retiree Health Insurance Credit Plan are:

- To accumulate sufficient wealth through a diversified portfolio of investments which will enable the State of North Dakota to pay all current and future retirement benefits and expense obligations of the fund.
- To obtain an investment return in excess of that needed to allow for increases in a retiree’s credit to maintain the purchasing power of their benefit.

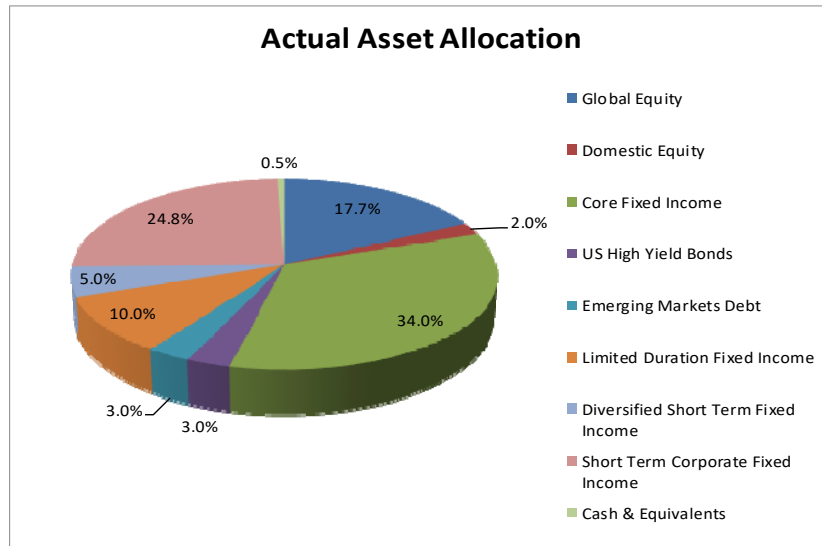
The SIB is responsible for carrying out the Retirement Board’s investment goals, objectives and policies; implementing the asset allocation plan submitted by the System, maintaining a separate accounting and preparing periodic investment performance reports for the System funds under their authority. The System’s assets may be pooled with other funds, at the discretion of the SIB.

Public Employees and Highway Patrolmen's Retirement Systems Asset Allocation - June 30, 2021



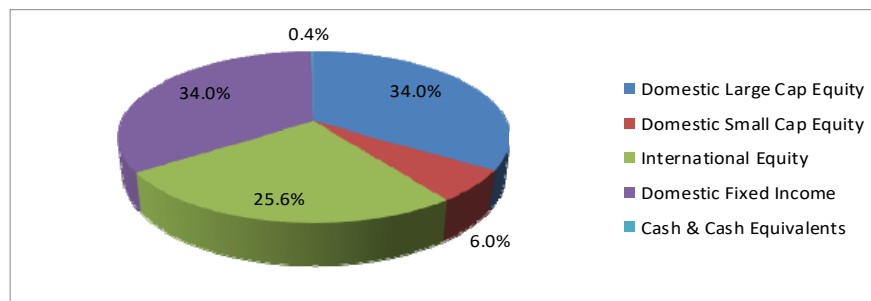
<u>Asset Class</u>	<u>Market Value</u>	<u>Actual %</u>	<u>Policy %</u>
World equity	\$ 461,901,026	11.5%	10.0%
Domestic Large Cap Equity	806,766,780	20.1%	19.3%
Domestic Small Cap Equity	206,944,185	5.2%	4.8%
Developed International Equity	509,235,118	12.7%	12.7%
Emerging markets equity	171,337,121	4.3%	4.2%
Private Equity	267,988,738	6.7%	7.0%
Investment Grade Fixed Income	687,188,665	17.1%	16.0%
Non-Investment Grade Fixed Income	255,509,299	6.4%	7.0%
Global Real Estate	401,772,625	10.0%	11.0%

**Job Service Retirement Plan Asset
Allocation - June 30, 2021**



<u>Asset Class</u>	<u>Market Value</u>	<u>Actual %</u>	<u>Policy %</u>
Global Equity	17,208,320	17.7%	18.0%
Domestic Equity	1,899,838	2.0%	2.0%
Core Fixed Income	32,831,852	34.0%	34.0%
US High Yield Bonds	2,910,774	3.0%	3.0%
Emerging Markets Debt	2,869,404	3.0%	3.0%
Limited Duration Fixed Income	9,641,479	10.0%	10.0%
Diversified Short Term Fixed Income	4,811,408	5.0%	5.0%
Short Term Corporate Fixed Income	24,064,293	24.8%	25.0%
Cash & Equivalents	435,556	0.5%	0.0%
Total	\$ 96,672,924	100.0%	100.0%

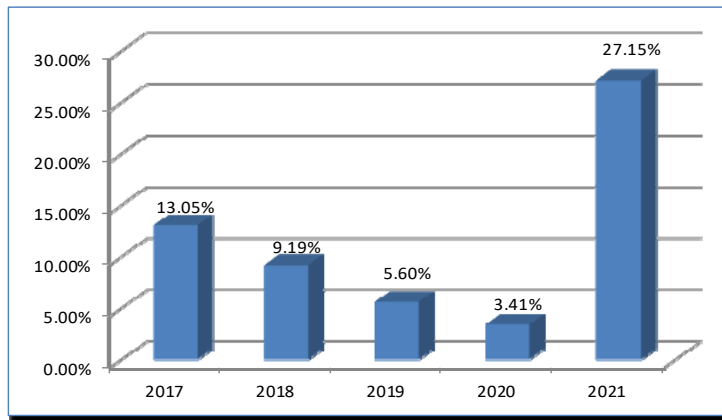
**Retiree Health Insurance Credit Program
Asset Allocation - June 30, 2021**



<u>Asset Class</u>	<u>Market Value</u>	<u>Actual %</u>	<u>Policy %</u>
Domestic Large Cap Equity	\$ 61,280,207	34.0%	33.0%
Domestic Small Cap Equity	10,771,336	6.0%	6.0%
International Equity	46,230,031	25.6%	26.0%
Domestic Fixed Income	61,279,787	34.0%	35.0%
Cash & Cash Equivalents	681,897	0.4%	0.0%
Total	\$ 180,243,258	100.0%	100.0%

**North Dakota Public Employees Retirement System – Investment Section
Investment Results**

**Public Employees and Highway Patrolmen's
Retirement Systems Investment Results**



**Public Employees and Highway Patrolmen's Retirement Systems (PERS)
Schedule of Investment Results⁽¹⁾
For the Five Years Ended June 30, 2021**

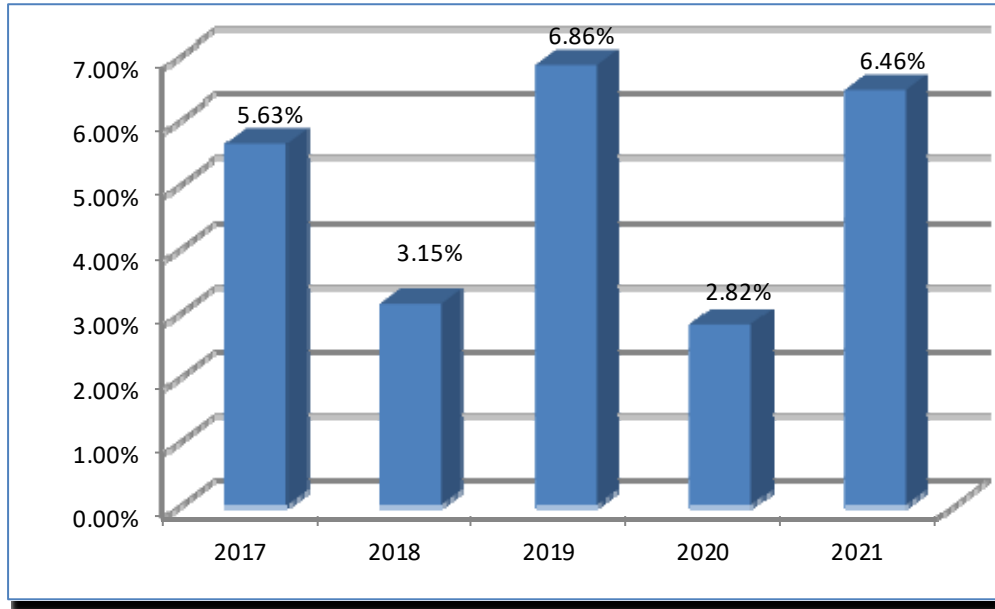
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	Annualized	
						<u>3 Year</u>	<u>5 Year</u>
Total Fund (PERS)	13.05%	9.19%	5.60%	3.41%	27.15%	11.53%	11.36%
Actual Total Fund Policy Benchmark	1.50%	3.09%	6.02%	3.21%	25.84%	11.39%	10.77%
Global Equity	20.57%	10.52%	3.04%	-7.14%	43.33%	11.10%	12.82%
MSCI World	18.20%	11.09%	6.33%	2.84%	39.04%	14.99%	14.83%
Large Cap Domestic Equities	16.20%	15.99%	10.13%	12.98%	42.57%	21.06%	19.05%
Russell 1000	18.03%	14.54%	10.02%	7.48%	43.07%	19.16%	17.99%
Small Cap Domestic Equities	20.08%	17.69%	3.00%	-4.48%	40.81%	11.48%	14.38%
Russell 2000	24.60%	17.57%	-3.31%	-6.63%	62.02%	13.52%	16.47%
Developed International Equities	21.05%	10.30%	-0.88%	-0.57%	37.48%	10.65%	12.59%
Benchmark ⁽²⁾	20.27%	7.04%	1.29%	-5.42%	33.60%	8.57%	10.36%
Emerging Markets Equities	21.55%	9.46%	0.42%	1.44%	46.48%	14.27%	14.70%
MSCI Emerging Markets Net	23.75%	8.20%	1.22%	-3.39%	40.90%	11.28%	13.03%
Private Equity ⁽³⁾	11.12%	5.27%	8.62%	3.05%	48.81%	18.54%	14.27%
Investment Grade Fixed Income	3.65%	1.60%	8.13%	9.68%	1.51%	6.38%	4.86%
Bloomberg Aggregate	-0.32%	-0.40%	7.87%	8.74%	-0.33%	5.34%	3.03%
Below Investment Grade Fixed Income	12.86%	5.25%	6.93%	1.10%	14.41%	7.34%	8.00%
Bloomberg High Yield Corp 2% Issuer Cap	12.69%	2.62%	7.48%	0.00%	15.34%	7.42%	7.47%
Global Real Estate	9.13%	7.70%	6.02%	2.20%	8.91%	5.68%	6.76%
NCREIF Total	6.97%	7.19%	6.51%	2.69%	7.37%	5.50%	6.13%
Timber	-9.44%	-2.52%	4.10%	6.28%	4.87%	5.08%	0.48%
NCREIF Timber	3.35%	3.57%	2.95%	0.34%	3.10%	2.12%	2.65%
Infrastructure	9.21%	7.37%	5.12%	4.47%	14.49%	7.93%	8.07%
Benchmark	1.50%	3.09%	3.91%	1.62%	5.26%	3.59%	3.07%
Cash	0.74%	1.47%	2.31%	1.50%	0.11%	1.30%	1.22%
90 Day T-bills	0.49%	1.36%	2.31%	1.63%	0.09%	1.34%	1.17%

⁽¹⁾The investment return calculations were prepared using a monthly time-weighted rate of return methodology based upon market values

⁽²⁾MSCI EAFE through 6/30/16 and MSCI World ex-US thereafter.

⁽³⁾It has been determined that there is no benchmark that is an accurate reflection of the System's investments in this asset class. For total fund policy purposes, the actual asset class return is used.

Job Service Retirement Plan
Investment Results



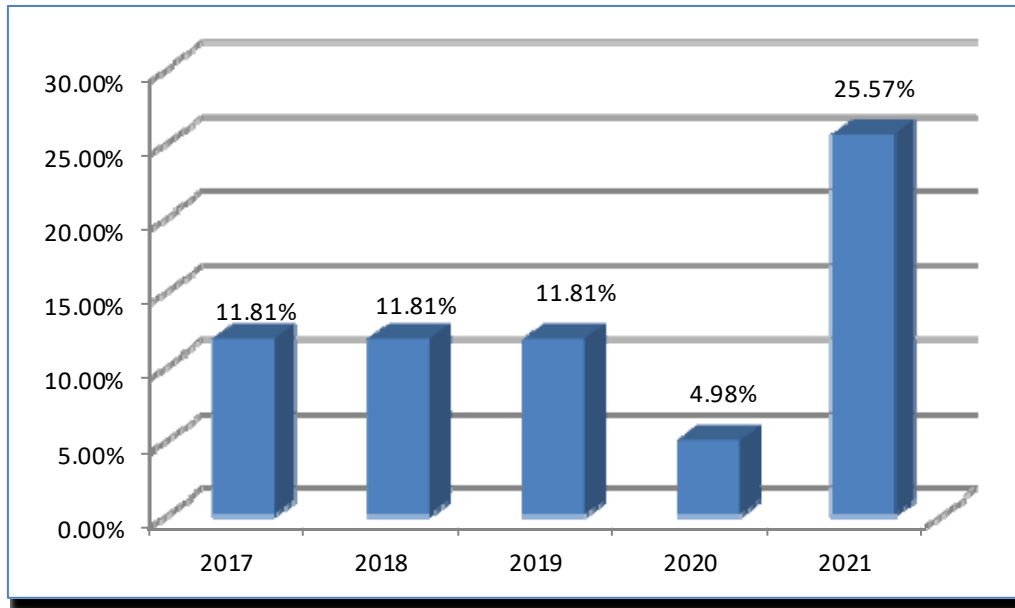
Job Service Retirement Plan
Schedule of Investment Results⁽¹⁾⁽²⁾
For the Five Years Ended June 30, 2021

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	Annualized	
						<u>3 Year</u>	<u>5 Year</u>
Total Fund	5.63%	3.15%	6.86%	2.82%	6.46%	5.33%	4.94%
Actual Fund Policy Benchmark	1.50%	3.09%	6.74%	5.04%	7.97%	6.58%	6.34%
Global Equity	10.58%	8.38%	8.90%	-6.00%	25.05%	8.58%	8.94%
Weighted Benchmark - Global Equity	18.86%	13.51%	8.05%	3.94%	40.57%	16.44%	16.32%
Global Fixed Income	2.19%	0.92%	5.37%	4.75%	2.21%	4.10%	3.07%
Weighted Benchmark - Global Fixed Income	0.98%	0.30%	3.75%	2.94%	0.73%	2.47%	1.73%
Cash	0.75%	1.44%	2.27%	1.46%	0.11%	1.28%	1.20%
90 Day T-bills	0.49%	1.36%	2.31%	1.63%	0.09%	1.34%	1.17%

⁽¹⁾The investment return calculations were prepared using a monthly time-weighted rate of return methodology based upon market values

⁽²⁾Mid year 2016 the investments were removed from pension pools and were directly managed

**Retiree Health Insurance Credit Program
Investment Results**



**Retiree Health Insurance Credit Plan
Schedule of Investment Results⁽¹⁾
For the Five Years Ended June 30, 2021**

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	Annualized	
						<u>3 Year</u>	<u>5 Year</u>
Total Fund	11.81%	11.81%	11.81%	4.98%	25.57%	11.98%	10.96%
Large Cap Domestic Equity	17.50%	17.50%	17.50%	7.07%	42.52%	18.70%	17.53%
Russell 1000	18.03%	18.03%	18.03%	7.48%	43.07%	19.16%	17.99%
Small Cap Domestic Equity	17.72%	17.72%	17.72%	-9.65%	58.28%	11.82%	13.49%
Russell 2000	24.60%	24.60%	24.60%	-6.63%	62.02%	13.52%	16.47%
International Equity	21.47%	21.47%	21.47%	-1.91%	35.68%	9.99%	11.96%
MSCI EAFE	20.27%	20.27%	20.27%	-4.11%	35.72%	9.57%	11.07%
Core Plus Fixed Income	2.42%	2.42%	2.42%	7.27%	3.59%	6.29%	4.25%
Barclays Aggregate	-0.32%	-0.32%	-0.32%	8.74%	-0.33%	5.34%	3.03%

⁽¹⁾The investment return calculations were prepared using a monthly time-weighted rate of return methodology based upon market values

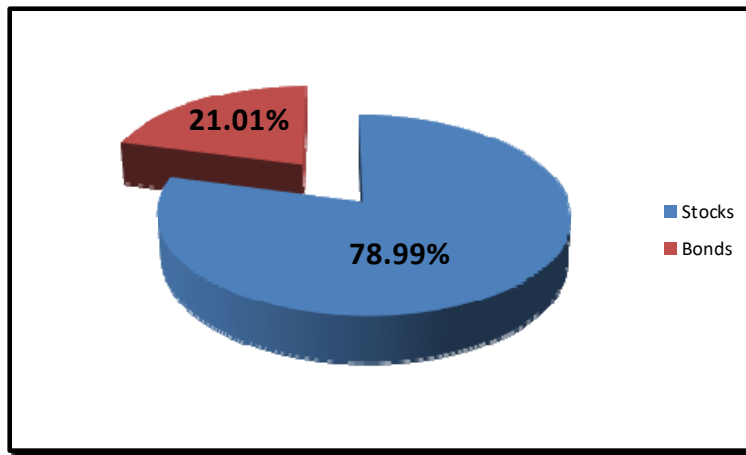
Largest Holdings by Market Value at June 30, 2021

Stocks	Fair Value
Microsoft Corporation	\$ 54,167,276
Apple Incorporated	51,767,685
Amazon Company Incorporated	38,622,126
Meta Platforms Incorporated	30,508,168
Alphabet Incorporated (Class C)	21,661,692
Alphabet Incorporated (Class A)	21,016,363
T-Mobile US Incorporated	13,423,390
Adobe Systems Incorporated	12,646,973
Taiwan Semiconductor Manufacturing Company	10,991,977
PayPal Holdings Incorporated	10,928,711

Bonds	Fair Value
FNMA Single Family Mortgages 2% 30 Years Settles August	\$ 17,401,413
US Treasury Bonds 1.375% Due 11-15-2040	8,375,273
US Treasury Bonds 2.5% Due 05-15-2046	7,811,488
FNMA Pool 2.5% Due 06-01-2041	7,308,474
FNMA 2% Due 11-01-2035	6,637,231
FHLMC Pool 2% Due 04-01-2036	5,814,513
FNMA Pool 2% Due 04-01-2036	4,764,479
US Treasury Bonds 2.25% Due 08-15-2027	4,342,138
US Treasury Notes 2.625% Due 02-15-2029	4,280,554
US Treasury Bonds 1.875% Due 02-15-2041	3,926,618

A complete list of all holdings is available upon request

Percentage of Largest Holdings



**Public Employees and Highway Patrolmen's Retirement System
Schedule of Investment Fees
For the Fiscal Year Ended June 30, 2021**

Investment Manager's Fees:	Assets Under Management		Fees
Global Equity	\$462 Million	\$	1,800,784
Domestic Large Cap Equity	\$807 Million		2,020,676
Domestic Small Cap Equity	\$207 Million		1,162,895
Developed International Equity	\$509 Million		1,207,041
Emerging Markets Equity	\$171 Million		1,379,264
Private Equity	\$268 Million		7,836,905
Investment Grade Fixed Income	\$687 Million		2,158,022
Below Investment Grade Fixed Income	\$256 Million		5,256,829
Global Real Estate	\$402 Million		5,522,645
Timber	\$61 Million		374,513
Infrastructure	\$163 Million		6,333,020
Cash & Equivalents	\$25 Million		21,674
Total Investment Managers' Fees		\$	35,074,268
Other Investment Service Fees:			
Custodian Fees	\$4.02 Billion	\$	303,861
Investment Consultant Fees	\$4.02 Billion		132,818
SIB Administrative Fees	\$4.02 Billion		552,926
Total Investment Service Fees		\$	989,605

**North Dakota Public Employees Retirement System – Investment Section
Schedule of Investment Fees**

**Job Service Retirement Plan
Schedule of Investment Fees
For the Fiscal Year Ended June 30, 2021**

	<u>Assets Under Management</u>		<u>Fees</u>
Investment Management Fees	\$97 Million	\$	430,514
Custodian Fees	\$97 Million		10,605
SIB Contract Fees	\$97 Million		12,165
Total Investment Expense		\$	<u>453,284</u>

**Retiree Health Insurance Credit Plan
Schedule of Investment Fees
For the Fiscal Year Ended June 30, 2021**

Other Investment Service Fees:	<u>Assets Under Management</u>		<u>Fees</u>
Investment Management Fees	\$180 Million	\$	700,370
Custodian Fees	\$180 Million		8,209
SIB Contract Fees	\$180 Million		19,308
Total Investment Service Fees		\$	<u>727,887</u>

Defined Contribution Investments

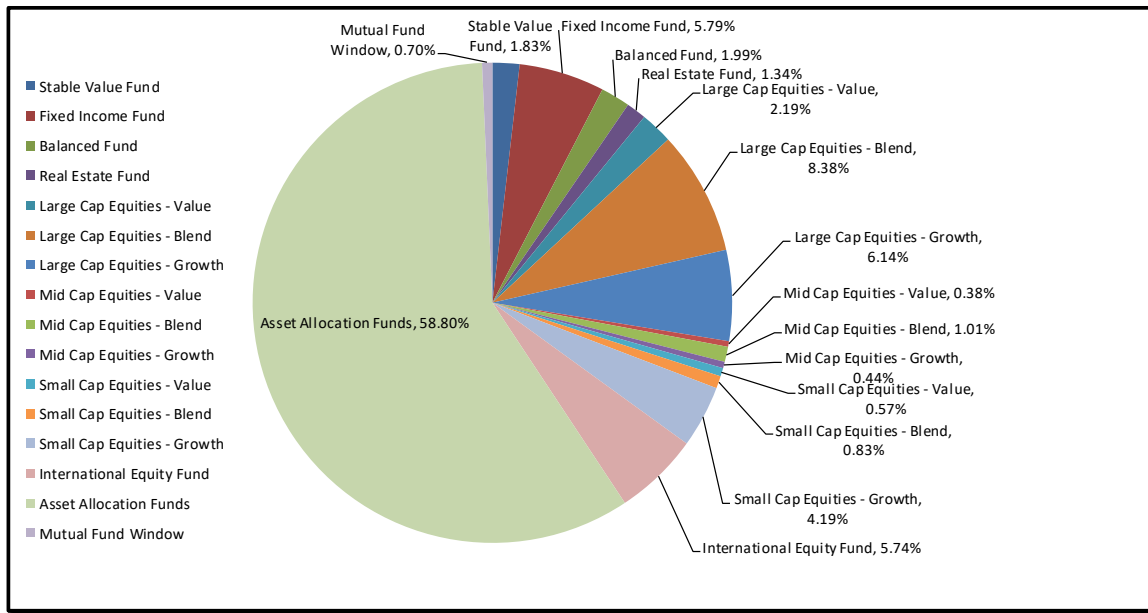
The Defined Contribution Retirement Plan (Plan) is a long-term retirement savings vehicle and is intended as a source of retirement income for eligible participants. Each participating member shall direct the investment of the individual's accumulated employer and employee contributions and earnings to one or more investment choices within available categories of investment provided by the Board. The available investment options cover a broad range of investment risk and rewards appropriate for this kind of retirement savings program. Participants bear the risk and reap the rewards of investment returns that result from the investment options that they select. TIAA is the record-keeper for the Plan.

The Board has adopted an investment policy that serves the following purposes:

- Establishes an investment program that will allow plan participants the opportunity to structure an investment strategy that meets their individual return objectives and risk tolerances
- Defines the investment categories offered by the Plan
- Establishes benchmarks and performance standards for each investment category to evaluate each fund's performance
- Establishes a procedure for reporting and evaluating the various funds and a methodology for monitoring their performance
- Defines the procedures for investment fund evaluation and formal fund review.

Defined Contribution Retirement Plan Investment Options - June 30, 2021

Investment Options	Market Value	Percent
Stable Value Fund	\$ 357,755	1.83%
Fixed Income Fund	1,134,510	5.79%
Balanced Fund	389,228	1.99%
Real Estate Fund	262,839	1.34%
Large Cap Equities - Value	428,439	2.19%
Large Cap Equities - Blend	1,641,698	8.38%
Large Cap Equities - Growth	1,201,692	6.14%
Mid Cap Equities - Value	74,022	0.38%
Mid Cap Equities - Blend	198,756	1.01%
Mid Cap Equities - Growth	85,458	0.44%
Small Cap Equities - Value	111,546	0.57%
Small Cap Equities - Blend	161,645	0.83%
Small Cap Equities - Growth	821,288	4.19%
International Equity Fund	1,123,934	5.74%
Asset Allocation Funds	11,515,983	58.80%
Mutual Fund Window	136,502	0.70%
Contributions in Transit	(59,048)	-0.30%
Total	<u>\$ 19,586,247</u>	<u>100.00%</u>



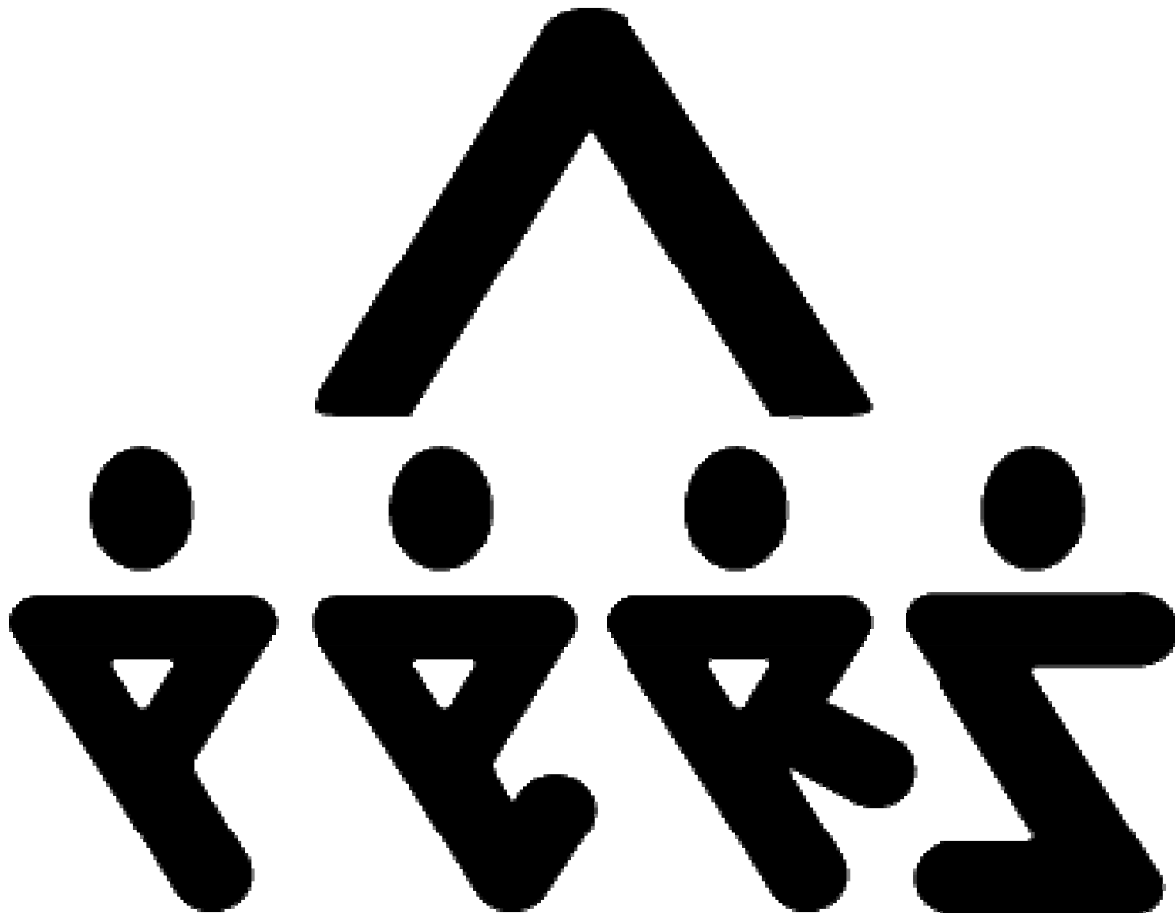
Defined Contribution Retirement Plan - Schedule of Investment Results For the Five Years Ended June 30, 2021

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>3-Year Annualized</u>	<u>5-Year Annualized</u>
Stable Value Fund/Money Market Fund:							
Vanguard Treasury Money Market - VUSXX	0.29%	1.26%	2.21%	1.40%	0.04%	1.21%	1.06%
Wells Fargo Stable Fund (2)	0.52%	1.24%	1.54%	1.66%	1.41%	1.54%	1.37%
3 Month T-Bill Index (2)	0.30%	1.33%	2.30%	1.56%	0.01%	1.31%	1.14%
Fixed Income Fund:							
Mass Mutual Income Bond Fund	N/A	N/A	4.26%	7.19%	8.17%	6.53%	4.26%
Baird Core Plus Bond Fund - BCOSX	3.33%	3.33%	7.37%	8.53%	1.52%	5.99%	3.76%
Vanguard Total Bond Market Index	-0.44%	-0.53%	7.85%	8.96%	-0.42%	5.38%	2.99%
US Aggregate Bond Index	2.27%	-0.40%	7.97%	8.92%	-0.33%	5.44%	3.07%
Taxable Bond Fund Universe (2)	3.68%	-0.68%	9.33%	7.98%	4.42%	7.37%	4.80%
Prudential High Yield Z (2)	5.33%	3.01%	8.71%	-0.59%	16.20%	7.89%	7.80%
BofA High Yield Bond Fund Index (2)	4.91%	2.53%	7.58%	-1.10%	15.62%	7.15%	7.30%
High Yield Bond Universe (2)	4.09%	2.23%	6.19%	-1.89%	14.69%	6.16%	6.21%
Templeton Global Bond Adv (2)	3.29%	-1.88%	5.56%	-6.08%	-2.33%	-1.07%	0.96%
World Govt Bond Index	4.49%	1.90%	5.48%	4.60%	0.76%	3.59%	1.66%
World Bond Fund Universe (2)	4.42%	0.64%	5.02%	1.60%	4.82%	3.59%	2.35%
Real Estate Fund:							
Cohen & Steers Realty Shares (2)	4.03%	4.36%	14.57%	-4.61%	35.75%	14.05%	9.18%
FTSE NAREIT All Equity REITs Index (2)	2.70%	3.50%	13.01%	-6.47%	32.80%	11.97%	8.10%
Real Estate Fund Universe (2)	2.89%	3.39%	10.45%	-9.81%	36.79%	10.81%	7.03%
Balanced Fund:							
T Rowe Price Capital Appreciation (2)	8.98%	8.06%	14.86%	5.97%	29.33%	16.33%	13.75%
60% Large Cap Value Univ & 40% Taxable Bond Universe (2)	4.80%	5.15%	7.21%	-1.36%	27.50%	10.11%	9.16%
60% Russell 1000 Value & 40% Agg Bond Index (2)	3.73%	3.90%	8.26%	-1.74%	26.08%	9.63%	8.35%
Large Cap Equities - Value:							
Hartford Dividend & Growth (2)	6.89%	9.82%	9.82%	-0.90%	41.90%	15.59%	14.86%
T Rowe Price Equity Income (2)	5.57%	9.51%	5.50%	-11.18%	47.77%	11.46%	12.33%
Russell 1000 Value Index	4.70%	6.77%	8.46%	-8.84%	43.68%	12.42%	11.87%
Large Cap Value Fund Universe (2)	5.55%	9.04%	5.79%	-7.59%	42.88%	11.93%	12.07%
Large Cap Equities - Blend:							
Vanguard Dividend Growth Fund	9.94%	10.57%	19.00%	1.27%	33.04%	17.04%	14.69%
S&P 500 Index	9.34%	14.37%	10.42%	7.51%	40.79%	18.67%	17.65%
Large Cap Blend Fund Universe (2)	8.65%	12.58%	8.20%	3.74%	40.47%	16.77%	16.15%
Large Cap Equities - Growth:							
Well's Fargo Adv Growth Adm (2)	18.12%	29.03%	14.09%	20.56%	42.87%	25.25%	24.95%
Russell 3000 Growth Index	13.69%	22.47%	10.60%	21.94%	42.99%	24.47%	23.31%
Franklin Growth Adv (2)	13.77%	16.97%	12.86%	12.96%	40.64%	21.49%	20.66%
Russell 1000 Growth Index	14.00%	22.50%	11.60%	23.28%	42.50%	25.14%	23.66%
Large Cap Growth Fund Universe (2)	14.14%	20.58%	10.02%	17.34%	41.70%	22.56%	21.98%
Mid Cap Equities - Value:							
Virtus Mid Cap Value Equity I	6.68%	7.70%	6.89%	-11.71%	49.24%	12.09%	13.15%
Russell Mid Cap Value	5.18%	7.60%	3.68%	-11.81%	53.06%	11.86%	11.79%
Mid Cap Value Universe (2)	4.58%	8.86%	0.25%	-13.56%	55.83%	11.08%	11.93%
Mid Cap Equities - Blend:							
Columbia Mid Cap Index A (2)	5.71%	12.95%	0.91%	-7.18%	52.49%	12.62%	13.74%
S&P Mid Cap 400	5.99%	13.50%	1.36%	-6.70%	53.24%	13.17%	14.29%
Mid Cap Blend Fund Universe (2)	6.23%	11.31%	2.41%	-6.19%	50.44%	13.15%	13.75%
Mid Cap Equities - Growth:							
Prudential Jennison Mid Cap Growth Z (2)	11.74%	13.16%	14.09%	11.52%	48.79%	23.70%	19.88%
Russell Mid Cap Growth	11.40%	18.52%	13.94%	11.91%	43.77%	22.39%	20.52%
Mid Cap Growth Fund Universe (2)	12.37%	18.06%	9.88%	9.65%	48.17%	21.26%	20.18%

Defined Contribution Retirement Plan - Schedule of Investment Results

For the Five Years Ended June 30, 2021

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>3-Year Annualized</u>	<u>5-Year Annualized</u>
Small Cap Equities - Value:							
Northern Small Cap Value Fund	2.70%	7.14%	-4.35%	-19.57%	57.06%	6.51%	9.81%
Russell 2000 Value Index	0.54%	13.10%	-6.24%	-17.48%	73.28%	10.27%	13.62%
Small Value Fund Universe (2)	0.52%	12.44%	-8.05%	-17.33%	71.02%	9.35%	12.17%
Small Cap Equities - Blend:							
DFA US Small Cap (3)	1.91%	15.31%	-5.53%	-11.71%	65.00%	11.23%	14.04%
Russell 2000 Index (2)	4.99%	17.57%	-3.31%	-6.63%	62.03%	13.52%	16.47%
Small Blend Fund Universe (2)	3.24%	14.67%	-3.76%	-11.41%	60.18%	11.32%	13.88%
Small Cap Equities - Growth:							
Brown Capital Mgmt Small Co Inv (2)	17.78%	28.58%	8.33%	16.35%	22.89%	15.70%	20.15%
Russell 2000 Growth Index	10.00%	21.90%	-0.50%	3.48%	51.36%	15.94%	18.76%
Small Growth Fund Universe (2)	10.15%	22.70%	3.22%	4.46%	55.69%	19.34%	20.72%
International Equity Funds							
American Funds New Perspective Fund	6.68%	1.44%	7.02%	10.72%	45.76%	19.98%	19.22%
Vanguard Total International Stock Index Inv (2)	14.79%	7.10%	0.64%	-4.09%	36.51%	9.60%	11.10%
MSCI EAFE	13.81%	7.28%	5.74%	-4.80%	35.72%	9.38%	11.08%
International Stock Fund Universe	14.45%	6.08%	-0.06%	-4.66%	33.76%	8.50%	10.08%
Invesco Developing Markets Y	18.74%	12.46%	2.96%	-1.87%	37.16%	11.49%	13.82%
MSCI Emerging Markets Index (2)	18.43%	8.20%	1.21%	-3.39%	40.90%	11.27%	13.03%
Diversified Emerging Markets Universe (2)	18.14%	6.09%	1.16%	-3.66%	41.79%	11.48%	12.18%
Asset Allocation Funds:							
TIAA-CREF Lifecycle Ret Income (2)	5.98%	5.45%	5.51%	4.53%	16.29%	8.65%	7.97%
Income Benchmark (1)	5.08%	4.53%	6.87%	4.99%	16.07%	9.06%	7.62%
TIAA-CREF Lifecycle 2010 (2)	6.26%	5.77%	5.56%	4.51%	16.33%	8.67%	8.20%
2010 Benchmark (1)	5.34%	4.77%	7.30%	4.45%	15.70%	8.98%	7.53%
TIAA-CREF Lifecycle 2015 (2)	6.86%	6.44%	5.44%	4.45%	18.14%	9.17%	8.83%
2015 Benchmark (1)	5.78%	5.39%	7.51%	4.17%	17.75%	9.55%	8.16%
TIAA-CREF Lifecycle 2020 (2)	7.52%	7.39%	5.24%	4.35%	20.07%	9.66%	9.58%
2020 Benchmark (1)	6.39%	6.22%	7.68%	3.92%	19.84%	10.16%	8.84%
TIAA-CREF Lifecycle 2025 (2)	8.33%	8.54%	4.95%	4.11%	23.29%	10.44%	10.61%
2025 Benchmark (1)	7.10%	7.35%	7.83%	3.72%	23.28%	11.12%	9.93%
TIAA-CREF Lifecycle 2030 (2)	9.14%	9.62%	4.64%	3.86%	26.80%	11.28%	11.64%
2030 Benchmark (1)	7.82%	8.49%	8.06%	3.36%	27.05%	12.15%	11.12%
TIAA-CREF Lifecycle 2035 (2)	9.91%	10.79%	4.27%	3.56%	30.25%	12.04%	12.64%
2035 Benchmark (1)	8.52%	9.64%	8.08%	2.55%	30.82%	13.19%	12.32%
TIAA-CREF Lifecycle 2040 (2)	10.58%	11.96%	3.81%	3.22%	33.89%	12.78%	13.62%
2040 Benchmark (1)	9.19%	10.82%	8.14%	2.33%	34.58%	14.15%	13.47%
TIAA-CREF Lifecycle 2045 (2)	11.00%	12.60%	3.33%	2.98%	37.57%	13.54%	14.34%
2045 Benchmark (1)	9.53%	11.59%	8.15%	2.33%	38.38%	15.11%	14.63%
TIAA-CREF Lifecycle 2050 (2)	10.96%	12.82%	3.34%	2.84%	38.33%	13.71%	14.51%
2050 Benchmark (1)	9.63%	11.74%	8.15%	2.33%	39.56%	15.41%	14.99%
TIAA-CREF Lifecycle 2055 (2)	11.08%	12.97%	3.25%	2.78%	38.80%	13.78%	14.64%
2055 Benchmark (1)	9.73%	11.91%	8.15%	2.34%	40.08%	15.54%	15.15%
TIAA-CREF Lifecycle 2060 (2)	11.28%	13.04%	3.19%	2.84%	39.31%	13.92%	14.76%
2060 Benchmark (1)	9.73%	12.08%	8.16%	2.35%	40.61%	15.67%	15.31%



ACTUARIAL SECTION



December 3, 2021

Board Members
North Dakota Public Employees Retirement System
Bismarck, North Dakota

Members of the Board:

At your request, we have performed an actuarial valuation which includes actuarial valuation results for funding purposes and separate actuarial valuation results for accounting purposes for the North Dakota Public Employees Retirement System ("NDPERS") as of July 1, 2021. The purpose of the funding actuarial valuation, which is performed annually, is to determine the funding status and actuarial employer contribution rate for NDPERS. The actuarial valuation was performed at the request of the Board and is intended for use by the Board and NDPERS and those designated by the Board and NDPERS. This report may be provided to parties other than the Board and NDPERS only in its entirety and only with the permission of the Board and NDPERS. GRS is not responsible for reliance upon this valuation for any other purpose, or by any other party.

Actuarial Assumptions and Methods

The actuarial valuation report was prepared using actuarial assumptions adopted by the Board as authorized under North Dakota Administrative Code Section 71-02. All actuarial assumptions used in this report are reasonable for the purposes of this actuarial valuation.

The actuarial assumptions used for this valuation were based on an experience review for the period from July 1, 2014 to July 1, 2019, and were adopted for first use commencing with the actuarial valuation as of July 1, 2020.

In a letter dated September 10, 2021, GRS determined that an investment return assumption of 7.0 percent can be deemed reasonable for this valuation. However, we caution that 7.0 percent is really an upper bound. If capital market assumptions remain at the present levels, the 7.0 percent return assumption might not comply with actuarial standards for the July 1, 2022 valuation.

The actuarial employer contribution rate is calculated using a 20-year open period, level percentage of payroll amortization method. The remaining amortization period will be reset to 20 years in each future actuarial valuation.

The actuarial assumptions and methods used, including the economic and demographic assumptions, the actuarial cost method and the asset valuation method, meet the Actuarial Standards of Practice issued by the Actuarial Standards Board for the funding of public sector pension plans and are set by the Board. Assumptions and methods required under GASB Statement Nos. 67 and 68 were used in the preparation of the accounting disclosures and schedules required by GASB Statement Nos. 67 and 68.

Board Members
December 3, 2021
Page 2

Benefit Provisions

There have been no changes in plan provisions since the previous actuarial valuation as of July 1, 2020.

Since the last actuarial valuation, House Bill 1380 was passed which adds the Main System as a recipient of potential future Legacy Fund earnings if the Plan's actuarial funded ratio is less than 90 percent. This potential source of revenue has no immediate actuarial impact.

Participant Data

A total of 24,594 active members (including the Main System, Judges and Public Safety) were included in the actuarial valuation as of July 1, 2021. Between the 2020 and 2021 actuarial valuations, the number of active employees increased by 105 members, or 0.4 percent. The average annual actuarial valuation pay increased by 3.5 percent, from \$47,685 to \$49,348 between the 2020 and 2021 actuarial valuation. There were 6,297 active members who were eligible for retirement (normal, early or Rule of 85, 88 or 90) as of July 1, 2021.

The number of benefit recipients increased from 12,945 to 13,575, or 4.9 percent, since the last actuarial valuation. The average monthly benefit increased by 2.3 percent, from \$1,333 to \$1,363. During the year ending June 30, 2021, there were 1,045 members awarded a benefit.

There were 7,094 inactive members as of July 1, 2021, who were vested and elected to receive a deferred benefit. The average monthly deferred benefit is \$528. There were 7,877 inactive members as of July 1, 2021, who were not vested or elected to receive a refund of contributions.

Actuarial Valuation Assets

On a market value basis, NDPERS assets had an investment return of approximately 27.00 percent (net of investment expenses). On an actuarial value of asset basis, NDPERS assets had an investment return of approximately 10.38 percent, which compares to the prior year assumed rate of return of 7.00 percent.

The actuarial value of assets is currently 89.8 percent of the market value of assets. There are \$402,902,222 in net asset gains currently being deferred that will be phased into the actuarial value of assets over the next four years.

Statutory and Actuarial Employer Contributions

The actuarially determined contribution rate is calculated as the normal cost contribution (to fund benefits accruing during the year) plus a contribution to amortize the unfunded liability. The unfunded liability contribution rate is calculated using a 20-year open period, level percentage of payroll amortization method. The remaining amortization period will be reset to 20 years in each future actuarial valuation. If employers contributed the actuarial contribution rate, the contribution rate would be expected to gradually decrease using a 20-year open amortization period as the funded ratio gradually increased. An open amortization period is expected to gradually improve the funded ratio. However, the funded ratio is not expected to reach 100 percent under this method (assuming no actuarial gains or losses) because the remaining unfunded liability at each future valuation date is re-amortized over a new 20-year period.



Board Members
 December 3, 2021
 Page 3

The contributions that are made by employers are based on fixed contribution rates that are set by statute (and not based on the actuarially determined rate). The statutory contribution rates and the actuarial contribution rates are as follows.

	Employer Contribution Rates as a % of Projected Annual Compensation for Fiscal Year Ending June 30, 2022	
	Statutory Rate	Actuarial Rate
Main System	7.12% ¹	12.46%
Judges	17.52%	8.62%
Public Safety with prior Main System service	9.81%	9.33%
Public Safety without prior Main System service	7.93%	7.31%
Total PERS (Combined)	7.47%	12.23%

¹ The statutory contribution for members hired on or after January 1, 2020 is 8.26% of pay.

The portion of the statutory contribution that is applied toward the unfunded liability is the statutory contribution rate minus the employer normal cost rate. The unfunded liability contribution rate from the statutory contribution is significantly lower than the rate calculated using the 20-year level percentage of payroll amortization period.

Because the statutory employer rate is higher than the actuarial employer rate (based on a 20-year amortization period) for the Judges and Public Safety Systems, the statutory employer rate amortizes the unfunded liability over a period shorter than 20 years.

Based on the current actuarial valuation and the current actuarial assumptions and methods and benefit provisions for current employees, the total statutory contribution rate of 14.12 percent (15.26 percent for employees hired on or after January 1, 2020) for the Main System is not expected to ever amortize the unfunded liability. The plan changes for employees first enrolled on or after January 1, 2020 will slowly improve the funding of the plan, but only have a marginal impact on the current valuation results. When new hires are reflected, the Main System funded ratio is projected to ultimately increase from the current funded ratio of about 70 percent, to approximately 90 percent in 30 years, and 100 percent in 40 years. We recommend an increase to the Main System total statutory contribution rate such that the funded ratio is projected to reach 100 percent within 30 years.

Reliance on Others

The actuarial valuation was based upon information furnished by the NDPERS Staff, concerning benefits provided by the North Dakota Public Employees Retirement System, financial transactions, plan provisions and census data for active members, terminated members, retirees and beneficiaries as of July 1, 2021. We checked for internal and year-to-year consistency, but did not audit the data. We are not responsible for the accuracy or completeness of the information provided by the NDPERS Staff.



Board Members
December 3, 2021
Page 4

The trend data in the Financial Section and the schedules and other data in this Section are prepared by NDPERS Staff with our input. Data prior to fiscal year 2016 was prepared by NDPERS Staff and the prior actuary. Specifically, these exhibits are:

- Actuarial Assumptions and Cost Method;
- Changes in Actuarial Assumptions and Cost Method;
- Active Member Valuation Data;
- Retirees and Beneficiaries Added to and Removed from the Rolls;
- Solvency Test;
- Analysis of Financial Experience;
- Schedule of Retired Members by Type of Benefit; and
- Schedule of Average Monthly Benefit Payments.

Accounting Schedules under GASB Statement Nos. 67 and 68

The total pension liability (actuarial accrued liability) is based on a measurement date of July 1, 2021, using the Entry Age Normal actuarial cost method. A single discount rate of 7.00 percent, which is the same rate that is used in the funding actuarial valuation calculations, was used to measure the total pension liability.

All other assumptions and methods used in the funding actuarial valuation for calculation of the actuarial accrued liabilities as of July 1, 2021, were used in the GASB 67/68 actuarial valuation for calculation of the total pension liability for fiscal year ending June 30, 2021.

The net pension liability is measured as the total pension liability, less the amount of the pension plan's fiduciary net position (market value of assets) as of June 30, 2021.

Certification

To the best of our knowledge the information contained in this report is accurate and fairly presents the actuarial position of the North Dakota Public Employees Retirement System as of the actuarial valuation date. All calculations have been made in conformity with generally accepted actuarial principles and practices, and with the Actuarial Standards of Practice issued by the Actuarial Standards Board. Bonita J. Wurst and Abra D. Hill are Members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions herein.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. Due to the limited scope of the actuary's assignment, the actuary did not perform an analysis of the potential range of such future measurements in this report.



Board Members
December 3, 2021
Page 5

This report was prepared using our proprietary valuation model and related software which in our professional judgment has the capability to provide results that are consistent with the purposes of the valuation and has no material limitations or known weaknesses. We performed tests to ensure that the model reasonably represents that which is intended to be modeled.

This report reflects the impact of COVID-19 through June 30, 2021. However, this report does not reflect the longer term and still developing future impact of COVID-19, which is likely to further influence demographic experience and economic expectations. We will continue to monitor these developments and their impact.

This actuarial valuation assumed the continuing ability of the plan sponsor to make the contributions necessary to fund this plan. A determination regarding whether or not the plan sponsor is actually able to do so is outside our scope of expertise and was not performed.

This report should not be relied on for any purpose other than the purpose stated.

The signing actuaries are independent of the plan sponsor.

Respectfully submitted,

Gabriel, Roeder, Smith & Company



Bonita J. Wurst, ASA, EA, MAAA, FCA
Senior Consultant



Abra D. Hill, ASA, MAAA, FCA
Consultant

BJW/ADH:dj



Actuarial Assumptions and Cost Method – Public Employees Retirement System
(Adopted July 1, 2021)

Mortality Tables:

The mortality assumptions are as follows:

Type	Assumption	Male Scaling Factor	Female Scaling Factor
Post-Retirement Non-Disabled	Pub-2010 Healthy Retiree Mortality Table (for General Employees), sex distinct	103%	101%
Post-Retirement Disabled	Pub-2010 Disabled Retiree Mortality Table (for General Employees), sex distinct	117%	112%
Pre-Retirement	Pub-2010 Employee Mortality Table (for General Employees), sex distinct	92%	92%

Disability Incidence Rates:

Before Age 65:

Males: 15 % of OASDI disability incidence rates

Females: 8.5% of OASDI disability incidence rates

Age 65 and Later : .15% per year

Sample rates are as follows:

<u>Age</u>	<u>Male</u>	<u>Female</u>
20	0.0090%	0.0051%
25	0.0128%	0.0073%
30	0.0165%	0.0094%
35	0.0221%	0.0125%
40	0.0330%	0.0187%
45	0.0539%	0.0306%
50	0.0909%	0.0515%
55	0.1513%	0.0858%
60	0.2440%	0.1383%
65	0.1500%	0.1500%

**North Dakota Public Employees Retirement System – Actuarial Section
Public Employees Retirement System**

Rates of Separation from Active Membership:

Service Beginning of Year	Service and Age-Based Rates for First Five Years of Service					
	Main System			Public Safety		
	Age					
	Under 30	30-39	40+	Under 30	30-39	40+
0	28.00%	20.00%	17.00%	27.00%	19.00%	16.00%
1	24.00%	17.00%	14.00%	25.00%	19.00%	16.00%
2	18.00%	14.00%	12.00%	20.00%	16.00%	14.00%
3	16.00%	13.00%	12.00%	17.00%	14.00%	14.00%
4	13.00%	11.00%	11.00%	17.00%	10.00%	10.00%

Age	Age-Based Rates Only after First Five Years of Service	
	Main System	Public Safety
20-24	11.00%	10.00%
25-29	10.00%	10.00%
30-34	6.50%	7.50%
35-39	5.50%	7.50%
40-44	4.50%	5.00%
45-49	4.20%	5.00%
50-54	3.90%	5.00%
55-59	3.60%	5.00%
60+	3.30%	5.00%

No pre-retirement termination is assumed for Judges.

Vested participants that terminate are assumed to elect the option with the greater present value:

- 1) A refund of their accumulated contributions with interest or
- 2) A deferred benefit.

Withdrawal rates end upon eligibility for early retirement. Early retirement eligibility is as follows:

Main System: Earlier of 1) age 55 and 3 years of service, and 2) eligibility for Rule of 85. For members hired after 1/1/16, earlier of 1) age 55 and 3 years of service, and 2) eligibility for Rule of 90.

Judges: Earlier of 1) age 55 and 5 years of service, and 2) eligibility for Rule of 85.

Public Safety: Age 50 and 3 years of service.

Refund of Employee Contributions:

Inactive vested members are assumed to elect a refund of employee contributions in lieu of a deferred pension benefit when it is more valuable than the deferred annuity

**North Dakota Public Employees Retirement System – Actuarial Section
Public Employees Retirement System**

Retirement Rates:

Age	Main System			Public Safety		Judges	
	Reduced	Unreduced - Rule of 85	Unreduced - Not Rule of 85	Rule of 85	Not Rule of 85	Rule of 85	Not Rule of 85
50		50%		25%	4%		
51		20%		25%	4%		
52		20%		25%	4%		
53		20%		25%	4%		
54		20%		25%	4%		
55	1%	8%		25%	10%	10%	2%
56	1%	8%		25%	10%	10%	2%
57	1%	8%		25%	10%	10%	2%
58	1%	9%		25%	10%	10%	2%
59	2%	9%		25%	10%	10%	2%
60	2%	9%		25%	10%	10%	2%
61	4%	15%		25%	10%	10%	2%
62	8%	20%		50%	25%	10%	2%
63	8%	20%		50%	25%	10%	2%
64	8%	20%		50%	25%	10%	2%
65		35%	20%	50%	50%	100%	10%
66		35%	20%	50%	50%	100%	10%
67		20%	15%	50%	50%	100%	10%
68		20%	15%	50%	50%	100%	10%
69		20%	15%	50%	50%	100%	10%
70		20%	15%	100%	50%	100%	20%
71		20%	15%	100%	50%	100%	20%
72		20%	15%	100%	50%	100%	20%
73		20%	15%	100%	50%	100%	20%
74		20%	15%	100%	50%	100%	20%
75		50%	50%	100%	100%	100%	100%
76		50%	50%				
77		50%	50%				
78		50%	50%				
79		50%	50%				
80+		100%	100%				

Investment Rate of Return:

7.00% per annum, net of investment expenses

Annual Administrative Expenses:

Prior year expenses, adjusted for inflation

Assumed expenses for 2021 are as follows:

Main System:	\$ 2,698,413
Judges:	\$ 12,017
Public Safety With Prior Main Service:	\$ 63,746
Public Safety Without Prior Main Service:	\$ 17,002

**North Dakota Public Employees Retirement System – Actuarial Section
Public Employees Retirement System**

Salary Scale:

Service At Beginning of Year	Main System			
	State Employee	Non-State Employee	Public Safety	Judges
0	10.75%	13.25%	17.75%	
1	7.50%	8.00%	15.00%	
2	5.75%	7.25%	12.75%	
3			7.25%	
4			7.25%	
Age*				
Under 30	5.75%	7.25%	6.75%	3.00%
30-34	5.75%	6.75%	6.75%	3.00%
35-39	5.75%	6.75%	6.25%	3.00%
40-44	5.25%	6.25%	6.25%	3.00%
45-49	5.25%	6.25%	5.25%	3.00%
50-54	4.75%	5.75%	5.25%	3.00%
55-59	4.50%	5.50%	5.25%	3.00%
60-64	4.00%	4.75%	5.25%	3.00%
65-69	4.00%	4.75%	4.50%	3.00%
70+	3.50%	4.50%	4.25%	3.00%

**Age-based salary increase rates apply for employees with three or more years of service in the Main System, five or more years of service in the Public Safety Systems and for all employees in the Judges System.*

Inflation:

2.25% per annum

Payroll Growth:

Main System and Public Safety: 3.5% per annum

Judges: 3.00% per annum

Marital Status:

It is assumed that 75% of participants in the Main System and Public Safety and 100% of Judges have an eligible spouse at the time of retirement or pre-retirement death. The male spouse is assumed to be three years older than the female spouse.

Spouses are assumed to be the opposite sex of the employees and retirees. The relatively low rate of same-sex spouses does not have a material actuarial impact on the actuarial valuation results.

Part Time Employees:

One full year of service is credited for each future year of service.

Split Service:

Liabilities are held in both plans based on service in each plan, and are based on the actuarial assumptions of the plan in which they are currently active.

Actuarial Cost Method:

Normal cost and the allocation of benefit values between service rendered before and after the valuation date were determined using the Individual Entry Age Normal actuarial cost method having the following characteristics:

- The normal cost for each individual active member, payable from the date of employment to the date of retirement, is sufficient to accumulate the value of the member's benefit at the time of retirement; and
- Each annual normal cost is a constant percentage of the member's year by year projected covered pay.

**North Dakota Public Employees Retirement System – Actuarial Section
Public Employees Retirement System**

Actuarial Value of Assets:

The calculated value is determined by adjusting the fair value of the assets to reflect the investment gains and losses (the difference between the actual investment return and the expected investment return) during each of the last five years at a rate of 20% per year. The asset smoothing method was adopted by the Board for use beginning with July 1, 2017, actuarial valuation. Net deferred gains attributable to fiscal years 2016 and prior were fully recognized as of July 1, 2017.

Social Security Disability (for Judges' Disability Benefit Offset):

Eligibility: 50% of disabled judges

Consumer Price Index Increase: 2.25% per annum

Wage Base Increases: 3.00% per annum

Workers' Compensation (for Judges' Disability Benefit Offset):

None assumed for disability benefit offset

Account Balance Due to Vested Employer Contribution (PEP):

Participation under Chapter 54/52.2: if not elected, none. If elected, 100% of active members of the Main System and Public Safety.

Contribution: Maximum allowed based on service at the beginning of the Plan year.

Benefit Election:

Main System and Public Safety:

- 50% of new retirements are assumed to elect the life annuity,
- 45% are assumed to elect the 50% joint and survivor annuity, and
- 5% are assumed to elect a Refund of Member Contributions

Judges:

- All participants elect the 50% joint and survivor annuity

Changes in Actuarial Assumptions and Methods - Public Employees Retirement System:

There have been no changes in actuarial assumptions since the previous actuarial valuation as of June 30, 2020.

Summary of Plan Provisions - Public Employees Retirement System

This section summarizes the major benefit provisions of the North Dakota Public Employees Retirement System as included in the valuation. It is not intended to be, nor should it be, interpreted as a complete statement of all plan provisions. Benefits are set by statute. There are no provisions or policies with respect to automatic and ad hoc post-retirement benefit increases.

1. Normal Service Retirement:

Main System and Judges:

Eligibility: Attainment of age 65 with at least 10 years of eligible employment or with age plus service equal to at least 85 (Rule of 85)

For members enrolled after December 31, 2015, into the Main System, attainment of age 65 or at age 60 with age plus service equal to at least 90 (Rule of 90).

Benefit: 2% of final average salary multiplied by years of service for the Main System (1.75% for members hired on or after January 1, 2020), and 3.50% of final average salary for each of the first ten years of service, 2.80% for each of the next ten years of service and 1.25% for service in excess of twenty years for the Judges Plan.

Public Safety:

Eligibility: Attainment of age 55 and three consecutive years of service, or if not former National Guard, at any age with age plus service equal to at least 85 (Rule of 85). Former National Guard is eligible for Rule of 85 on August 1, 2015.

Benefit: 2% of final average salary multiplied by years of service (1.75% for members hired on or after January 1, 2020).

2. Early Service Retirement:

Main System:

Eligibility: Attainment of age 55 with three years of service

Benefit: The Normal Service Retirement Benefit as determined above. A benefit that begins before age 65 (or Rule of 85, if earlier) is reduced by one-half of one percent for each month before the earlier of age 65 or the age at which the Rule of 85 is met.

For members enrolled after December 31, 2015, into the Main System, a benefit that begins before age 65 (or Rule of 90, if earlier) is reduced by 2/3 of one percent for each month before the earlier of age 65 or the age at which the Rule of 90 is met.

Judges:

Eligibility: Attainment of age 55 with five years of service

Benefit: The Normal Service Retirement Benefit as determined above. A benefit that begins before age 65 (or Rule of 85, if earlier) is reduced by one-half of one percent for each month before age 65 or the age at which the Rule of 85 is met.

Public Safety:

Eligibility: Attainment of age 50 with three years of service

North Dakota Public Employees Retirement System – Actuarial Section
Public Employees Retirement System

Benefit: The Normal Service Retirement Benefit as determined above. A benefit that begins before age 55 (or Rule of 85, if earlier) is reduced by one-half of one percent for each month before the earlier of age 65 or the age at which the Rule of 85 is met.

3. Disability Benefit:

Main System and Public Safety:

Eligibility: Six months of service and inability to engage in any substantial gainful activity

Benefit: 25% of the member's final average salary at disability minus workers' compensation benefits, with a minimum of \$100 per month.

Judges:

Eligibility: Six months of service and inability to engage in any substantial gainful activity

Benefit: 70% of the member's final average salary at disability minus Social Security and Workers' Compensation benefits paid.

4. Deferred Vested Retirement:

Main System:

Eligibility: Three years of service

Benefit: The Normal Service Retirement Benefit payable at age 65 or the Rule of 85, if earlier. Reduced early retirement benefits can be elected upon attainment of age 55.

Public Safety:

Eligibility: Three years of service

Benefit: The Normal Service Retirement Benefit payable at age 55 or the Rule of 85, if earlier. Reduced early retirement benefits can be elected upon attainment of age 50.

Judges:

Eligibility: Five years of service

Benefit: The Normal Service Retirement Benefit payable at age 65 or the Rule of 85, if earlier. Reduced early retirement benefits can be elected upon attainment of age 55.

5. Pre-Retirement Death Benefits:

Main System and Public Safety:

Vested participants with a surviving spouse:

Eligibility: Three years of service

Benefit: One of the following options:

- Lump sum payout of member's accumulated contributions with interest
- 50% of the member's accrued benefit (not reduced on account of age) payable for the surviving spouse's lifetime

**North Dakota Public Employees Retirement System – Actuarial Section
Public Employees Retirement System**

- Continuation portion of 100% joint and survivor annuity (only if participant was eligible for normal retirement).
- A partial lump sum payment in addition to the one of the annuity options above.

Non-vested members or vested members without a surviving spouse

Eligibility: Non-vested or no surviving spouse

Benefit: Lump sum payout of member's accumulated contributions with interest.

Judges:

Vested participants with a surviving spouse:

Eligibility: Five years of service

Benefit: One of the following options:

- Lump sum payout of member's accumulated contributions with interest
- 100% of the member's accrued benefit (not reduced on account of age) payable for the surviving spouse's lifetime

Non-vested members or vested members without a surviving spouse

Eligibility: Non-vested or no surviving spouse

Benefit: Lump sum payout of member's accumulated contributions with interest.

6. Refund of Member Contributions

Paid to terminated non-vested members and terminated vested members who choose refund in lieu of a monthly retirement benefit.

7. Accumulated Member Contributions

Member contributions accumulate with interest at the following rates:

<u>Time Period</u>	<u>Per Annum Interest Rate</u>
Through June 30, 1981	5.00%
July 1, 1981 - June 30, 1986	6.00%
After June 30, 1986	0.5% less than the actuarial interest rate assumption

8. Standard and Optional Forms of Payment:

Standard form of payment:

Main System and Public Safety:

Monthly benefit for life with a refund to beneficiary at death of the remaining balance (if any) of accumulated member contributions

Judges:

Monthly benefit for life, with 50% payable to an eligible survivor

Optional forms of payment:

- Life annuity (for Judges)

North Dakota Public Employees Retirement System – Actuarial Section
Public Employees Retirement System

- 50% joint and survivor annuity with pop-up (for Main System and Public Safety)
- 100% joint and survivor annuity with pop-up
- Ten-year certain and life annuity
- Twenty-year certain and life annuity
- Social Security level income annuity
- A partial lump sum payment in addition to one of the annuity options above
- An actuarially equivalent graduated benefit option with either a one percent or two percent increase to be applied the first day of January of each year. Not available for disability or early retirements or in combination with a partial lump sum option, a deferred normal retirement option, or a Social Security level income annuity.

9. Final Average Salary:

Average of the highest salary received by the member for any 36 months employed during the last 180 months of employment. For members who terminate after December 31, 2019, final average salary is the higher of the final average salary calculated on December 31, 2019 or the average salary earned in the three highest periods of twelve consecutive months employed during the last 180 months of employment.

10. Contributions:

Contribution rates specified in the Century Code (except employer rate for Public Safety); differ between permanent full-time employees and part-time temporary employees. Rates are as follows:

	<u>Rates Set by Statute</u>		<u>Rates</u>
	<u>Member</u>	<u>Employer</u>	<u>Determined by the Board of Retirement</u>
			<u>Employer</u>
Main System Permanent Employees*	7.00%	7.12%	
Main System Temporary Employees**	14.12%	0.00%	
Judges	8.00%	17.52%	
Public Safety with			
prior Main System service	5.50%		9.81%
➤ BCI Employees	6.00%		9.81%
➤ National Guard members	5.50%		9.81%
Public Safety without			
prior Main System service	5.50%		7.93%

* The statutory employer contribution for members hired on or after January 1, 2020 increases to 8.26% of pay.

** The statutory member contribution for temporary employees hired on or after January 1, 2020 increases to 15.26% of pay.

North Dakota Public Employees Retirement System – Actuarial Section
Public Employees Retirement System

Effective January 1, 2000: A member's account balance includes vested employer contributions equal to the member's contributions to the deferred compensation Plan under chapter 54-52.2.

The vested employer contribution may not exceed:

- For months 1-12 of service credit, \$25 or 1% of the member's monthly salary, whichever is greater
- For months 13-24 of service credit, \$25 or 2% of the member's monthly salary, whichever is greater
- For months 25-36 of service credit, \$25 or 3% of the member's monthly salary, whichever is greater
- For service exceeding 36 months, \$25 or 4% of the member's monthly salary, whichever is greater

Vested employer contributions are credited to the member's account balance

11. Rollovers:

The fund may accept rollovers from other qualified plans under ruled adopted by the Board for the purchase of additional service credit.

Changes in Plan Provisions Since the Previous Valuation:

There have been no changes in plan provisions since the previous actuarial valuation as of June 30, 2020.

**Solvency Test - PERS
2012 – 2021**

A short-term solvency test is one means of checking a system’s progress under its funding program. In a short-term solvency test, the plan’s present assets (primarily cash and investments) are compared with:

- 1) Active member contributions on deposit
- 2) The liabilities for future benefits to present retired lives; and
- 3) The liabilities for service already rendered by active members.

In a system that has been following level percent of payroll financing, the liabilities for service already rendered by active members (liability 3) should be partially covered by the remainder of present assets. If the system continues using level cost financing, the funded portion of liability 3 will increase over time.

(Amounts in Millions)

Valuation Date	(1) Active Member Contributions*	(2) Retirees, Beneficiaries and Inactive Members	(3) Active Members (Employer Financed Portion)	Actuarial Value of Assets	Portion (%) of Actuarial Accrued Liability By Assets			
					(1)	(2)	(3)	
7/1	Total Actuarial Accrued Liability							
2012	\$2,501.3	\$626.2	\$1,070.7	\$804.4	\$1,627.4	100%	94%	0%
2013	2,716.5	687.9	1,126.0	902.6	1,683.0	100%	88%	0%
2014	2,938.8	746.5	1,255.4	936.9	1,895.8	100%	92%	0%
2015	3,052.4	788.3	1,437.0	827.1	2,094.3	100%	91%	0%
2016	3,396.6	879.3	1,559.5	957.8	2,265.3	100%	89%	0%
2017	3,726.8	943.0	1,751.0	1,032.8	2,633.2	100%	97%	0%
2018	3,959.1	1,027.6	1,917.4	1,014.0	2,868.8	100%	96%	0%
2019	4,269.3	1,068.4	2,163.0	1,037.9	3,081.9	100%	93%	0%
2020	4,717.4	1,138.6	2,404.6	1,174.2	3,260.6	100%	88%	0%
2021	4,991.5	1,213.5	2,601.0	1,177.0	3,546.8	100%	90%	0%

*Includes vested employer contributions for members who have the Portability Enhancement Provision (PEP).

Schedule of Funding Progress

(Amounts in Millions)

July 1	Actuarial Accrued Liability	Valuation Assets	Unfunded Actuarial Accrued Liabilities	Ratio of Assets to AAL	Active Member Payroll	UAAL as Percent of Active Member Payroll
2012	2,501.3	1,627.4	873.9	65.1%	804.2	108.7%
2013	2,716.5	1,683.0	1,033.5	62.0%	800.9	129.1%
2014	2,938.8	1,895.8	1,042.9	64.5%	888.5	117.4%
2015	3,052.4	2,094.3	958.2	68.6%	973.5	98.4%
2016	3,396.6	2,265.3	1,131.3	66.7%	1048.5	107.9%
2017	3,726.8	2,633.2	1,093.6	70.7%	1063.4	102.8%
2018	3,959.1	2,868.8	1,090.3	72.5%	1,076.00	101.3%
2019	4,269.3	3,081.9	1,187.5	72.2%	1,098.40	108.1%
2020	4,717.4	3,260.6	1,456.8	69.1%	1,167.80	124.8%
2021	4,991.5	3,546.8	1444.7	71.1%	1,213.70	119.0%

Schedule of Active Member Valuation Data – PERS - 2012–2021

Valuation Date 7/1	Main System			
	Number	Annual Payroll (\$ in Millions)	Average Annual Pay ¹	% Increase in Avg Pay
2012	20,738	\$781.6	\$37,690	(2.3)%
2013	21,201	865.9	40,841	8.4%
2014	21,814	946.2	43,376	9.3%
2015	22,381	993.6	43,395	0.0%
2016	22,762	1,007.8	44,274	2.0%
2017	22,574	1,020.8	45,222	2.1%
2018	22,711	1,027.3	45,234	0.0%
2019	22,826	1,040.2	45,570	0.7%
2020	23,487	1,103.1	46,967	3.1%
2021	23,370	1,132.4	48,455	3.2%

Valuation Date 7/1	Judges			
	Number	Annual Payroll (\$ in Millions)	Average Annual Pay ¹	% Increase in Avg Pay
2012	49	\$6.1	\$124,645	(1.4)%
2013	49	6.6	134,673	8.0%
2014	50	7.0	139,290	3.4%
2015	51	7.3	142,636	2.4%
2016	56	7.9	141,733	(0.6)%
2017	54	7.9	145,668	2.8%
2018	55	8.0	145,615	(0.0)%
2019	56	8.2	145,791	0.1%
2020	57	8.4	148,047	1.5%
2021	57	8.7	151,836	2.6%

¹Prior to the actuarial valuation as of July 1, 2016, annual payroll is based on projected annual compensation for the upcoming year. Beginning with the actuarial valuation as of July 1, 2016, annual payroll and average annual pay are based on annualized payroll as of the actuarial valuation date.

Values prior to July 1, 2016, were calculated by the prior actuary.

North Dakota Public Employees Retirement System – Actuarial Section
Public Employees Retirement System

Public Safety with Prior Main System Service				
Valuation Date 7/1	Number	Annual Payroll (\$ in Millions)	Average Annual Pay¹	% Increase in Avg Pay
2012	239	\$10.8	\$45,074	0.4%
2013	268	13.4	49,981	10.9%
2014	315	16.7	53,121	6.3%
2015	318	18.7	58,781	10.7%
2016	498	28.2	56,678	(3.6)%
2017	498	28.8	57,762	1.9%
2018	598	34.5	57,728	(0.1)%
2019	732	43.0	58,731	1.7%
2020	745	45.4	60,918	3.7%
2021	967	61.5	63,633	4.5%

Public Safety without Prior Main System Service				
Valuation Date 7/1	Number	Annual Payroll (\$ in Millions)	Average Annual Pay¹	% Increase in Avg Pay
2012	65	\$2.4	\$36,588	(8.3)%
2013	70	2.6	36,998	1.1%
2014	83	3.6	43,872	18.6%
2015	95	4.6	48,204	9.9%
2016	100	4.6	46,217	(4.1)%
2017	117	5.9	50,400	9.0%
2018	119	6.1	51,352	1.9%
2019	140	7.1	50,646	(1.4)%
2020	200	10.8	54,124	6.9%
2021	200	11.1	55,485	2.5%

¹Prior to the actuarial valuation as of July 1, 2016, annual payroll is based on projected annual compensation for the upcoming year. Beginning with the actuarial valuation as of July 1, 2016, annual payroll and average annual pay are based on annualized payroll as of the actuarial valuation date.

Values prior to July 1, 2016, were calculated by the prior actuary.

North Dakota Public Employees Retirement System – Actuarial Section
Public Employees Retirement System

Analysis of Financial Experience - PERS

Changes in the Contribution Rate During Years Ended June 30
 Resulting from Differences Between Assumed Experience and Actual Experience

	Main System			
<i>Plan Year Ended</i>	<u>June 30, 2018</u>	<u>June 30, 2019</u>	<u>June 30, 2020</u>	<u>June 30, 2021</u>
Employer Cost Rate - Beginning of Year	11.20%	11.20%	12.22%	12.94%
Death after Retirement	(0.05)	(0.03)	0.00	(0.04)
Withdrawal from Employment	0.05	(0.04)	0.03	0.04
Age and Service Requirements	0.00	0.00	0.00	0.00
Financial Experience-Investments	(0.24)	(0.16)	(0.42)	(0.94)
Salary Scale and Service	(0.26)	(0.41)	(0.20)	(0.09)
Contribution Income	0.08	0.34	0.36	0.41
Administrative Expenses	(0.02)	0.00	0.01	(0.02)
New and Reinstated Members	0.04	0.10	0.12	0.10
Demographic Changes	0.42	0.10	0.11	0.06
Assumption Changes	0.00	1.09	0.71	0.00
Death and Retirement from Withdrawals	0.03	0.03	0.00	0.00
Employer Cost Rate - End of Year	11.25%	12.22%	12.94%	12.46%

	Judges			
<i>Plan Year Ended</i>	<u>June 30, 2018</u>	<u>June 30, 2019</u>	<u>June 30, 2020</u>	<u>June 30, 2021</u>
Employer Cost Rate - Beginning of Year	4.81%	2.03%	2.83%	8.81%
Plan Change	0.00	0.00	0.00	0.00
Plan Experience	(1.19)	0.66	0.77	0.04
Investment Loss/(Gain)	(0.65)	(0.45)	0.10	(0.64)
Contribution Loss/(Gain)	(0.94)	(1.15)	(1.16)	0.41
Assumption Changes	0.00	1.74	6.27	0.00
Employer Cost Rate - End of Year	2.03%	2.83%	8.81%	8.62%

	Law Enforcement With Prior Main Service*			
<i>Plan Year Ended</i>	<u>June 30, 2018</u>	<u>June 30, 2019</u>	<u>June 30, 2020</u>	<u>June 30, 2021</u>
Employer Cost Rate - Beginning of Year	8.25%	7.64%	8.00%	9.33%
Plan Change	0.00	0.00	0.00	0.00
Plan Experience	(0.32)	(0.35)	(0.16)	0.60
Investment Loss/(Gain)	(0.15)	(0.06)	0.01	0.01
Contribution Loss/(Gain)	(0.14)	(0.13)	(0.13)	(0.13)
Assumption Changes	0.00	0.90	1.61	0.00
Employer Cost Rate - End of Year	7.64%	8.00%	9.33%	9.81%

	Law Enforcement Without Prior Main Service			
<i>Plan Year Ended</i>	<u>June 30, 2018</u>	<u>June 30, 2020</u>	<u>June 30, 2020</u>	<u>June 30, 2021</u>
Employer Cost Rate - Beginning of Year	6.77%	6.20%	6.37%	7.72%
Plan Change	0.00	0.00	0.00	0.00
Plan Experience	(0.53)	(0.22)	0.44	0.20
Investment Loss/(Gain)	(0.07)	(0.05)	(0.01)	(0.02)
Contribution Loss/(Gain)	0.03	(0.33)	(0.40)	0.03
Assumption Changes	0.00	0.77	1.32	0.00
Employer Cost Rate - End of Year	6.20%	6.37%	7.72%	7.93%

**North Dakota Public Employees Retirement System – Actuarial Section
Public Employees Retirement System**

Retirees and Beneficiaries Added to and Removed from the Rolls PERS - 2012–2021

Main System

Plan Year	Beg. of Year		Added to Rolls		Removed from Rolls		End of Year Balance		Average Annual Benefit	% Increase in Annual Benefit
	No.	Ann. Benefits*	No.	Ann. Benefits*	No.	Ann. Benefits*	No.**	Ann. Benefits*		
Retirement										
2012	7,760	\$ 84.6	698	\$ 12.5	(216)	\$ (1.8)	8,242	\$ 95.3	\$ 11,566	12.6%
2013	8,242	95.3	708	10.9	(284)	(4.0)	8,666	102.2	11,798	7.2%
2014	8,666	102.2	855	13.2	(291)	(2.4)	9,230	113.0	12,243	10.6%
2015	9,230	113.0	992	19.3	(243)	(2.4)	9,979	129.9	13,017	15.0%
2016	9,979	129.9	703	12.3	(288)	(2.6)	10,394	139.6	13,435	7.5%
2017	10,394	139.6	870	16.1	(307)	(3.0)	10,957	152.8	13,943	9.4%
2018	10,957	152.8	953	19.7	(372)	(3.6)	11,538	169.0	14,645	10.6%
2019	11,538	169.0	913	18.8	(334)	(3.0)	12,117	184.9	15,257	9.4%
2020	12,117	184.9	1,032	20.5	(401)	(4.3)	12,748	201.1	15,772	8.8%
2021	12,748	201.1	1,025	18.6	(412)	(4.3)	13,361	215.3	16,116	7.1%

* \$ in millions

** Excludes 24 pensioners as of June 30, 2014, 28 pensioners as of June 30, 2015, 35 pensioners as of June 30, 2016, 41 pensioners as of June 30, 2017, 37 pensioners as of June 30, 2018, 37 pensioners as of June 30, 2019, 42 pensioners as of June 30, 2020, and 35 pensioners as of June 30, 2021 in suspended status.

Judges

Plan Year	Beg. of Year		Added to Rolls		Removed from Rolls		End of Year Balance		Average Annual Benefit	% Increase in Annual Benefit
	No.	Ann. Benefits	No.	Ann. Benefits	No.	Ann. Benefits	No.	Ann. Benefits		
Retirement										
2012	34	\$ 1,471,232	0	\$ 0	0	(\$648)	34	\$ 1,470,584	\$ 43,252	0.0%
2013	34	1,470,584	2	60,181	0	0	36	1,530,765	42,521	4.1%
2014	36	1,530,765	2	190,156	0	0	38	1,720,921	45,287	12.4%
2015	38	1,720,921	6	462,888	0	0	44	2,183,809	49,632	26.9%
2016	44	2,183,809	2	85,597	(3)	(147,638)	43	2,121,768	49,343	-2.8%
2017	43	2,121,768	10	674,619	(3)	(156,433)	50	2,639,954	52,799	24.4%
2018	50	2,639,954	7	331,377	(2)	(68,572)	55	2,902,760	52,777	10.0%
2019	55	2,902,760	3	241,678	0	0	58	3,144,438	54,214	8.3%
2020	58	3,144,438	3	293,611	(1)	(94,084)	60	3,343,965	55,733	6.3%
2021	60	3,343,965	3	293,778	0	0	63	3,637,743	57,742	8.8%

Values prior to July 1, 2016, were calculated by the prior actuary.

Totals may not add due to rounding.

North Dakota Public Employees Retirement System – Actuarial Section
Public Employees Retirement System

Public Safety with prior Main System Service

Plan Year	Beg of Year		Added to Rolls		Removed from Rolls		End of Year Balance		Average Annual Benefit	% Increase in Annual Benefit
	No.	Ann. Benefits	No.	Ann. Benefits	No.	Ann. Benefits	No.	Ann. Benefits		
Retirement										
2012	41	\$ 758,815	6	\$ 105,606	0	\$ 0	47	\$ 864,421	\$ 18,392	13.9%
2013	47	864,421	9	225,057	0	(13,776)	56	1,075,702	19,209	24.4%
2014	56	1,075,702	7	83,168	(1)	(57,253)	62	1,101,617	17,768	2.4%
2015	62	1,101,617	11	301,041	0	0	73	1,402,658	19,215	27.3%
2016	73	1,402,658	7	53,522	(1)	(10,529)	79	1,445,651	18,299	3.1%
2017	79	1,445,651	11	390,805	0	0	90	1,836,456	20,405	27.0%
2018	90	1,836,456	15	371,954	(2)	(22,510)	103	2,185,900	21,222	19.0%
2019	103	2,185,900	15	309,766	(3)	(87,471)	115	2,408,195	20,941	10.2%
2020	115	2,408,195	12	223,956	(2)	(38,955)	125	2,593,195	20,746	7.7%
2021	125	2,593,195	15	399,735	(3)	(44,015)	137	2,948,915	21,525	13.7%

Public Safety without prior Main System Service

Plan Year	Beg of Year		Added to Rolls		Removed from Rolls		End of Year Balance		Average Annual Benefit	% Increase in Annual Benefit
	No.	Ann. Benefits	No.	Ann. Benefits	No.	Ann. Benefits	No.	Ann. Benefits		
Retirement										
2012	0	\$ 0	0	\$ 0	0	\$ 0	0	\$ 0	\$ 0	NA
2013	0	0	1	9,792	0	0	1	9,792	9,792	100.0%
2014	1	9,792	0	0	0	0	1	9,792	9,792	0.0%
2015	1	9,792	0	0	0	0	1	9,792	9,792	0.0%
2016	1	9,792	1	3,264	0	0	2	13,056	6,528	33.3%
2017	2	13,056	4	57,609	0	0	6	70,665	11,778	441.2%
2018	6	70,665	2	19,573	0	0	8	90,238	11,280	27.7%
2019	8	90,238	2	10,405	0	0	10	100,643	10,064	11.5%
2020	10	100,643	2	24,715	0	0	12	125,358	10,447	24.6%
2021	12	125,358	2	14,349	0	0	14	139,708	9,979	11.4%

Values prior to July 1, 2016, were calculated by the prior actuary.

Totals may not add due to rounding.

**North Dakota Public Employees Retirement System – Actuarial Section
Actuary’s Certification Letter
Highway Patrolmen’s Retirement System**



P: 312.456.9800 | www.grsconsulting.com

December 3, 2021

Board Members
North Dakota Highway Patrolmen’s Retirement System
Bismarck, North Dakota

Members of the Board:

At your request, we have performed an actuarial valuation which includes actuarial valuation results for funding purposes and separate actuarial valuation results for accounting purposes for the North Dakota Highway Patrolmen’s Retirement System (“HPRS”) as of July 1, 2021. The purpose of the funding actuarial valuation, which is performed annually, is to determine the funding status and actuarial employer contribution rate for the HPRS. The actuarial valuation was performed at the request of the Board and is intended for use by the Board and HPRS and those designated by the Board and HPRS. This report may be provided to parties other than the Board and HPRS only in its entirety and only with the permission of the Board and HPRS. GRS is not responsible for reliance upon this valuation for any other purpose, or by any other party.

Actuarial Assumptions and Methods

The actuarial valuation report was prepared using actuarial assumptions adopted by the Board as authorized under North Dakota Administrative Code Section 71-05. All actuarial assumptions used in this report are reasonable for the purposes of this actuarial valuation.

Actuarial assumptions used in the actuarial valuation as of July 1, 2021 were based on an experience review for the 5-year period ending July 1, 2019. The actuarial assumptions were first adopted for use commencing with the actuarial valuation as of July 1, 2020.

In a letter dated September 10, 2021, GRS determined that an investment return assumption of 7.0 percent can be deemed reasonable for this valuation. However, we caution that 7.0 percent is really an upper bound. If capital market assumptions remain at the present levels, the 7.0 percent return assumption might not comply with actuarial standards for the July 1, 2022 valuation.

The actuarial employer contribution rate is calculated using a 20-year open period, level percentage of payroll amortization method. The remaining amortization period will be reset to 20 years in each future actuarial valuation.

The actuarial assumptions and methods used, including the economic and demographic assumptions, the actuarial cost method and the asset valuation method, meet the Actuarial Standards of Practice issued by the Actuarial Standards Board for the funding of public sector pension plans and are set by the Board. Assumptions and methods required under GASB Statement Nos. 67 and 68 were used in the preparation of the accounting disclosures and schedules required by GASB Statement Nos. 67 and 68.

120 North LaSalle Street | Suite 1350 | Chicago, Illinois 60602-3495

**North Dakota Public Employees Retirement System – Actuarial Section
Actuary's Certification Letter
Highway Patrolmen's Retirement System**

Board Members
December 3, 2021
Page 2

Benefit Provisions

Since the last actuarial valuation, Senate Bill 2043 was passed which establishes gradual retirement contribution increases to the HPRS. The statutory employer and employee contributions will each increase by 0.5 percent of pay every year from January 1, 2022 to January 1, 2025, ultimately increasing both by 2.0 percent of pay. There were no other changes in benefit provisions since the previous actuarial valuation as of July 1, 2020. The Board set the rate at 1.50 percent for the indexing percentage for the year beginning July 1, 2021, applicable to the final average salaries of HPRS deferred vested members.

Participant Data

A total of 151 active members were included in the actuarial valuation as of July 1, 2021. Between the 2020 and 2021 actuarial valuations, the number of active employees decreased by 3 members, or 1.9 percent. The average annual actuarial valuation pay increased by 2.9 percent, from \$74,089 to \$76,266 between the 2020 and 2021 actuarial valuation. There were 12 active members who were eligible for retirement (normal, early or Rule of 80) as of July 1, 2021.

The number of benefit recipients increased by 2 members to 135 since the last actuarial valuation. The average monthly benefit increased, from \$3,526 to \$3,589. During the year ending June 30, 2021, there were 4 members awarded a benefit.

There were 28 inactive members as of July 1, 2021 who were vested and elected to receive a deferred benefit. The average monthly deferred benefit is \$2,252. There were 21 inactive members as of July 1, 2021 who elected to receive a refund of contributions.

Actuarial Valuation Assets

On a market value basis, HPRS assets had an investment return of approximately 24.15 percent (net of investment expenses). On an actuarial value of asset basis, NDPERS assets had an investment return of approximately 9.9 percent, which compares to the prior year assumed rate of return of 7.00 percent.

The actuarial value of assets is currently 91.4 percent of the market value of assets. There are \$8,630,224 in net asset gains currently being deferred that will be phased into the actuarial value of assets over the next 4 years.

Statutory and Actuarial Employer Contributions

The actuarially determined contribution rate is calculated as the normal cost contribution (to fund benefits accruing during the year) plus a contribution to amortize the unfunded liability. The unfunded liability contribution rate is calculated using a 20-year open period, level percentage of payroll amortization method. The remaining amortization period will be reset to 20 years in each future actuarial valuation. If employers contributed the actuarial contribution rate, the contribution rate would be expected to gradually decrease using a 20-year open amortization period as the funded ratio gradually increased. An open amortization period is expected to gradually improve the funded ratio. However, the funded ratio is not expected to reach 100 percent under this method (assuming no actuarial gains or losses) because the remaining unfunded liability at each future actuarial valuation date is re-amortized over a new 20-year period.



**North Dakota Public Employees Retirement System – Actuarial Section
Actuary’s Certification Letter
Highway Patrolmen’s Retirement System**

Board Members
December 3, 2021
Page 3

The contributions that are made by employers are based on fixed contribution rates that are set by statute (and not based on the actuarially determined rate). The statutory contribution rate of 19.70 percent is significantly lower than the actuarial contribution rate of 32.16 percent.

The portion of the statutory contribution that is applied toward the unfunded liability is the statutory contribution rate minus the employer normal cost rate. The unfunded liability contribution rate from the statutory contribution is lower than the rate calculated using the 20-year level percentage of payroll amortization period and is not high enough to amortize the unfunded liability over any period of time based on current statutory rates.

Since the last actuarial valuation, Senate Bill 2043 was passed which establishes gradual retirement contribution increases to the HPRS. The statutory employer and employee contributions will each increase by 0.5 percent of pay every year from January 1, 2022 to January 1, 2025, ultimately increasing both by 2.0 percent of pay.

The additional employer and employee contributions will gradually reduce the contribution deficit, but will not eliminate the shortfall completely. We recommend additional increases to the statutory contribution rate such that the unfunded liability is amortized over a period of no longer than 30 years.

Reliance on Others

The actuarial valuation was based upon information furnished by the NDPERS Staff, concerning benefits provided by the North Dakota Highway Patrolmen’s Retirement System, financial transactions, plan provisions and census data for active members, terminated members, retirees and beneficiaries as of July 1, 2021. We checked for internal and year-to-year consistency, but did not audit the data. We are not responsible for the accuracy or completeness of the information provided by the NDPERS Staff.

The trend data in the Financial Section and the schedules and other data in this Section are prepared by NDPERS Staff with our input. Data prior to fiscal year 2016 was prepared by NDPERS Staff and the prior actuary. Specifically, these exhibits are:

- Actuarial Assumptions and Cost Method;
- Changes in Actuarial Assumptions and Cost Method;
- Active Member Valuation Data;
- Retirees and Beneficiaries Added to and Removed from the Rolls;
- Solvency Test;
- Analysis of Financial Experience;
- Schedule of Retired Members by Type of Benefit; and
- Schedule of Average Monthly Benefit Payments.



**North Dakota Public Employees Retirement System – Actuarial Section
Actuary’s Certification Letter
Highway Patrolmen’s Retirement System**

Board Members
December 3, 2021
Page 4

Accounting Schedules under GASB Statement Nos. 67 and 68

The total pension liability (actuarial accrued liability) is based on a measurement date of July 1, 2021, using the Entry Age Normal actuarial cost method. A single discount rate of 7.00 percent, which is the same rate that is used in the funding actuarial valuation calculations, was used to measure the total pension liability. All other assumptions and methods used in the funding actuarial valuation for calculation of the actuarial accrued liabilities as of July 1, 2021, were used in the GASB 67/68 actuarial valuation for calculation of the total pension liability for fiscal year ending June 30, 2021.

The net pension liability is measured as the total pension liability, less the amount of the pension plan’s fiduciary net position (market value of assets) as of June 30, 2021.

Certification

To the best of our knowledge the information contained in this report is accurate and fairly presents the actuarial position of the North Dakota Highway Patrolmen’s Retirement System as of the actuarial valuation date. All calculations have been made in conformity with generally accepted actuarial principles and practices, and with the Actuarial Standards of Practice issued by the Actuarial Standards Board. Bonita J. Wurst and Abra D. Hill are Members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions herein.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan’s funded status); and changes in plan provisions or applicable law. Due to the limited scope of the actuary’s assignment, the actuary did not perform an analysis of the potential range of such future measurements in this report.

This report was prepared using our proprietary valuation model and related software which, in our professional judgment, has the capability to provide results that are consistent with the purposes of the valuation and has no material limitations or known weaknesses. We performed tests to ensure that the model reasonably represents that which is intended to be modeled.

This report reflects the impact of COVID-19 through June 30, 2021. However, this report does not reflect the longer term and still developing future impact of COVID-19, which is likely to further influence demographic experience and economic expectations. We will continue to monitor these developments and their impact.

This actuarial valuation assumed the continuing ability of the plan sponsor to make the contributions necessary to fund this plan. A determination regarding whether or not the plan sponsor is actually able to do so is outside our scope of expertise and was not performed.



**North Dakota Public Employees Retirement System – Actuarial Section
Actuary's Certification Letter
Highway Patrolmen's Retirement System**

Board Members
December 3, 2021
Page 5

This report should not be relied on for any purpose other than the purpose stated.

The signing actuaries are independent of the plan sponsor.

Respectfully submitted,

Gabriel, Roeder, Smith & Company

Bonita J. Wurst

Bonita J. Wurst, ASA, EA, MAAA, FCA
Senior Consultant

Abra D. Hill

Abra D. Hill, ASA, MAAA, FCA
Consultant

BJW/ADH:dj



**North Dakota Public Employees Retirement System – Actuarial Section
Highway Patrolmen’s Retirement System**

**Actuarial Assumptions and Cost Method – Highway Patrolmen’s Retirement System
(Adopted July 1, 2021)**

Mortality Tables:

Type	Assumption	Male Scaling Factor	Female Scaling Factor
Post-Retirement Non-Disabled	Pub-2010 Healthy Retiree Mortality Table (for General Employees), sex distinct	103%	101%
Post-Retirement Disabled	Pub-2010 Disabled Retiree Mortality Table (for General Employees), sex distinct	117%	112%
Pre-Retirement	Pub-2010 Employee Mortality Table (for General Employees), sex distinct	92%	92%

Rates of Separation from Active Membership:

Service Beginning of Year	Service and Age-Based Rates For First Five Years of Service	
	Rates	
0	8.00%	
1	8.00%	
2	7.00%	
3	7.00%	
4	6.00%	
Age	Rates	
Under 35	2.50%	
35+	1.25%	

Disability Incidence Rates:

Age	Male	Female
20	0.0090%	0.0051%
25	0.0128%	0.0073%
30	0.0165%	0.0094%
35	0.0221%	0.0125%
40	0.0330%	0.0187%
45	0.0539%	0.0306%
50	0.0909%	0.0515%
55	0.1513%	0.0858%
60	0.2440%	0.1383%
65	0.1500%	0.1500%

Refund of Employee Contributions:

Inactive vested members are assumed to elect a refund of employee contributions in lieu of a deferred pension benefit when it is more valuable than the deferred annuity.

**North Dakota Public Employees Retirement System – Actuarial Section
Highway Patrolmen’s Retirement System**

Retirement Rates:

Rates of retirement for members eligible to retire during the next year were as follows:

Age	Male & Female	
	Rule of 80	Not Rule of 80
50	100.00%	25.00%
51	100.00%	25.00%
52	100.00%	25.00%
53	100.00%	25.00%
54	100.00%	25.00%
55	100.00%	75.00%
56	100.00%	75.00%
57	100.00%	75.00%
58	100.00%	75.00%
59	100.00%	75.00%
60+	100.00%	100.00%

Investment Rate of Return:

7.00% per annum, net of investment expenses

Annual Administrative Expenses:

Prior year expenses, adjusted for inflation

Salary Scale:

Service At Beginning of Year	Increase Rate
0	10.75%
1	8.75%
2	6.75%
Age*	
Under 30	6.75%
30 - 34	6.75%
35 - 39	6.00%
40 - 44	5.50%
45 - 49	4.75%
50 - 54	4.50%
55 - 59	3.75%
60 - 64	3.75%
65 - 69	3.75%
70+	3.75%

Inflation:

2.25% per annum

Payroll Growth:

3.5% per annum

Marital Status:

It is assumed that 100% of participants have an eligible spouse at the time of retirement or pre-retirement death. The male spouse is assumed to be three years older than the female spouse.

Spouses are assumed to be the opposite sex of the employees and retirees. The relatively low rate of same-sex spouses does not have a material actuarial impact on the actuarial valuation results.

**North Dakota Public Employees Retirement System – Actuarial Section
Highway Patrolmen’s Retirement System**

Workers' Compensation:

None assumed for disability benefit offset

Indexing for Benefits of Inactive Vested Members:

3% per annum.

Split Service:

Liabilities are held in both plans based on service in each plan, and are based on the actuarial assumptions of the plan in which they are currently active.

Transfers to PERS System:

Annual withdrawal, disability incidence and retirement rate assumptions for members who have transferred to the PERS System follow those specified in the PERS System, and are applied to the benefits held in the HPRS.

Actuarial Cost Method:

Normal cost and the allocation of benefit values between service rendered before and after the valuation date were determined using the Individual Entry Age Normal actuarial cost method having the following characteristics:

- The normal cost for each individual active member, payable from the date of employment to the date of retirement, is sufficient to accumulate the value of the member's benefit at the time of retirement; and
- Each annual normal cost is a constant percentage of the member's year by year projected covered pay.

Actuarial Value of Assets:

The calculated value is determined by adjusting the fair value of the assets to reflect the investment gains and losses (the difference between the actual investment return and the expected investment return) during each of the last five years at a rate of 20% per year.

Benefit Election:

All participants are assumed to elect the 50% joint and survivor annuity

Changes in Actuarial Assumptions and Methods – Highway Patrolmen’s Retirement System:

The actuarial assumptions used in the actuarial valuation as of July 1, 2021 were unchanged from the July 1, 2020 actuarial valuation.

**North Dakota Public Employees Retirement System – Actuarial Section
Highway Patrolmen’s Retirement System**

Summary of Plan Provisions – Highway Patrolmen’s Retirement System

This section summarizes the major benefit provisions of the North Dakota Highway Public Employees Retirement System as included in the valuation. It is not intended to be, nor should it be, interpreted as a complete statement of all plan provisions. Benefits are set by statute. There are no provisions or policies with respect to automatic and ad hoc post-retirement benefit increases.

1. Normal Service Retirement:

Eligibility: Attainment of age 55 with at least 10 years of eligible employment or with age plus service equal to at least 80 (Rule of 80)

Benefit: 3.6% of final average salary for each of the first 25 years of service plus 1.75% of final average salary for service in excess of 25 years.

2. Early Service Retirement:

Eligibility: Attainment of age 50 with 10 years of eligible employment

Benefit: The Normal Service Retirement Benefit as determined above, reduced by one-half of one percent for each month before age 55.

3. Disability Benefit:

Eligibility: Accumulation of six months of service and inability to engage in substantial gainful activity

Benefit: 70% of the member's final average salary at disability minus workers' compensation, with a minimum of \$100 per month

4. Deferred Vested Retirement:

Eligibility: Ten years of service

Benefit: The Normal Service Retirement Benefit payable at age 55 or the Rule of 80, if earlier. Vested benefits are indexed at a rate set by the Retirement Board based on the increase in final average salary from date of termination to benefit commencement date, as follows:

<u>Year Beginning</u>	<u>Average Annual Increase</u>	<u>Three-Year Average Increase</u>
07/01/1994	3.00%	3.01%
07/01/1995	2.00%	2.86%
07/01/1996	2.00%	2.33%
07/01/1997	3.00%	2.33%
07/01/1998	1.80%	2.27%
07/01/1999	1.26%	2.02%
07/01/2000	2.00%	1.69%
07/01/2001	1.81%	1.69%
07/01/2002	1.73%	1.85%
07/01/2003	0.00%	1.18%
07/01/2004	0.00%	0.58%
07/01/2005	4.00%	1.33%
07/01/2006	4.00%	2.67%
07/01/2007	4.00%	4.00%
07/01/2008	4.00%	4.00%
07/01/2009	5.00%	4.33%

**North Dakota Public Employees Retirement System – Actuarial Section
Highway Patrolmen’s Retirement System**

07/01/2010	5.00%	4.67%
07/01/2011	2.00%	4.00%
07/01/2012	2.00%	3.00%
07/01/2013	3.00%	2.33%
07/01/2014	3.00%	2.67%
07/01/2015	3.00%	3.00%
07/01/2016	2.00%	2.67%
07/01/2017	0.00%	1.67%
07/01/2018	0.00%	0.67%
07/01/2019	2.00%	0.67%
07/01/2020	2.50%	1.50%
07/01/2021	1.50%	2.00%

5. Pre-Retirement Death Benefits:

Eligibility: Ten years of service

Benefit: One of the following options:

- Lump sum payout of member's accumulated contributions with interest
- 50% of the member's accrued benefit (not reduced on account of age) payable for the surviving spouse's lifetime

Eligibility: Less than ten years of service

Benefit: Lump sum payment of member's accumulated contributions with interest.

6. Standard and Optional Forms of Payment:

Standard form of payment:

Monthly benefit for life with 50% of the benefit continuing for the life of the surviving spouse (if any).

Optional forms of payment:

- 100% joint and survivor annuity
- Ten-year certain and life annuity
- Twenty-year certain and life annuity
- A partial lump sum payment in addition to one of the annuity options above
- An actuarially equivalent graduated benefit option with either a one percent or two percent increase to be applied the first day of January of each year. Not available for disability or early retirements or in combination with a partial lump sum option or a deferred normal retirement option.

7. Final Average Salary:

Average of the highest salary received by the member for any 36 months employed during the last 180 months of employment for members terminating on or before December 31, 2019.. For members who terminate employment after December 31, 2019, final average salary is the higher of the final average salary calculated on December 31, 2019, or the average salary earned in the three highest periods of twelve consecutive months employed during the last one hundred eighty months of employment.

**North Dakota Public Employees Retirement System – Actuarial Section
Highway Patrolmen’s Retirement System**

8. Contributions:

Member contributions as a percent of monthly salary: 13.3%

Member contributions earn interest at an annual rate equal to .5% less than the actuarial interest rate assumption.

State contributions as a percent of monthly salary for each participating member: 19.7%

Changes in Plan Provisions Since the Previous Valuation:

Since the last actuarial valuation, Senate Bill 2043 was passed which establishes gradual retirement contribution increases to the HPRS. The statutory employer and employee contributions will each increase by 0.5% of pay every year from January 1, 2022 to January 1, 2025, ultimately increasing both by 2.0% of pay.

**Schedule of Active Member Valuation Data - HPRS
2012 – 2021**

Valuation Date 7/1	Number	Annual Payroll (\$ in Millions)	Average Annual Pay ¹	% Increase in Avg Pay
2012	145	\$ 8.2	\$ 56,323	(6.4)%
2013	149	9.3	62,741	11.4%
2014	156	10.1	65,037	3.7%
2015	161	10.8	66,921	2.9%
2016	156	10.5	67,479	0.8%
2017	151	10.6	70,393	4.3%
2018	154	10.7	69,723	(1.0)%
2019	144	10.4	71,904	3.1%
2020	154	11.4	74,089	3.0%
2021	151	11.5	76,266	2.9%

¹ Prior to the actuarial valuation as of July 1, 2017, annual payroll and average annual pay were based on projected annual compensation for the upcoming year. Beginning with the actuarial valuation as of July 1, 2016, annual payroll and average annual pay are based on annualized payroll as of the actuarial valuation date. Results prior to 2016 provided by NDPERS prior actuary.

**North Dakota Highway Patrolmen's Retirement System
Retirees and Beneficiaries Added to and Removed from the Rolls, 2012 – 2021**

Year	Beg of Year		Added to Rolls		Removed from Rolls		End of Year Balance		Average Annual Benefit	% Increase in Annual Benefit
	No.	Ann. Benefits*	No.	Ann. Benefits*	No.	Ann. Benefits*	No.**	Ann. Benefits*		
Retirement										
2012	115	\$ 3,560,532	3	\$ 179,349	(2)	\$ (45,783)	116	\$ 3,694,098	\$ 31,846	3.8%
2013	116	3,694,098	4	169,974	(4)	(114,418)	116	3,749,654	32,325	1.5%
2014	116	3,749,654	2	138,200	(1)	(64,069)	117	3,823,785	32,682	2.0%
2015	117	3,823,785	16	967,969	(5)	(94,620)	128	4,697,134	36,696	22.8%
2016	128	4,697,134	2	68,562	(7)	(179,032)	123	4,586,664	37,290	-2.4%
2017	123	4,586,664	6	172,703	(2)	(26,340)	127	4,733,027	37,268	3.2%
2018	127	4,733,027	4	194,391	(4)	(60,036)	127	4,867,383	38,326	2.8%
2019	127	4,867,383	10	624,714	(1)	(37,177)	136	5,454,919	40,110	12.1%
2020	136	5,454,919	3	235,356	(6)	(62,027)	133	5,628,248	42,318	3.2%
2021	133	5,628,248	4	253,031	(2)	(67,197)	135	5,814,082	43,067	3.3%

* \$ in millions.

** Includes alternate payees.

Results prior to 2016 provided by NDPERS prior actuary.

**North Dakota Public Employees Retirement System – Actuarial Section
Highway Patrolmen’s Retirement System**

**Solvency Test - HPRS
2012 – 2021**

A short-term solvency test is one means of checking a system’s progress under its funding program. In a short-term solvency test, the plan’s present assets (primarily cash and investments) are compared with:

- 1) Active member contributions on deposit
- 2) The liabilities for future benefits to present retired lives; and
- 3) The liabilities for service already rendered by active members.

In a system that has been following level percent of payroll financing, the liabilities for service already rendered by active members (liability 3) should be partially covered by the remainder of present assets. If the system continues using level cost financing, the funded portion of liability 3 will increase over time.

(Amounts in Millions)

Valuation Date 6/30	Total Actuarial Accrued Liability	(1)	(2)	(3)	Actuarial Value of Assets	Portion (%) of Present Value Covered By Assets		
		Active Member Contributions	Retirees, Term Vested and Beneficiaries	Active Members (Employer Financed Portion)		(1)	(2)	(3)
2012	\$ 68.5	\$ 12.1	\$ 39.3	\$ 17.1	\$ 48.1	100%	92%	0%
2013	71.9	13.5	40.5	17.9	49.0	100%	88%	0%
2014	75.5	14.8	41.9	18.8	54.6	100%	95%	0%
2015	80.1	12.3	54.1	13.7	58.9	100%	86%	0%
2016	87.9	14.3	53.9	19.7	61.7	100%	88%	0%
2017	94.0	16.0	57.3	20.7	70.7	100%	95%	0%
2018	98.4	17.4	60.1	20.8	76.1	100%	98%	0%
2019	106.3	18.2	66.3	21.8	80.9	100%	95%	0%
2020	119.3	19.5	72.6	27.2	84.9	100%	90%	0%
2021	123.4	20.7	74.9	27.8	91.4	100%	95%	0%

**North Dakota Public Employees Retirement System – Actuarial Section
Highway Patrolmen’s Retirement System**

Schedule of Funding Progress
(Amounts in Millions)

<u>July 1</u>	<u>Actuarial Accrued Liability</u>	<u>Actuarial Valuation of Assets (AVA)</u>	<u>Unfunded Actuarial Accrued Liabilities</u>	<u>Ratio of Assets to AAL</u>	<u>Active Member Payroll</u>	<u>UAAL as Percent of Active Member Payroll</u>
2012	68.5	48.1	20.4	70.3	8.0	254.5
2013	71.9	49.0	22.9	68.2	7.2	279.8
2014	75.5	54.6	20.9	72.3	9.3	223.6
2015	80.1	58.9	21.2	73.5	10.1	209.3
2016	87.9	61.7	26.2	70.2	10.5	248.8
2017	94.0	70.7	23.3	75.2	10.6	219.4
2018	98.4	76.1	22.3	77.4	10.7	207.5
2019	106.3	80.9	25.4	76.1	10.4	245.4
2020	119.3	84.9	34.4	71.2	11.4	301.6
2021	123.4	91.4	31.9	74.1	11.5	277.2

Analysis of Financial Experience - HPRS

Changes in the Contribution Rate During Years Ended June 30
Resulting from Differences Between Assumed Experience and Actual Experience

<u>Plan Year Ended</u>	<u>June 30, 2018</u>	<u>June 30, 2019</u>	<u>June 30, 2020</u>	<u>June 30, 2021</u>
Employer Cost Rate - Beginning of Year	25.91%	25.50%	29.38%	33.77%
Plan Change	0.00	1.12	0	0
Plan Experience	(0.31)	(0.14)	(1.25)	(1.31)
Change in Amortization Schedule	0.00	0.00	0.00	0.00
Assumption Changes	0.00	3.08	4.9	0.00
Investment Loss/(Gain)	(0.65)	(0.48)	0.08	(1.39)
Contribution Loss/(Gain)	0.55	0.30	0.66	1.09
Employer Cost Rate - End of Year	25.50%	29.38%	33.77%	32.16%



December 3, 2021

Board Members
Retirement Plan for Employees of Job Service North Dakota
Bismarck, North Dakota

Members of the Board:

At your request, we have performed an actuarial valuation which includes actuarial valuation results for funding purposes and separate actuarial valuation results for accounting purposes for the Retirement Plan for Employees of Job Service North Dakota as of July 1, 2021. The purpose of the funding actuarial valuation, which is performed annually, is to determine the funding status and actuarial employer contribution rate for the Retirement Plan for Employees of Job Service North Dakota. The actuarial valuation was performed at the request of the Board and is intended for use by the Board and the Retirement Plan for Employees of Job Service North Dakota and those designated by the Board and the Retirement Plan for Employees of Job Service North Dakota. This report may be provided to parties other than the Board and the Retirement Plan for Employees of Job Service North Dakota only in its entirety and only with the permission of the Board and the Retirement Plan for Employees of Job Service North Dakota. GRS is not responsible for reliance upon this actuarial valuation for any other purpose, or by any other party.

Actuarial Assumptions and Methods

The actuarial valuation report was prepared using actuarial assumptions adopted by the Board as authorized under North Dakota Administrative Code Section 71-02. All actuarial assumptions used in this report are reasonable for the purposes of this actuarial valuation.

Most of the actuarial assumptions used in the actuarial valuation as of July 1, 2021 were based on an experience review for the 5-year period ending July 1, 2019. The actuarial assumptions were first adopted for use commencing with the July 1, 2020 actuarial valuation. There was a decrease in the investment return assumption, from 4.25% to 3.75%, since the previous actuarial valuation.

In a letter dated September 10, 2021, GRS determined that an investment return assumption of 3.75 percent can be deemed reasonable for this valuation. However, we caution that 3.75 percent is really an upper bound. If capital market assumptions remain at the present levels, the 3.75 percent return assumption might not comply with actuarial standards for the July 1, 2022 valuation.

The Frozen Initial Liability Actuarial Cost Method is used to determine the actuarial employer contribution rate, which is equal to the normal cost plus the payment required to amortize the initial unfunded actuarial accrued liability over a selected period of years. The normal cost is determined by calculating the total present value of all future benefits, subtracting the outstanding balance (if any) of the initial unfunded actuarial accrued liability, subtracting the actuarial value of assets and determining payments (not less than zero) that are a level percent of pay over the future working lifetime of all participants.

**North Dakota Public Employees Retirement System – Actuarial Section
Actuary’s Certification Letter
Job Service Retirement Plan**

Board Members
December 3, 2021
Page 2

The actuarial assumptions and methods used, including the economic and demographic assumptions, the actuarial cost method and the asset valuation method, meet the Actuarial Standards of Practice issued by the Actuarial Standards Board for the funding of public sector pension plans and are set by the Board. Assumptions and methods required under GASB Statement Nos. 67 and 68 were used in the preparation of the accounting disclosures and schedules required by GASB Statement Nos. 67 and 68.

Benefit Provisions

There were no changes in benefit provisions since the previous actuarial valuation as of July 1, 2020.

Participant Data

A total of 3 active members were included in the actuarial valuation as of July 1, 2021. Between the 2020 and 2021 actuarial valuations, the number of active employees decreased from 5 to 3. The average annual valuation pay decreased from \$62,921 to \$58,392 between the 2020 and 2021 actuarial valuation. All 3 active members were eligible for retirement (normal, optional or early) as of July 1, 2021.

The number of benefit recipients decreased from 181 to 177, since the last actuarial valuation. The average monthly benefit paid by Job Service and excluding benefit amounts paid by the insurer increased by 5.3 percent, from \$2,081 to \$2,193. During the year ending June 30, 2021, there were 3 members awarded a benefit. A 1.3 percent cost of living adjustment was granted in December 2020.

There were no inactive members as of July 1, 2021.

Actuarial Valuation Assets

On a market value basis, the Retirement Plan for Employees of Job Service North Dakota assets had an investment return of approximately 6.48 percent (net of investment expenses). On an actuarial value of asset basis, the Retirement Plan for Employees of Job Service North Dakota had an estimated net asset rate of return of 3.78 percent, which compares to the prior year assumed rate of return of 4.25 percent.

The actuarial value of assets is currently 99 percent of the market value of assets. There are \$746,794 in net asset gains currently being deferred that will be phased into the actuarial value of assets over the next 4 years.

Statutory and Actuarial Employer Contributions

The “actuarial contribution” under the Frozen Initial Liability Actuarial Cost Method is the normal cost plus the payment required to amortize the unfunded initial actuarial accrued liability over a selected period of years. The normal cost is determined by calculating the total present value of all future benefits, subtracting the outstanding balance (if any) of the unfunded initial actuarial accrued liability, subtracting the actuarial value of assets and determining payments (not less than zero) that are a level percent of pay over the future working lifetime of all participants. In the absence of an unfunded initial actuarial accrued liability, the Frozen Initial Liability Actuarial Cost Method is the same as the Aggregate Cost Method.



**North Dakota Public Employees Retirement System – Actuarial Section
Actuary's Certification Letter
Job Service Retirement Plan**

Board Members
December 3, 2021
Page 3

An "actuarial contribution" will be determined when the plan is not in surplus and will be based on a funding policy adopted by the Employer.

Reliance on Others

The actuarial valuation was based upon information furnished by the NDPERS Staff, concerning benefits provided by the Retirement Plan for Employees of Job Service North Dakota, financial transactions, plan provisions and census data for active members, terminated members, retirees and beneficiaries as of July 1, 2021. We checked for internal and year-to-year consistency, but did not audit the data. We are not responsible for the accuracy or completeness of the information provided by the NDPERS Staff.

The trend data in the Financial Section and the schedules and other data in this Section are prepared by NDPERS Staff with our input. Data prior to fiscal year 2016 was prepared by NDPERS Staff and the prior actuary. Specifically, these exhibits are:

- Actuarial Assumptions and Cost Method;
- Changes in Actuarial Assumptions and Cost Method;
- Active Member Valuation Data;
- Retirees and Beneficiaries Added to and Removed from the Rolls;
- Solvency Test;
- Analysis of Financial Experience;
- Schedule of Retired Members by Type of Benefit; and
- Schedule of Average Monthly Benefit Payments.

Accounting Schedules under GASB Statement Nos. 67 and 68

The total pension liability (actuarial accrued liability) is based on a measurement date of July 1, 2021, under the Entry Age Normal actuarial cost method. A single discount rate of 3.75 percent, which is the same rate that is used in the funding actuarial valuation calculations, was used to measure the total pension liability.

All other assumptions and methods used in the funding actuarial valuation for calculation of the actuarial accrued liabilities as of July 1, 2021, were used in the GASB 67/68 actuarial valuation for calculation of the total pension liability for fiscal year ending June 30, 2021.

The net pension liability is measured as the total pension liability, less the amount of the pension plan's fiduciary net position (market value of assets) as of June 30, 2021.

Certification

To the best of our knowledge the information contained in this report is accurate and fairly presents the actuarial position of the Retirement Plan for Employees of Job Service North Dakota as of the actuarial valuation date. All calculations have been made in conformity with generally accepted actuarial principles and practices, and with the Actuarial Standards of Practice issued by the Actuarial Standards Board. Bonita J. Wurst and Abra D. Hill are Members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions herein.



**North Dakota Public Employees Retirement System – Actuarial Section
Actuary's Certification Letter
Job Service Retirement Plan**

Board Members
December 3, 2021
Page 4

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. Due to the limited scope of the actuary's assignment, the actuary did not perform an analysis of the potential range of such future measurements in this report.

This report was prepared using our proprietary valuation model and related software which in our professional judgment has the capability to provide results that are consistent with the purposes of the valuation and has no material limitations or known weaknesses. We performed tests to ensure that the model reasonably represents that which is intended to be modeled.

This report reflects the impact of COVID-19 through June 30, 2021. However, this report does not reflect the longer term and still developing future impact of COVID-19, which is likely to further influence demographic experience and economic expectations. We will continue to monitor these developments and their impact.

This actuarial valuation assumed the continuing ability of the plan sponsor to make the contributions necessary to fund this plan. A determination regarding whether or not the plan sponsor is actually able to do so is outside our scope of expertise and was not performed.

This report should not be relied on for any purpose other than the purpose stated.

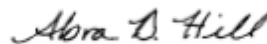
The signing actuaries are independent of the plan sponsor.

Respectfully submitted,

Gabriel, Roeder, Smith & Company



Bonita J. Wurst, ASA, EA, MAAA, FCA
Senior Consultant



Abra D. Hill, ASA, MAAA, FCA
Consultant

BJW/ADH:dj



**Actuarial Assumptions and Cost Method
Retirement Plan for Employees of Job Service of North Dakota**

Actuarial Cost Method:

There is a wide range of funding methods that are considered acceptable by the actuarial profession and meet government standards. The frozen initial liability actuarial cost method is the method used currently for the Retirement Plan for Employees of Job Service North Dakota.

The "annual contribution" under this method is the normal cost plus the payment required to amortize the unfunded initial actuarial accrued liability over a selected period of years. The normal cost is determined by calculating the total value of all future benefits, subtracting the outstanding balance (if any) of the unfunded initial actuarial accrued liability, subtracting the actuarial value of assets, and determining payments (not less than zero) that are a level percent of pay over the future working lifetime of all participants. In the absence of an unfunded initial liability actuarial accrued liability, the frozen initial liability actuarial cost method is the same as the aggregate cost method.

The "scheduled contribution" will be determined when the plan is not in surplus and will be based on a funding policy adopted by the Employer.

Asset Valuation Method:

The asset value indicates the portion of the benefits already funded. The method used to determine this value is called the actuarial asset valuation method. The actuarial asset valuation method is as follows:

The calculated value is determined by adjusting the fair value of assets to reflect the investment gains and losses (the difference between the actual investment return and the expected investment return) during each of the last five years at the rate of 20 percent per year. This asset smoothing method was first adopted by the Board to use beginning with the July 1, 2017 actuarial valuation. Net deferred asset gains attributable to fiscal years 2016 and prior were fully recognized as of July 1, 2017.

Actuarial Assumptions:

The information and analysis is used in selecting each assumption that has a significant effect on this actuarial valuation is shown in our report titled Experience Review: July 2014 - June 2019.

Mortality Tables:

Pub-2010 Healthy Retiree Mortality table (for General Employees), sex-distinct, with rates multiplied by 103% for males and 101% for females. Pub-2010 Disabled Retiree Mortality table (for General Employees), sex-distinct, with rates multiplied by 117% for males and 112% for females. Pub-2010 Employee Mortality table (for General Employees), sex-distinct, with rates multiplied by 92% for both males and females. Mortality rates are projected from 2010 using the MP-2019 scale.

**North Dakota Public Employees Retirement System – Actuarial Section
Job Service Retirement Plan**

The mortality assumptions are as follows:

Type	Assumption	Male Scaling Factor	Female Scaling Factor
Post-Retirement Non-Disabled	Pub-2010 Healthy Retiree Mortality Table (for General Employees), sex distinct	103%	101%
Post-Retirement Disabled	Pub-2010 Disabled Retiree Mortality Table (for General Employees), sex distinct	117%	112%
Pre-Retirement	Pub-2010 Employee Mortality Table (for General Employees), sex distinct	92%	92%

Disability Incidence Rates:

Sample rates are as follows:

Age	Male	Female
20	0.0090%	0.0051%
25	0.0128%	0.0073%
30	0.0165%	0.0094%
35	0.0221%	0.0125%
40	0.0330%	0.0187%
45	0.0539%	0.0306%
50	0.0909%	0.0515%
55	0.1513%	0.0858%
60	0.2440%	0.1383%
65	0.1500%	0.1500%

Withdrawal Rates:

There are no withdrawal rates for Job Service members.

Retirement Rates:

Rates of retirement for members eligible to retire during the next year were as follows:

<u>Age</u>	<u>Rates</u>
50-64	15.00%
65+	100.00%

Salary Scale:

3.5% per year.

Post-retirement cost-of-living adjustment:

2.25% per year.

Marital Status:

It is assumed that 85 percent of participants have an eligible spouse at the time of retirement or pre-retirement death. The male spouse is assumed to be four years older than the female spouse.

Spouses are assumed to be the opposite sex of the employees and retirees. The relatively low rate of same-sex spouses does not have a material actuarial impact on the actuarial valuation results

Rate of Return on Assets/Discount Rate:

3.75% per year, compounded annually, net of investment expenses

**North Dakota Public Employees Retirement System – Actuarial Section
Job Service Retirement Plan**

Future Benefit Accruals:

One year of credited service per year per active employee included in the valuation

Annual Administrative Expenses:

Prior year expenses, adjusted for inflation

Benefit Election:

55% of participants are assumed to elect the Single Life Annuity with 120 month guarantee, and 45% are assumed to elect the 55% Contingent Annuitant Option.

Changes in Actuarial Assumptions or Cost Method:

The Board approved the following changes to the actuarial assumptions beginning with the July 1, 2021 actuarial valuation:

- The investment return assumption was lowered from 4.25 to 3.75 percent for the July 1, 2021 valuation

All other actuarial assumptions used in the July 1, 2021 are the same as the last actuarial valuation as of July 1, 2020.

Summary of Plan Provisions – Job Service Retirement System

This section summarizes the major benefit provisions of the Retirement Plan for Employees of Job Service as included in the valuation. It is not intended to be, nor should it be, interpreted as a complete statement of all plan provisions. Benefits are established through the plan document, as amended. The system provides a post-retirement cost-of-living adjustment each year, based on the Consumer Price Index

1. Normal Retirement

Age Requirement: 65
Service Requirement: None

Benefit: Average monthly earnings multiplied by the sum of:
a. 1.5% times credited service up to five years, plus
b. 1.75% times credited service between six and ten years, plus
c. 2.00% times credited service in excess of ten years

Average Monthly Earnings - monthly average earnings during the highest three consecutive years of employment

2. Optional Retirement:

Age and Service Requirements:
Age 62 with 5 years of credited service, or
Age 60 with 20 years of credited service, or
Age 55 with 30 years of credited service.

Benefit: Accrued normal retirement benefit.

3. Early Retirement:

Age Requirement: Ten years before normal or optional retirement age

Service Requirement: Same as optional retirement

**North Dakota Public Employees Retirement System – Actuarial Section
Job Service Retirement Plan**

Benefit: Accrued normal retirement benefit, reduced if payments begin before normal or optional retirement

4. Disability Benefit:

Age Requirement: None

Service Requirement: Five years of credited service

Benefit: Greater or accrued normal retirement benefit or 40% of average monthly earnings

5. Deferred Vested Retirement:

Age Requirement: None

Service Requirement: Five years of credited service

Benefit: Accrued normal retirement benefit payable at normal or optional retirement. After attainment of early retirement age, reduced benefits may not be paid.

Employees who meet the requirements for a vested benefit may elect to receive a return of their accumulated employee contributions (including interest at 4% per year) in lieu of all other benefits under the plan.

6. Refund of Member Contributions:

Employees who do not meet the requirements for a vested benefit will receive a return of their accumulated employee contributions (including interest at 4% per year).

7. Pre-Retirement Death Benefits:

Married participants or single participants with eligible children

Surviving Spouse's Benefit:

Age Requirement: None

Service Requirement: None

Benefit: 55% of the greater of (a) or (b):

(a) Accrued normal retirement benefit

(b) The lesser of (1) or (2)

(1) 40% of average monthly earnings

(2) Normal retirement benefit based on credited service to age 60

Children's Benefit:

Provided for children under age 18 (age 22 if a full-time student) note: the actuarial valuation does not consider the benefits for expected surviving children

Single participants with no eligible children

120 Payment Guarantee:

Age Requirement: None

Service Requirement: Five years of credited service

**North Dakota Public Employees Retirement System – Actuarial Section
Job Service Retirement Plan**

Benefit: Accrued normal retirement benefit payable for 120 months.
Not payable if surviving spouse or children's benefit is payable.

Lump Sum Benefit:

Age Requirement: None

Service Requirement: None

Benefit: Accumulated employee contributions (including interest at 4% per year). Not payable if the surviving spouse, children's benefit or 120 payment guarantee is in effect

8. Post-Retirement Death Benefits:

Based on form of payment elected by the pensioner.

9. Post-Retirement Cost-of-Living Adjustment:

Based on the Consumer Price Index as approved by the Board.

10. Participation:

Plan participant before October 1, 1980

11. Credited Service:

Monthly salaried employment in a probationary or permanent status including only: service for which contributions were made (including purchased service), eligible military service and unused sick leave.

12. Contribution Rate:

Employee: 7% of average monthly earnings (4% picked up by employer)

Employer: remaining scheduled contribution, if any.

13. Normal and Optional Forms of Payment:

- Single Life Annuity with 120 month guarantee (Normal);
- Single Life Annuity with 180 month guarantee;
- Single Life Annuity with 240 month guarantee;
- 55% Contingent Annuitant Option;
- 75% Contingent Annuitant Option;
- 100% Contingent Annuitant Option; and
- Uniform Income Option

Changes in Plan Provisions Since the Previous Valuation:

There have been no changes in plan provisions since the previous valuations as of July 1, 2020

**North Dakota Public Employees Retirement System – Actuarial Section
Job Service Retirement Plan**

**Schedule of Active Member Valuation Data
Job Service Retirement Plan 2012 – 2021**

<u>Valuation Date 7/1</u>	<u>Number</u>	<u>Annual Payroll (\$ in Millions)</u>	<u>Average Annual Pay¹</u>	<u>% Increase in Avg Pay</u>
2012	19	\$ 1.0	\$ 54,892	5.1%
2013	15	0.8	56,173	2.3%
2014	13	0.8	60,819	8.3%
2015	11	0.7	63,402	4.2%
2016	9	0.6	62,743	(1.0)%
2017	8	0.5	62,321	(0.7)%
2018	7	0.4	59,522	(4.5)%
2019	7	0.4	59,507	(0.0)%
2020	5	0.3	62,921	5.7%
2021	3	0.2	58,392	(7.2)%

¹Prior to the actuarial valuation as of July 1, 2017, annual payroll and average annual pay are based on projected annual compensation for the upcoming year. Beginning with the actuarial valuation as of July 1, 2016, annual payroll and average annual pay are based on annualized payroll as of the actuarial valuation date.

Results prior to 2016 provided by NDPERS prior actuary.

**Retirement Plan for Employees of Job Service North Dakota
Retirees and Beneficiaries (Including Traveler's Annuitants)
Added to and Removed from the Rolls, 2012 – 2021**

Plan Year	Beg of Year		Added to Rolls		Removed from Rolls		End of Year Balance		Average Annual Benefit	% Increase in Total Ann. Benefits
	No.	Ann. Benefits*	No.	Ann. Benefits*	No.	Ann. Benefits*	No.**	Ann. Benefits*		
Retirement										
2012	213	\$ 3,999,704	9	\$ 543,433	(10)	(\$153,978)	212	\$ 4,389,159	\$ 20,704	9.7%
2013	212	4,389,159	8	273,087	(7)	(250,470)	213	4,411,776	20,713	0.5%
2014	213	4,411,776	6	300,806	(6)	(86,706)	213	4,625,876	21,718	4.9%
2015	213	4,625,876	2	106,825	(9)	(119,238)	206	4,613,463	22,395	-0.3%
2016	206	4,613,463	7	119,994	(7)	(126,408)	206	4,607,049	22,364	-0.1%
2017	206	4,607,049	2	110,266	(9)	(189,860)	199	4,527,455	22,751	-1.7%
2018	199	4,527,455	7	239,216	(10)	(169,016)	196	4,597,655	23,457	1.6%
2019	196	4,597,655	0	142,105	(11)	(161,369)	185	4,578,391	24,748	-0.4%
2020	185	4,578,391	7	210,459	(11)	(267,983)	181	4,520,867	24,977	-1.3%
2021	181	4,520,867	5	289,805	(9)	(153,303)	177	4,657,369	26,313	3.0%

* Includes cost of living adjustment of 3.6% for retirement benefits in pay status as of July 1, 2012, 1.7% as of July 1, 2013, 1.5% as of July 1, 2014, 1.7% as of July 1, 2015, 0.3% as of July 1, 2017, 2.0% as of July 1, 2018, 2.8% as of July 1, 2019, 1.6% as of July 1, 2020, and 1.3% as of July 1, 2021. Excludes benefits paid by the insurer.

** Includes 2 alternate payees.

Results prior to 2016 provided by NDPERS prior actuary.

**North Dakota Public Employees Retirement System – Actuarial Section
Job Service Retirement Plan**

**Solvency Test – Job Service Retirement Plan
2012 – 2021**

A short-term solvency test is one means of checking a system’s progress under its funding program. In a short-term solvency test, the plan’s present assets (primarily cash and investments) are compared with:

- 1) The liabilities for future benefits to present retired lives; and
- 2) The liabilities for future benefits to inactive vested employees not in pay status; and
- 3) The liabilities for future benefits to current active employees.

In a system that has been following level percent of payroll financing, the liabilities for service already rendered by active members (liability 3) should be partially covered by the remainder of present assets. If the system continues using level cost financing, the funded portion of liability 3 will increase over time.

(Amounts in Millions)

Valuation Date 7/1	Present Value of Future Benefits	(1)	(2)	(3)	Actuarial Value of Assets	Portion (%) of Present Value Covered by Assets		
		Retirees, Term Vested and Beneficiaries	Inactive Vested Employee (Not in Pay Status)	Active Members		(1)	(2)	(3)
2012	\$72.0	\$61.1	\$0.7	\$10.2	\$75.1	100%	100%	100%
2013	66.4	56.7	1.9	7.8	76.3	100%	100%	100%
2014	65.5	57.9	0.0	7.6	78.2	100%	100%	100%
2015	63.6	56.2	0.0	7.4	79.2	100%	100%	100%
2016	61.4	55.0	0.0	6.4	81.0	100%	100%	100%
2017	63.8	57.4	0.0	6.4	98.4	100%	100%	100%
2018	68.3	62.1	0.0	6.1	98.4	100%	100%	100%
2019	66.3	60.1	0.0	6.2	97.8	100%	100%	100%
2020	64.2	59.4	0.0	4.8	97.0	100%	100%	100%
2021	64.9	62.1	0.0	2.8	95.9	100%	100%	100%

As of July 1, 2017, the asset smoothing method was revised and net deferred asset gains attributable to fiscal years 2016 and prior were fully recognized.

**North Dakota Public Employees Retirement System – Actuarial Section
Job Service Retirement Plan**

Schedule of Funding Progress
(Amounts in Millions)

<u>July 1</u>	<u>Present Value of Future Benefits</u>	<u>Valuation Assets (AVA)</u>	<u>Unfunded Present Value of Future Benefits</u>	<u>Ratio of Assets to PVFB</u>	<u>Active Member Payroll</u>	<u>UPVFB as Percent of Active Member Payroll</u>
2012	71.4	75.1	(3.7)	105.2%	1.2	(319.5)%
2013	66.0	76.3	(10.3)	115.6%	1.0	(1,016.4)%
2014	65.2	78.2	(13.0)	119.9%	0.8	(1,538.9)%
2015	63.6	79.2	(15.6)	124.5%	0.8	(1,969.7)%
2016	61.4	81.0	(20.0)	132.0%	0.6	(3,472.6)%
2017	63.8	98.4	(34.5)	154.1%	0.5	(6,926.6)%
2018	68.3	98.4	(30.1)	144.1%	0.4	(7,229.0)%
2019	66.3	97.8	(31.5)	147.5%	0.4	(7,564.2)%
2020	64.2	97.0	(32.7)	151.0%	0.3	(10,406.6)%
2021	64.9	95.9	(30.9)	147.7%	0.2	(17,663.7)%

Analysis of Financial Experience - Job Service Retirement Plan

Changes in the Contribution Rate During Years Ended June 30
Resulting from Differences Between Assumed Experience and Actual Experience

<u>Plan Year Ended</u>	<u>June 30, 2018</u>	<u>June 30, 2019</u>	<u>June 30, 2020</u>	<u>June 30, 2021</u>
Employer Cost Rate - Beginning of Year	0.00%	0.00%	0.00%	0.00%
Plan Change	0.00	0.00	0.00	0.00
Plan Experience	0.00	0.00	0.00	0.00
Change in Amortization Schedule	0.00	0.00	0.00	0.00
Assumption Changes	0.00	0.00	0.00	0.00
Investment Loss/(Gain)	0.00	0.00	0.00	0.00
Contribution Loss/(Gain)	0.00	0.00	0.00	0.00
Employer Cost Rate - End of Year	0.00%	0.00%	0.00%	0.00%



December 3, 2021

Board Members
North Dakota Retiree Health Insurance Credit Fund
Bismarck, North Dakota

Members of the Board:

At your request, we have performed an actuarial valuation which includes actuarial valuation results for funding purposes and separate actuarial valuation results for accounting purposes for the North Dakota Retiree Health Insurance Credit Fund ("RHIC") as of July 1, 2021. The purpose of the funding actuarial valuation, which is performed annually, is to determine the funding status and actuarial employer contribution rate for the RHIC. The actuarial valuation was performed at the request of the Board and is intended for use by the Board and RHIC and those designated by the Board and RHIC. This report may be provided to parties other than the Board and RHIC only in its entirety and only with the permission of the Board and RHIC. GRS is not responsible for reliance upon this valuation for any other purpose, or by any other party.

Actuarial Assumptions and Methods

The actuarial valuation report was prepared using actuarial assumptions adopted by the Board as authorized under North Dakota Administrative Code Section 71-06. All actuarial assumptions used in this report are reasonable for the purposes of this actuarial valuation.

Actuarial assumptions used in the actuarial valuation as of July 1, 2021 were based on an experience review for the 5-year period ending July 1, 2019. The actuarial assumptions were first adopted for use commencing with the July 1, 2020 actuarial valuation.

In a letter dated September 10, 2021, GRS determined that an investment return assumption of 6.5 percent can be deemed reasonable for this valuation. However, we caution that 6.5 percent is really an upper bound. If capital market assumptions remain at the present levels, the 6.5 percent return assumption might not comply with actuarial standards for the July 1, 2022 valuation.

Prior to the actuarial valuation as of July 1, 2019, the actuarial contribution rate was calculated using a 40-year closed period (beginning July 1, 1990) level-percentage of pay amortization of the unfunded liability. First effective with the actuarial valuation as of July 1, 2019, the Board adopted a change in the method used to calculate the actuarial rate to a modified version of the Aggregate Actuarial Cost Method in order to be more consistent with projected contributions to a mostly closed plan. The actuarial rate is equal to the rate needed to pay off the unfunded liability and future Normal Cost contributions at the end of 20 years as a level percent of closed group (decreasing) payroll. The remaining amortization period as of the July 1, 2021 actuarial valuation is 18 years.

Board Members
December 3, 2021
Page 2

The actuarial assumptions and methods used, including the economic and demographic assumptions, the actuarial cost method and the asset valuation method, meet the Actuarial Standards of Practice issued by the Actuarial Standards Board for the funding of public sector pension plans and are set by the Board. Assumptions and methods required under GASB Statement Nos. 74 and 75 were used in the preparation of the accounting disclosures and schedules required by GASB Statement Nos. 74 and 75.

Benefit Provisions

Beginning January 1, 2020, members first enrolled in the NDPERS Main System and the Defined Contribution Plan on or after that date will not be eligible to participate in RHIC. Therefore, RHIC has become for the most part a closed plan. The RHIC employer contributions for members first enrolled in the NDPERS Main System on or after January 1, 2020 are made as additional contributions to the NDPERS Main System. The RHIC employer contributions for members first enrolled in the NDPERS Defined Contribution plan on or after January 1, 2020 are made as additional contributions to the members' defined contribution accounts. There were no changes in plan provisions since the previous valuation.

Participant Data

A total of 21,067 active members were included in the actuarial valuation as of July 1, 2021. Between the 2020 and 2021 actuarial valuations, the number of active employees decreased by 2,428 members, or 10.3 percent. The average annual actuarial valuation pay increased by 6.7 percent, from \$48,520 to \$51,752 between the 2020 and 2021 actuarial valuation.

The number of eligible current benefit recipients increased from 13,092 to 13,697, or 4.6 percent, since the last actuarial valuation. All eligible retirees, including those not enrolled in the NDPERS health insurance plan, were included beginning with the 2016 actuarial valuation.

The average monthly benefit remained at \$98. The assumed average monthly benefit utilized was \$89.

A total of 7,112 terminated vested members were included in the actuarial valuation as of July 1, 2021. Terminated vested liabilities were first reflected in the July 1, 2020 actuarial valuation.

Actuarial Valuation Assets

On a market value basis, RHIC assets had an investment return of approximately 25.07 percent (net of investment expenses). On an actuarial value of asset basis, RHIC assets had an investment return of approximately 9.81 percent, which compares to the prior year assumed rate of return of 6.50 percent.

The actuarial value of assets is currently 89.5 percent of the market value of assets. There are \$19,055,835 in net asset gains currently being deferred that will be phased into the actuarial value of assets over the next 4 years.

Statutory and Actuarial Employer Contributions

First effective with the actuarial valuation as of July 1, 2019, the actuarially determined contribution rate is calculated as the rate needed to pay off the unfunded liability and future Normal Cost contributions at the end of 20 years as a level percent of closed group (decreasing) payroll. If employers contributed the



Board Members
December 3, 2021
Page 3

actuarial contribution rate, the contribution rate would be expected to remain level over the 20-year period (assuming the actuarial assumptions are realized, including a 6.50 return on the actuarial value of assets). A closed amortization period is expected to increase the funded ratio to 100 percent by the end of the closed period (assuming no actuarial gains or losses).

The contributions that are made by employers are based on fixed contribution rates that are set by statute (and not based on the actuarially determined rate). The statutory contribution rate of 1.14 percent is slightly higher than the actuarial contribution rate of 1.08 percent.

The statutory contribution is expected to fully fund the current unfunded liability (assuming the actuarial assumptions are realized, including a 6.50 return on the actuarial value of assets) over a period of approximately 16 years.

Reliance on Others

The actuarial valuation was based upon information furnished by the NDPERS Staff, concerning benefits provided by the North Dakota Retiree Health Insurance Credit Fund, financial transactions, plan provisions and census data for active members, terminated members, retirees and beneficiaries as of July 1, 2021. We checked for internal and year-to-year consistency, but did not audit the data. We are not responsible for the accuracy or completeness of the information provided by the NDPERS Staff.

The trend data in the Financial Section and the schedules and other data in this Section are prepared by NDPERS Staff with our input. Data prior to fiscal year 2016 was prepared by NDPERS Staff and the prior actuary. Specifically, these exhibits are:

- Actuarial Assumptions and Cost Method;
- Changes in Actuarial Assumptions and Cost Method;
- Active Member Valuation Data;
- Retirees and Beneficiaries Added to and Removed from the Rolls;
- Solvency Test;
- Analysis of Financial Experience;
- Schedule of Retired Members by Type of Benefit; and
- Schedule of Average Monthly Benefit Payments.

Accounting Schedules under GASB Statement Nos. 74 and 75

The total OPEB liability (actuarial accrued liability) is based on a measurement date of July 1, 2021, under the Entry Age Normal actuarial cost method. A single discount rate of 6.50 percent (which is the same rate that is used in the funding actuarial valuation calculations) was used to measure the total OPEB liability. All other assumptions and methods used in the funding actuarial valuation for calculation of the actuarial accrued liabilities as of July 1, 2021, were used in the GASB 74/75 actuarial valuation for calculation of the total OPEB liability for fiscal year ending June 30, 2021.

The net OPEB liability is measured as the total OPEB liability, less the amount of the OPEB plan's fiduciary net position (market value of assets) as of June 30, 2021.



Board Members
December 3, 2021
Page 4

Certification

To the best of our knowledge the information contained in this report is accurate and fairly presents the actuarial position of the North Dakota Retiree Health Insurance Credit Fund as of the actuarial valuation date. All calculations have been made in conformity with generally accepted actuarial principles and practices, and with the Actuarial Standards of Practice issued by the Actuarial Standards Board. Bonita J. Wurst and Abra D. Hill are Members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions herein.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. Due to the limited scope of the actuary's assignment, the actuary did not perform an analysis of the potential range of such future measurements in this report.

This report was prepared using our proprietary valuation model and related software which in our professional judgment has the capability to provide results that are consistent with the purposes of the valuation and has no material limitations or known weaknesses. We performed tests to ensure that the model reasonably represents that which is intended to be modeled.

This report reflects the impact of COVID-19 through June 30, 2021. However, this report does not reflect the longer term and still developing future impact of COVID-19, which is likely to further influence demographic experience and economic expectations. We will continue to monitor these developments and their impact.

This actuarial valuation assumed the continuing ability of the plan sponsor to make the contributions necessary to fund this plan. A determination regarding whether or not the plan sponsor is actually able to do so is outside our scope of expertise and was not performed.

This report should not be relied on for any purpose other than the purpose stated.

The signing actuaries are independent of the plan sponsor.

Respectfully submitted,

Gabriel, Roeder, Smith & Company



Bonita J. Wurst, ASA, EA, MAAA, FCA
Senior Consultant



Abra D. Hill, ASA, MAAA, FCA
Consultant

BJW/ADH:dj



**Actuarial Assumptions and Cost Method
Retiree Health Insurance Credit Fund**

Mortality Tables:

The mortality assumptions are as follows:

Type	Assumption	Male Scaling Factor	Female Scaling Factor
Post-Retirement Non-Disabled	Pub-2010 Healthy Retiree Mortality Table (for General Employees), sex distinct	103%	101%
Post-Retirement Disabled	Pub-2010 Disabled Retiree Mortality Table (for General Employees), sex distinct	117%	112%
Pre-Retirement	Pub-2010 Employee Mortality Table (for General Employees), sex distinct	92%	92%

Following is a table with the life expectancies by age as of the actuarial valuation date.

Age	<u>Healthy Mortality</u>		<u>Disabled Mortality</u>	
	Future Life		Future Life	
	Expectancy (Years) in 2021		Expectancy (Years) in 2021	
	Male	Female	Male	Female
20	67.10	70.58	49.60	54.20
25	61.72	65.18	44.88	49.07
30	56.35	59.77	40.13	43.98
35	51.03	54.40	35.76	39.31
40	45.75	49.06	31.67	35.02
45	40.50	43.74	27.75	31.01
50	35.38	38.53	24.08	27.30
55	30.49	33.55	20.81	24.01
60	25.79	28.68	17.91	20.99
65	21.30	23.94	15.25	17.94
70	17.05	19.39	12.65	14.72
75	13.11	15.12	10.07	11.57
80	9.65	11.29	7.68	8.76
85	6.82	8.06	5.65	6.51
90	4.75	5.60	4.04	4.85
95	3.34	3.90	2.92	3.53
100	2.39	2.74	2.09	2.47
105	1.81	2.01	1.55	1.78

**North Dakota Public Employees Retirement System – Actuarial Section
Retiree Health Insurance Credit Fund**

Withdrawal Rates:

Different withdrawal rates are applied to the active members of the Main and DC Systems, Highway Patrol, Judges and Law Enforcement. Rates for the Main and Law Enforcement Systems are detailed below. The withdrawal assumptions applied to the active members in the other groups are detailed in the valuation report for their retirement system.

Rates of separation from active membership are represented by the following table (rates do not apply to members eligible to retire and do not include separation on account of death or disability). This assumption measures the probabilities of members terminating employment.

Service and Age-Based Rates for First Five Years of Service						
Service Beginning of Year	Main System			Public Safety		
	Age					
	Under 30	30-39	40+	Under 30	30-39	40+
0	28.00%	20.00%	17.00%	27.00%	19.00%	16.00%
1	24.00%	17.00%	14.00%	25.00%	19.00%	16.00%
2	18.00%	14.00%	12.00%	20.00%	16.00%	14.00%
3	16.00%	13.00%	12.00%	17.00%	14.00%	14.00%
4	13.00%	11.00%	11.00%	17.00%	10.00%	10.00%

Age	Age-Based Rates Only After First Five Years of Service	
	Main System	Public Safety
20-24	11.00%	10.00%
25-29	10.00%	10.00%
30-34	6.50%	7.50%
35-39	5.50%	7.50%
40-44	4.50%	5.00%
45-49	4.20%	5.00%
50-54	3.90%	5.00%
55-59	3.60%	5.00%
60+	3.30%	5.00%

No pre-retirement termination is assumed for Judges.

Disability Incidence Rates:

Sample rates are as follows:

<u>Age</u>	<u>Male</u>	<u>Female</u>
20	0.0090%	0.0051%
25	0.0128%	0.0073%
30	0.0165%	0.0094%
35	0.0221%	0.0125%
40	0.0330%	0.0187%
45	0.0539%	0.0306%
50	0.0909%	0.0515%
55	0.1513%	0.0858%
60	0.2440%	0.1383%
65	0.1500%	0.1500%

**North Dakota Public Employees Retirement System – Actuarial Section
Retiree Health Insurance Credit Fund**

Retirement Rates:

Different retirement rates are applied to the active members of the Main and DC Systems, Highway Patrol, Judges, and Law Enforcement. Retirement rates for the Systems are detailed below. The retirement rates applied to the active members of the other groups are detailed in the valuation report for the retirement system.

Rates of retirement for members eligible to retire during the next year were as follows:

Age	Main System		Public Safety		Judges		Highway Patrol		
	Reduced	Unreduced - Rule of 85	Unreduced - Not Rule of 85	Rule of 85	Not Rule of 85	Rule of 85	Not Rule of 85	Rule of 80	Not Rule of 80
50		50%		25%	4%			100%	25%
51		20%		25%	4%			100%	25%
52		20%		25%	4%			100%	25%
53		20%		25%	4%			100%	25%
54		20%		25%	4%			100%	25%
55	1%	8%		25%	10%	10%	2%	100%	75%
56	1%	8%		25%	10%	10%	2%	100%	75%
57	1%	8%		25%	10%	10%	2%	100%	75%
58	1%	9%		25%	10%	10%	2%	100%	75%
59	2%	9%		25%	10%	10%	2%	100%	75%
60	2%	9%		25%	10%	10%	2%	100%	100%
61	4%	15%		25%	10%	10%	2%		
62	8%	20%		50%	25%	10%	2%		
63	8%	20%		50%	25%	10%	2%		
64	8%	20%		50%	25%	10%	2%		
65		35%	20%	50%	50%	100%	10%		
66		35%	20%	50%	50%	100%	10%		
67		20%	15%	50%	50%	100%	10%		
68		20%	15%	50%	50%	100%	10%		
69		20%	15%	50%	50%	100%	10%		
70		20%	15%	100%	50%	100%	20%		
71		20%	15%	100%	50%	100%	20%		
72		20%	15%	100%	50%	100%	20%		
73		20%	15%	100%	50%	100%	20%		
74		20%	15%	100%	50%	100%	20%		
75		50%	50%	100%	100%	100%	100%		
76		50%	50%						
77		50%	50%						
78		50%	50%						
79		50%	50%						
80+		100%	100%						

Unreduced retirement is achieved when reaching age 65 or meeting the Rule of 85.

Participation Rates:

Participation Rates for current members eligible to receive a benefit were as follows:

Benefit Status of Eligible Member	Age	Participation Rate
Currently Receiving Benefits	Any	100.0%
Not Currently Receiving Benefits	65 and Over	0.0%
Not Currently Receiving Benefits	Under 65	100% Upon Attainment of Age 65

Participation Rates for current active and terminated vested members were as follows:

Years of Service at Retirement/Termination	Under Age 55	Age 55-64	Age 65+
Less than 5	33.0%	38.5%	55.0%
5-10	42.0%	49.0%	70.0%
10-15	48.0%	56.0%	80.0%
15-20	51.0%	59.5%	85.0%
20-25	54.0%	63.0%	90.0%
25+	54.0%	63.0%	90.0%

**North Dakota Public Employees Retirement System – Actuarial Section
Retiree Health Insurance Credit Fund**

Benefit Election:

Main and DC Systems and Law Enforcement:

- 50% of participants are assumed to elect the Single Life Annuity
- 45% are assumed to elect the 50% Contingent Annuitant Option,
- 5% of new retirements are assumed to elect a Refund of Member Contributions

Valued without reduction for optional form of payment

Judges and HPRS:

- 100% of retirees will elect a 100% joint and survivor form of pension from the retirement system

Valued without reduction for optional form of payment

Interest Rate:

6.50% per annum, net of investment expenses

Inflation:

2.25% per annum

Annual Administrative Expenses:

Prior year expenses, adjusted for inflation

Marital Status:

It is assumed that 75% of participants in the Main System and Law Enforcement and 100% of Judges and Highway Patrol participants have an eligible spouse at the time of retirement or pre-retirement death. The male spouse is assumed to be three years older than the female spouse.

Spouses are assumed to be the opposite sex of the employees and retirees. The relatively low rate of same-sex spouses does not have a material actuarial impact on the actuarial valuation results

Payroll Growth:

3.5% per annum

Actuarial Cost Method:

Normal cost and the allocation of benefit values between service rendered before and after the valuation date were determined using the Individual Entry Age Normal actuarial cost method having the following characteristics:

- The normal cost for each individual active member, payable from the date of employment to the date of retirement, is sufficient to accumulate the value of the member's benefit at the time of retirement; and
- Each annual normal cost is a constant percentage of the member's year by year projected covered pay

Asset Valuation Method:

Calculated by determining the adjusted fair value of assets to reflect the investment gains and losses (the difference between the actual investment return and the expected investment return) during each of the last five years at the rate of 20% per year.

**North Dakota Public Employees Retirement System – Actuarial Section
Retiree Health Insurance Credit Fund**

Changes in Actuarial Assumptions or Cost Method:

There have been no changes in actuarial assumptions since the previous valuation as of June 30, 2020

Summary of Plan Provisions - Retiree Health Insurance Credit Fund

This section summarizes the major benefit provisions of the North Dakota Public Employees Retirement System Retiree Health Insurance Credit Fund as included in the valuation. It is not intended to be, nor should it be, interpreted as a complete statement of all plan provisions. Benefits are set by statute. There are no provisions or policies with respect to automatic and ad hoc post-retirement benefit increases.

1. Covered Employees:

Members of the Public Employees Retirement System, the Highway Patrolmen's Retirement System and the Defined Contribution Retirement Plan. Members first enrolled in the NDPERS Main and the Defined Contribution Retirement Plan on or after January 1, 2020 are not eligible to participate in RHIC.

2. Eligibility:

Receiving a periodic payment from Public Employees Retirement System, the Highway Patrolmen's Retirement System or the Defined Contribution Retirement Plan and incurring an eligible insurance premium expense.

3. Normal Retirement:

Age Requirement:

Main, DC Systems, and Judges: Age 65, or at any age with age plus service equal to at least 85 (rule of 85). For member enrolled after December 31, 2015 into the Main System, attainment of age 65, or at any age with age plus service equal to at least 90 (rule of 90).

Highway Patrol: Age 55 or at any age with age plus service equal to at least 80 (rule of 80)

Law Enforcement: Age 55, or if not National Guard, at any age with age plus service equal to at least 85 (rule of 85). National Guard is eligible for Rule of 85 on August 1, 2015.

Service Requirement:

Main, DC Systems, and Judges: None

Highway Patrol: 10 years

Law Enforcement: 3 consecutive years

Effective July 1, 2015, the Retiree Health Insurance Credit benefit may be used for any health insurance and/or prescription drug plan for which a retiree incurs an eligible premium expense. In addition, the benefit can also be applied toward NDPERS administered dental, vision, and long-term care plan premium expenses. Effective August 1, 2019 the benefit may be used for any eligible health, prescription drug plan, dental, vision, or long term care plan premium expense.

Benefit Amount: A monthly stipend equal to \$5.00 times years of service.

**North Dakota Public Employees Retirement System – Actuarial Section
Retiree Health Insurance Credit Fund**

4. Early Retirement:

Age Requirement:

Main, DC Systems, and Judges: Age 55

Highway Patrol and Law Enforcement: Age 50

Service Requirement:

Main, DC Systems, and Law Enforcement: 3 years

Judges: 5 years

Highway Patrol: 10 years

Benefit:

Main, DC Systems and Judges: The Normal Retirement Benefit reduced by 3% for retirements at age 64 and an additional 6% for each year by which retirement precedes age 64.

Benefits are unreduced upon the fulfillment of the Rule of 85 or Rule of 90, minimum age 60 (if applicable)

Highway Patrol and Law Enforcement: The Normal Retirement Benefit reduced by 3% for retirements at age 54 and an additional 6% for each year by which retirement precedes age 54.

Benefits are unreduced upon the fulfillment of the Rule of 80, for Highway Patrol and Rule of 85 for Law Enforcement

5. Disability Retirement:

Age Requirement: None

Service Requirement: 6 months

Other Requirements: As required by applicable pension plan

Benefit: Same as Normal Retirement Benefit

6. Pre-Retirement Death Benefits:

Age Requirement: None

Service Requirement:

Main, DC Systems, and Law Enforcement: 3 years

Judges: 5 years

Highway Patrol: 10 years

Benefit Amount: Same as Normal Retirement Benefit accrued to the date of the member's death, payable for as long as benefits are payable to the spouse from the Retirement System under the standard option

**North Dakota Public Employees Retirement System – Actuarial Section
Retiree Health Insurance Credit Fund**

7. Post-Retirement Death Benefits:

Following a retired member's death, the Retiree Health Insurance Credit Fund will:

- 1) Continue benefits to the member's spouse if the spouse continues to receive a monthly pension from member's Retirement Plan, or
- 2) Provide benefits to the member's spouse if the member selected a joint and survivor option from the Retiree Health Insurance Credit Fund.

8. Alternative Options:

If benefits from the member's Retirement Plan are paid under single life, level Social Security, or 10 or 20-year term certain options (without a continuation to the spouse after the certain period ends), actuarially reduced health credit benefits may be elected for the spouse. Alternative options in the Retiree Health Insurance Credit Fund include 50% and 100% joint and survivor annuities

9. Service:

Members receive credit for each year and month of employment

10. Contributions:

The employer contributes 1.14% of covered salaries and wages for participating employees. The RHIC employer contributions for members first enrolled in the NDPERS Main System on or after January 1, 2020 are made as additional contributions to the NDPERS Main System. The RHIC employer contributions for members first enrolled in the NDPERS Defined Contribution plan on or after January 1, 2020 are made as additional contributions to the member's defined contribution account.

Plan Amendments - Retiree Health Insurance Credit Fund

There have been no changes in plan provisions since the previous actuarial valuation as of June 30, 2020.

**Retired Members and Beneficiaries,
Average Annual Benefit and Active Member/Retiree Comparison
Retiree Health Insurance Credit Fund 2012 – 2021**

Valuation Date July 1,	Number of Active Members*	Number of Terminated Vested Members¹	Number of Retired Members	Average Annual Benefit	Number of Active Members Per Retiree
2012	21,322		4,442	\$ 1,416	4.8
2013	21,785		4,635	1,428	4.7
2014	22,642		4,828	1,428	4.7
2015	23,237		5,212	1,455	4.5
2016	23,664		10,320	1,199	2.3
2017	23,497		11,232	1,164	2.1
2018	23,747		11,823	1,170	2.0
2019	23,997		12,471	1,174	1.9
2020	23,495	6,734	13,092	1,175	1.8
2021	21,067	7,112	13,697	1,174	1.5

* Number of active members prior to 7/1/2014 is approximated based on figures from the NDPERS Comprehensive Annual Financial Report.

¹ Terminated vested member liabilities first reflected in 2020.

**North Dakota Public Employees Retirement System – Actuarial Section
Retiree Health Insurance Credit Fund**

Schedule of Funding Progress
(Amounts in Millions)

<u>July 1</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>AVA Unfunded AAL (JAAL)</u>	<u>AVA Funded Ratio</u>	<u>Market Value of Assets (MVA)</u>	<u>MVA Unfunded AAL (JAAL)</u>	<u>MVA Funded Ratio</u>
2012	58.3	112.4	54.1	51.9	63.9	48.5	56.9
2013	66.0	114.1	48.1	57.8	75.6	38.5	66.2
2014	77.9	116.6	38.7	66.8	92.0	24.6	78.9
2015	89.4	128.9	39.5	69.4	99.1	29.8	76.9
2016	97.8	176.6	78.8	55.4	102.9	73.7	58.3
2017	114.6	196.7	82.1	58.3	117.6	79.1	59.8
2018	126.2	206.7	80.5	61.1	127.9	78.8	61.9
2019	137.6	217.8	80.2	63.2	137.5	80.3	63.1
2020	148.5	229.7	81.2	64.6	145.6	84.1	63.4
2021	163.3	238.0	74.7	68.6	182.3	55.6	76.6

Assets and Actuarial Accrued Liabilities
Retiree Health Insurance Credit Fund 2011-2020

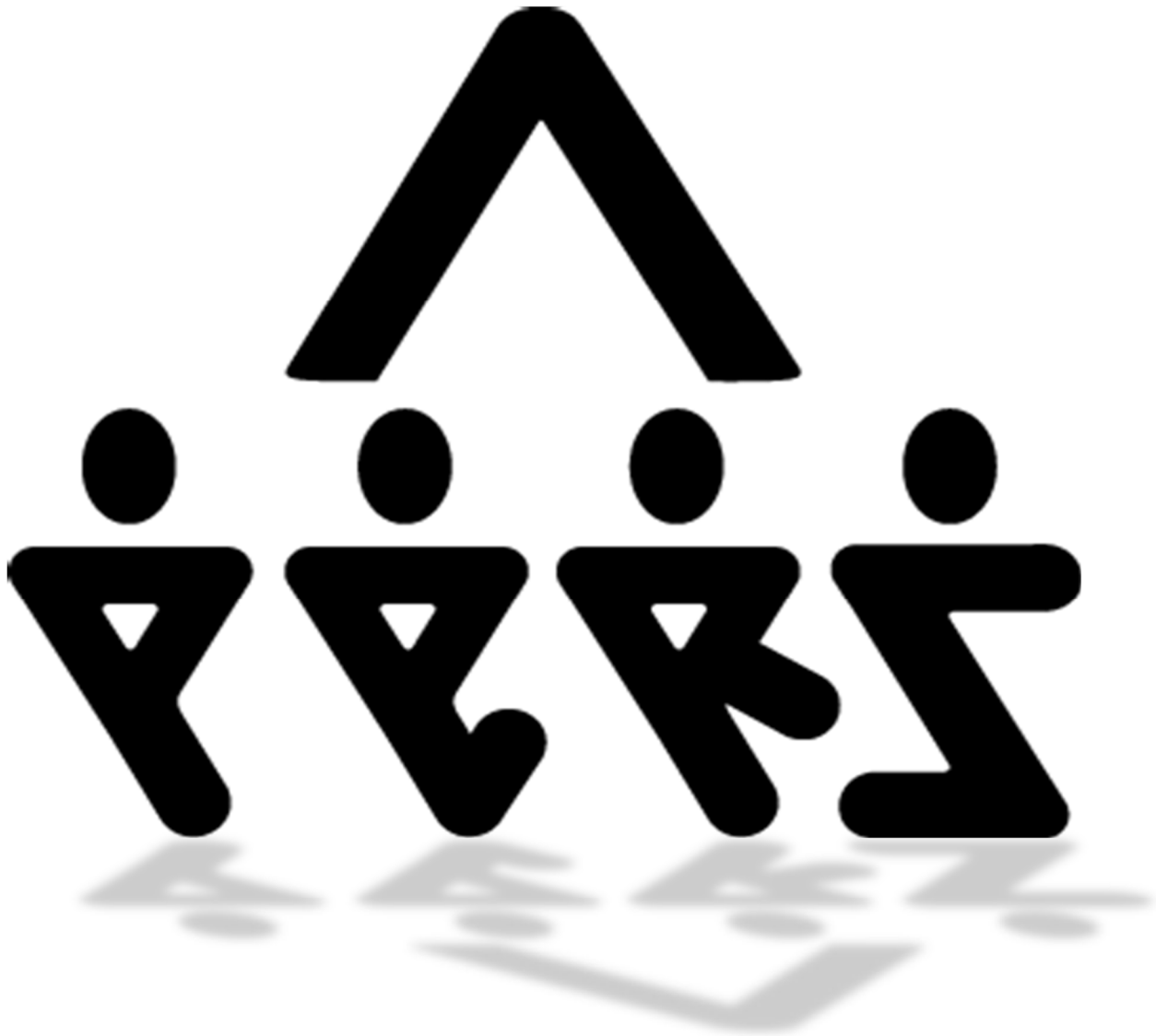
(Amounts in Millions)

<u>July 1</u>	<u>Total Actuarial Accrued Liability</u>	<u>Total Actuarial Value of Assets</u>	<u>Assets as of % of Total Actuarial Accrued Liability</u>	<u>Unfunded Actuarial Accrued Liability</u>	<u>Total Payroll</u>	<u>Total Unfunded Liability as % of Payroll</u>
2012	112.4	58.3	51.9	54.1	824.9	6.6
2013	114.1	66.0	57.8	48.1	914.4	5.3
2014	116.6	77.9	66.8	38.7	1,001.2	3.9
2015	128.9	89.4	69.4	39.5	1,052.7	3.8
2016	176.6	97.8	55.4	78.8	1,142.4	6.9
2017	196.7	114.6	58.3	82.1	1,157.5	7.1
2018	206.7	126.2	61.1	80.5	1,170.9	7.2
2019	217.8	137.6	63.2	80.2	1,195.3	7.2
2020	229.7	148.5	64.6	81.2	1,140.0	7.4
2021	238.0	163.3	68.6	74.7	1,090.0	6.8

Analysis of Financial Experience -Retiree Health Insurance Credit Fund

Changes in the Contribution Rate During Years Ended June 30
Resulting from Differences Between Assumed Experience and Actual Experience

<u>Plan Year Ended</u>	<u>June 30, 2018</u>	<u>June 30, 2019</u>	<u>June 30, 2020</u>	<u>June 30, 2021</u>
Employer Cost Rate - Beginning of Year	1.05%	1.09%	1.02%	1.11%
Plan Change	0.00	0.00	0.00	0.00
Plan Experience	0.05	(.02)	(.01)	0.02
Change in Amortization Schedule	0.00	0.00	0.00	0.00
Assumption Changes	0.00	(.04)	0.11	0.00
Investment Loss/(Gain)	(.01)	(.01)	0.00	(.05)
Contribution Loss/(Gain)	0.00	0.00	(.01)	0.00
Employer Cost Rate - End of Year	1.09%	1.02%	1.11%	1.08%



STATISTICAL SECTION

The Statistical Section contains membership and financial information for the programs administered by the System. Included in this section are schedules providing financial trend information for administrative cost per member, benefits paid, changes in net position and deferred compensation assets by provider. Information on the operations of the System is provided in the schedules of members by type of benefit, average benefit payments, participating employers, Group Health insurance contracts and premiums.

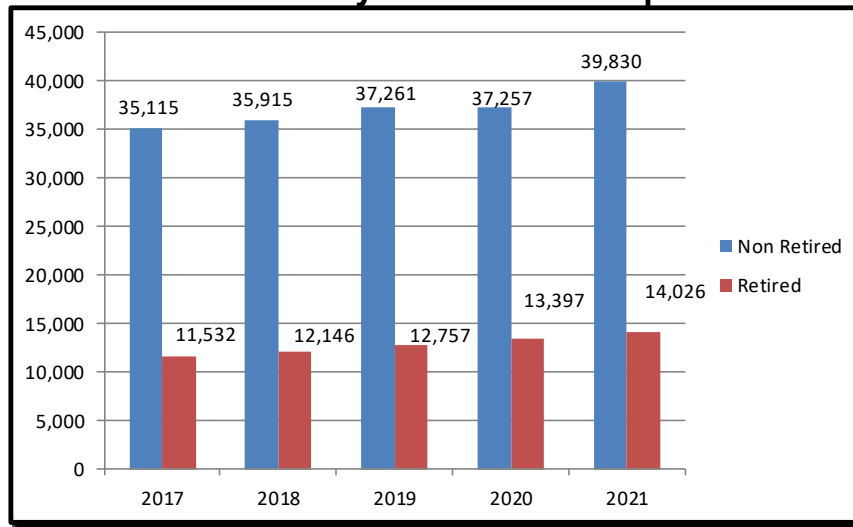
**North Dakota Public Employees Retirement System – Statistical Section
Retirement System Membership**

**Retirement System Membership - PERS, HPRS, and Job Service
As of June 30**

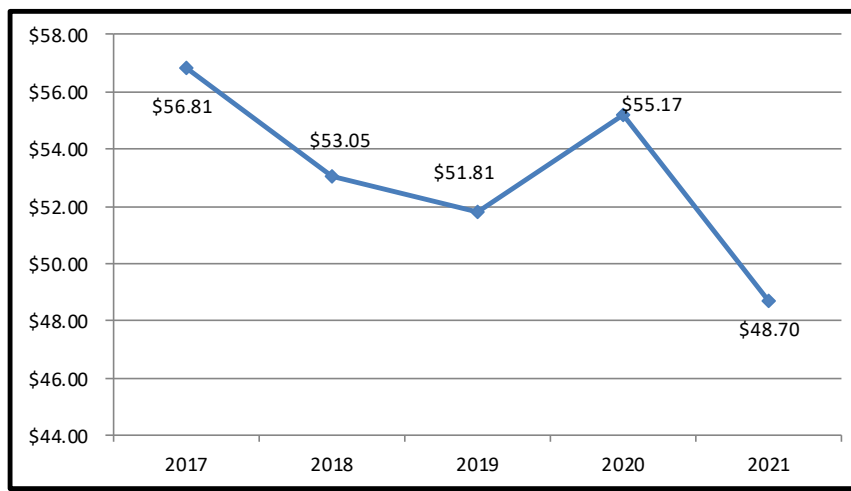
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
State Agencies	15,157	15,174	15,205	15,022	15,757
Cities	2,820	2,946	3,333	3,454	3,839
Counties	6,157	6,343	6,529	6,368	6,821
School Districts	9,971	10,390	11,070	11,285	12,192
Other Political Subdivisions	<u>1,010</u>	<u>1,062</u>	<u>1,124</u>	<u>1,128</u>	<u>1,221</u>
Total Non-Retired ⁽¹⁾	35,115	35,915	37,261	37,257	39,830
Retired Members & Beneficiaries	<u>11,532</u>	<u>12,146</u>	<u>12,757</u>	<u>13,397</u>	<u>14,026</u>
Total Membership	46,647	48,061	50,018	50,654	53,856
Administrative Expenses	\$ 2,650,122	\$ 2,549,409	\$ 2,591,667	\$ 2,794,805	\$ 2,622,870
Administrative Cost Per Member	\$ 56.81	\$ 53.05	\$ 51.81	\$ 55.17	\$ 48.70

⁽¹⁾ Total non-retired members includes all contributing members plus all non-contributing members who have not begun to receive retirement benefits

Retirement System Membership



Annual Administrative Cost Per Member



**North Dakota Public Employees Retirement System – Statistical Section
Benefit Expenses**

**Schedule of Benefit Expenses by Type - PERS
Fiscal Year Ended June 30**

FY Ended June 30	Annuities			Refunds		Transfers	Total
	Retirant	Disability	Survivor	Death	Separation		
2016	131,207,803	1,804,201	8,251,792	706,059	7,295,910	398,649	149,664,414
2017	143,554,696	1,750,399	8,505,934	1,228,689	7,712,641	239,609	162,991,968
2018	159,661,655	1,943,716	9,566,078	1,618,411	9,541,076	190,727	182,521,663
2019	173,479,569	1,898,910	10,266,007	1,022,439	10,760,049	330,963	197,757,937
2020	190,942,582	1,969,568	11,400,300	1,599,850	12,522,865	118,721	218,553,888
2021	203,565,116	2,052,095	12,797,127	1,465,511	11,327,136	93,418	231,300,404

**Schedule of Benefit Expenses by Type - HPRS
Fiscal Year Ended June 30**

FY Ended June 30	Annuities			Refunds		Transfers	Total
	Retirant	Disability	Survivor	Death	Separation		
2016	4,179,070	105,131	374,031	0	55,263	0	4,713,495
2017	4,237,782	105,131	425,683	0	37,723	0	4,806,319
2018	4,361,198	111,204	421,406	0	87,569	0	4,981,377
2019	4,811,640	117,268	412,348	0	49,859	0	5,391,115
2020	5,057,745	117,268	405,319	0	124,254	0	5,704,586
2021	5,258,825	117,268	404,080	0	171,704	0	5,951,877

**Schedule of Benefit Expenses by Type - Job Service
Fiscal Year Ended June 30**

FY Ended June 30	Annuities			Refunds		Transfers	Total
	Retirant	Disability	Survivor	Death	Separation		
2016	4,175,496	107,092	318,608	0	0	0	4,601,196
2017	4,117,689	92,459	324,005	0	0	0	4,534,153
2018	4,325,831	73,795	182,951	0	0	0	4,582,577
2019	4,388,276	75,587	162,983	0	0	0	4,626,846
2020	4,314,030	77,142	175,543	0	14,861	0	4,581,576
2021	4,354,129	78,216	236,475	0	0	0	4,668,820

**North Dakota Public Employees Retirement System – Statistical Section
Changes in Net Position**

Changes in Net Position

Additions:	FY Ended 30-Jun	Member Contributions	Employer Contributions	Purchased Service Credit	Investment Income	Miscellaneous Income	Total Additions	Employer Contributions as a % of Covered Payroll
Public Employees Retirement System:	2012	36,095,927	38,005,854	6,503,853	(3,472,695)	8,700	77,141,639	4.75%
	2013	46,815,060	48,846,796	7,470,218	231,849,472	-	334,981,546	5.50%
	2014	59,394,200	61,661,050	8,325,140	316,628,462	1,101	446,009,953	6.33%
	2015	68,392,061	70,842,535	6,651,879	81,536,565	-	227,423,040	6.92%
	2016	74,218,276	77,080,576	9,179,163	11,333,124	23,575,649	195,386,788	6.86%
	2017	76,007,456	78,933,571	11,805,070	311,760,863	32,183	478,539,143	6.94%
	2018	77,486,189	80,727,209	19,984,972	249,165,181	(24,440)	427,339,111	7.01%
	2019	78,213,580	81,588,318	7,219,697	159,824,092	(5,641)	326,840,046	7.09%
	2020	81,477,666	85,504,033	10,818,588	101,105,998	(2,580)	278,903,705	6.90%
	2021	85,914,756	91,265,640	7,129,269	844,933,209	(1,723)	1,029,241,151	7.10%
Highway Patrolmen's Retirement System:	2012	893,784	1,423,154	13,911	(104,302)	68	2,226,615	17.43%
	2013	1,028,615	1,586,186	133,169	6,854,552	-	9,602,522	16.97%
	2014	1,243,520	1,864,632	87,418	9,239,929	-	12,435,499	18.38%
	2015	1,351,798	2,002,291	96,429	2,334,780	-	5,785,298	18.58%
	2016	1,436,236	2,127,355	-	316,958	5	3,880,554	18.85%
	2017	1,455,540	2,155,944	249,436	8,500,352	221	12,361,493	18.94%
	2018	1,453,533	2,152,970	281,573	6,716,525	(187)	10,604,414	18.70%
	2019	1,411,619	2,090,886	167,824	4,250,901	(41)	7,921,189	20.19%
	2020	1,469,682	2,176,902	205,461	2,667,371	(16)	6,519,400	18.00%
	2021	1,548,335	2,293,404	400,751	19,637,841	(11)	23,880,320	19.91%
Job Service Retirement Plan:	2012	83,351	-	-	3,100,706	-	3,184,057	0.00%
	2013	72,174	-	-	9,984,241	-	10,056,415	0.00%
	2014	55,748	-	-	11,887,840	-	11,943,588	0.00%
	2015	50,142	-	-	3,260,507	-	3,310,649	0.00%
	2016	44,178	-	-	4,840,333	-	4,884,511	0.00%
	2017	39,417	-	-	5,238,877	-	5,278,294	0.00%
	2018	32,987	-	-	2,918,585	-	2,951,572	0.00%
	2019	29,159	-	-	6,229,630	-	6,258,789	0.00%
	2020	27,047	-	-	2,621,067	-	2,648,114	0.00%
	2021	13,979	-	-	6,025,272	-	6,039,251	0.00%
Retiree Health Insurance Credit Plan:	2012	13,246	9,388,040	423,449	1,604,475	-	11,429,210	1.14%
	2013	13,300	9,959,603	371,587	7,963,391	-	18,307,881	1.09%
	2014	15,539	10,709,792	368,859	12,366,408	-	23,460,598	1.07%
	2015	12,625	11,478,599	347,238	2,760,953	-	14,599,415	1.09%
	2016	16,655	12,349,883	383,089	793,705	-	13,543,332	1.08%
	2017	16,173	12,575,627	464,323	12,074,082	-	25,130,205	1.09%
	2018	15,984	12,834,547	746,942	8,210,898	-	21,808,371	1.10%
	2019	15,859	12,977,460	377,329	8,178,932	(857)	21,548,723	1.09%
	2020	16,319	13,392,266	556,585	6,904,869	9,580	20,879,619	1.11%
	2021	15,481	13,110,651	375,038	36,526,655	312	50,028,137	1.14%

**North Dakota Public Employees Retirement System – Statistical Section
Changes in Net Position**

Changes in Net Position

Deductions:	FY Ended <u>30-Jun</u>	<u>Benefits</u>	<u>Administrative Expenses</u>	<u>Transfers & Refunds</u>	<u>Total Deductions</u>	<u>Change in Net Position</u>
Public Employees Retirement System:						
	2012	94,083,387	1,856,915	5,218,039	101,158,341	(24,016,702)
	2013	103,295,777	2,059,315	5,996,324	111,351,416	223,630,130
	2014	113,300,699	2,210,792	6,585,625	122,097,116	323,912,837
	2015	127,179,525	2,365,357	7,750,212	137,295,094	90,127,946
	2016	141,263,796	2,537,799	8,400,345	152,201,940	43,184,848
	2017	153,811,029	2,607,243	9,180,939	165,599,211	312,939,932
	2018	171,171,449	2,472,761	11,350,214	184,994,424	242,344,687
	2019	185,644,486	2,531,304	12,113,451	200,289,241	126,550,805
	2020	204,312,452	2,729,759	14,241,436	221,283,647	57,620,058
	2021	218,414,339	2,569,186	12,886,065	233,869,590	795,371,561
Highway Patrolmen's Retirement System:						
	2012	3,661,649	26,674	598	3,688,921	(1,462,306)
	2013	3,749,888	29,237	22,428	3,801,553	5,800,969
	2014	3,752,627	27,983	32,108	3,812,718	8,622,781
	2015	4,528,178	217,332	30,925	4,776,435	1,008,863
	2016	4,658,232	31,450	55,263	4,744,945	(864,391)
	2017	4,768,596	30,195	37,723	4,836,514	7,524,979
	2018	4,893,808	30,353	87,569	5,011,730	5,592,684
	2019	5,341,256	43,555	49,859	5,434,670	2,486,519
	2020	5,580,332	45,870	124,254	5,750,456	768,944
	2021	5,780,173	37,097	171,704	5,988,974	17,891,346
Job Service Retirement Plan:						
	2012	4,170,969	25,980	-	4,196,949	(1,012,892)
	2013	4,353,984	30,014	-	4,383,998	5,672,417
	2014	4,594,462	31,455	-	4,625,917	7,317,671
	2015	4,694,171	30,214	-	4,724,385	7,317,671
	2016	4,601,196	32,253	-	4,633,449	251,062
	2017	4,534,153	12,684	-	4,546,837	731,457
	2018	4,582,577	46,295	-	4,628,872	(1,677,300)
	2019	4,626,846	16,808	-	4,643,654	1,615,135
	2020	4,581,575	19,148	-	4,600,723	(1,952,609)
	2021	4,668,820	17,371	-	4,686,191	1,353,060
Retiree Health Insurance Credit Plan:						
	2012	6,092,429	171,393	2,071	6,265,893	5,163,317
	2013	6,458,449	185,619	8,765	66,652,833	11,655,048
	2014	6,798,427	201,471	2,992	7,002,890	16,457,708
	2015	7,246,091	217,989	6,994	7,471,074	7,128,341
	2016	9,329,881	431,291	3,135	9,764,307	3,779,025
	2017	10,012,681	443,220	1,689	10,457,590	14,672,615
	2018	11,013,375	480,244	2,685	11,496,304	10,312,292
	2019	11,497,890	437,349	7,180	11,942,419	9,606,304
	2020	12,312,461	453,913	4,614	12,770,988	8,108,631
	2021	12,879,074	430,097	5,437	13,314,608	36,713,529

**North Dakota Public Employees Retirement System – Statistical Section
Schedule of Average Benefit Payments**

**Schedule of Retired Members by Type of Benefit - PERS
As of June 30, 2021
Main System**

Monthly Amount	Normal	Early	Disability	Service*	Beneficiary**	Total	Total***
Under \$200	702	507	1	41	212	1,463	1,251
\$200 - \$400	745	803	20	59	265	1,892	1,627
\$400 - \$600	631	634	33	63	197	1,558	1,361
\$600 - \$800	461	362	36	119	136	1,114	978
\$800 - \$1,000	413	195	18	244	77	947	870
\$1,000 - \$1,200	319	156	7	340	71	893	822
\$1,200 - \$1,400	233	77	1	360	55	726	671
\$1,400 - \$1,600	200	42	3	334	30	609	579
\$1,600 - \$1,800	157	22	3	365	24	571	547
\$1,800 - \$2,000	145	16	0	332	25	518	493
\$2,000 - \$2,200	105	8	0	288	17	418	401
\$2,200 - \$2,400	93	7	0	264	19	383	364
\$2,400 - \$2,600	71	3	1	253	7	335	328
\$2,600 - \$2,800	69	5	0	219	7	300	293
\$2,800 - \$3,000	43	3	0	173	9	228	219
\$3,000 and Over	320	4	0	1,044	38	1,406	1,368
Total	4,707	2,844	123	4,498	1,189	13,361	12,172
Payment Option	Normal	Early	Disability	Service*	Beneficiary**	Total	Total***
Life	2,926	2,012	99	2,112	230	7,379	7,149
Life 1% Graduated Benefits	5	0	0	4	0	9	9
Life 2% Graduated Benefits	10	0	0	9	0	19	19
Level Social Security Payment	1	18	0	89	0	108	108
Joint & 100% Survivor	1,163	535	18	1,410	613	3,739	3,126
Joint & 100% Survivor 1% Graduated Benefits	1	0	0	3	0	4	4
Joint & 100% Survivor 2% Graduated Benefits	8	0	0	7	1	16	15
Joint & 50% Survivor	484	192	6	780	276	1,738	1,462
Joint & 50% Survivor 1% Graduated Benefits	4	0	0	2	0	6	6
Joint & 50% Survivor 2% Graduated Benefits	0	0	0	2	0	2	2
20 Year C & L	53	25	0	27	33	138	105
10 Year C & L	49	56	0	42	30	177	147
10 Year C & L 1% Graduated Benefits	0	0	0	1	0	1	1
5 Year C & L	3	6	0	10	6	25	19
Total	4,707	2,844	123	4,498	1,189	13,361	12,172
Age	Normal	Early	Disability	Service*	Beneficiary**	Total	Total***
Under 50	0	0	17	0	35	52	17
50 - 54	0	0	18	20	31	69	38
55 - 59	0	24	35	241	45	345	300
60 - 64	0	316	52	840	96	1,304	1,208
65 - 69	1,414	730	1	1,351	143	3,639	3,496
70 - 74	1,482	704	0	975	197	3,358	3,161
75 and Over	1,811	1,070	0	1,071	642	4,594	3,952
Total	4,707	2,844	123	4,498	1,189	13,361	12,172

* Includes Rule of 85, Rule of 88 and Rule of 90.

** Includes alternate payees

*** Total excluding beneficiaries

**North Dakota Public Employees Retirement System – Statistical Section
Schedule of Average Benefit Payments**

**Schedule of Retired Members by Type of Benefit - PERS
As of June 30, 2021
Judges**

Monthly Amount	Normal	Early	Disability	Service*	Beneficiary**	Total	Total***
Under \$400	0	0	0	0	0	0	0
\$400 - \$800	0	0	0	0	1	1	0
\$800 - \$1,200	2	0	0	0	0	2	2
\$1,200 - \$1,600	0	0	0	2	1	3	2
\$1,600 - \$2,000	1	2	0	0	3	6	3
\$2,000 - \$2,400	0	0	0	0	0	0	0
\$2,400 - \$2,800	1	0	0	0	1	2	1
\$2,800 - \$3,200	2	0	0	0	3	5	2
\$3,200 - \$3,600	1	1	0	0	1	3	2
\$3,600 - \$4,000	3	1	0	0	0	4	4
\$4,000 - \$4,400	0	0	0	0	1	1	0
\$4,400 - \$4,800	3	0	0	2	1	6	5
\$4,800 - \$5,200	0	0	0	0	2	2	0
\$5,200 - \$5,600	2	0	0	2	0	4	4
\$5,600 - \$6,000	1	0	0	1	0	2	2
\$6,000 and Over	11	0	1	8	2	22	20
Total	27	4	1	15	16	63	47
Payment Option	Normal	Early	Disability	Service*	Beneficiary**	Total	Total***
Life	1	1	0	1	4	7	3
Level Social Security Payment	0	0	0	0	0	0	0
Joint & 100% Survivor	20	1	0	8	10	39	29
Joint & 50% Survivor	6	2	1	6	2	17	15
10 Year C & L	0	0	0	0	0	0	0
5 Year C & L	0	0	0	0	0	0	0
Total	27	4	1	15	16	63	47
Age	Normal	Early	Disability	Service*	Beneficiary**	Total	Total***
Under 50	0	0	0	0	0	0	0
50 - 54	0	0	0	0	0	0	0
55 - 59	0	0	0	0	0	0	0
60 - 64	0	0	1	4	1	6	5
65 - 69	1	1	0	2	1	5	4
70 - 74	15	1	0	4	6	26	20
75 and Over	11	2	0	5	8	26	18
Total	27	4	1	15	16	63	47

* Includes Rule of 85, Rule of 88 and Rule of 90.

** Includes alternate payees

*** Total excluding beneficiaries

**North Dakota Public Employees Retirement System – Statistical Section
Schedule of Average Benefit Payments**

**Schedule of Retired Members by Type of Benefit - PERS
As of June 30, 2021
Public Safety with Prior Main Service**

Monthly Amount	Normal	Early	Disability	Service*	Beneficiary**	Total	Total***
Under \$200	5	0	0	0	3	8	5
\$200 - \$400	7	1	0	0	2	10	8
\$400 - \$600	10	4	0	0	1	15	14
\$600 - \$800	7	1	0	0	3	11	8
\$800 - \$1,000	7	0	0	0	0	7	7
\$1,000 - \$1,200	9	0	0	0	2	11	9
\$1,200 - \$1,400	5	0	0	0	0	5	5
\$1,400 - \$1,600	8	0	1	1	1	11	10
\$1,600 - \$1,800	6	0	0	0	0	6	6
\$1,800 - \$2,000	5	1	0	0	0	6	6
\$2,000 - \$2,200	3	0	0	1	2	6	4
\$2,200 - \$2,400	3	0	0	1	0	4	4
\$2,400 - \$2,600	1	1	0	0	0	2	2
\$2,600 - \$2,800	2	0	0	0	0	2	2
\$2,800 - \$3,000	2	0	0	1	0	3	3
\$3,000 and Over	24	1	0	5	0	30	30
Total	104	9	1	9	14	137	123
Payment Option	Normal	Early	Disability	Service*	Beneficiary**	Total	Total***
Life	52	4	1	1	0	58	58
Level Social Security Payment	2	1	0	1	0	4	4
Joint & 100% Survivor	29	4	0	6	7	46	39
Joint & 100% Survivor 1% Graduated Benefits	0	0	0	0	0	0	0
Joint & 50% Survivor	20	0	0	1	1	22	21
20 Year C & L	0	0	0	0	6	6	0
10 Year C & L	0	0	0	0	0	0	0
5 Year C & L	0	0	0	0	0	0	0
20 Year Certain	0	0	0	0	0	0	0
Total	104	9	1	9	14	137	123
Age	Normal	Early	Disability	Service*	Beneficiary**	Total	Total***
Under 50	0	0	1	0	4	5	1
50 - 54	0	2	0	0	1	3	2
55 - 59	20	2	0	2	0	24	24
60 - 64	25	4	0	6	1	36	35
65 - 69	31	0	0	0	4	35	31
70 - 74	20	0	0	1	4	25	21
75 and Over	8	1	0	0	0	9	9
Total	104	9	1	9	14	137	123

* Includes Rule of 85, Rule of 88 and Rule of 90.

** Includes alternate payees

*** Total excluding beneficiaries

**North Dakota Public Employees Retirement System – Statistical Section
Schedule of Average Benefit Payments**

**Schedule of Retired Members by Type of Benefit - PERS
As of June 30, 2021
Public Safety without Prior Main Service**

Monthly Amount	Normal	Early	Disability	Service*	Beneficiary**	Total	Total***
Under \$200	1	0	0	0	0	1	1
\$200 - \$400	1	0	0	0	0	1	1
\$400 - \$600	5	1	0	0	0	6	6
\$600 - \$800	1	0	0	0	0	1	1
\$800 - \$1,000	0	0	1	0	0	1	1
\$1,000 - \$1,200	0	0	0	0	1	1	0
\$1,200 - \$1,400	1	0	0	0	0	1	1
\$1,400 - \$1,600	1	0	0	0	0	1	1
\$1,600 - \$1,800	0	0	0	0	0	0	0
\$1,800 - \$2,000	0	0	0	0	0	0	0
\$2,000 - \$2,200	0	0	0	0	0	0	0
\$2,200 - \$2,400	0	0	0	0	0	0	0
\$2,400 - \$2,600	0	0	0	0	0	0	0
\$2,600 - \$2,800	0	0	0	0	0	0	0
\$2,800 - \$3,000	0	0	0	0	0	0	0
\$3,000 and Over	1	0	0	0	0	1	1
Total	11	1	1	0	1	14	13
Payment Option	Normal	Early	Disability	Service*	Beneficiary**	Total	Total***
Life	3	0	1	0	1	5	4
Level Social Security Payment	0	0	0	0	0	0	0
Joint & 100% Survivor	6	1	0	0	0	7	7
Joint & 50% Survivor	2	0	0	0	0	2	2
10 Year C & L	0	0	0	0	0	0	0
5 Year C & L	0	0	0	0	0	0	0
Total	11	1	1	0	1	14	13
Age	Normal	Early	Disability	Service*	Beneficiary**	Total	Total***
Under 50	0	0	1	0	0	1	1
50 - 54	0	0	0	0	0	0	0
55 - 59	4	1	0	0	1	6	5
60 - 64	1	0	0	0	0	1	1
65 - 69	6	0	0	0	0	6	6
70 - 74	0	0	0	0	0	0	0
75 and Over	0	0	0	0	0	0	0
Total	11	1	1	0	1	14	13

* Includes Rule of 85, Rule of 88 and Rule of 90.

** Includes alternate payees

*** Total excluding beneficiaries

**North Dakota Public Employees Retirement System – Statistical Section
Schedule of Average Benefit Payments**

**Schedule of Retired Members by Type of Benefit - HPRS
As of June 30, 2021**

Monthly Amount	Normal	Early	Disability	Service*	Beneficiary**	Total
Under \$200	1	0	0	0	0	1
\$200 - \$400	0	0	0	0	2	2
\$400 - \$600	0	0	0	0	0	0
\$600 - \$800	0	0	0	0	1	1
\$800 - \$1,000	1	0	0	0	3	4
\$1,000 - \$1,200	1	0	0	0	4	5
\$1,200 - \$1,400	1	0	0	1	7	9
\$1,400 - \$1,600	0	0	1	0	3	4
\$1,600 - \$1,800	0	0	0	0	2	2
\$1,800 - \$2,000	0	0	0	0	0	0
\$2,000 - \$2,200	1	2	0	1	1	5
\$2,200 - \$2,400	4	1	0	0	0	5
\$2,400 - \$2,600	2	0	0	4	2	8
\$2,600 - \$2,800	0	0	0	5	0	5
\$2,800 - \$3,000	0	0	1	5	0	6
\$3,000 - \$3,200	1	0	0	7	0	8
\$3,200 - \$3,400	1	1	0	1	0	3
\$3,400 - \$3,600	1	0	0	6	1	8
\$3,600 - \$3,800	2	1	0	2	0	5
\$3,800 - \$4,000	0	0	0	3	0	3
\$4,000 - \$4,200	0	0	0	1	1	2
\$4,200 - \$4,400	0	0	0	5	0	5
\$4,400 - \$4,600	1	0	0	4	0	5
\$4,600 - \$4,800	1	0	0	4	0	5
\$4,800 - \$5,000	0	0	0	2	0	2
\$5,000 and Over	4	0	0	28	0	32
Total	22	5	2	79	27	135
Payment Option	Normal	Early	Disability	Service*	Beneficiary**	Total
Life	0	0	0	1	5	6
Level Social Security Payment	0	0	0	0	0	0
Joint & 100% Survivor	11	2	0	50	3	66
Joint & 50% Survivor	11	3	2	28	19	63
5 Year C & L	0	0	0	0	0	0
10 Year C & L	0	0	0	0	0	0
Total	22	5	2	79	27	135
Age	Normal	Early	Disability	Service*	Beneficiary**	Total
Under 50	0	0	0	0	0	0
50 - 54	0	0	2	10	1	13
55 - 59	2	4	0	18	1	25
60 - 64	5	0	0	12	2	19
65 - 69	3	0	0	17	3	23
70 - 74	3	0	0	10	6	19
75 - 79	0	0	0	10	3	13
80 - 84	1	1	0	2	7	11
85 - 89	6	0	0	0	3	9
90 and Over	2	0	0	0	1	3
Total	22	5	2	79	27	135

* Includes Rule of 80.

** Includes alternate payees

**North Dakota Public Employees Retirement System – Statistical Section
Schedule of Average Benefit Payments**

**Schedule of Retired Members by Type of Benefit -
Job Service Retirement Plan as of June 30, 2021**

Monthly Amount	Normal	Early	Disability	Beneficiary*	Total
Under \$200	3	0	0	1	4
\$200 - \$400	7	0	0	3	10
\$400 - \$600	4	0	0	1	5
\$600 - \$800	3	0	0	7	10
\$800 - \$1,000	3	0	0	4	7
\$1,000 - \$1,200	3	0	0	3	6
\$1,200 - \$1,400	6	0	1	4	11
\$1,400 - \$1,600	7	0	0	1	8
\$1,600 - \$1,800	8	0	0	4	12
\$1,800 - \$2,000	8	0	0	3	11
\$2,000 - \$2,200	10	0	0	1	11
\$2,200 - \$2,400	10	0	0	1	11
\$2,400 - \$2,600	8	0	0	0	8
\$2,600 - \$2,800	7	0	0	0	7
\$2,800 - \$3,000	8	0	0	0	8
\$3,000 - \$3,200	9	0	0	1	10
\$3,200 - \$3,400	10	0	0	0	10
\$3,400 - \$3,600	4	0	0	0	4
\$3,600 - \$3,800	5	0	0	0	5
\$3,800 - \$4,000	4	0	0	0	4
\$4,000 - \$4,200	3	0	0	0	3
\$4,200 - \$4,400	1	0	0	0	1
\$4,400 - \$4,600	3	0	0	0	3
\$4,600 - \$4,800	0	0	0	0	0
\$4,800 - \$5,000	2	0	0	0	2
\$5,000 and Over	6	0	0	0	6
Total	142	0	1	34	177
Payment Option	Normal	Early	Disability	Beneficiary*	Total
Life	39	0	0	9	48
Joint & 55% Survivor	27	0	1	14	42
Joint & 75% Survivor	17	0	0	8	25
Joint & 100% Survivor	16	0	0	2	18
10 Year C & L	20	0	0	1	21
15 Year C & L	3	0	0	0	3
20 Year C & L	20	0	0	0	20
Total	142	0	1	34	177
Age	Normal	Early	Disability	Beneficiary*	Total
Under 50	0	0	0	0	0
50 - 54	0	0	0	0	0
55 - 59	0	0	0	0	0
60 - 64	2	0	1	0	3
65 - 69	20	0	0	1	21
70 - 74	39	0	0	6	45
75 - 79	36	0	0	4	40
80 - 84	21	0	0	6	27
85 - 89	12	0	0	9	21
90 and Over	12	0	0	8	20
Total	142	0	1	34	177

* Includes 2 alternate payees

**North Dakota Public Employees Retirement System – Statistical Section
Schedule of Average Benefit Payments**

**Monthly Benefit Amount -
Retiree Health Insurance Credit Plan as of June 30, 2021**

Age	Under \$30	\$30-\$59	\$60-\$89	\$90-\$119	\$120-\$149	\$150-\$179	\$180 and over	Total
Under 50	10	13	3	3	0	1	0	30
50 - 54	11	12	12	5	9	23	2	74
55 - 59	44	38	35	16	75	157	32	397
60 - 64	134	210	132	89	298	335	185	1,383
65 - 69	513	732	527	467	610	523	362	3,734
70 - 74	458	755	554	464	581	346	266	3,424
75 - 79	266	433	378	326	354	193	131	2,081
80 - 84	172	281	283	218	213	131	81	1,379
85 - 89	84	183	172	97	109	61	53	759
90 and Over	35	111	103	78	48	31	30	436
Total	1,727	2,768	2,199	1,763	2,297	1,801	1,142	13,697

**Schedule of Average Benefit Payments - As of June 30
Retiree Health Insurance Credit Fund**

	<u>Total</u>
2017	
Total Participants	11,232
Average Monthly Benefits	\$97
2018	
Total Participants	11,823
Average Monthly Benefits	\$98
2019	
Total Participants	12,471
Average Monthly Benefits	\$98
2020	
Total Participants	13,092
Average Monthly Benefits	\$88
2021	
Total Participants	13,697
Average Monthly Benefits	\$89

**North Dakota Public Employees Retirement System – Statistical Section
Schedule of Average Benefit Payments**

Schedule of Average Benefit Payments - PERS As of June 30

Main System

	Years of Credited Service						Total
	< 10	10-14	15-19	20-24	25-29	>=30	
2017							
Number of Retirees	1,940	1,529	1,324	1,395	1,557	2,252	9,997
Average Monthly Benefits	\$ 260	\$ 484	\$ 714	\$ 1,184	\$ 1,657	\$ 2,507	\$ 1,207
Average Years of Service	6.26	12.33	17.28	22.57	27.29	35.33	20.75
2018							
Number of Retirees	2,052	1,577	1,388	1,451	1,629	2,436	10,533
Average Monthly Benefits	\$ 267	\$ 506	\$ 747	\$ 1,223	\$ 1,709	\$ 2,637	\$ 1,269
Average Years of Service	6.27	12.33	17.29	22.57	27.31	35.45	20.88
2019							
Number of Retirees	2,175	1,627	1,440	1,540	1,712	2,588	11,082
Average Monthly Benefits	\$ 273	\$ 523	\$ 780	\$ 1,274	\$ 1,773	\$ 2,735	\$ 1,321
Average Years of Service	6.26	12.31	17.30	22.56	27.33	35.53	20.94
2020							
Number of Retirees	2,322	1,689	1,481	1,618	1,778	2,752	11,640
Average Monthly Benefits	\$ 282	\$ 550	\$ 814	\$ 1,316	\$ 1,812	\$ 2,823	\$ 1,367
Average Years of Service	6.26	12.30	17.31	22.57	27.34	35.60	20.96
2021							
Number of Retirees	2,467	1,746	1,545	1,708	1,824	2,882	12,172
Average Monthly Benefits	\$ 288	\$ 570	\$ 844	\$ 1,353	\$ 1,845	\$ 2,885	\$ 1,397
Average Years of Service	6.25	12.32	17.34	22.56	27.35	35.64	20.94

Schedule of Average Benefit Payments - PERS As of June 30

Judges

	Years of Credited Service						Total
	< 10	10-14	15-19	20-24	25-29	>=30	
2017							
Number of Retirees	3	3	5	10	8	8	37
Average Monthly Benefits	\$ 2,467	\$ 2,773	\$ 3,545	\$ 5,380	\$ 4,598	\$ 6,644	\$ 4,789
Average Years of Service	6.92	11.58	17.62	23.07	26.92	36.77	23.89
2018							
Number of Retirees	4	2	6	11	7	10	40
Average Monthly Benefits	\$ 2,274	\$ 2,739	\$ 4,123	\$ 5,452	\$ 4,845	\$ 6,141	\$ 4,865
Average Years of Service	6.29	10.54	17.81	23.17	26.80	35.81	23.84
2019							
Number of Retirees	4	3	6	11	7	11	42
Average Monthly Benefits	\$ 2,274	\$ 3,588	\$ 4,123	\$ 5,452	\$ 4,891	\$ 6,276	\$ 4,949
Average Years of Service	6.29	11.92	17.81	23.17	26.80	35.44	23.81
2020							
Number of Retirees	4	3	6	11	7	13	44
Average Monthly Benefits	\$ 2,274	\$ 3,588	\$ 4,123	\$ 5,452	\$ 4,891	\$ 6,589	\$ 5,102
Average Years of Service	6.29	11.92	17.81	23.17	26.80	35.58	24.38
2021							
Number of Retirees	4	3	6	11	8	15	47
Average Monthly Benefits	\$ 2,274	\$ 3,643	\$ 4,123	\$ 5,452	\$ 5,261	\$ 6,808	\$ 5,297
Average Years of Service	6.29	11.92	17.81	23.17	26.70	35.27	24.79

**North Dakota Public Employees Retirement System – Statistical Section
Schedule of Average Benefit Payments**

**Schedule of Average Benefit Payments - PERS As of June 30
Law Enforcement with Prior Main Service⁽¹⁾**

	Years of Credited Service						Total
	< 10	10-14	15-19	20-24	25-29	>=30	
2017							
Number of Retirees	12	11	7	17	17	18	82
Average Monthly Benefits	\$ 528	\$ 790	\$ 1,291	\$ 1,770	\$ 2,180	\$ 3,261	\$ 1,828
Average Years of Service	6.22	12.58	18.13	22.09	27.38	33.03	21.65
2018							
Number of Retirees	15	11	10	18	17	23	94
Average Monthly Benefits	\$ 481	\$ 915	\$ 1,452	\$ 1,839	\$ 2,180	\$ 3,317	\$ 1,896
Average Years of Service	6.18	12.47	17.25	22.19	27.38	33.29	21.63
2019							
Number of Retirees	20	13	11	20	15	25	104
Average Monthly Benefits	\$ 630	\$ 947	\$ 1,466	\$ 1,733	\$ 2,018	\$ 3,464	\$ 1,852
Average Years of Service	6.27	12.27	17.05	22.12	27.49	33.24	20.75
2020							
Number of Retirees	24	14	12	19	16	28	113
Average Monthly Benefits	\$ 596	\$ 815	\$ 1,491	\$ 1,703	\$ 2,138	\$ 3,452	\$ 1,830
Average Years of Service	5.99	12.26	17.27	22.15	27.44	33.19	20.46
2021							
Number of Retirees	29	15	12	17	19	31	123
Average Monthly Benefits	\$ 627	\$ 851	\$ 1,491	\$ 1,865	\$ 2,266	\$ 3,554	\$ 1,900
Average Years of Service	5.99	12.37	17.27	22.23	27.28	33.40	20.31

⁽¹⁾ Includes former National Guard members.

**Schedule of Average Benefit Payments - PERS As of June 30
Law Enforcement without Prior Main Service**

	Years of Credited Service						Total
	< 10	10-14	15-19	20-24	25-29	>=30	
2017							
Number of Retirees	4	1	0	0	1	0	6
Average Monthly Benefits	\$ 390	\$ 1,204	\$ -	\$ -	\$ 3,126	\$ -	\$ 981
Average Years of Service	4.12	12.58	0.00	0.00	26.17	0.00	9.21
2018							
Number of Retirees	5	1	0	0	1	0	7
Average Monthly Benefits	\$ 401	\$ 1,204	\$ -	\$ -	\$ 3,126	\$ -	\$ 905
Average Years of Service	4.01	12.58	0.00	0.00	26.17	0.00	8.40
2019							
Number of Retirees	7	1	0	0	1	0	9
Average Monthly Benefits	\$ 410	\$ 1,204	\$ -	\$ -	\$ 3,126	\$ -	\$ 800
Average Years of Service	4.44	12.58	0.00	0.00	26.17	0.00	7.76
2020							
Number of Retirees	8	1	0	0	2	0	11
Average Monthly Benefits	\$ 421	\$ 1,204	\$ -	\$ -	\$ 2,345	\$ -	\$ 842
Average Years of Service	4.79	12.58	0.00	0.00	27.05	0.00	9.54
2021							
Number of Retirees	10	1	0	0	2	0	13
Average Monthly Benefits	\$ 456	\$ 1,204	\$ -	\$ -	\$ 2,345	\$ -	\$ 805
Average Years of Service	5.06	12.58	0.00	0.00	27.05	0.00	9.02

**North Dakota Public Employees Retirement System – Statistical Section
Schedule of Average Benefit Payments**

**Schedule of Average Benefit Payments - PERS As of June 30
HPRS**

	Years of Credited Service						Total
	< 10	10-14	15-19	20-24	25-29	>=30	
2017							
Number of Retirees	3	0	5	6	62	18	94
Average Monthly Benefits	\$ 809	\$ -	\$ 2,315	\$ 2,975	\$ 3,886	\$ 4,359	\$ 3,737
Average Years of Service	2.36	0.00	17.18	22.24	27.84	31.16	26.74
2018							
Number of Retirees	0	2	4	5	65	20	96
Average Monthly Benefits	\$ -	\$ 1,481	\$ 2,388	\$ 2,923	\$ 3,862	\$ 4,366	\$ 3,807
Average Years of Service	0.00	11.75	17.10	22.75	27.89	31.36	27.56
2019							
Number of Retirees	1	3	4	6	68	23	105
Average Monthly Benefits	\$ 1,456	\$ 1,765	\$ 2,388	\$ 3,351	\$ 3,917	\$ 4,854	\$ 3,947
Average Years of Service	2.25	11.69	17.10	22.96	27.93	31.33	27.27
2020							
Number of Retirees	1	3	4	6	70	23	107
Average Monthly Benefits	\$ 1,456	\$ 1,765	\$ 2,388	\$ 3,351	\$ 4,039	\$ 4,854	\$ 4,026
Average Years of Service	2.25	11.69	17.10	22.96	27.99	31.33	27.32
2021							
Number of Retirees	1	3	4	6	72	22	108
Average Monthly Benefits	\$ 1,456	\$ 1,765	\$ 2,388	\$ 3,351	\$ 4,107	\$ 5,116	\$ 4,117
Average Years of Service	2.25	11.69	17.10	22.96	27.97	31.18	27.25

**Schedule of Average Benefit Payments - PERS As of June 30
Job Service Plan**

	Retirement Plan	Travelers Annuitants	Total
2017			
Number of Retirees	139	60	199
Average Monthly Benefits	\$2,382	\$770	\$1,896
2018			
Number of Retirees	140	56	196
Average Monthly Benefits	\$2,420	\$791	\$1,955
2019			
Number of Retirees	135	50	185
Average Monthly Benefits	\$2,510	\$853	\$20,662
2020			
Number of Retirees	133	48	181
Average Monthly Benefits	\$2,515	\$880	\$2,081
2021			
Number of Retirees	133	44	177
Average Monthly Benefits	\$2,608	\$938	\$2,193

Stage Agency Employers

Adjutant General ND National Guard	Insurance Department	ND University System Office
Aeronautics Commission	James River Correctional Ctr	ND Veterans Home
Attorney General's Office	Job Service North Dakota	ND Wheat Commission
Bank Of North Dakota	Juvenile Services - DOCR	ND Youth Correctional Center
Beef Commission	Lake Region State College	North Dakota State Hospital
Bismarck State College	Land Department	North Dakota State University
Career & Technical Education	Legislative Assembly	Office Of Administrative Hearings
Central Services	Legislative Council	Office Of Management & Budget
Commission on Legal Council for Indigents	Life Skills and Transition Center	Parks & Recreation Department
Dairy Promotion Commission	Mayville State University	Protection & Advocacy Project
Department Of Commerce	Milk Marketing Board	Public Finance Authority
Department Of Corrections And Rehabilitation	Mill & Elevator Association	Public Instruction
Department Of Corrections Transitional Services	Minot State University	Public Service Commission
Department of Environmental Quality	ND Barley Council	Racing Commission
Department Of Financial Institutions	ND Board of Medicine	Real Estate Commission
Department Of Human Services	ND Board Of Nursing	Retirement & Investment Office
Department Of Transportation	ND Board Of Pharmacy	Rough Rider Industries
Department of Water Resources	ND Corn Utilization Council	School For The Blind
Dept Of Agriculture	ND Council On The Arts	School for the Deaf
Dickinson State University	ND Department Of Health	Secretary Of State
Education Standards & Practice	ND Department Of Labor	Soil Conservation Committee
Electrical Board	ND Ethics Commission	State Auditor's Office
Facility Management	ND Oilseed Council	State Board Of Law Examiners
Field Services Division	ND Public Employees Retirement System	State Fair Association
Game & Fish Department	ND Securities Department	State Penitentiary
Governor's Office	ND Soybean Council	State Seed Department
Heart River Correctional Center	ND St College Of Science	State Treasurer's Office
Highway Patrol	ND State Board Of Accountancy	Tax Department
Historical Society	ND State Board Of Cosmetology	University Of North Dakota
Housing Finance Agency	ND State Library	Valley City State University
Indian Affairs Commission	ND State Plumbing Board	Veterans Affairs Department
Industrial Commission	ND Supreme Court	Williston State College
Information Technology Dept	ND System Information Technology Services	Workforce Safety & Insurance

Total State Employers = 99

County Employers

Adams County	Grant County	Ramsey County
Barnes County	Griggs County	Ransom County
Benson County	Hettinger County	Renville County
Billings County	Kidder County	Richland County
Bottineau County	Lamoure County	Rolette County
Bowman County	Logan County	Sargent County
Burke County	Mchenry County	Sheridan County
Burleigh County	Mcintosh County	Slope County
Cass County	Mckenzie County	Stark County
Cavalier County	Mclean County	Steele County
Dickey County	Mercer County	Stutsman County
Divide County	Morton County	Towner County
Dunn County	Mountrail County	Traill County
Eddy County	Nelson County	Walsh County
Emmons County	Oliver County	Ward County
Foster County	Pembina County	Wells County
Golden Valley County	Pierce County	Williams County
Grand Forks County		

Total County Employers = 51

School District Employers

Anamoose Public School District #14	Midway Public School District #128
Apple Creek Elementary School	Milnor Public School District #2
Beach Public School District #3	Minot Public School District #1
Belcourt School District #7	Minto Public School District #20
Belfield Public School #13	Mohall Lansford Sherwood School
Beulah Public School #27	Mott/Regent School Dist #1
Billings County School District	Mt Pleasant School Dist #4
Bismarck Public Schools	Napoleon Public School District #2
Bottineau Public School	New Rockford Sheyenne Public School
Bowman County School District #1	New Salem Almont School District #49
Burke Central School	New Town Public School District
Burleigh County Special Education Unit	Newburg United Public School
Carrington School District #49	North Border School District # 100
Cavalier Public Schools	North Sargent School District #3
Center Stanton Public School	North Valley Career and Tech Center
Central Cass Public School District #7	Northern Cass School District # 97
Central Regional Education Association	Northern Plains Special Ed Unit
Dakota Prairie Public School	Oakes Public Schools
Devils Lake Public School	Oberon Public Schools #16
Dickinson Public Schools	Oliver-Mercer Special Education Unit
Divide County School Dist #1	Park River Area School District
Drake Public School District	Peace Garden Special Services
Drayton Public School #19	Pembina Special Education Cooperative
Dunseith School District #1	Pingree-Buchanan School District
East Central Special Education Unit	Richland School District # 44
Elgin/New Leipzig Public School School	Rolette Public School
Ellendale Public School District #40	Roughrider Education Services Program (RESP)
Enderlin Area School District #24	Rugby Public School District #5
Fairmount Public School	Rural Cass Special Education Unit
Fargo Public Schools	Sargent Central Public School District #6
Fort Totten School District # 30	Sawyer Public School
Garrison Public School District #51	Sheyenne Valley Career And Tech Center
Glen Ullin Public School #48	Sheyenne Valley Special Education Unit
Glenburn School District	Solen Public School Dist #3
Grafton Public School District #3	Souris Valley Special Services
Great Northwest Education Cooperative	South Central Prairie Special Education Unit
Halliday Public School	South East Education Cooperative
Harvey Public School Dist #38	South Heart Public School District #9
Hazen Public School District #3	South Prairie School District #70
Hillsboro Public School	St John School District #3
James River Multidistrict Special Education Unit	Stanley Community Public School District # 2
Jamestown Public School District #1	Surrey Schools
Kenmare Public School District #28	Sw Special Education Unit
Killdeer Public School #16	Tgu School District #60
Kindred Public School District #2	Thompson Public School
Kulm Public School District #7	Tioga Public School District #15
Lake Region Special Education Unit	Turtle Lake Mercer School District #72
Lakota Public School District # 66	Underwood School District #8
Lamoure School District #8	United Public School District # 7
Larimore Public School District #44	Valley City Public School
Leeds Public School District 6	Velva Public School
Lewis & Clark Public Schools	Wahpeton Public School District 37
Lidgerwood Public School	Warwick Public School
Linton Public School District #36	Washburn Public School
Lisbon Public School	West Fargo Public School #6
Lonetree Special Education Unit	West River Student Services
Mandan Public School District #1	Westhope Public School #17
Mandaree Public School #36	White Shield School Dist #85
Manvel Public School	Williston Basin School District #7
Maple Valley School District	Williams County School District #8
Mapleton Public School	Williston Public School #1
Max Public School	Wilmac Multidistrict Special Education Unit
Mcclusky Public Schools	Wilton Public School District
Mckenzie Cty Public School #1	Yellowstone School District # 14
Medina Public School District #3	Zeeland Public Schools
Midkota School	

Total School District Employers = 131

**North Dakota Public Employees Retirement System – Statistical Section
Schedule of Participating Employers**

City Employers

City of Alexander	City of Glenburn	City of Mandan	City of Richardton
City of Ashley	City of Grafton	City of Mapleton	City of Rolla
City of Beach	City of Grand Forks	City of McClusky	City of Rugby
City of Belfield	City of Granville	City of McVille	City of Sawyer
City of Berthold	City of Grenora	City of Medora	City of Scranton
City of Beulah	City of Gwinner	City of Michigan	City of Sherwood
City of Bottineau	City of Halliday	City of Minot	City of St John
City of Bowman	City of Hankinson	City of Minto	City of Stanley
City of Burlington	City of Harvey	City of Mohall	City of Surrey
City of Carrington	City of Harwood	City of Mott	City of Thompson
City of Carson	City of Hatton	City of Napoleon	City of Tioga
City of Cavalier	City of Hettinger	City of Neche	City of Towner
City of Cooperstown	City of Jamestown	City of New England	City of Underwood
City of Crosby	City of Kenmare	City of New Leipzig	City of Velva
City of Devils Lake	City of Killdeer	City of New Rockford	City of Wahpeton
City of Dickinson	City of Kindred	City of New Salem	City of Walhalla
City of Dodge	City of Kulm	City of New Town	City of Watford City
City of Drayton	City of Lakota	City of Northwood	City of West Fargo
City of Elgin	City of Lamoure	City of Oakes	City of Westhope
City of Ellendale	City of Larimore	City of Park River	City of Williston
City of Emerado	City of Lidgerwood	City of Pembina	City of Wilton
City of Fargo	City of Lincoln	City of Powers Lake	City of Wishek
City of Fessenden	City of Linton	City of Ray	City of Zeeland
City of Finley	City of Lisbon	City of Regent	
City of Garrison	City of Maddock	City of Rhome	

Total City Employers = 98

Other Political Subdivision Employers

Agassiz Water Users District	Grand Forks County Water Resource District	Rolette County Public Health
Barnes County Soil Conservation District	Grand Forks Park District	Rolette County Soil Conservation District
Bismarck Rural Fire Protection	Grand Forks Public Library	Sargent County District Health Unit
Bottineau County Water Resource District	Grand Forks-E Grand Forks Metropolitan Planning	Southeast Region Career & Technology Center
Bowman City Park Board	Great Plains Housing Authority	Southeast Water Users District
Burleigh County Council On Aging	Greater Ramsey Water District	Southwest Water Authority
Burleigh County Soil Conservation District	Griggs County Public Library	Southwestern District Health Unit
Carnegie Regional Library	James River Soil Conservation District	Stark & Billings Soil Conservation District
Cass County Soil Conservation District	James River Valley Library System	Tioga Park District
Cass County Water Resource District	Jamestown Parks And Recreation District	Trail County Job Development Authority
Cavalier County Health District	Jamestown Regional Airport	Towner County Public Health Unit
Cavalier County Job Development Authority	Kidder County District Health Unit	Traill County Water Resource District
Central Plains Water District	Lake Metigoshe Recreation Service District	Traill District Health Unit
Central Valley Health Unit	Lake Region District Health Unit	Tri-Cities Joint Job Development Authority
City of Bottineau Park Board	Logan County Soil Conservation District	Upper Missouri Health Unit
City County Health District	McIntosh County Housing Authority	Valley City Park District
Consolidated Waste Ltd	McIntosh District Health Unit	Wahpeton Park Board
Crosby Park District	Mercer County Soil Conservation District	Walsh County Health District
Custer Health Unit	Minot Park District	Walsh County Housing Authority
Devils Lake Basin Joint Water Resource Board	Minot Rural Fire Department	Walsh County Water Resource District
Devils Lake Park Board	Nelson-Griggs District Health Unit	Ward County Water Resource District
Dickey County Health District	North Central Soil Conservation District	Watford City Park District
Dunseith Community Nursing Home	North Dakota Firefighters Association	Wells County Dist Health Unit
Emmons County Public Health	Park District - City of New Rockford	West Fargo Park District
Emmons County Soil Conservation District	R & T Water Supply Commerce Authority	Western Area Water Supply Authority
Fargo Park District	Ramsey County Housing Authority	Williams County Soil Conservation District
First District Health	Ramsey County Soil Conservation District	Williston Housing Authority
Foster County Soil Conservation District	Ramsey County Water Resource District	Williston Rural Fire Protection District #1
Garrison Diversion Conservancy District	Ransom County Soil Cons Dist	
Grafton Park District	Red River Joint Water Resource District	

Total Other Political Subdivision Employers = 88

Principle Participating Employers

Participating Employer	2021			2012		
	Covered Employees	Rank	% of Total System	Covered Employees	Rank	% of Total System
Department of Human Services	1,201	1	6.10%	1,295	1	6.25%
Department of Transportation	857	2	4.35%	1,029	3	4.97%
University of North Dakota	761	3	3.86%	1,134	2	5.47%
Bismarck Public Schools	726	4	3.68%	731	5	3.53%
North Dakota State University	647	5	3.28%	864	4	4.17%
Fargo Public Schools	644	6	3.27%	603	6	2.91%
West Fargo Public School #6	548	7	2.78%	395	10	1.91%
City of Fargo	524	8	2.66%	399	9	1.93%
Minot Public School District #1	511	9	2.59%	492	7	2.37%
Information Technology Dept	343	10	1.74%	N/A	N/A	N/A
North Dakota State Hospital	N/A	N/A	N/A	437	8	2.11%
Remaining Employers	12,942		65.69%	13,346		64.38%
Total Covered Employees*	19,704		100.00%	20,725		100.00%

*Total covered employees represents the number of employees in a contributing status as of June 30, 2021 and June 30, 2012 respectively in the Main retirement plan

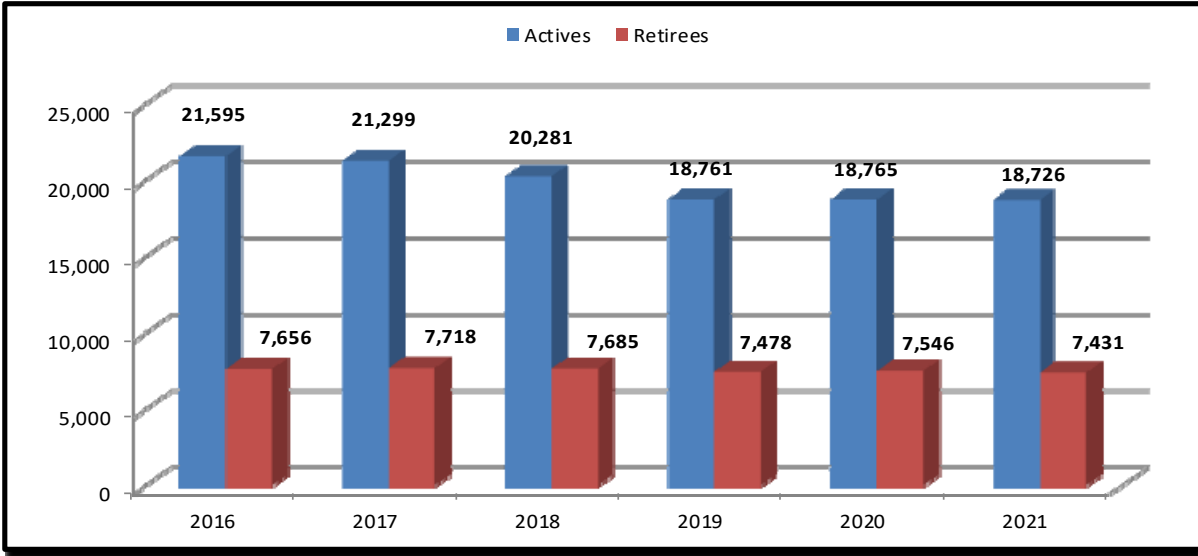
Deferred Compensation Program
Schedule of Assets
By Provider

	6/30/17	6/30/18	6/30/19	6/30/20	6/30/21
AIG VALIC	\$9,982,842	\$9,820,173	\$10,053,565	\$10,282,875	\$12,427,149
American Trust Center	11,857,349	12,898,604	14,027,844	14,177,650	19,343,402
AXA Equitable	17,201,441	17,781,744	17,108,369	16,234,828	18,660,442
Bank of North Dakota	5,590,301	5,498,920	5,407,961	5,420,148	5,468,857
Commonwealth Annuity & Life Insurance Co. (Formerly Chase Financial/Kemper)	9,353,331	8,726,263	8,324,323	7,821,654	9,532,791
Mass Mutual (formerly Hartford)	56,773,497	59,851,708	64,220,246	64,914,891	78,769,860
ING (Formerly Aetna)	1,963,666	2,116,468	2,229,557	2,135,826	2,251,684
Jackson National Life	6,467,238	6,987,381	5,841,212	5,682,128	6,735,694
Kansas City Life (formerly Sunset Life)	203,843	50,314	0	0	0
Lincoln National	6,196,000	6,836,529	6,214,835	6,202,271	7,073,193
NDPERS Companion Plan ⁽¹⁾	97,918,662	112,605,791	126,192,471	139,277,186	186,529,831
Nationwide Life Insurance	16,880,532	19,154,725	20,866,715	22,279,890	27,497,044
New York Life ⁽¹⁾	224,176	220,746	200,584	0	0
Symetra (Formerly Safeco)	168,029	122,177	125,774	124,970	149,836
Waddell & Reed Financial Services	<u>9,252,315</u>	<u>9,802,256</u>	<u>10,800,789</u>	<u>11,802,831</u>	<u>15,251,816</u>
Total	\$250,033,223	\$272,473,798	\$291,614,245	\$306,357,148	\$389,691,599

⁽¹⁾ As of January 1, 1999 the System is the trustee for these deferred compensation assets and is reporting them as a trust fund in the June 30, 2021 and June 30, 2020 financial statements

All other assets are being held in trust by the respective provider company, for the exclusive benefit of participants and their beneficiaries. Accordingly, these assets are not included in the System's financial statements

GROUP HEALTH INSURANCE PROGRAM Average Number of Contracts in Force



Health Insurance Premium Active State Contracts

