

# 2023

## ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEARS ENDED JUNE 30, 2023 AND JUNE 30, 2022



**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, 2023 and June 30, 2022*

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Prepared by the staff of the North Dakota Public Employees Retirement System  
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To request an alternate format, please call PERS ADA Coordinator at 701-328-3918, or toll-free: 1-800-803-7377.*

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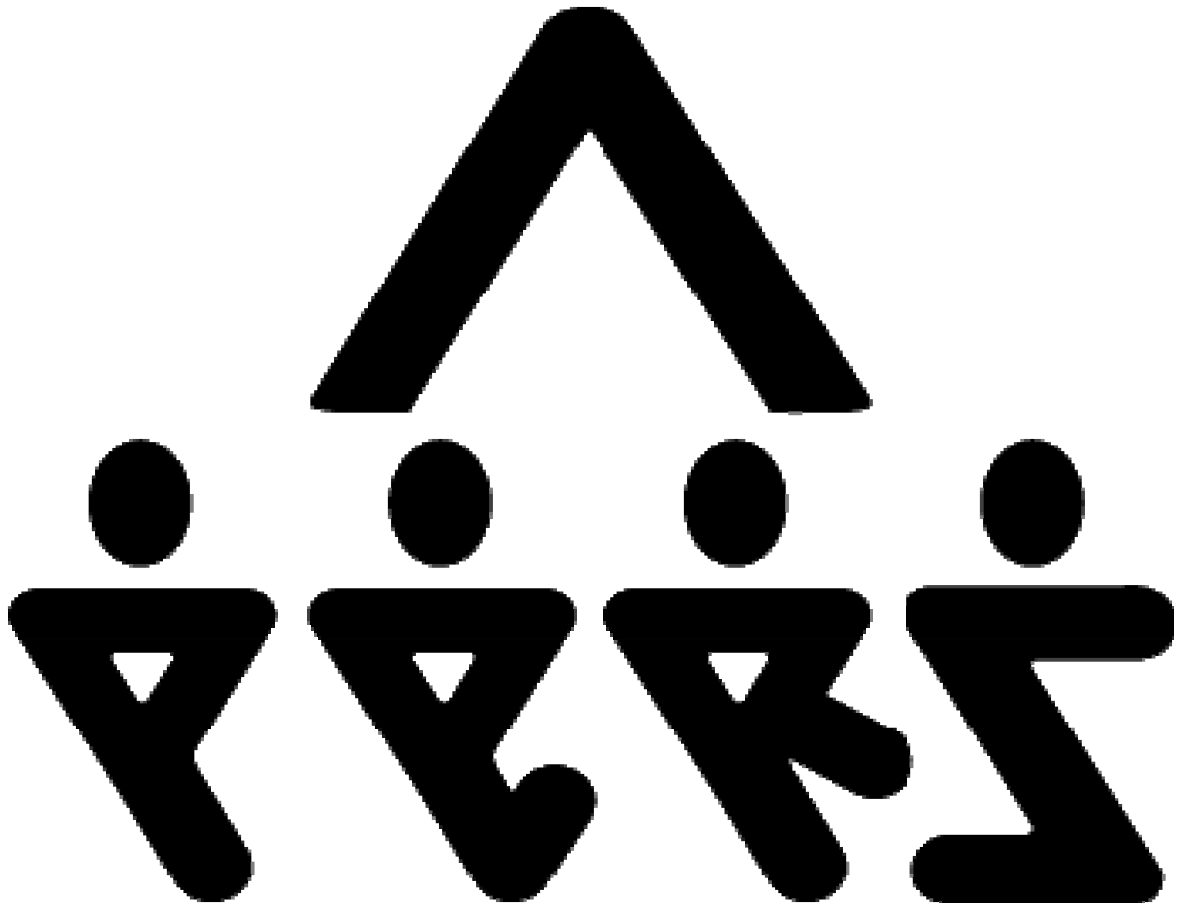
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**INTRODUCTORY SECTION**

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Public Pension Coordinating Council

**Recognition Award for Administration  
2023**

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 Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2022

*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

**Rebecca Fricke**  
Interim Executive Director  
(701) 328-3900  
1-800-803-7377

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December 15, 2023

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, 2023. 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, 2023.

#### **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 42,621 contributing members and 14,997 retirees and beneficiaries currently receiving benefits. HPRS has 203 contributing members and 143 retirees and beneficiaries. The Job Service Plan has 1 contributing member and 169 retirees. The employers participating in PERS include 99 state agencies and 374 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. Beginning January 1, 2025, members that would otherwise have met eligibility to participate in the Main Plan will be redirected into the Defined Contribution Plan. The Plan has 86 active 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 25,255 contributing members and 14,502 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 24,759 active and retired contracts under this plan as of June 30, 2023. Total covered lives, including spouses and dependents, are 58,012. As of June 30, 2023 there were 121 political subdivisions participating in the group health program. The health insurance premiums paid to Sanford Health Plan for the fiscal year ended June 30, 2023 totaled \$328.0 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 18,316 active and 3,120 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, 2023 totaled \$4.0 million. As of fiscal year end, there is \$1.902 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 13,789 participants in the dental plan and 13,837 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 14,972 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. Thirteen companies have agreed to provide investment services for the State's deferred compensation program. The System is the trustee for deferred compensation assets totaling \$193.2 million; provider companies hold the remaining plan assets of \$181.9 million in custodial accounts for the exclusive benefit of participants and their beneficiaries. Approximately 16,366 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 2,588 participants in the medical and dependent care spending accounts. Employee contributions to the spending accounts totaled \$5.54 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**

- Updated our business system to accommodate Federal W-4P requirement changes
- Implemented contribution increases in our Public Safety Plans to ADEC rates
- Analyzed Federal requirements for the passage of Secure 2.0

**Group Insurance**

- Renewed our Medicare Part D contract with the incumbent provider
- Went out to bid for our Life Insurance provider and selected the incumbent provider with enhanced benefits at a reduced premium
- Renewed our Dental contract with the incumbent provider
- Renewed our Health plan contract with the incumbent provider

**Administrative**

- Upgraded the servers that our business system resides on
- Converted historical microfiche records into an electronic format
- Implemented a sealed envelope policy in our office
- Began an initiative to embed forms into correspondence generated by staff
- Developed a process to allow temporary employees the ability to enroll in health insurance electronically
- Developed a process to allow employers do an electronic ACA certification of temporary employees

**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 2023 and 2022:

(Millions)	Fiscal Year	Fiscal Year	Change in \$ s	Percentage
<u>Revenue Type</u>	<u>2023</u>	<u>2022</u>	<u>Change in \$ s</u>	<u>Change</u>
Employee Contributions	\$ 95.2	\$ 91.5	\$ 3.7	4.0%
Employer Contributions	104.5	99.3	5.2	5.2
Investment Income	291.4	(268.3)	559.7	208.6
Total	\$ 491.1	\$ (77.5)	\$ 568.6	733.7%
<u>Expense Type</u>				
Benefits	\$ 264.7	\$ 246.9	\$ 17.8	7.2%
Refunds & Transfers	18.2	15.7	2.5	15.9
Administrative Expenses	2.7	2.4	0.3	12.5
Total	\$ 285.6	\$ 265.0	\$ 20.6	7.8%

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, 2023 actuarial valuation reports the actuarial value of assets for PERS at \$3,899 million, which is 66.9% of the actuarial accrued liabilities of \$5,828 million. The actuarial value of assets for HPRS is \$100.2 million, which is 68.4% of the actuarial accrued liabilities of \$146.5. The Job Service Plan is fully funded. The actuarial value of assets for the Job Service Plan is \$88.5 million, which is 122.7% of the actuarial present value of benefits of \$72.2 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 65.4% of the actuarial accrued liability. As of June 30, 2023 the annual gross normal cost for this plan is \$4.5 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, 2023 is \$3.9 billion, which is an increase of 5.8% from the previous year. The fair value of assets for Job Service as of June 30, 2023 is \$83.5 million, a decrease of 3.1% from the previous year. During the fiscal year ended June 30, 2023 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 7.98% for the fiscal year ended June 30, 2023. The annualized rate of return was 8.62% for the last three years and 6.94% for the last five years. The annualized rate of return for the fiscal year ended June 30, 2023 for the Job Service Plan was 3.10%. The annualized rate of return was 1.05% for the last three years and 2.54% for the last five years.

The assets of the Retiree Health Insurance Credit Program are also invested with the SIB. The fair value of assets as of June 30, 2023 is \$165.1 million, which is 8.4% higher than the previous year. The assets earned an annualized rate of return of 10.67% for the fiscal year ended June 30, 2023. The annualized rate of return was 5.76% for the last three years and 5.77% for the last five years. During the fiscal year ended June 30, 2023, 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 fair value of assets in the defined contribution retirement plan as of June 30, 2023 is \$19.7 million, which is a 17.2% 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, 2023.

#### **Achievement Awards**

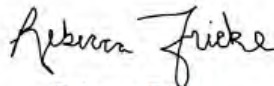
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the North Dakota Public Employees Retirement System for its annual comprehensive financial report (ACFR) for the fiscal year ended June 30, 2022. 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-seven consecutive years (fiscal years ended June 30, 1996 - 2022). 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,



Rebecca Fricke  
Interim Executive Director



Derrick Hohbein, CPA, MBA, CEBS  
Chief Operating/Financial Officer

The Retirement Board is the governing authority of the Public Employees Retirement System and consists of eleven 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. The Governor is responsible for appointing three other members in addition to the Chairman of the Board. Four members are appointed by legislative management, and the remaining three Board members are elected from active employees currently contributing to PERS.

**THE  
RETIREMENT  
BOARD**

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



Mona Rindy  
Chairperson  
Term Expires 4/1/2025



Jason Grueneich  
Member Elected  
Term Expires 6/30/2023



Adam Miller  
Member Elected  
Term Expires 6/30/27



Casey Goodhouse  
Member Elected  
Term Expires 6/30/24



Rep. Greg Stemen  
Appointed by  
Legislative Management



Rep. Jason Dockter  
Appointed by  
Legislative Management



Senator Shawn Vedaa  
Appointed by  
Legislative Management



Senator Dick Dever  
Appointed by  
Legislative Management



Jeffrey Volk  
Appointed by  
the Governor



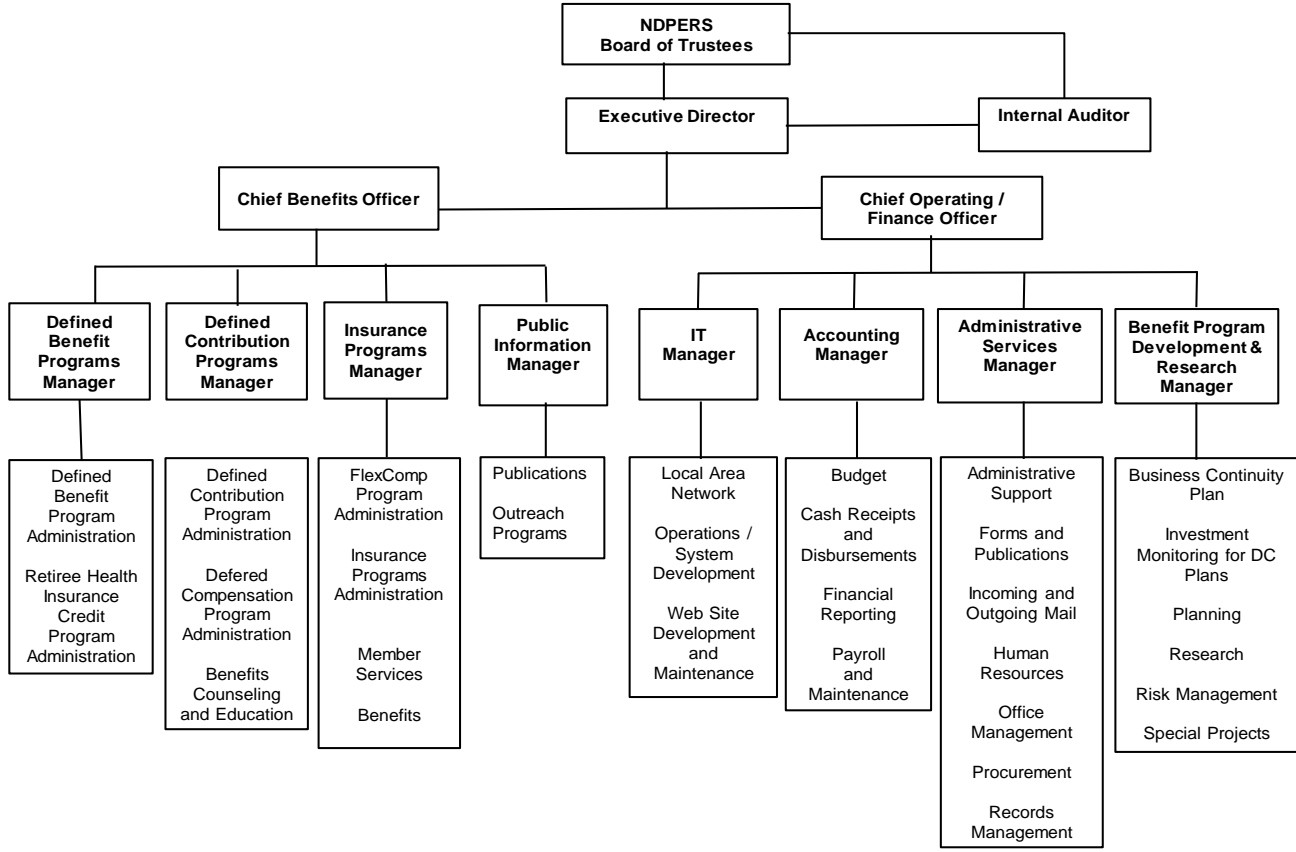
Joe Morrisette  
Appointed by  
the Governor



Gerald Buck  
Appointed by  
the Governor

*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

Rebecca Fricke, *Interim Executive Director & Chief Benefits Officer*  
 Derrick Hohbein, CPA, MBA *Chief Operating / Finance Manager*  
 Shawna Piatz, CPA, CIA, *Chief Audit Executive*  
 MaryJo Anderson, *Defined Benefits Programs Manager*  
 Marcella Aldinger, *Defined Contribution Programs Manager*  
 Lindsay Schaf, *Insurance Programs Administrator*  
 Aime Miller, *Public Information Manager*  
 Mandy Nagel, *IT Manager*  
 Robin Mistelski, *Accounting Supervisor*  
 Janis Lund, *Administrative Services Manager*  
 Katherlyne Korom, *Research and Project Manager*

See the following page for a listing of professionals who provide services to the North Dakota Public Employees Retirement System and page 98 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

**DISABILITY CONSULTANT:**

Mid Dakota Clinic  
Bismarck, ND

**INSURANCE CONSULTANT:**

Deloitte Consulting LLP  
Minneapolis, MN

**3rd PARTY PAYMENT PROCESSING**

ASI Flex (Flexcomp & RHIC Reimbursements)  
Columbia, MO

**INVESTMENT CONSULTANT**

Callan LLC  
San Francisco, CA

**INVESTMENT SERVICES:**

North Dakota Retirement & Investment Office  
Bismarck, ND

**LEGAL COUNSEL:**

North Dakota Attorney General's Office  
Bismarck, ND

**DENTAL INSURANCE CARRIER:**

Delta Dental of Minnesota  
Minneapolis, MN

**HEALTH INSURANCE CARRIER:**

Sanford Health Plan  
Sioux Falls, SD

**LIFE INSURANCE CARRIER:**

Voya Financial  
New York, NY

**VISION INSURANCE CARRIER:**

Superior Vision  
Rancho Cordova, CA

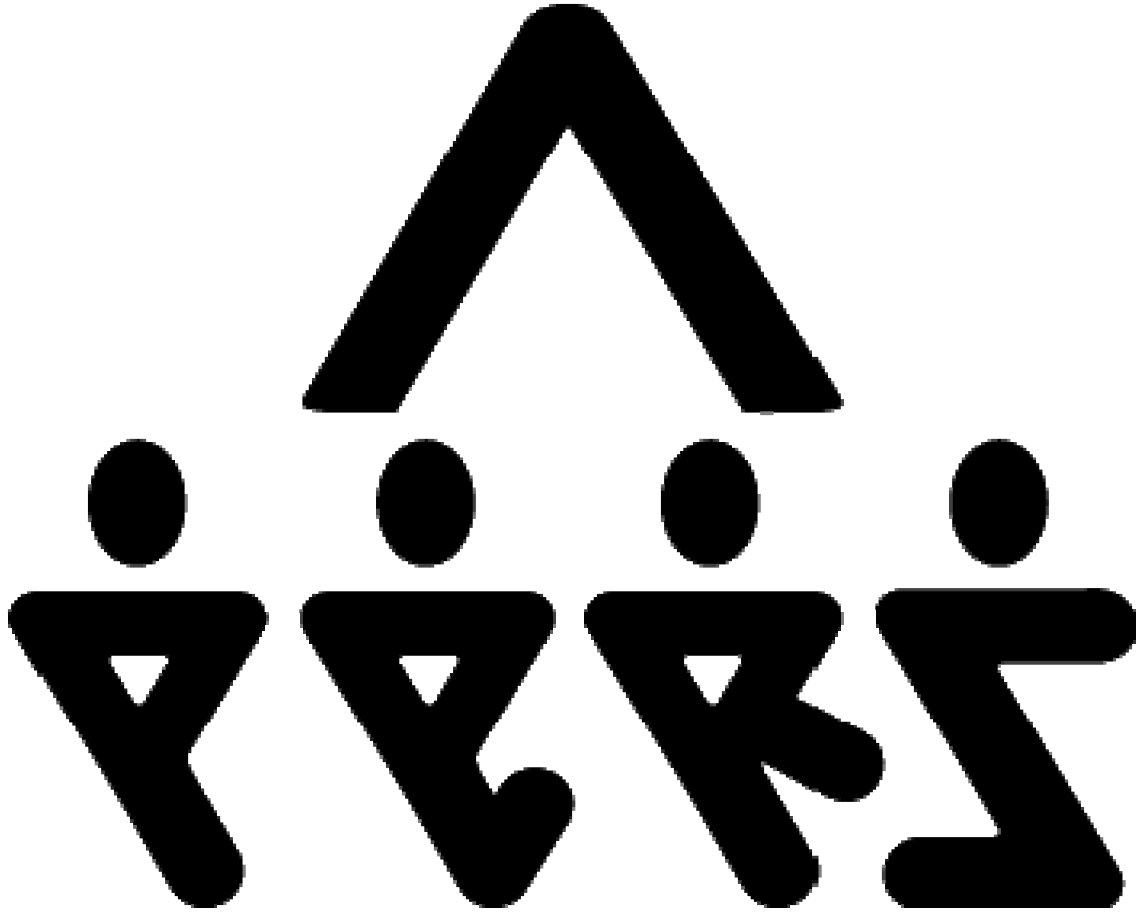
**EMPLOYEE ASSISTANCE PROGRAM VENDORS:**

eni NexGen EAP  
New York, NY

St. Alexius/Heartview  
Bismarck, ND

Live Well Solutions  
Fargo, ND

Village Family Services  
Fargo, ND



# FINANCIAL SECTION



**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2023 AND 2022**



CliftonLarsonAllen LLP  
CLAconnect.com

**INDEPENDENT AUDITORS' REPORT**

Governor Doug Burgum  
The Legislative Assembly

Rebecca Fricke, Interim 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, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the System's basic financial statements as listed in the table of contents.

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, 2023 and 2022, 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.

**Basis for Opinions**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the System and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**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, 2023 and 2022, 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.

CLA (CliftonLarsonAllen LLP) is an independent network member of CIA Global. See [CIAglobal.com/disclaimer](http://CIAglobal.com/disclaimer).

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2023 AND 2022**

Governor Doug Burgum  
The Legislative Assembly  
Rebecca Fricke, Interim Executive Director  
North Dakota Public Employees' Retirement System

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the System's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 System's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the System's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2023 AND 2022**

Governor Doug Burgum  
The Legislative Assembly  
Rebecca Fricke, Interim Executive Director  
North Dakota Public Employees' Retirement System

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedules of employer contributions, changes in net pension liability and related ratios, investment returns, and changes in net other postemployment benefits liability and related ratios, and the related notes, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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.

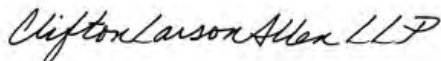
***Supplementary Information***

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 appropriations (collectively, the "supplementary information"), 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. Such 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. The 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 GAAS. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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 1, 2023, 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 1, 2023

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2023 AND 2022**

Management's Discussion and Analysis (MD&A) of the North Dakota Public Employees Retirement System's (NDPERS) financial performance provides an overview of the system's financial activities for the fiscal years ended June 30, 2023 and 2022. 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, 2023, and 2022, 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>2023</u>	<u>2022</u>
Public Employees Retirement System	66.0%	55.0%
Highway Patrolmen Retirement System	56.4%	54.1%
Retirement Plan for Employees of Job Service of ND	115.7%	122.3%
Retiree Health Insurance Credit Fund	62.7%	56.3%

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 and investment returns from June 30, 2022 to June 30, 2023. The decrease in the FNP as a percentage of the TPL Job Service of ND was primarily the result of plan experience compared to actuarial assumption (mainly COLA increases). The increases in the FNP as a percentage of the TPL for the Retiree Health Insurance Credit plan was primarily the result of investment earnings, as well as contributions received over statutory requirements.

- The fiduciary net position for all trust funds administered by NDPERS increased \$254.0 million during the fiscal year ended June 30, 2023. This increase is primarily due to increased investment earnings.

<i>(in thousands)</i>	Change in <u>Net Position 2023</u>	Change in <u>Net Position 2022</u>
Public Employees Retirement System	\$ 208,169	\$ (313,951)
Highway Patrolmen Retirement System	5,711	(7,751)
Retiree Health Insurance Credit Fund	13,835	(27,851)
Defined Contribution Retirement Fund	2,910	(2,819)
Pretax Benefits Fund	151	(324)
Deferred Compensation Plan	25,934	(19,006)
Retirement Plan for Employees of Job Service ND	(2,692)	(10,426)
Total Change in Plan Fiduciary Net Position	<u>\$ 254,018</u>	<u>\$ (382,128)</u>

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2023 AND 2022**

**Financial Highlights – Uniform Group Insurance Program**

- Net position increased by \$0.026 million or 0.04% in fiscal year 2023. The increase is primarily a result of investment earnings for the year ended June 30, 2023. Net position increased by \$23.5 million or 64.9% for the year ended June 30, 2022. The increase is primarily a result of the realization of a gain share on the health insurance plan for the year ended June 30, 2022.

**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, 2023 and 2022 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, 2023 and 2022 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, 2023 and 2022 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, 2023 and 2022, 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, 2023 and 2022 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 18-54 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 Investment Expenses, Administrative Expenses, Consulting Expenses and Appropriations.

**Financial Analysis**

The financial results for fiscal years 2023, 2022 and 2021 are summarized on page 6. 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, 2023 AND 2022**

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

	June 30, 2023	% Change	June 30, 2022	% Change	June 30, 2021
<b>Assets</b>					
Cash	\$ 22,443	5.1%	\$ 21,361	17.7%	\$ 18,154
Receivables	25,628	11.6%	22,972	-3.8%	23,871
Investments	4,366,046	6.1%	4,113,847	-8.6%	4,500,167
Invested Securities Lending Collateral	27,467	16.3%	23,612	44.9%	16,290
Software & Equipment, Net of Accumulated Depreciation	286	-19.4%	355	55.0%	229
<b>Total Assets</b>	<b>4,441,870</b>	<b>6.2%</b>	<b>4,182,147</b>	<b>-8.3%</b>	<b>4,558,711</b>
<b>Liabilities</b>					
Long-Term Liabilities	132	-6.4%	141	-24.2%	186
Other Liabilities	32,595	21.3%	26,881	26.4%	21,272
<b>Total Liabilities</b>	<b>32,727</b>	<b>21.1%</b>	<b>27,022</b>	<b>25.9%</b>	<b>21,458</b>
<b>Fiduciary Net Position</b>	<b>\$ 4,409,143</b>	<b>6.1%</b>	<b>\$ 4,155,125</b>	<b>-8.4%</b>	<b>\$ 4,537,253</b>

The total assets for all fiduciary funds as of June 30, 2023 were \$4.44 billion and were comprised mostly of investments. For the fiscal year ended June 30, 2023 net position increased \$254.0 million. The increase was primarily due to financial market gains during the fiscal year. For the fiscal year ended June 30, 2022 net position decreased \$382.1 million. The decrease was primarily due to financial market losses during the fiscal year.

Total liabilities as of June 30, 2023 increased \$5.7 million due to an increase in securities lending collateral. Total liabilities as of June 30, 2022 increased \$5.6 million due to an increase in securities lending collateral.

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

	June 30, 2023	% Change	June 30, 2022	% Change	June 30, 2021
<b>Additions</b>					
Contributions	\$ 235,058	3.8%	\$ 226,465	5.3%	\$ 214,981
Transfers In	2,075	-20.6%	2,613	-2.9%	2,690
Net Investment Income/(Loss)	328,787	201.0%	(325,627)	-134.3%	950,393
Other	6,908	-41.3%	11,777	32.9%	8,859
<b>Total Additions</b>	<b>572,828</b>	<b>775.7%</b>	<b>(84,772)</b>	<b>-107.2%</b>	<b>1,176,923</b>
<b>Deductions</b>					
Benefit Payments	295,696	6.9%	276,697	7.9%	256,388
Transfers Out	531	-25.6%	714	12.8%	633
Refunds	18,194	15.4%	15,769	21.6%	12,970
Administrative Expenses	4,388	5.1%	4,177	-3.2%	4,316
<b>Total Deductions</b>	<b>318,809</b>	<b>7.2%</b>	<b>297,357</b>	<b>8.4%</b>	<b>274,307</b>
<b>Change in Fiduciary Net Position</b>	<b>\$ 254,019</b>	<b>166.5%</b>	<b>\$ (382,129)</b>	<b>-142.3%</b>	<b>\$ 902,616</b>

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2023 AND 2022**

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 \$8.1 million for the year ended June 30, 2023 and increased \$11.4 million for the year ended June 30, 2022. The increases reflect an increase in contributions as a result of membership and payroll growth. Investment earnings increased \$654.4 million in 2023. Investment earnings decreased by \$1.276 billion in 2022 from the previous year. The change in Other Additions for June 30, 2023 and June 30, 2022 is primarily due to fluctuations in service purchase payments received during the year.

Deductions. Total deductions increased by \$21.4 million or 7.2% for the fiscal year ended June 30, 2023. Total deductions increased by \$23.1 million or 8.4% for the fiscal year ended June 30, 2022. 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, 2023	% Change	June 30, 2022	% Change	June 30, 2021
<b>Assets</b>					
Cash & Investments	\$ 60,191	79.9%	\$ 33,457	-7.4%	\$ 36,136
Receivables	409	-98.4%	26,371	14389.6%	182
Capital Assets	97	-21.8%	124	33.3%	93
Total Assets	60,697	1.2%	59,952	64.7%	36,411
<b>Liabilities</b>					
Long-Term Liabilities	78	2.6%	76	2.7%	74
Other Liabilities	1,000	253.4%	283	43.7%	197
Total Liabilities	1,078	200.3%	359	32.5%	271
<b>Net Position</b>	\$ 59,619	0.0%	\$ 59,593	64.9%	\$ 36,140

The net position for the proprietary fund increased by \$0.026 million during the fiscal year ended June 30, 2023. The increase is mostly due investment earnings. The net position for the proprietary fund increased by \$23.5 million during the fiscal year ended June 30, 2022. The increase is mostly due to a moratorium of PPACA fees, as well as a gain share on the health plan where premiums exceeded claims. 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.

Total assets, as of June 30, 2023, were \$60.7 million and were comprised mainly of cash and investments. Total assets increased by \$0.7 million from the prior fiscal year primarily due to a investment earnings. Total assets, as of June 30, 2022, were \$60.0 million and were comprised mainly of cash and investments as well as a \$26.0 million receivable from Sanford Health Plan. Total assets increased by \$23.5 million from the prior fiscal year primarily due to a moratorium of PPACA fees, as well as a gain share on the health plan where premiums exceeded claims.

Total liabilities, as of June 30, 2023, were \$1.1 million, \$0.4 million as of June 30, 2022 and \$0.3 million as of June 30, 2021, 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, 2023 AND 2022**

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, 2023	% Change	June 30, 2022	% Change	June 30, 2021
<b>Operating Revenues</b>					
Premium Revenues	\$ 355,842	-0.3%	\$ 356,896	-2.7%	\$ 366,941
Administrative Fee	952	-0.1%	953	-2.9%	981
Miscellaneous	(728)	-102.8%	26,113	652925.0%	(4)
Total Operating Revenues	<u>356,066</u>	-7.3%	<u>383,962</u>	4.4%	<u>367,918</u>
<b>Non-Operating Revenues</b>					
Net Investment Income	<u>2,275</u>	234.6%	<u>(1,690)</u>	-232.3%	<u>1,277</u>
Total Revenues	<u>358,341</u>	-6.3%	<u>382,272</u>	3.5%	<u>369,195</u>
<b>Operating Expenses</b>					
Premium Expenses	355,924	-0.3%	356,984	-2.7%	366,959
Administrative Expenses	<u>2,110</u>	26.2%	<u>1,672</u>	-8.7%	<u>1,832</u>
Total Operating Expenses	<u>358,034</u>	-0.2%	<u>358,656</u>	-2.7%	<u>368,791</u>
<b>Non-Operating Expense</b>					
Transfer Out	<u>280</u>	71.8%	<u>163</u>	85.2%	<u>88</u>
<b>Change in Net Position</b>	<u><u>\$ 27</u></u>	-99.9%	<u><u>\$ 23,453</u></u>	7321.8%	<u><u>\$ 316</u></u>
<b>Total Net Position</b>	\$ 59,619	0.0%	\$ 59,593	64.9%	\$ 36,140

**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, 2023 and 2022**

	Uniform Group Insurance Program	
	2023	2022
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 1,656,216	\$ 1,452,713
Invested Cash	2,858,504	1,635,593
Commingled Domestic Fixed Income Investments	55,676,252	30,368,921
Due from Fiduciary Funds	-	92,105
Unearned Premiums	108,845	20,668
Accounts Receivable	300,339	26,258,022
Total Current Assets	60,600,156	59,828,022
<b>NONCURRENT ASSETS</b>		
Capital Assets (Net of Depreciation/Amortization)	96,925	123,759
Total Assets	60,697,081	59,951,781
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Salaries Payable	109,241	90,779
Accounts Payable	874,790	159,293
Due to Other State Agencies	8,905	25,473
Accrued Compensated Absences	7,137	7,370
Total Current Liabilities	1,000,073	282,915
<b>NONCURRENT LIABILITIES</b>		
Accrued Compensated Absences	78,027	76,284
Total Liabilities	1,078,100	359,199
<b>NET POSITION</b>		
Net Investment in Capital Assets	96,925	123,759
Unrestricted Net Position	59,522,056	59,468,823
Total Net Position	\$ 59,618,981	\$ 59,592,582

**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, 2023 and 2022**

	Uniform Group Insurance Program	
	2023	2022
<b>OPERATING REVENUES</b>		
Premium Revenues	\$ 355,841,878	\$ 356,896,044
Administrative Fee	951,165	952,004
Underwriting Gain (Loss)	(734,296)	26,111,259
Miscellaneous	6,215	1,977
Total Operating Revenues	<u>356,064,962</u>	<u>383,961,284</u>
<b>OPERATING EXPENSES</b>		
Premium Expenses	355,923,733	356,984,101
Salaries and Wages	1,174,951	1,078,063
Operating Expenses	367,404	353,597
Professional Fees	452,333	118,910
Data Processing	88,184	92,734
Amortization	26,834	28,632
Total Operating Expenses	<u>358,033,439</u>	<u>358,656,037</u>
Operating Gain (Loss)	<u>(1,968,477)</u>	<u>25,305,247</u>
<b>NON-OPERATING REVENUES AND EXPENSES</b>		
Investment Income (Loss)	2,351,664	(1,648,090)
Investment Expenses	(76,788)	(42,064)
Total Non-Operating Revenues and Expenses	<u>2,274,876</u>	<u>(1,690,154)</u>
<b>INCOME BEFORE TRANSFERS</b>	306,399	23,615,093
<b>TRANSFERS OUT</b>	<u>280,000</u>	<u>162,500</u>
Change in Net Position	<u>26,399</u>	<u>23,452,593</u>
Total Net Position - Beginning of Year	<u>59,592,582</u>	<u>36,139,989</u>
<b>TOTAL NET POSITION - END OF YEAR</b>	<u>\$ 59,618,981</u>	<u>\$ 59,592,582</u>

**North Dakota Public Employees Retirement System – Financial Section**  
**Statements of Cash Flows – Proprietary Fund**  
**For the Fiscal Year Ended June 30, 2023 and 2022**

	Uniform Group Insurance Program	
	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Premiums Collected	\$ 355,841,877	\$ 356,896,044
Administrative Fees Collected	26,912,776	940,542
Payments to Suppliers	(208,992)	(590,150)
Premiums Paid	(355,923,732)	(356,984,101)
Payments to Employees	(1,154,979)	(1,069,811)
Underwriting Gain (Loss)	(734,296)	39,738
Miscellaneous Income	6,215	1,977
Net Cash Provided (Used) by Operating Activities	<u>24,738,869</u>	<u>(765,761)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net Purchase of Investments	(25,307,331)	2,347,419
Investment Income/(Loss)	2,351,664	(1,648,090)
Investment Expense	(76,788)	(42,064)
Net Cash Provided (Used) by Investing Activities	<u>(23,032,455)</u>	<u>657,265</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Purchase of Software	-	(59,550)
Transfers Out	(280,000)	(162,500)
Net Cash Used by Financing Activities	<u>(280,000)</u>	<u>(222,050)</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	1,426,414	(330,546)
Cash and Cash Equivalents - Beginning of Year	<u>3,088,306</u>	<u>3,418,852</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 4,514,720</u>	<u>\$ 3,088,306</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Operating Income (Loss)	\$ (1,968,477)	\$ 25,305,247
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Amortization	26,834	28,632
Effect of Changes in Assets and Liabilities:		
Accounts Receivable	25,957,683	(26,075,610)
Due from Other State Agencies	-	-
Unearned Premium	(88,177)	84,732
Due from Other Fiduciary Funds	92,105	(92,105)
Salaries Payable	18,462	4,981
Accrued Compensated Absences	1,510	3,271
Accounts Payable	715,497	(36,902)
Amounts held in custody of others	-	-
Due to Other State Agencies	(16,568)	11,993
Net Cash Provided (Used) by Operating Activities	<u>\$ 24,738,869</u>	<u>\$ (765,761)</u>

**North Dakota Public Employees Retirement System – Financial Section**  
**Statement of Fiduciary Net Position – Fiduciary Funds**  
**June 30, 2023**

	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 Service North Dakota	Total
<b>ASSETS</b>								
Cash	\$ 20,135,526	\$ -	\$ 1,627,141	\$ 141,830	\$ 153,440	\$ 310,449	\$ 74,529	\$ 22,442,915
Receivables:								
Contribution Receivable	13,078,615	730,304	1,351,210	188,162	540,907	1,124,519	716	17,014,433
Interest Receivable	7,983,009	205,075	901	-	-	-	592	8,189,577
Due from Other Fiduciary Funds	-	-	422,817	-	-	-	-	422,817
Due from Other State Agencies	-	-	190	-	-	-	-	190
Total Receivables	21,061,624	935,379	1,775,118	188,162	540,907	1,124,519	1,308	25,627,017
Investments:								
External Investment Pool	3,807,263,994	97,098,136	-	-	-	-	-	3,904,362,130
Equities	-	-	109,976,710	-	-	-	16,756,911	126,733,621
Fixed Income	-	-	55,046,287	144,806	-	3,794,656	66,225,503	125,211,252
Mutual Funds	-	-	-	19,044,485	-	186,329,521	-	205,374,006
Invested Cash	-	-	96,387	474,570	-	3,229,142	565,354	4,365,453
Total Investments	3,807,263,994	97,098,136	165,119,384	19,663,861	-	193,353,319	83,547,768	4,366,046,462
Invested Securities Lending Collateral	26,778,457	688,698	-	-	-	-	-	27,467,155
Machinery & Equipment	4,459	-	-	-	-	-	-	4,459
Capital Assets (Net of Depreciation/Amortization)	137,387	1,607	60,478	378	20,861	60,799	488	281,998
<b>Total Assets</b>	<b>3,875,381,447</b>	<b>98,723,820</b>	<b>168,582,121</b>	<b>19,994,231</b>	<b>715,208</b>	<b>194,849,086</b>	<b>83,624,093</b>	<b>4,441,870,006</b>

**North Dakota Public Employees Retirement System – Financial Section**  
**Statement of Fiduciary Net Position – Fiduciary Funds**  
**June 30, 2023**

	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 Service North Dakota	Total
<b>LIABILITIES</b>								
Salaries Payable	\$ 159,382	\$ -	\$ -	\$ -	\$ 24,755	\$ 40,198	\$ -	\$ 224,335
Accounts Payable	3,973,724	-	263,984	99	22,973	41,199	138,773	4,440,752
Due to Other State Agencies	15,084	-	85	159	2,206	4,106	-	21,640
Due to Proprietary Funds	422,817	-	-	-	-	-	-	422,817
Amounts Held in Custody for Others	-	-	-	-	-	18,755	-	18,755
Securities Lending Collateral	26,778,457	688,698	-	-	-	-	-	27,467,155
Accrued Compensated Absences	91,241	-	-	-	15,366	25,766	-	132,373
Total Liabilities	31,440,705	688,698	264,069	258	65,300	130,024	138,773	32,727,827
<b>FIDUCIARY NET POSITION</b>								
Restricted for Pensions	3,843,940,742	98,035,122	-	19,993,973	-	194,719,062	83,485,320	4,240,174,219
Restricted for Postemployment Healthcare Benefits	-	-	168,318,052	-	-	-	-	168,318,052
Restricted for Pretax Benefits	-	-	-	-	649,908	-	-	649,908
Total Fiduciary Net Position Held in Trust	\$ 3,843,940,742	\$ 98,035,122	\$ 168,318,052	\$ 19,993,973	\$ 649,908	\$ 194,719,062	\$ 83,485,320	\$ 4,409,142,179

**North Dakota Public Employees Retirement System – Financial Section**  
**Statement of Fiduciary Net Position – Fiduciary Funds**  
**June 30, 2022**

	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 Service North Dakota	Total
<b>ASSETS</b>								
Cash	\$ 19,350,154	\$ -	\$ 1,441,571	\$ 221,306	\$ 76,883	\$ 270,116	\$ 1,340	\$ 21,361,370
Receivables:								
Contribution Receivable	11,011,361	730,304	792,296	90,660	545,741	1,216,019	593	14,386,974
Interest Receivable	8,369,490	214,063	532	-	-	-	199	8,584,284
Due from Other Fiduciary Funds	-	-	-	-	-	-	-	-
Due from Other State Agencies	-	-	199	-	-	-	-	199
Total Receivables	19,380,851	944,367	793,027	90,660	545,741	1,216,019	792	22,971,457
Investments:								
External Investment Pool	3,599,792,150	91,378,024	-	-	-	-	-	3,691,170,174
Equities	-	-	96,887,675	-	-	-	17,152,361	114,040,036
Fixed Income	-	-	54,944,364	149,804	-	3,045,746	68,585,665	126,725,579
Mutual Funds	-	-	-	16,279,378	-	160,978,323	-	177,257,701
Invested Cash	-	-	498,576	342,385	-	3,293,943	518,444	4,653,348
Total Investments	3,599,792,150	91,378,024	152,330,615	16,771,567	-	167,318,012	86,256,470	4,113,846,838
Invested Securities Lending Collateral Capital Assets (Net of Depreciation/Amortization)	23,022,445	589,333	-	-	-	-	-	23,611,778
	174,532	2,106	71,755	485	27,871	78,042	623	355,414
Total Assets	3,661,720,132	92,913,830	154,636,968	17,084,018	650,495	168,882,189	86,259,225	4,182,146,857

**North Dakota Public Employees Retirement System – Financial Section**  
**Statement of Fiduciary Net Position – Fiduciary Funds**  
**June 30, 2022**

	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 Service North Dakota	Total
<b>LIABILITIES</b>								
Salaries Payable	\$ 119,901	\$ -	\$ -	\$ -	\$ 26,893	\$ 35,480	\$ -	\$ 182,274
Accounts Payable	2,697,848	-	153,882	97	12,915	26,686	81,755	2,973,183
Due to Other State Agencies	14,068	-	14	162	2,158	4,018	-	20,420
Due to Proprietary Funds	-	-	-	-	92,105	-	-	92,105
Amounts Held in Custody for Others	-	-	-	-	-	2,000	-	2,000
Securities Lending Collateral	23,022,445	589,333	-	-	-	-	-	23,611,778
Accrued Compensated Absences	93,968	-	-	-	17,833	28,926	-	140,727
Total Liabilities	25,948,230	589,333	153,896	259	151,904	97,110	81,755	27,022,487
<b>FIDUCIARY NET POSITION</b>								
Restricted for Pensions	3,635,771,902	92,324,497	-	17,083,759	-	168,785,079	86,177,470	4,000,142,707
Restricted for Postemployment Healthcare Benefits	-	-	154,483,072	-	-	-	-	154,483,072
Restricted for Pretax Benefits	-	-	-	-	498,591	-	-	498,591
Total Fiduciary Net Position Held in Trust	\$ 3,635,771,902	\$ 92,324,497	\$ 154,483,072	\$ 17,083,759	\$ 498,591	\$ 168,785,079	\$ 86,177,470	\$ 4,155,124,370

**North Dakota Public Employees Retirement System – Financial Section**  
**Statement of Changes in Fiduciary Net Position – Fiduciary Funds**  
**For the Fiscal Year Ended June 30, 2023**

	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 Service North Dakota	Total
<b>ADDITIONS</b>								
Contributions:								
From Employer	\$ 101,933,327	\$ 2,573,696	\$ 12,137,476	\$ 552,043	\$ -	\$ -	\$ -	\$ 117,196,542
From Employee	93,407,915	1,769,864	10,741	535,002	5,570,672	16,562,670	4,298	117,861,162
Transfers from Other Plans	-	-	-	36,367	-	495,000	-	531,367
Transfer from Proprietary Fund	-	-	-	-	-	280,000	-	280,000
From External Plans	-	-	-	-	-	1,264,001	-	1,264,001
Total Contributions	<u>195,341,242</u>	<u>4,343,560</u>	<u>12,148,217</u>	<u>1,123,412</u>	<u>5,570,672</u>	<u>18,601,671</u>	<u>4,298</u>	<u>237,133,072</u>
Investment Income:								
Net Change in Fair Value of Investments	235,395,847	6,007,729	12,315,155	1,129,361	-	19,096,661	(556,475)	273,388,278
Interest and Dividends	56,987,131	1,452,182	4,144,674	922,360	1,196	130,675	3,323,785	66,962,003
Less Investment Expense	(10,704,698)	(268,922)	(484,757)	(326)	-	-	(280,428)	(11,739,131)
Net Investment Income/(Loss)	<u>281,678,280</u>	<u>7,190,989</u>	<u>15,975,072</u>	<u>2,051,395</u>	<u>1,196</u>	<u>19,227,336</u>	<u>2,486,882</u>	<u>328,611,150</u>
Securities Lending Income	171,284	4,363	-	-	-	-	-	175,647
Repurchase Service Credit	5,151,247	592,870	282,185	-	-	-	-	6,026,302
FICA Tax Savings	-	-	-	-	868,513	-	-	868,513
Miscellaneous Income (Expense)	10,885	65	1	1,776	-	-	-	12,727
Total Additions	<u>482,352,938</u>	<u>12,131,847</u>	<u>28,405,475</u>	<u>3,176,583</u>	<u>6,440,381</u>	<u>37,829,007</u>	<u>2,491,180</u>	<u>572,827,411</u>
<b>DEDUCTIONS</b>								
Benefits Paid to Participants	253,174,353	6,226,332	-	256,679	5,576,619	11,084,431	5,168,647	281,487,061
Refunds	18,023,294	164,784	6,234	-	-	-	-	18,194,312
Prefunded Credit Applied	-	-	14,208,566	-	-	-	-	14,208,566
Transfers to Other Plans	316,367	-	-	-	215,000	-	-	531,367
	<u>271,514,014</u>	<u>6,391,116</u>	<u>14,214,800</u>	<u>256,679</u>	<u>5,791,619</u>	<u>11,084,431</u>	<u>5,168,647</u>	<u>314,421,306</u>
Administrative Expenses	2,670,084	30,106	355,695	9,690	497,445	810,593	14,683	4,388,296
Total Deductions	<u>274,184,098</u>	<u>6,421,222</u>	<u>14,570,495</u>	<u>266,369</u>	<u>6,289,064</u>	<u>11,895,024</u>	<u>5,183,330</u>	<u>318,809,602</u>
<b>CHANGE IN FIDUCIARY NET POSITION</b>	<b>208,168,840</b>	<b>5,710,625</b>	<b>13,834,980</b>	<b>2,910,214</b>	<b>151,317</b>	<b>25,933,983</b>	<b>(2,692,150)</b>	<b>254,017,809</b>
Net Position - Beginning of Year	<u>3,635,771,902</u>	<u>92,324,497</u>	<u>154,483,072</u>	<u>17,083,759</u>	<u>498,591</u>	<u>168,785,079</u>	<u>86,177,470</u>	<u>4,155,124,370</u>
<b>FIDUCIARY NET POSITION - END OF YEAR</b>	<b><u>\$ 3,843,940,742</u></b>	<b><u>\$ 98,035,122</u></b>	<b><u>\$ 168,318,052</u></b>	<b><u>\$ 19,993,973</u></b>	<b><u>\$ 649,908</u></b>	<b><u>\$ 194,719,062</u></b>	<b><u>\$ 83,485,320</u></b>	<b><u>\$ 4,409,142,179</u></b>



**North Dakota Public Employees Retirement System – Financial Section**  
**Statement of Changes in Fiduciary Net Position – Fiduciary Funds**  
**For the Fiscal Year Ended June 30, 2022**

	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 Service North Dakota	Total
<b>ADDITIONS</b>								
Contributions:								
From Employer	\$ 96,630,783	\$ 2,686,795	\$ 12,565,573	\$ 503,267	\$ -	\$ -	\$ -	\$ 112,386,418
From Employee	89,633,939	1,825,729	12,234	551,993	6,013,536	16,032,276	9,299	114,079,006
Transfers from Other Plans	-	-	-	1,205	-	712,500	-	713,705
Transfer from Proprietary Fund	-	-	-	-	-	162,500	-	162,500
From External Plans	-	-	-	-	-	1,737,082	-	1,737,082
Total Contributions	<u>186,264,722</u>	<u>4,512,524</u>	<u>12,577,807</u>	<u>1,056,465</u>	<u>6,013,536</u>	<u>18,644,358</u>	<u>9,299</u>	<u>229,078,711</u>
Investment Income:								
Net Change in Fair Value of Investments	(315,774,045)	(8,022,147)	(30,112,037)	(4,557,395)	-	(27,438,499)	(7,105,726)	(393,009,849)
Interest and Dividends	68,878,159	1,747,872	3,893,161	1,468,973	454	(205,073)	1,862,254	77,645,800
Less Investment Expense	(9,307,158)	(239,010)	(537,631)	(5,720)	-	-	(308,015)	(10,397,534)
Net Investment Income/(Loss)	<u>(256,203,044)</u>	<u>(6,513,285)</u>	<u>(26,756,507)</u>	<u>(3,094,142)</u>	<u>454</u>	<u>(27,643,572)</u>	<u>(5,551,487)</u>	<u>(325,761,583)</u>
Securities Lending Income	130,680	3,314	-	-	-	-	-	133,994
Repurchase Service Credit	10,249,235	159,747	456,895	-	-	-	-	10,865,877
FICA Tax Savings	-	-	-	-	890,175	-	-	890,175
Miscellaneous Income (Expense)	14,125	62	(1)	6,844	-	-	-	21,030
Total Additions	<u>(59,544,282)</u>	<u>(1,837,638)</u>	<u>(13,721,806)</u>	<u>(2,030,833)</u>	<u>6,904,165</u>	<u>(8,999,214)</u>	<u>(5,542,188)</u>	<u>(84,771,796)</u>
<b>DEDUCTIONS</b>								
Benefits Paid to Participants	236,144,369	5,840,127	-	782,229	6,125,693	9,195,151	4,865,682	262,953,251
Refunds	15,758,175	7,897	2,631	-	-	-	-	15,768,703
Prefunded Credit Applied	-	-	13,743,479	-	-	-	-	13,743,479
Transfers to Other Plans	163,705	-	-	-	550,000	-	-	713,705
	<u>252,066,249</u>	<u>5,848,024</u>	<u>13,746,110</u>	<u>782,229</u>	<u>6,675,693</u>	<u>9,195,151</u>	<u>4,865,682</u>	<u>293,179,138</u>
Administrative Expenses	2,340,267	65,650	383,458	6,255	551,867	812,126	18,357	4,177,980
Total Deductions	<u>254,406,516</u>	<u>5,913,674</u>	<u>14,129,568</u>	<u>788,484</u>	<u>7,227,560</u>	<u>10,007,277</u>	<u>4,884,039</u>	<u>297,357,118</u>
<b>CHANGE IN FIDUCIARY NET POSITION</b>	<b>(313,950,798)</b>	<b>(7,751,312)</b>	<b>(27,851,374)</b>	<b>(2,819,317)</b>	<b>(323,395)</b>	<b>(19,006,491)</b>	<b>(10,426,227)</b>	<b>(382,128,914)</b>
Net Position - Beginning of Year	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
<b>FIDUCIARY NET POSITION - END OF YEAR</b>	<b><u>\$ 3,635,771,902</u></b>	<b><u>\$ 92,324,497</u></b>	<b><u>\$ 154,483,072</u></b>	<b><u>\$ 17,083,759</u></b>	<b><u>\$ 498,591</u></b>	<b><u>\$ 168,785,079</u></b>	<b><u>\$ 86,177,470</u></b>	<b><u>\$ 4,155,124,370</u></b>

**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 Annual Comprehensive 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.

**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.

**Defined Contribution Retirement Plan** – an optional defined contribution retirement plan available to state employees in accordance with Section 401(a) of the Internal Revenue Code.

**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 Statement 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, 2023 and 2022. 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, 2023 and 2022, 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, 2023.

**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 2023 and 2022, 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 \$- as of June 30, 2023 and June 30, 2022. 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, 2023 and 2022**

**NOTE 2 DEPOSITS AND INVESTMENTS**

**Defined Contribution Retirement Fund**

		<b>June 30, 2023</b>		
		<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>
<b>June 30, 2023</b>		<b>(Level 1)</b>	<b>(Level 2)</b>	<b>(Level 3)</b>
<b>Investments at Fair Value</b>				
Mutual Funds	\$ 19,044,485	<u>\$ 19,044,485</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Investments at Contract Value</b>				
Fixed Income	144,806			
<b>Investments at Amortized Cost</b>				
Invested Cash	<u>474,570</u>			
Total Investments	<u>\$ 19,663,861</u>			
		<b>June 30, 2022</b>		
		<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>
<b>June 30, 2022</b>		<b>(Level 1)</b>	<b>(Level 2)</b>	<b>(Level 3)</b>
<b>Investments at Fair Value</b>				
Mutual Funds	\$ 16,279,378	<u>\$ 16,279,378</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Investments at Contract Value</b>				
Fixed Income	149,804			
<b>Investments at Amortized Cost</b>				
Invested Cash	<u>342,385</u>			
Total Investments	<u>\$ 16,771,567</u>			

**North Dakota Public Employees Retirement System – Financial Section**  
**Notes to the Financial Statements**  
**June 30, 2023 and 2022**

**NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)**

**Deferred Compensation Plan**

		<b>June 30, 2023</b>		
		<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>
<b>June 30, 2023</b>				
<b>Investments at Fair Value</b>				
Mutual Funds	\$186,329,521	<u>\$ 186,329,521</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Investments at Contract Value</b>				
Fixed Income	3,794,656			
<b>Investments at Amortized Cost</b>				
Invested Cash	<u>3,229,142</u>			
Total Investments	<u><u>\$193,353,319</u></u>			
		<b>June 30, 2022</b>		
		<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>
<b>June 30, 2022</b>				
<b>Investments at Fair Value</b>				
Mutual Funds	\$160,978,323	<u>\$ 160,978,323</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Investments at Contract Value</b>				
Fixed Income	3,045,746			
<b>Investments at Amortized Cost</b>				
Invested Cash	<u>3,293,943</u>			
Total Investments	<u><u>\$167,318,012</u></u>			

**Investments Measured at the Net Asset Value – Proprietary Fund**

	<b>June 30, 2023</b>
Commingled Domestic Fixed Income	<u>\$ 55,676,252</u>
	<b>June 30, 2022</b>
Commingled Domestic Fixed Income	<u>\$ 30,368,921</u>



**North Dakota Public Employees Retirement System – Financial Section**  
**Notes to the Financial Statements**  
**June 30, 2023 and 2022**

**NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)**

**Investments Measured at the Net Asset Value – Fiduciary Funds**

	<b>June 30, 2023</b>			
	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	\$ 3,807,263,994	\$ 97,098,136	\$ -	\$ -
Commingled Equities	-	-	109,976,710	16,756,911
Commingled Fixed Income	-	-	55,046,287	66,225,503
Total Investments Measured at the Net Asset Value	<u>\$ 3,807,263,994</u>	<u>\$ 97,098,136</u>	<u>\$ 165,022,997</u>	<u>\$ 82,982,414</u>

	<b>June 30, 2022</b>			
	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	\$ 3,599,792,150	\$ 91,378,024	\$ -	\$ -
Commingled Equities	-	-	96,887,675	17,152,361
Commingled Fixed Income	-	-	54,944,364	68,585,665
Total Investments Measured at the Net Asset Value	<u>\$ 3,599,792,150</u>	<u>\$ 91,378,024</u>	<u>\$ 151,832,039</u>	<u>\$ 85,738,026</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, 2023 and 2022. 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, 2023 and 2022, 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, 2023 and 2022**

**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>2023</u>	<u>2022</u>
Cash Deposits at the Bank of North Dakota Recorded as		
Cash and Cash Equivalents	\$ 21,728,325	\$ 20,797,790
Cash Deposits at State Treasury Recorded as Cash and Cash Equivalents	2,292,331	2,007,216
Cash Held by the North Dakota Retirement and Investment Office		
Recorded as Cash and Cash Equivalents	2,858,504	1,635,593
Guaranteed Investment Contract with Health Plan Provider		
Recorded as Cash and Cash Equivalents	<u>78,474</u>	<u>9,077</u>
Total Cash and Cash Equivalents	<u>\$ 26,957,634</u>	<u>\$ 24,449,676</u>

**Custodial Credit Risk**

For deposits, custodial credit 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, 2023 and 2022, the carrying amount of the System's cash deposits were \$82,633,887 and \$54,818,596 and the bank balances were \$81,399,045 and \$53,993,984. All of the System's deposits are uncollateralized and uninsured at June 30, 2023 and 2022.

**Investments**

Total investments of the fiduciary funds of the System as of June 30, 2023 and 2022, consisted of the following:

	<u>2023</u>	<u>2022</u>
Equity Securities	\$ 2,436,654,494	\$ 2,158,621,201
Fixed Income Securities	968,729,351	995,463,837
Real Assets	746,170,848	757,923,432
Mutual Funds	205,374,006	177,257,701
Invested Cash	9,117,763	24,580,667
	<u>\$ 4,366,046,462</u>	<u>\$ 4,113,846,838</u>

**North Dakota Public Employees Retirement System – Financial Section**  
**Notes to the Financial Statements**  
**June 30, 2023 and 2022**

**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, 2023.

Asset Class	Target Allocation		
	PERS & HPRS	JSND	RHIC
Domestic Equities	30.90%	2.00%	39.00%
International Equities	20.10%	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, 2023 and 2022 are:

	2023	2022
Public Employees Retirement System	8.13%	-6.32%
Highway Patrolman's Retirement System	7.86%	-6.50%
Job Service Plan	3.30%	-5.55%
Retiree Health Insurance Credit Fund	10.82%	-14.48%

**NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)**

**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, 2023 and 2022**

**NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)**

**PERS and HPRS Plan**

Type (in thousands)	2023				
	Fair Value	Less Than 1			Over 10
		Year	1-6 Years	6-10 Years	
Domestic Fixed Income Pool	\$ 607,167	\$ 14,447	\$ 176,012	\$ 140,609	\$ 276,099
Below Investment Grade FI Pool	51,544	2,729	30,163	13,999	4,653
Large Cap Domestic Equity Pool	101,467	7,927	66,144	1,336	26,060
Total Debt Securities	<u>\$ 760,178</u>	<u>\$ 25,103</u>	<u>\$ 272,319</u>	<u>\$ 155,944</u>	<u>\$ 306,812</u>

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

Type (in thousands)	2022				
	Fair Value	Less Than 1			Over 10
		Year	1-6 Years	6-10 Years	
Domestic Fixed Income Pool	\$ 579,319	\$ 22,304	\$ 162,797	\$ 70,976	\$ 322,243
Below Investment Grade FI Pool	79,341	855	43,395	29,225	5,866
Large Cap Domestic Equity Pool	107,920	6,624	67,359	1,326	32,611
Small Cap Domestic Equity Pool	-	-	-	-	-
Total Debt Securities	<u>\$ 766,580</u>	<u>\$ 29,783</u>	<u>\$ 273,551</u>	<u>\$ 101,527</u>	<u>\$ 360,720</u>

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

**Job Service Retirement Plan**

Type (in thousands)	2023				
	Fair Value	Less Than 1			Over 10
		Year	1-6 Years	6-10 Years	
Pooled Investments	\$ 66,226	\$ -	\$ 32,329	\$ 33,897	\$ -

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

Type (in thousands)	2022				
	Fair Value	Less Than 1			Over 10
		Year	1-6 Years	6-10 Years	
Pooled Investments	68,586	-	37,744	30,842	-

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, 2023 and 2022**

**NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)**

**Retiree Health Insurance Credit Fund**

Type (in thousands)	2023				
	Fair Value	Less Than 1 Year	1-6 Years	6-10 Years	Over 10 Years
Pooled Investments	\$ 55,047	\$ -	\$ 4,879	\$ 50,168	\$ -

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

Type (in thousands)	2022				
	Fair Value	Less Than 1 Year	1-6 Years	6-10 Years	Over 10 Years
Pooled Investments	54,944	-	4,705	50,239	7,152

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

**Securities Lending**

Securities are loaned versus collateral that may include cash; U.S. government and select OECD government debt securities; and domestic and international equities from major indices as defined specifically in the non-cash collateral guidelines within the Securities Lending Authorization Agreement. U.S. securities are loaned versus collateral valued at 102% of the market value of the securities plus any accrued interest. Non-U.S. securities are loaned versus collateral valued at 105% of the market 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 74 days as of June 30, 2023.

Cash open collateral is invested in a short term investment pool, the NDSIB USD Cash fund, which had an interest sensitivity of 3 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, 2023 and 2022**

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

The June 30, 2023 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	\$ -	\$ 422,817
Highway Patrolmen's Retirement System	-	-
Retiree Health Insurance Credit Fund	422,817	-
Retirement Plan for Employees of Job Service North Dakota	-	-
Pretax Benefits Program	-	-
Deferred Compensation Plan	-	-
Defined Contribution Plan	-	-
Proprietary		
Uniform Group Insurance Program	-	-
	\$ -	\$ -

The June 30, 2022 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	\$ -	\$ -
Highway Patrolmen's Retirement System	-	-
Retiree Health Insurance Credit Fund	-	-
Retirement Plan for Employees of Job Service North Dakota	-	-
Pretax Benefits Program	-	92,105
Deferred Compensation Plan	-	-
Defined Contribution Plan	-	-
Proprietary		
Uniform Group Insurance Program	92,105	-
	\$ -	\$ -

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, 2023 and 2022**

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

June 30, 2023 due from/to state agencies are summarized as follows:

Fund	Due From State Agencies	Due to State Agencies
Fiduciary		
Public Employees Retirement System		
NDIT	\$ -	\$ 11,126
Attorney General	-	2,394
Central Duplicating	-	34
RIO	-	1,531
Total	<u>\$ -</u>	<u>\$ 15,085</u>
Retiree Health Insurance Credit Fund		
Job Service	\$ 190	\$ -
Attorney General	-	85
Total	<u>\$ 190</u>	<u>\$ 85</u>
Defined Contribution Plan		
NDIT	\$ -	\$ 158
Attorney General	-	1
Total	<u>\$ -</u>	<u>\$ 159</u>
Pretax Benefits Program		
NDIT	\$ -	\$ 2,051
Attorney General	-	155
Total	<u>\$ -</u>	<u>\$ 2,206</u>
Deferred Compensation Plan		
NDIT	\$ -	\$ 3,853
Attorney General	-	253
Total	<u>\$ -</u>	<u>\$ 4,106</u>
Proprietary		
Uniform Group Insurance Program		
NDIT	\$ -	\$ 8,072
Central Duplicating	-	2
Attorney General	-	831
Total	<u>\$ -</u>	<u>\$ 8,905</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, 2023 and 2022**

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

The June 30, 2022 due from/to state agencies are summarized as follows:

Fund	Due From State Agencies	Due to State Agencies
Fiduciary		
Public Employees Retirement System		
NDIT	\$ -	\$ 11,687
Attorney General	-	553
Central Duplicating	-	62
RIO	-	1,766
Total	<u>\$ -</u>	<u>\$ 14,068</u>
Retiree Health Insurance Credit Fund		
Job Service	\$ 199	\$ -
Attorney General	-	14
Total	<u>\$ 199</u>	<u>\$ 14</u>
Defined Contribution Plan		
NDIT	\$ -	\$ 161
Attorney General	-	1
Total	<u>\$ -</u>	<u>\$ 162</u>
Pretax Benefits Program		
NDIT	\$ -	\$ 2,058
Attorney General	-	100
Total	<u>\$ -</u>	<u>\$ 2,158</u>
Deferred Compensation Plan		
NDIT	\$ -	\$ 3,787
Attorney General	-	231
Total	<u>\$ -</u>	<u>\$ 4,018</u>
Proprietary		
Uniform Group Insurance Program		
NDIT	\$ -	\$ 8,266
State Auditor	-	16,481
Central Duplicating	-	7
Attorney General	-	719
Total	<u>\$ -</u>	<u>\$ 25,473</u>

**North Dakota Public Employees Retirement System – Financial Section**  
**Notes to the Financial Statements**  
**June 30, 2023 and 2022**

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

The June 30, 2023 transfers in/out are summarized as follows:

Fund Type/Fund	Transfers In	Transfers Out
Fiduciary Funds		
Defined Contribution Plan	\$ 36,367	\$ -
Deferred Compensation Plan	775,000	-
Pretax Benefit Program	-	215,000
Public Employee Retirement System	-	316,367
Proprietary Funds		
Uniform Group Insurance Program	-	280,000

The June 30, 2022 transfers in/out are summarized as follows:

Fund Type/Fund	Transfers In	Transfers Out
Fiduciary Funds		
Defined Contribution Plan	\$ 1,205	\$ -
Deferred Compensation Plan	875,000	-
Pretax Benefit Program	-	550,000
Public Employee Retirement System	-	163,705
Proprietary Funds		
Uniform Group Insurance Program	-	162,500

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, 2023 and 2022**

**NOTE 4 CAPITAL ASSETS**

A statement of changes in equipment and accumulated depreciation for the System for the year ended June 30, 2023 and 2022 is as follows:

	Balance 7/1/2022	Additions	Deletions	Balance 6/30/2023
Proprietary Funds:				
Capital Assets Being Depreciated:				
Software	\$ 3,078,679	\$ -	\$ -	\$ 3,078,679
Less Accumulated Amortization for:				
Software	(2,954,920)	(26,834)	-	(2,981,754)
Total Capital Assets Being Depreciated, Net	<u>123,759</u>	<u>(26,834)</u>	<u>-</u>	<u>96,925</u>
Proprietary Funds Capital Assets, Net	<u>\$ 123,759</u>	<u>\$ (26,834)</u>	<u>\$ -</u>	<u>\$ 96,925</u>
Fiduciary Funds:				
Capital Assets Being Depreciated:				
Hardware	-	\$ 5,195	-	5,195
Software	7,683,124	-	-	7,683,124
Total Capital Assets Being Depreciated	<u>7,683,124</u>	<u>5,195</u>	<u>-</u>	<u>7,688,319</u>
Less Accumulated Depreciation for:				
Hardware	-	(733)	-	(733)
Software	(7,327,710)	(73,419)	-	(7,401,129)
Total Capital Assets Being Depreciated, Net	<u>355,414</u>	<u>(68,957)</u>	<u>-</u>	<u>286,457</u>
Fiduciary Funds Capital Assets, Net	<u>\$ 355,414</u>	<u>\$ (68,957)</u>	<u>\$ -</u>	<u>\$ 286,457</u>
	Balance			Balance
	7/1/2021	Additions	Deletions	6/30/2022
Proprietary Funds:				
Capital Assets Being Depreciated:				
Software	\$ 3,019,129	\$ 59,550	\$ -	\$ 3,078,679
Less Accumulated Amortization for:				
Software	(2,926,288)	(28,632)	-	(2,954,920)
Total Capital Assets Being Depreciated, Net	<u>92,841</u>	<u>30,918</u>	<u>-</u>	<u>123,759</u>
Proprietary Funds Capital Assets, Net	<u>\$ 92,841</u>	<u>\$ 30,918</u>	<u>\$ -</u>	<u>\$ 123,759</u>
Fiduciary Funds:				
Capital Assets Being Depreciated:				
Software	\$ 7,485,072	\$ 198,052	\$ -	\$ 7,683,124
Total Capital Assets Being Depreciated	<u>7,485,072</u>	<u>198,052</u>	<u>-</u>	<u>7,683,124</u>
Less Accumulated Depreciation for:				
Software	(7,256,273)	(71,437)	-	(7,327,710)
Total Capital Assets Being Depreciated, Net	<u>228,799</u>	<u>126,615</u>	<u>-</u>	<u>355,414</u>
Fiduciary Funds Capital Assets, Net	<u>\$ 228,799</u>	<u>\$ 126,615</u>	<u>\$ -</u>	<u>\$ 355,414</u>

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**NOTE 5 LEASE OBLIGATIONS**

**Intra-Agency Lease**

The system entered into an intra-agency lease for office space until June 30, 2025. Expenditures for this lease were \$99,843 for the year ended June 30, 2023 and June 30, 2022, respectively. The future minimum lease payment for the fiscal year ending June 30, 2023 is \$99,843.

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, 2021	\$ 80,383	\$ 185,798
Increases	64,618	108,704
Decreases	(61,347)	(153,774)
Balance - June 30, 2022	83,654	140,728
Increases	66,487	103,342
Decreases	(64,977)	(111,698)
Balance - June 30, 2023	<u>\$ 85,164</u>	<u>\$ 132,372</u>
Balance - Due Within One Year	\$ 7,137	\$ 11,093

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, 2023 and 2022, were \$236,232 and \$235,972 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, 2023 and 2022, were \$20,807 and \$17,857.

**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, and as of January 1, 2025 will be the retirement plan offered to new public employees who are not peace officers, judges, or Highway Patrol. 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.

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**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:

	2023	2022
Cities	98	97
Counties	51	51
School Districts	131	131
Other	93	94
Total Participating Political Subdivisions	<u>373</u>	<u>373</u>

Employee membership data is as follows:

	PERS		HPRS		Job Service	
	2023	2022	2023	2022	2023	2022
Retirees, Beneficiaries, and Disability						
Currently Receiving Benefits	14,997	14,204	143	135	169	176
Terminated Vested Participants	9,585	8,673	39	35	-	-
Inactive Participants	8,017	7,610	20	20	-	-
Active Plan Participants						
Vested	17,256	17,247	72	70	1	1
Nonvested	7,763	7,532	72	81	-	-
Total Plan Membership	<u>57,618</u>	<u>55,266</u>	<u>346</u>	<u>341</u>	<u>170</u>	<u>177</u>

The defined contribution plan had 86 and 88 active participants as of June 30, 2023 and June 30, 2022, 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.

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**NOTE 8 DESCRIPTION OF PLANS (CONTINUED)**

**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. 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. 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:

	Rates Set by Statute				
	Member	Employer			Political Subdivision
		Before 2024	2024-2025	2026 and Later	
Main System Permanent Employees				State	
- Hired before 2020	7.00%	7.12%	8.12%	ADEC*	8.12%
- Hired after 2019	7.00%	8.26%	9.26%	ADEC*	9.26%
Main System Temporary Employees					
- Hired before 2020	14.12%	0.00%	0.00%	0.00%	0.00%
- Hired after 2019	15.26%	0.00%	0.00%	0.00%	0.00%
Judges	8.00%	17.52%	17.52%	17.52%	17.52%

*\*Actuarially Determined Employer Contribution. The 2026 and 2027 contribution will be based on the ADEC from the July 1, 2024 valuation.*

	Rates Determined by the Board of Retirement					
	Member	Employer		Before 8/1/2023	Employer	2024 and Later
		Before 2024	2024 and Later			
Public Safety with prior Main System service	5.50%	9.81%	11.40%			
- National Guard Members	5.50%	9.81%	11.40%			
Public Safety without prior Main System service	5.50%	7.93%	9.16%			
	Before 2024	Member	2025 and Later	Before 8/1/2023	8/1/2023 to 12/31/2023	2024 and Later
Public Safety with prior Main System service						
- BCI Employees	6.00%	7.00%	8.00%	9.81%	20.67%	22.26%
- State Public Safety Employees	6.00%	6.00%	6.00%	9.81%	12.75%	14.34%

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.

**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 14.3% and the employer rate is 20.7%. Both the member and the employer contribution rate will increase by 0.5% in January 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%.

The defined contribution plan will become the primary retirement plan for new hires after January 1, 2025 for new hires that would currently be eligible for the Main plan.

**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, 2023 and June 30, 2022 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.

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**NOTE 9 NET PENSION LIABILITY OF THE PLANS**

The components of the net pension liability (asset) of the Plans at June 30, 2023 and 2022, are as follows:

<b>2023</b>	<b>PERS</b>	<b>HPRS</b>	<b>JSND</b>
Total Pension Liability	\$ 5,828,125,577	\$ 173,909,732	\$ 72,138,555
Plan Fiduciary Net Position	3,843,940,742	98,035,122	83,485,320
Net Pension Liability (Asset)	<u>\$ 1,984,184,835</u>	<u>\$ 75,874,610</u>	<u>\$ (11,346,765)</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	65.96%	56.37%	115.73%
<b>2022</b>	<b>PERS</b>	<b>HPRS</b>	<b>JSND</b>
Total Pension Liability	\$ 6,607,469,220	\$ 170,663,177	\$ 70,492,767
Plan Fiduciary Net Position	3,635,771,902	92,324,497	86,177,470
Net Pension Liability (Asset)	<u>\$ 2,971,697,318</u>	<u>\$ 78,338,680</u>	<u>\$ (15,684,703)</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	55.03%	54.10%	122.25%

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, 2023 and 2022.

**Actuarial Assumptions**

The actuarial assumptions used in the June 30, 2023 and June 30, 2022 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, 2023 and 2022, was determined by actuarial valuations as of July 1, 2023 and 2022, respectively, using the following actuarial assumptions, applied to all periods included in the measurement (unless noted otherwise):

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

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**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 current 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. 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 investment return assumption was updated from 7.00% to 6.50% beginning with the actuarial valuation as of July 1, 2022. All other actuarial assumptions used in the actuarial valuation as of July 1, 2022 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 2023, House Bill 1040 was passed, which closes the Main System to employees newly enrolled into the system on January 1, 2025 and later. The state employer contribution for 2026 and later was changed to be the amount sufficient to fund the Main System on actuarial basis, with the amortization of the unfunded liability determined on a level percent of payroll basis over a closed period beginning on January 1, 2026 and ending June 30, 2056.

Legislation was passed relating to the Public Safety with Prior Service System. The Public Safety with Prior Service System was expanded to allow peace officers employed by the State to participate. The provisions are similar to the Public Safety with Prior Service System, but with a 6.00 percent employee contribution rate. The benefit multiplier and the vesting requirements for the Bureau of Criminal Investigation group were changed.

**Highway Patrol**

The total pension liability as of June 30, 2023 and 2022, was determined by actuarial valuations as of July 1, 2023 and 2022, using the following actuarial assumptions, applied to all periods included in the measurement (unless noted otherwise):

<b>Actuarial Cost Method</b>	Entry Age Normal
<b>Asset Valuation Method</b>	Plan Fiduciary Net Position (Market value of assets, no assets smoothing)
<b>Inflation</b>	2.25%
<b>Salary Increases</b>	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
<b>Retirement Age</b>	Age-based table of rates that are specific to the type of eligibility condition
<b>Mortality Rates</b>	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.

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**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 investment return assumption was decreased from 7.00% to 6.50% beginning with the actuarial valuation as of July 1, 2022

The employer rate to the System is the statutory contribution rate of 20.70% of payroll. The statutory employer and employee contributions will each increase by 0.5% of pay every year from January 1, 2023 to January 1, 2025, ultimately increasing both by 1.5% of pay.

**JSND**

The total pension liability as of June 30, 2023 and 2022, was determined by actuarial valuations as of July 1, 2023 and 2022, using the following actuarial assumptions, applied to all periods included in the measurement (unless noted otherwise):

<b>Actuarial Cost Method</b>	Entry Age Normal
<b>Asset Valuation Method</b>	Plan Fiduciary Net Position (Market value of assets, no assets smoothing)
<b>COLA</b>	2.25%
<b>Inflation</b>	2.25%
<b>Salary Increases</b>	3.50%
<b>Investment Rate of Return</b>	3.00%
<b>Retirement Age</b>	Age-based table of rates that are specific to the type of eligibility condition
<b>Mortality Rates</b>	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 3.75 percent to 3.00 percent, first effective July 1, 2022.

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, 2023 and 2022 are summarized in the following tables:

**PERS and HPRS**

<b>Asset Class</b>	<b>FY 2023 Long-Term Expected Real Rate of Return</b>	<b>FY 2022 Long-Term Expected Real Rate of Return</b>
Domestic Equity	6.25%	5.75%
International Equity	6.95%	6.45%
Private Equity	9.45%	9.20%
Domestic Fixed Income	2.51%	0.34%
Global Real Assets	4.33%	4.56%
Cash Equivalents	0.00%	0.00%

**JSND\***

<b>Asset Class</b>	<b>FY 2023 Long-Term Expected Real Rate of Return</b>	<b>FY 2022 Long-Term Expected Real Rate of Return</b>
Domestic Equity	6.85%	5.37%
Core Fixed Income	3.12%	1.31%
Limited Duration Fixed Income	1.80%	0.59%
Global Equity	7.14%	5.74%
Diversified Short-Term Fixed Income	3.00%	1.86%
Short-Term Corporate Fixed Income	1.63%	0.53%
US High Yield	5.54%	4.22%
Emerging Market Debt	6.47%	4.96%

\*The real rate of return used by the actuary is based on the short-term expected rate of return due to the closed plan status of JSND

**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, 2023 valuation, the expected rate of return on pension plan investments is 6.50%; the municipal bond rate is 3.86%; and the resulting Single Discount Rate is 6.50%. For the June 30, 2022 valuation, the expected rate of return on pension plan investments is 6.50%; the municipal bond rate is 3.69%; and the resulting Single Discount Rate is 5.10%.

For HPRS, the expected rate of return on pension plan investments is 6.50%, the municipal bond rate is 3.86% and the resulting Single Discount Rate is 5.22% for June 30, 2023. The expected rate of return on pension plan investments is 6.50%, the municipal bond rate is 3.69% and the resulting Single Discount Rate is 5.02% for June 30, 2022.

For JSND, the discount rate was 3.00% as of June 30, 2023 and 3.00% as of June 30, 2022. 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, 2023 and July 1, 2022 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, 2023. 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, 2023 and 2022.

**Sensitivity of Net Pension Liability (Asset)**

The following presents the net pension liability (asset) of the Plans as of June 30, 2023, calculated using the discount rate of 6.50% for PERS (5.10% as of June 30, 2022), 5.22% for HPRS (5.02% as of June 30, 2022) and 3.00% for JSND (3.00% as of June 30, 2022), 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:



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**NOTE 9 NET PENSION LIABILITY OF THE PLANS (CONTINUED)**

Net Pension Liability (Asset) as of June 30, 2023	1% Decrease (5.50%)	Current Discount (6.50%)	1% Increase (7.50%)
PERS	\$ 2,757,174,761	\$ 1,984,184,835	\$ 1,345,047,212
	<u>1% Decrease (4.22%)</u>	<u>Current Discount (5.22%)</u>	<u>1% Increase (6.22%)</u>
HPRS	103,458,958	75,874,610	53,762,446
	<u>1% Decrease (2.00%)</u>	<u>Current Discount (3.00%)</u>	<u>1% Increase (4.00%)</u>
JSND	\$ (4,129,713)	\$ (11,346,765)	\$ (17,528,530)
Net Pension Liability (Asset) as of June 30, 2022	1% Decrease (4.10%)	Current Discount (5.10%)	1% Increase (6.10%)
PERS	\$ 3,942,552,866	\$ 2,971,697,318	\$ 2,175,743,390
	<u>1% Decrease (4.02%)</u>	<u>Current Discount (5.02%)</u>	<u>1% Increase (6.02%)</u>
HPRS	40,084,617	23,295,192	9,514,031
	<u>1% Decrease (2.00%)</u>	<u>Current Discount (3.00%)</u>	<u>1% Increase (4.00%)</u>
JSND	\$ (8,404,268)	\$ (15,684,703)	\$ (21,896,493)

**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:

	2023	2022
Retired Participants, Receiving Benefits	14,996	14,290
Active Participants, Not Receiving Benefits	17,283	19,018
	<u>32,279</u>	<u>33,308</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, 2023 and June 30, 2022 are as follows:

<u>2023</u>	<u>RHIC</u>
Total OPEB Liability	\$ 268,293,176
RHIC Fiduciary Net Position	<u>168,318,052</u>
Net OPEB Liability (Asset)	<u>\$ 99,975,124</u>
RHIC Fiduciary Net Position as a Percentage of the Total OPEB Liability	62.74%
<u>2022</u>	<u>RHIC</u>
Total OPEB Liability	\$ 274,514,031
RHIC Fiduciary Net Position	<u>154,483,072</u>
Net OPEB Liability (Asset)	<u>\$ 120,030,959</u>
RHIC Fiduciary Net Position as a Percentage of the Total OPEB Liability	56.28%

**North Dakota Public Employees Retirement System – Financial Section**  
**Notes to the Financial Statements**  
**June 30, 2023 and 2022**

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

**Actuarial Assumptions**

<b>Actuarial Cost Method</b>	Entry Age Normal
<b>Asset Valuation Method</b>	Plan Fiduciary Net Position (Market value of assets, no asset smoothing)
<b>Inflation</b>	2.25%
<b>Salary Increases</b>	Not applicable
<b>Investment Rate of Return</b>	5.75%
<b>Mortality Rates</b>	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.
<b>Other Notes:</b>	RHIC is for the most part a closed plan. There were no benefit changes during the year. The investment return assumption was decreased from 6.50% to 5.75% beginning with the actuarial valuation as of July 1, 2022. All other actuarial assumptions were adopted by the Board based on an experience study covering the period July 1, 2015, through June 30, 2019. 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, 2023 and 2022 are summarized in the following table:

<b>Asset Class</b>	<b>FY 2023 Long-Term Expected Real Rate of Return</b>	<b>FY 2022 Long-Term Expected Real Rate of Return</b>
Large Cap Domestic Equities	6.10%	5.75%
Small Cap Domestic Equities	7.10%	0.00%
International Equities	6.50%	6.00%
Core-Plus Fixed Income	2.59%	0.22%

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

**Discount Rate**

For the purpose of the June 30, 2023 valuation, the expected rate of return on OPEB plan investments is 5.75%; the municipal bond rate is 3.86%; and the resulting single discount rate is 5.75%. The expected rate of return on OPEB plan investments is 5.75%; the municipal bond rate is 3.69%; and the resulting single discount rate is 5.39% as of June 30, 2022. 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, 2023, and July 1, 2022, RHIC 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, 2023 (using a single discount rate of 5.75%) and June 30, 2022 (using a 5.39% 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:

<b>Net OPEB Liability (Asset) as of June 30, 2023</b>	<b>1% Decrease (4.75%)</b>	<b>Current Discount (5.75%)</b>	<b>1% Increase (6.75%)</b>
RHIC	\$ 131,391,780	\$ 99,975,124	\$ 73,526,134
<b>Net OPEB Liability (Asset) as of June 30, 2022</b>	<b>1% Decrease (4.39%)</b>	<b>Current Discount (5.39%)</b>	<b>1% Increase (6.39%)</b>
RHIC	\$ 153,212,299	\$ 120,030,959	\$ 92,176,119

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 \$22,500 for calendar year 2023 (\$20,500 for 2022) 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, 2023 and 2022**

**NOTE 12 DEFERRED COMPENSATION PLAN FOR PUBLIC EMPLOYEES (CONTINUED)**

The deferred compensation plan had 16,366 and 15,567 active participants as of June 30, 2023 and 2022, respectively.

The related investments of participants are reported at fair value as follows by the participating employer:

	2023		2022	
Investment Balance by:				
State of North Dakota	\$ 177,247,349	92%	\$ 150,768,142	90%
Other Jurisdictions	16,105,970	8%	16,549,870	10%
Total Investments	\$ 193,353,319	100%	\$ 167,318,012	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, premiums exceeded claims, therefore, a gain of \$26.1 million was returned to the System as an initial settlement in 2022. The final settlement resulted in a decrease to the initial settlement, and resulted in a payable to Sanford Health Plan of \$625,846 for 2023.

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 \$60.2 million and \$33.5 million are shown as cash, invested cash and commingled domestic fixed income investments on the Statement of Net Position as of June 30, 2023 and 2022, 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 1, 2023 which is the date the financial statements were available to be issued. Events or transactions occurring after June 30, 2023, but prior to December 1, 2023 that provided additional evidence about conditions that existed at June 30, 2023, have been recognized in the financial statements for the year ended June 30, 2023. Events or transactions that provided evidence about conditions that did not exist at June 30, 2023, 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, 2023

**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**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Total Pension Liability</b>										
Service Cost	\$ 224,785,082	\$ 143,197,284	\$ 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	335,804,159	345,662,042	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	(9,138,927)	-	-	-	-	-	-	-	2,615	-
Differences Between Expected and Actual Experience	72,722,916	3,714,515	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	(1,132,002,859)	1,375,418,631	(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	(271,514,014)	(252,066,249)	(231,300,404)	(218,553,888)	(197,757,937)	(182,521,663)	(162,991,968)	(149,664,141)	(134,929,737)	(119,886,323)
<b>Net Change in Total Pension Liability</b>	<b>(779,343,643)</b>	<b>1,615,926,223</b>	<b>(1,388,257,319)</b>	<b>2,110,460,351</b>	<b>(406,241,790)</b>	<b>321,210,065</b>	<b>957,806,223</b>	<b>344,118,928</b>	<b>133,894,396</b>	<b>219,227,334</b>
<b>Total Pension Liability - Beginning</b>	<b>6,607,469,220</b>	<b>4,991,542,997</b>	<b>6,379,800,316</b>	<b>4,269,339,965</b>	<b>4,675,581,755</b>	<b>4,354,371,690</b>	<b>3,396,565,467</b>	<b>3,052,446,539</b>	<b>2,918,552,143</b>	<b>2,699,324,809</b>
<b>Total Pension Liability - Ending (A)</b>	<b>\$ 5,828,125,577</b>	<b>\$ 6,607,469,220</b>	<b>\$ 4,991,542,997</b>	<b>\$ 6,379,800,316</b>	<b>\$ 4,269,339,965</b>	<b>\$ 4,675,581,755</b>	<b>\$ 4,354,371,690</b>	<b>\$ 3,396,565,467</b>	<b>\$ 3,052,446,539</b>	<b>\$ 2,918,552,143</b>
<b>Plan Fiduciary Net Position</b>										
Contributions - Employer	\$ 101,933,327	\$ 96,630,783	\$ 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	93,407,915	89,633,939	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	5,151,247	10,249,235	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	281,849,564	(256,072,364)	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	10,885	14,125	(1,723)	(2,580)	(5,641)	(24,440)	32,183	23,574,937	-	-
Benefit Payments, Including Refund of Employee Contributions	(271,514,014)	(252,066,249)	(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	(2,670,084)	(2,340,267)	(2,569,186)	(2,729,759)	(2,531,304)	(2,472,761)	(2,607,243)	(2,537,799)	(2,365,357)	(2,210,792)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>208,168,840</b>	<b>(313,950,798)</b>	<b>795,371,561</b>	<b>57,620,058</b>	<b>126,550,805</b>	<b>242,344,687</b>	<b>312,939,932</b>	<b>43,184,848</b>	<b>90,127,946</b>	<b>323,912,837</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>3,635,771,902</b>	<b>3,949,722,700</b>	<b>3,154,351,139</b>	<b>3,096,731,081</b>	<b>2,970,180,276</b>	<b>2,727,835,589</b>	<b>2,414,895,657</b>	<b>2,371,710,809</b>	<b>2,281,582,863</b>	<b>1,957,670,026</b>
<b>Plan Fiduciary Net Position - Ending (B)</b>	<b>3,843,940,742</b>	<b>3,635,771,902</b>	<b>3,949,722,700</b>	<b>3,154,351,139</b>	<b>3,096,731,081</b>	<b>2,970,180,276</b>	<b>2,727,835,589</b>	<b>2,414,895,657</b>	<b>2,371,710,809</b>	<b>2,281,582,863</b>
<b>Net Pension Liability - Ending (A)-(B)</b>	<b>\$ 1,984,184,835</b>	<b>\$ 2,971,697,318</b>	<b>\$ 1,041,820,297</b>	<b>\$ 3,225,449,177</b>	<b>\$ 1,172,608,884</b>	<b>\$ 1,705,401,479</b>	<b>\$ 1,626,536,101</b>	<b>\$ 981,669,810</b>	<b>\$ 680,735,730</b>	<b>\$ 636,969,280</b>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	65.96%	55.03%	79.13%	49.44%	72.53%	63.53%	62.65%	71.10%	77.70%	78.18%
<b>Covered Payroll</b>	\$ 1,318,276,116	\$ 1,248,307,560	\$ 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
<b>Plan Net Pension Liability (Asset) as a Percentage of Covered Payroll</b>	150.51%	85.84%	85.84%	276.21%	106.75%	158.50%	152.96%	93.62%	69.92%	71.69%

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

**Highway Patrolmen's Retirement System**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Total Pension Liability</b>										
Service Cost	\$ 5,680,665	\$ 3,280,944	\$ 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	8,549,678	8,547,642	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	416,739	1,844,603	(2,196,613)	729,281	(67,748)	(621,359)	21,564	39,748	984,241	(299,964)
Changes of Assumptions	(5,009,411)	39,467,011	(60,572,392)	66,142,608	3,042,863	-	1,257,370	3,945,801	394,419	-
Benefit Payments, Including Refund of Employee Contributions	(6,391,116)	(5,848,024)	(5,951,877)	(5,704,586)	(5,391,115)	(4,981,377)	(4,806,319)	(4,713,495)	(4,745,510)	(3,784,735)
<b>Net Change in Total Pension Liability</b>	<b>3,246,555</b>	<b>47,292,176</b>	<b>(54,858,353)</b>	<b>71,914,324</b>	<b>7,929,070</b>	<b>4,338,882</b>	<b>6,125,118</b>	<b>7,809,743</b>	<b>4,679,316</b>	<b>3,559,501</b>
<b>Total Pension Liability (Asset) - Beginning</b>	<b>170,663,177</b>	<b>123,371,001</b>	<b>178,229,354</b>	<b>106,315,030</b>	<b>98,385,960</b>	<b>94,047,078</b>	<b>87,921,960</b>	<b>80,112,217</b>	<b>75,432,901</b>	<b>71,873,400</b>
<b>Total Pension Liability (Asset) - Ending (A)</b>	<b>\$ 173,909,732</b>	<b>\$ 170,663,177</b>	<b>\$ 123,371,001</b>	<b>\$ 178,229,354</b>	<b>\$ 106,315,030</b>	<b>\$ 98,385,960</b>	<b>\$ 94,047,078</b>	<b>\$ 87,921,960</b>	<b>\$ 80,112,217</b>	<b>\$ 75,432,901</b>
<b>Plan Fiduciary Net Position</b>										
Contributions - Employer	\$ 2,573,696	\$ 2,686,795	\$ 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	1,769,864	1,825,729	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	592,870	159,747	400,751	205,461	167,824	281,573	249,436	-	96,429	87,418
Net Investment Income	7,195,352	(6,509,971)	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	65	62	(11)	(16)	(41)	(187)	221	-	-	-
Benefit Payments, Including Refund of Employee Contributions	(6,391,116)	(5,848,024)	(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	(30,106)	(65,650)	(37,097)	(45,870)	(43,555)	(30,353)	(30,195)	(31,450)	(30,925)	(27,983)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>5,710,625</b>	<b>(7,751,312)</b>	<b>17,891,346</b>	<b>768,944</b>	<b>2,486,519</b>	<b>5,592,684</b>	<b>7,524,979</b>	<b>(864,391)</b>	<b>1,008,863</b>	<b>8,622,781</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>92,324,497</b>	<b>100,075,809</b>	<b>82,184,463</b>	<b>81,415,519</b>	<b>78,929,000</b>	<b>73,336,316</b>	<b>65,811,337</b>	<b>66,675,728</b>	<b>65,666,865</b>	<b>57,044,084</b>
<b>Plan Fiduciary Net Position - Ending (B)</b>	<b>98,035,122</b>	<b>92,324,497</b>	<b>100,075,809</b>	<b>82,184,463</b>	<b>81,415,519</b>	<b>78,929,000</b>	<b>73,336,316</b>	<b>65,811,337</b>	<b>66,675,728</b>	<b>65,666,865</b>
<b>Net Pension Liability (Asset) - Ending (A)-(B)</b>	<b>\$ 75,874,610</b>	<b>\$ 78,338,680</b>	<b>\$ 23,295,192</b>	<b>\$ 96,044,891</b>	<b>\$ 24,899,511</b>	<b>\$ 19,456,960</b>	<b>\$ 20,710,762</b>	<b>\$ 22,110,623</b>	<b>\$ 13,436,489</b>	<b>\$ 9,766,036</b>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability Covered Payroll</b>	<b>56.37%</b>	<b>54.10%</b>	<b>81.12%</b>	<b>46.11%</b>	<b>76.58%</b>	<b>80.22%</b>	<b>77.98%</b>	<b>74.85%</b>	<b>83.23%</b>	<b>87.05%</b>
<b>Plan Net Pension Liability (Asset) as a Percentage of Covered Payroll</b>	<b>632.76%</b>	<b>638.60%</b>	<b>202.28%</b>	<b>841.78%</b>	<b>240.48%</b>	<b>181.21%</b>	<b>194.84%</b>	<b>210.04%</b>	<b>132.44%</b>	<b>104.47%</b>



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

**Retirement Plan for Employees of Job Service North Dakota**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Total Pension Liability</b>										
Service Cost	\$ 15,315	\$ 41,998	\$ 58,356	\$ 57,560	\$ 70,295	\$ 80,344	\$ 55,500	\$ 71,420	\$ 127,734	\$ 87,668
Interest	2,038,054	2,342,037	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	4,761,066	3,413,145	(201,346)	(1,122,296)	(504,895)	(310,124)	(1,648,283)	(2,006,791)	(1,806,271)	(1,607,033)
Changes of Assumptions	-	4,717,298	2,898,630	539,852	-	5,811,755	4,421,401	69,885	(309,878)	-
Benefit Payments, Including Refund of Employee Contributions	(5,168,647)	(4,865,682)	(4,668,820)	(4,581,575)	(4,626,846)	(4,582,577)	(4,534,153)	(4,601,196)	(4,694,171)	(4,594,462)
<b>Net Change in Total Pension Liability</b>	<b>1,645,788</b>	<b>5,648,796</b>	<b>715,334</b>	<b>(2,068,303)</b>	<b>(1,932,271)</b>	<b>4,499,742</b>	<b>2,424,697</b>	<b>(2,185,242)</b>	<b>(1,656,419)</b>	<b>(1,006,368)</b>
<b>Total Pension Liability (Asset) - Beginning</b>	<b>70,492,767</b>	<b>64,843,971</b>	<b>64,128,637</b>	<b>66,196,940</b>	<b>68,129,211</b>	<b>63,629,469</b>	<b>61,204,772</b>	<b>63,390,014</b>	<b>65,046,433</b>	<b>66,052,801</b>
<b>Total Pension Liability (Asset) - Ending (A)</b>	<b>\$ 72,138,555</b>	<b>\$ 70,492,767</b>	<b>\$ 64,843,971</b>	<b>\$ 64,128,637</b>	<b>\$ 66,196,940</b>	<b>\$ 68,129,211</b>	<b>\$ 63,629,469</b>	<b>\$ 61,204,772</b>	<b>\$ 63,390,014</b>	<b>\$ 65,046,433</b>
<b>Plan Fiduciary Net Position</b>										
Contributions - Employer	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions - Employee	4,298	9,299	13,979	27,047	29,159	32,987	39,417	44,178	50,142	55,748
Service Credit Repurchase	-	-	-	-	-	-	-	-	-	-
Net Investment Income	2,486,882	(5,551,487)	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	(5,168,647)	(4,865,682)	(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	(14,683)	(18,357)	(17,371)	(19,148)	(16,808)	(46,295)	(12,684)	(32,253)	(30,214)	(31,455)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>(2,692,150)</b>	<b>(10,426,227)</b>	<b>1,353,060</b>	<b>(1,952,609)</b>	<b>1,615,135</b>	<b>(1,677,300)</b>	<b>731,457</b>	<b>251,062</b>	<b>(1,413,736)</b>	<b>7,317,671</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>86,177,470</b>	<b>96,603,697</b>	<b>95,250,637</b>	<b>97,203,246</b>	<b>95,588,111</b>	<b>97,265,411</b>	<b>96,533,954</b>	<b>96,282,892</b>	<b>97,696,628</b>	<b>90,378,957</b>
<b>Plan Fiduciary Net Position - Ending (B)</b>	<b>83,485,320</b>	<b>86,177,470</b>	<b>96,603,697</b>	<b>95,250,637</b>	<b>97,203,246</b>	<b>95,588,111</b>	<b>97,265,411</b>	<b>96,533,954</b>	<b>96,282,892</b>	<b>97,696,628</b>
<b>Net Pension Asset - Ending (A)-(B)</b>	<b>\$(11,346,765)</b>	<b>\$(15,684,703)</b>	<b>\$(31,759,726)</b>	<b>\$(31,122,000)</b>	<b>\$(31,006,306)</b>	<b>\$(27,458,900)</b>	<b>\$(33,635,942)</b>	<b>\$(35,329,182)</b>	<b>\$(32,892,878)</b>	<b>\$(32,650,195)</b>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	115.73%	122.25%	148.98%	148.53%	146.84%	140.30%	152.86%	157.72%	151.89%	150.20%
<b>Covered Payroll</b>	\$ 61,404	\$ 175,176	\$ 175,176	\$ 314,607	\$ 416,552	\$ 416,652	\$ 498,564	\$ 564,684	\$ 790,649	\$ 842,601
<b>Plan Net Pension Liability (Asset) as a Percentage of Covered Payroll</b>	(18,478.87)%	(25,573.44)%	(18,130.18)%	(9,892.34)%	(7,443.56)%	(6,590.37)%	(6,746.56)%	(6,256.45)%	(4,160.24)%	(3,874.93)%

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

**Retiree Health Insurance Credit Fund**

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
<b>Total OPEB Liability</b>							
Service Cost	\$ 4,865,725	\$ 4,003,587	\$ 4,273,247	\$ 4,041,849	\$ 3,827,807	\$ 3,766,661	\$ 3,430,578
Interest	14,547,655	15,155,215	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	(776,702)	616,158	2,164,642	314,726	(1,374,146)	2,732,254	(2,231,206)
Changes of Assumptions	(10,642,733)	30,533,446	-	4,372,129	5,002,621	-	8,860,723
Benefit Payments, Including Refund of Employee Contributions	(14,214,800)	(13,746,110)	(12,884,511)	(12,317,075)	(11,505,070)	(11,016,060)	(10,014,370)
<b>Net Change in Total OPEB Liability</b>	<b>(6,220,855)</b>	<b>36,562,296</b>	<b>8,211,061</b>	<b>11,909,650</b>	<b>11,168,229</b>	<b>9,968,025</b>	<b>14,373,168</b>
<b>Total OPEB Liability (Asset) - Beginning</b>	<b>274,514,031</b>	<b>237,951,735</b>	<b>229,740,674</b>	<b>217,831,024</b>	<b>206,662,795</b>	<b>196,694,770</b>	<b>182,321,602</b>
<b>Total OPEB Liability (Asset) - Ending (A)</b>	<b>\$ 268,293,176</b>	<b>\$ 274,514,031</b>	<b>\$ 237,951,735</b>	<b>\$ 229,740,674</b>	<b>\$ 217,831,024</b>	<b>\$ 206,662,795</b>	<b>\$ 196,694,770</b>
<b>Plan Fiduciary Net Position</b>							
Contributions - Employer	\$ 12,137,476	\$ 12,565,573	\$ 13,110,651	\$ 13,392,266	\$ 12,977,460	\$ 12,834,547	\$ 12,575,627
Contributions - Employee	10,741	12,234	15,481	16,319	15,859	15,984	16,173
Service Credit Repurchase	282,185	456,895	375,038	556,585	377,329	746,942	464,323
Net Investment Income	15,975,072	(26,756,507)	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	(14,214,800)	(13,746,110)	(12,884,511)	(12,317,075)	(11,505,070)	(11,016,060)	(10,014,370)
Administrative Expense	(355,695)	(383,458)	(430,097)	(453,913)	(437,349)	(480,244)	(443,220)
Other	1	(1)	312	9,580	(857)	225	-
<b>Net Change in Plan Fiduciary Net Position</b>	<b>13,834,980</b>	<b>(27,851,374)</b>	<b>36,713,529</b>	<b>8,108,631</b>	<b>9,606,304</b>	<b>10,312,292</b>	<b>14,672,615</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>154,483,072</b>	<b>182,334,446</b>	<b>145,620,917</b>	<b>137,512,286</b>	<b>127,905,982</b>	<b>117,593,690</b>	<b>102,921,075</b>
<b>Plan Fiduciary Net Position - Ending (B)</b>	<b>168,318,052</b>	<b>154,483,072</b>	<b>182,334,446</b>	<b>145,620,917</b>	<b>137,512,286</b>	<b>127,905,982</b>	<b>117,593,690</b>
<b>Net OPEB Liability (Asset) - Ending (A)-(B)</b>	<b>\$ 99,975,124</b>	<b>\$ 120,030,959</b>	<b>\$ 55,617,289</b>	<b>\$ 84,119,757</b>	<b>\$ 80,318,738</b>	<b>\$ 78,756,813</b>	<b>\$ 79,101,080</b>
<b>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability</b>	62.74%	56.28%	76.63%	63.38%	63.13%	61.89%	59.78%
<b>Covered Payroll</b>	<b>\$ 1,005,182,784</b>	<b>\$ 1,032,405,030</b>	<b>\$ 1,090,257,793</b>	<b>\$ 1,139,970,530</b>	<b>\$ 1,115,857,588</b>	<b>\$ 1,094,216,775</b>	<b>\$ 1,081,841,008</b>
<b>Plan Net Pension Liability (Asset) as a Percentage of Covered Payroll</b>	9.95%	11.63%	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**

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Actuarially Determined Contribution	191,274	157,390	157,543	140,537	127,129	125,714	116,564	124,336	107,514	107,864
Contributions in Relation to the Actuarially Determined Contribution	101,933	96,631	91,266	85,504	81,588	80,727	78,934	77,081	70,843	61,661
Contribution Deficiency (Excess)	89,341	60,759	66,277	55,033	45,541	44,987	37,630	47,255	36,671	46,203
Covered Payroll	1,318,276	1,248,308	1,213,676	1,167,768	1,098,416	1,075,958	1,063,372	1,048,548	973,536	888,452
Contributions as a Percentage of Covered Payroll	7.73%	7.74%	7.52%	7.32%	7.43%	7.50%	7.42%	7.35%	7.28%	6.94%

**Highway Patrolmen's Retirement System**

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Actuarially Determined Contribution	5,107	3,921	4,081	3,256	2,936	2,949	3,060	2,307	2,201	2,348
Contributions in Relation to the Actuarially Determined Contribution	2,574	2,687	2,293	2,177	2,091	2,153	2,156	2,127	2,002	1,865
Contribution Deficiency (Excess)	2,533	1,234	1,788	1,079	845	796	904	180	199	483
Covered Payroll	11,991	12,267	11,516	11,410	10,354	10,737	10,629	10,527	10,146	9,348
Contributions as a Percentage of Covered Payroll	21.46%	21.90%	19.91%	19.08%	20.20%	20.05%	20.28%	20.21%	19.73%	19.95%

**Retiree Health Insurance Credit Plan**

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Actuarially Determined Contribution	14,766	12,414	13,340	12,145	12,707	12,252	11,696	7,544	6,439	7,014
Contributions in Relation to the Actuarially Determined Contribution	12,138	12,566	13,111	13,392	12,977	12,835	12,575	12,350	11,479	10,710
Contribution Deficiency (Excess)	2,628	(152)	229	(1,247)	(270)	(583)	(879)	(4,806)	(5,040)	(3,696)
Covered Payroll	1,005,183	1,032,405	1,090,258	1,139,971	1,115,858	1,094,217	1,081,841	1,142,375	1,052,657	1,001,204
Contributions as a Percentage of Covered Payroll	1.21%	1.22%	1.20%	1.17%	1.16%	1.17%	1.16%	1.08%	1.09%	1.07%

**North Dakota Public Employees Retirement System – Financial Section**  
**Notes to the Required Supplementary Information**  
**For the Years Ended June 30, 2023 and 2022**

**PERS**

Benefit Changes: Effective January 1, 2025, the Main System is closed to new members. Employees newly enrolled into the system on January 1, 2025 and later will participate in a new Defined Contribution Plan.

State employees participating in the Main System on January 1, 2025 who are at least age 18 with 5 years or less of participation will be eligible to irrevocably elect to transfer to the existing DC Plan during a three-month election period ending March 31, 2025. For members who elect to transfer to the existing DC Plan, NDPERS will transfer a lump sum from the Main System to the DC Plan based on the actuarial present value of the accrued benefit as of January 1, 2025, plus interest from January 1, 2025 to the date of transfer. The state employer of an employee who elects to transfer to the existing DC Plan shall contribute an additional amount of \$3,333 annually for up to three years, provided the employee continues employment.

Member and/or employer contribution rates were changed for all plans except the Judges Plan.

For BCI members who retire on or after August 1, 2023, the multiplier is 3.00% for the first twenty years and 1.75% for additional years. For BCI members hired on or after August 1, 2023, the vesting requirement is changed from 3 years to 10 years.

Peace Officers employed by the State who were Main System participants transferred to the Public Safety with prior Main System service effective August 1, 2023.

Changes of Assumptions: There were no assumption changes made since the prior valuation.

**HPRS**

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

Changes of Assumptions: There were no assumption changes made since the prior valuation.

**JSND**

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

Changes of Assumptions: There were no assumption changes made since the prior valuation.

**RHIC**

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

Changes of Assumptions: There were no assumption changes made since the prior valuation.

**North Dakota Public Employees Retirement System – Financial Section  
Notes to the Required Supplementary Information  
For the Years Ended June 30, 2023 and 2022**

**Schedule of Employer Contributions – PERS**

Valuation date	July 1, 2022
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	6.50%
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 7.00% to 6.50% beginning with the actuarial valuation as of July 1, 2022. All other actuarial assumptions used in the actuarial valuation as of July 1, 2022 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.</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, 2023 and 2022**

**Schedule of Employer Contributions – HPRS**

Valuation date	July 1, 2023
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	6.5%
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 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 investment return assumption was decreased from 7.00% to 6.50% beginning with the actuarial valuation as of July 1, 2022.  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.

**North Dakota Public Employees Retirement System – Financial Section  
Notes to the Required Supplementary Information  
For the Years Ended June 30, 2023 and 2022**

**Schedule of Employer Contributions – Job Service**

Valuation date	July 1, 2023
Actuarial cost method	Frozen Initial Liability (Aggregate since no initial Liability remains)
Amortization Method	N/A
Asset valuation method	5-Year smoothed marked
Inflation	2.25%
COLA	2.25%
Salary Increases	3.50%
Investment Rate of Return	3.00%
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 Board approved lowering the investment return assumption from 3.75 percent to 3.00 percent, first effective July 1, 2022.

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, 2023 and 2022**

**Schedule of Employer Contributions – RHIC**

Valuation date	July 1, 2023
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	5.75%
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:	<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 6.50% to 5.75% beginning with the actuarial valuation as of July 1, 2022. 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**

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Public Employees Retirement	8.13%	-6.32%	27.43%	3.57%	5.69%	9.21%	13.01%	0.49%	3.61%	16.29%
Highway Patrolmen's Retirement Retirement Plan for Employees	7.86%	-6.50%	23.90%	3.28%	5.39%	9.16%	12.93%	0.48%	3.66%	16.20%
Job Service North Dakota	3.30%	-5.55%	6.81%	3.09%	7.00%	3.32%	5.85%	5.14%	3.41%	13.46%
Retiree Health Insurance Credit Fund	10.82%	-14.48%	25.58%	5.37%	6.75%	7.01%	11.75%	0.83%	-	-

**North Dakota Public Employees Retirement System – Financial Section  
 Supplemental Information  
 Schedule of Investment Expenses – Fiduciary Funds  
 For the Fiscal Year Ended June 30, 2023**

	<b>Public Employees Retirement System*</b>	<b>Highway Patrolmen's Retirement System</b>	<b>Retiree Health Insurance Credit Fund</b>	<b>Defined Contribution Retirement Fund</b>	<b>Pretax Benefits Program</b>	<b>Deferred Compensation Program</b>	<b>Job Service Retirement Plan</b>
<b>Payments to State Investment Board:</b>							
Investment Fees	\$ 9,791,357	\$ 249,967	\$ 484,757	\$ -	\$ -	\$ -	\$ 280,428
Administrative Expenses	742,949	18,955	-	-	-	-	-
	<u>10,534,306</u>	<u>268,922</u>	<u>484,757</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>280,428</u>
<b>Payments to Providers:</b>							
Investment Fees (Net of Plan Servicing Credits)	-	-	-	326	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>326</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Investment Expenses</b>	<u><u>\$ 10,534,306</u></u>	<u><u>\$ 268,922</u></u>	<u><u>\$ 484,757</u></u>	<u><u>\$ 326</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 280,428</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, 2022**

	<b>Public Employees Retirement System*</b>	<b>Highway Patrolmen's Retirement System</b>	<b>Retiree Health Insurance Credit Fund</b>	<b>Defined Contribution Retirement Fund</b>	<b>Pretax Benefits Program</b>	<b>Deferred Compensation Program</b>	<b>Job Service Retirement Plan</b>
<b>Payments to State Investment Board:</b>							
Investment Fees	\$ 8,907,948	\$ 225,924	\$ 537,631	\$ -	\$ -	\$ -	\$ 308,015
Administrative Expenses	706,836	13,086	-	-	-	-	-
	<u>9,614,784</u>	<u>239,010</u>	<u>537,631</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>308,015</u>
<b>Payments to Providers:</b>							
Investment Fees (Net of Plan Servicing Credits)	-	-	-	5,720	-	-	-
<b>Total Investment Expenses</b>	<u>\$ 9,614,784</u>	<u>\$ 239,010</u>	<u>\$ 537,631</u>	<u>\$ 5,720</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 308,015</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, 2023**

	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	\$ 1,092,614	\$ 6,543	\$ 50,209	\$ 3,200	\$ 185,008	\$ 293,550	\$ 2,707
Social Security	81,094	486	3,710	236	13,595	21,783	200
Retirement	123,643	740	5,692	363	21,090	33,904	307
Insurance	274,896	1,654	12,446	793	43,196	74,801	671
Total Personnel Services	1,572,247	9,423	72,057	4,592	262,889	424,038	3,885
Professional Services:							
Actuarial	274,880	15,490	23,150	-	-	-	7,700
Audit	55,176	330	6,540	417	13,877	27,753	353
Data Processing	455,351	2,421	20,622	3,176	97,708	180,242	1,112
Consulting	12,704	76	-	371	-	50,176	-
Legal Counsel	89,828	538	3,899	243	13,927	15,239	205
Misc Outside Services	35,463	214	209,272	76	67,587	32,935	822
Total Professional Services	923,402	19,069	263,483	4,283	193,099	306,345	10,192
Communication:							
Printing	11,647	70	708	37	1,275	1,412	31
Postage	28,764	172	1,258	80	4,293	4,297	68
Telephone	9,799	59	429	27	1,317	2,423	23
Total Communication	50,210	301	2,395	144	6,885	8,132	122
Rentals:							
Equipment Rent	1,711	10	90	6	430	861	5
Office Rent	38,874	233	2,041	130	9,777	19,533	110
Total Rentals	40,585	243	2,131	136	10,207	20,394	115
Miscellaneous:							
Depreciation/Amortization	37,881	499	11,276	107	7,010	17,244	135
Dues & Prof Development	14,185	85	486	40	1,030	2,562	26
Insurance	2,846	9	82	5	179	787	4
Repairs and Maintenance	3,270	20	154	10	184	1,345	8
Supplies	7,880	352	3,100	339	15,390	29,174	167
Travel	17,578	105	531	34	572	572	29
Total Miscellaneous	83,640	1,070	15,629	535	24,365	51,684	369
Total Administrative Expenses	\$ 2,670,084	\$ 30,106	\$ 355,695	\$ 9,690	\$ 497,445	\$ 810,593	\$ 14,683

**North Dakota Public Employees Retirement System – Financial Section**  
**Supplemental Information**  
**Schedule of Administrative Expenses – Fiduciary Funds**  
**For the Fiscal Year Ended June 30, 2022**

	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	\$ 1,029,865	\$ 6,353	\$ 52,935	\$ 1,899	\$ 221,914	\$ 309,377	\$ 2,849
Social Security	75,800	468	3,887	139	16,320	22,688	209
Retirement	121,858	752	6,215	223	26,638	36,370	334
Insurance	266,487	1,644	13,423	482	60,328	70,471	722
Total Personnel Services	1,494,010	9,217	76,460	2,743	325,200	438,906	4,114
Professional Services:							
Actuarial	99,468	51,463	22,500	-	-	-	10,913
Audit	43,418	268	3,216	115	10,921	21,843	173
Data Processing	387,934	2,391	21,677	2,304	91,444	175,664	1,172
Consulting	21,068	130	122	392	-	49,412	-
Legal Counsel	25,883	160	1,326	85	1,742	2,362	62
Misc Outside Services	25,230	150	243,773	88	72,419	30,188	1,202
Total Professional Services	603,001	54,562	292,614	2,984	176,526	279,469	13,522
Communication:							
Printing	10,574	65	432	15	1,328	1,436	23
Postage	26,197	162	1,172	42	4,156	4,157	63
Telephone	9,284	57	457	16	1,497	2,323	25
Total Communication	46,055	284	2,061	73	6,981	7,916	111
Rentals:							
Equipment Rent	1,588	10	91	3	400	799	5
Office Rent	43,903	271	2,524	91	11,044	22,087	136
Total Rentals	45,491	281	2,615	94	11,444	22,886	141
Miscellaneous:							
Depreciation/Amortization	38,239	600	3,871	152	9,383	19,034	158
Dues & Prof Development	23,280	144	704	25	1,107	2,334	38
Insurance	870	11	99	4	424	422	3
Repairs and Maintenance	18,579	115	1,068	38	4,673	9,347	57
Supplies	62,807	387	3,627	130	15,822	31,386	195
Travel	7,935	49	339	12	307	426	18
Total Miscellaneous	151,710	1,306	9,708	361	31,716	62,949	469
Total Administrative Expenses	\$ 2,340,267	\$ 65,650	\$ 383,458	\$ 6,255	\$ 551,867	\$ 812,126	\$ 18,357

**North Dakota Public Employees Retirement System – Financial Section  
Supplemental Information  
Schedule of Consultant Expenses – Fiduciary Funds  
For the Fiscal Year Ended June 30, 2023**

	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
<b>Actuary Fees:</b>							
Gabriel Roeder Smith & Co	\$ 274,880	\$ 15,490	\$ 23,150	\$ -	\$ -	\$ -	\$ 7,700
<b>Audit/Accounting Fees:</b>							
CliftonLarsonAllen LLP	55,176	330	6,540	417	11,252	27,753	353
<b>Disability Consulting Fees:</b>							
Mid Dakota Clinic	3,150	-	-	-	-	-	-
<b>IT Consulting:</b>							
Sagitec Solution LLC	264,171	1,582	13,870	884	66,438	132,877	748
<b>Miscellaneous Consulting Fees:</b>							
Gabriel Roeder Smith & Co	9,554	76	-	-	-	-	-
<b>Investment Consulting</b>							
Callan Associates	-	-	-	371	-	50,176	-
<b>Legal:</b>							
Ice Miller, LLP	24,778	-	-	-	-	616	-
Klausner Kaufman Jensen & Levi	43,153	391	2,769	176	11,039	11,025	149
Elsberry & Shively	5,361	48	336	21	1,340	1,340	18
ND Attorney General	16,536	99	794	45	1,548	2,259	37
<b>Totals</b>	<b>\$ 696,759</b>	<b>\$ 18,016</b>	<b>\$ 47,459</b>	<b>\$ 1,914</b>	<b>\$ 91,617</b>	<b>\$ 226,046</b>	<b>\$ 9,005</b>

**North Dakota Public Employees Retirement System – Financial Section**  
**Supplemental Information**  
**Schedule of Consultant Expenses – Fiduciary Funds**  
**For the Fiscal Year Ended June 30, 2022**

	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
<b>Actuary Fees:</b>							
Gabriel Roeder Smith & Co	\$ 99,468	\$ 51,463	\$ 22,500	\$ -	\$ -	\$ -	\$ 10,913
<b>Audit/Accounting Fees:</b>							
CliftonLarsonAllen LLP	43,418	268	3,216	115	10,921	21,843	173
<b>Disability Consulting Fees:</b>							
Mid Dakota Clinic	4,800	-	-	-	-	-	-
<b>IT Consulting:</b>							
Sagitec Solution LLC	262,758	1,621	15,106	542	66,095	132,190	813
<b>Miscellaneous Consulting Fees:</b>							
Gabriel Roeder Smith & Co	16,268	130	-	-	-	-	-
<b>Investment Consulting</b>							
Callan Associates	-	-	-	388	-	49,412	-
<b>Legal:</b>							
Ice Miller, LLP	12,102	75	452	16	-	-	24
ND Attorney General	13,781	85	874	69	1,742	2,362	38
<b>Totals</b>	<b>\$ 452,595</b>	<b>\$ 53,642</b>	<b>\$ 42,148</b>	<b>\$ 1,130</b>	<b>\$ 78,758</b>	<b>\$ 205,807</b>	<b>\$ 11,961</b>

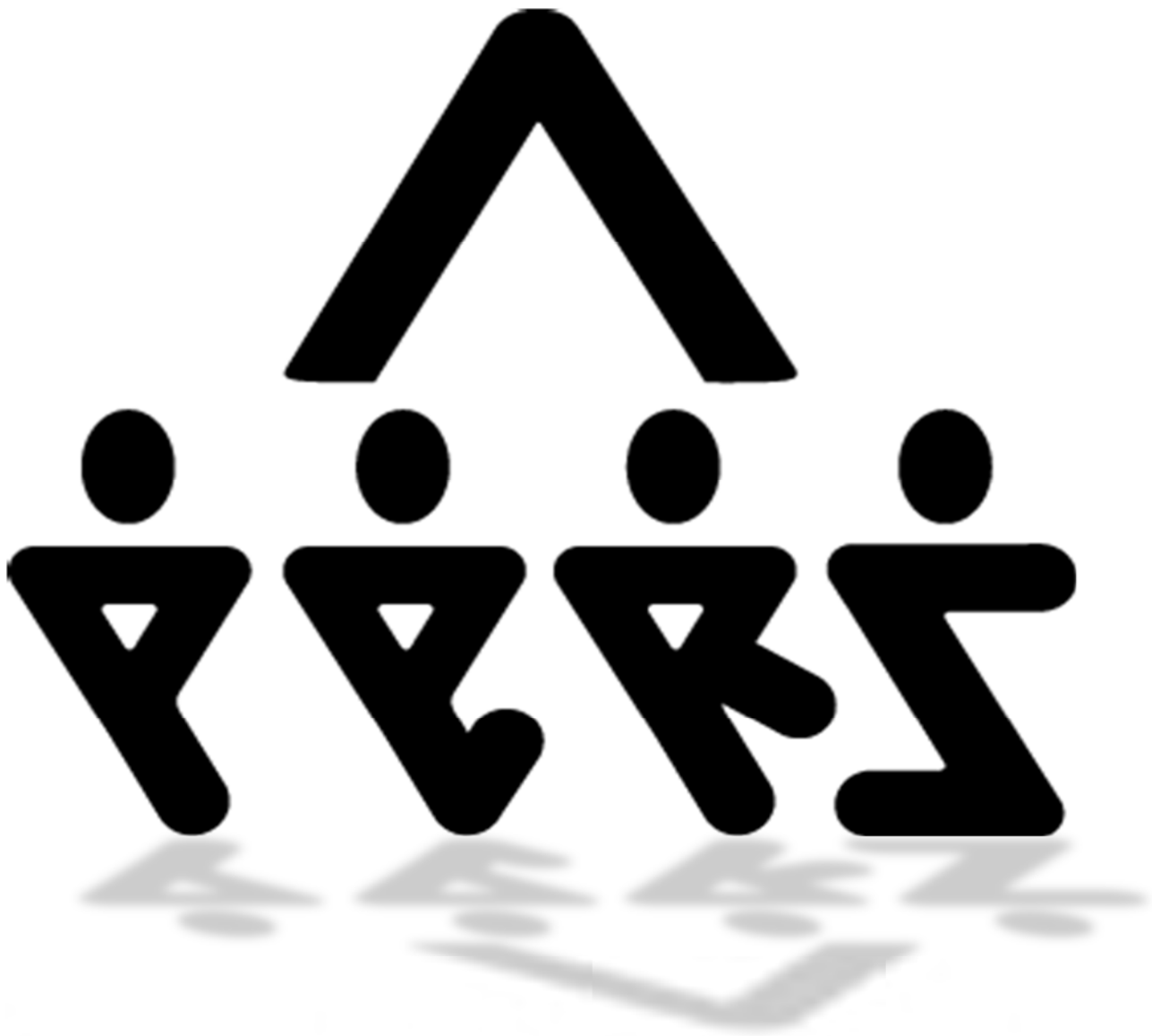
**North Dakota Public Employees Retirement System – Financial Section**  
**Schedule of Appropriations**  
**June 30, 2023**

	<b>Approved Fiscal Years 2021-2023</b>	<b>Fiscal Year 2022 Expenditures</b>	<b>Fiscal Year 2023 Expenditures</b>	<b>Unexpended</b>
ALL FUND TYPES				
Salaries and Wages	7,226,297	3,470,511	3,534,408	221,378
Operating Expenses	2,500,736	1,170,278	1,171,779	158,679
Capital Assets	257,600	257,600	0	0
Contingency	250,000	0	0	250,000
	10,234,633	4,898,389	4,706,187	630,057

**Reconciliation of Administrative Expenses to Appropriated Expenditures**

Administrative expenses as reflected in the financial statements	<b>2022</b>	<b>2023</b>
Pension and OPEB trust funds	4,177,980	4,388,296
Enterprise funds - Group Insurance	358,656,037	358,033,439
Total administrative expenses	362,834,017	362,421,735
Adjustments:		
Change in accrued compensated absences	41,800	6,846
Professional Fees, premiums and benefits paid pursuant to NDCC54-52-	(357,877,130)	(357,620,622)
Amortization Expense	(100,067)	(100,985)
Contribution/premium over & short	(231)	(787)
	4,898,389	4,706,187





**INVESTMENT SECTION**

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



December 12, 2023

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, 2023.

**Introduction**

For the fiscal year ended June 30, 2023, the North Dakota Public Employees Retirement System (PERS) investment portfolio experienced a net total return of 7.98%. The Job Service Pension Plan experienced a net total return of 3.10% for the same time period, while the Retiree Health Insurance Credit Fund returned 10.67% 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, 2023**

The state of the economy defied expectations of a major slowdown in fiscal year 2023, despite the most aggressive Federal Reserve rate hiking cycle since the 1980s. After ten consecutive interest rate hikes, the Fed took its first pause at the June 2023 meeting, holding the federal funds target rate at 5.00% – 5.25%. In conjunction with the U.S. Fed, central banks across the world (except for China and Japan) continued to be in "tightening" mode as they grappled with moderating, but elevated inflation.

Undeterred by higher interest rates and prices, the U.S. economy was surprisingly resilient during the fiscal year. GDP growth was robust, increasing over 2% annualized in each fiscal quarter in 2023. Consumer spending exceeded expectations despite climbing prices. In June 2023, the Conference Board reported a sharp 7% monthly jump in its Consumer Confidence Index, bringing it to its highest level since January 2022. The labor market also remained strong, with the unemployment rate starting and ending the year at a historically low 3.6%. Year-over-year inflation (as measured by the Consumer Price Index) declined dramatically throughout the course of the year, falling from 9.1% in June 2022 to 3.0% in June 2023. Core CPI, which excludes the more volatile food and energy components, proved to be more stubborn and ended the fiscal year 2023 at 4.8%.

FY 2023 was a positive year for diversified asset owners, following a challenging FY 2022. The inflationary environment that characterized the second half of FY 2022 bled into the first fiscal quarter as both stocks and bonds traded lower. However, moderating inflation in the second quarter heralded a new risk-on market environment that led to a robust recovery for public equity markets. Real assets struggled during the year. Commercial real estate continued to be negatively impacted by a floundering Office sector as investor sentiment remained sour on concerns of weakening fundamentals and pending loan maturities. Publicly traded Real Estate Investment Trusts (REITs) fared better than private real estate, but also failed to keep pace with broader equity markets. Commodities also declined in FY 2023, driven by falling energy prices.

Investors successfully weathered several storms in FY 2023; regional bank worries abated after the high profile collapse of Silicon Valley Bank, inflation moderated, and the debt ceiling saga resolved. Investors were generally optimistic; stock indices registered strong gains and risk appetite was evident in bond markets. Meanwhile, the Fed held its goal of 2% inflation and suggested that further hikes were coming.

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While higher interest rates have a lagged effect, their impact could be seen in some areas. U.S. banks tightened lending standards for loans to small businesses and rising payments for credit card debt, auto loans, commercial mortgage payments, and corporate debt started to show potential to put the brakes on economic growth in FY 2024.

#### **Domestic Equity Overview**

After falling 4.5% in the first fiscal quarter, U.S. equity markets, as measured by the Russell 3000 Index, rallied 24.5% in the subsequent three quarters to end the year up 19.0%. In a reversal from FY 2022, growth stocks dramatically outperformed value stocks, fueled by enthusiasm surrounding artificial intelligence (AI). The Russell 3000 Growth Index appreciated 26.6%, while the Russell 3000 Value Index returned 11.2%. The small cap index (Russell 2000 Index) climbed 12.3% during the FY, trailing the S&P 500 large cap index (+19.6%).

#### **International Equity Overview**

International developed market equities also performed well in FY 2023 (MSCI EAFE Index: +18.8%), while emerging markets (MSCI EM Index: +1.8%) continued to lag. Across developed markets, gains were broadbased, and growth outpaced value, albeit to a lesser extent than in the U.S. The eurozone entered a technical recession with negative GDP growth in 4Q22 and 1Q23 (calendar). China dragged emerging markets lower after being slow to reopen the economy and subsequently having its recovery sputter prematurely. China also grappled with multiple challenges including deteriorating exports, a high youth unemployment rate, a distressed property market, and languishing domestic demand.

#### **Private Equity Overview**

Private equity remained an attractive asset class in the 2023 fiscal year with institutional investors placing significant capital into new programs. According to *Pitchbook*, 3,433 new partnerships were formed, raising \$ 913.9 billion in capital during the 12-month period. This was a larger number of new partnerships, but a lower total dollar amount invested as compared to fiscal year 2022. Due to the nature of private equity performance measurement, benchmark comparisons of fund performance are inherently imprecise.

#### **Domestic Fixed Income Overview**

Fixed income assets struggled (Bloomberg Aggregate Index: -0.9%) in the face of rising interest rates in FY 2023. Longer duration exposure was particularly challenged (Bloomberg Long Government Index: -6.8%), while more credit-oriented sectors fared better (Bloomberg Credit Index: +1.4%) amid the risk-on environment. The yield on the 10-year U.S. Treasury rose 83 basis points during the year, and the spread on the 2- and 10-year Treasuries remained heavily inverted with the yield on the two-year treasury at 4.87% vs the 10-year treasury yield at 3.81%.

#### **International Fixed Income Overview**

Developed international fixed income underperformed domestic bonds on an unhedged basis in the 2023 fiscal year, with the FTSE Non-U.S. World Government Bond Index declining by 2.6%. The U.S. dollar appreciated during the fiscal year, which supported the FTSE Non-U.S. World Government Hedged Bond Index on a relative basis. The hedged index fell by a more moderate 0.6% during the year, outperforming the US-focused Bloomberg Aggregate Index. European markets outpaced the broad international index. The FTSE Euro Government Bond Index fell 0.6% during the period. Emerging market debt outperformed developed market sovereign bonds. The JP Morgan Emerging Markets Bond Index Plus, which tracks hard currency emerging market fixed and floating-rate debt instruments issued by sovereign entities, appreciated 6.1% over the trailing 12-month period ended June 30, 2023.

#### **Real Estate Overview**

After providing a ballast to diversified portfolios in FY 2022, private real estate struggled in FY 2023. The NCREIF Property Index, a measure of the domestic direct private real estate market, declined 6.6% during the year, while the NFI-ODCE, a capitalization-weighted index of core open-end real estate funds, declined 10.7%. The FTSE NAREIT Equity Index, a measure of publicly traded real estate, fared better but still declined 0.1%. 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.

**Infrastructure**

By definition, infrastructure assets are essential to the economic health and productivity of 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. Private infrastructure is challenging to appropriately benchmark given the concentrated nature of the assets. NDSIB uses a custom benchmark to measure performance. From a public market perspective, 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 declined 0.6% over the 12-month period ended June 30, 2023.

**Timber**

The NCREIF Timberland Property Index rose 11.1% in the 2023 fiscal year, with the appreciation component driving returns. Market values outpaced growth in the index's acreage during the year, leading to an increase in the market value per acre. The total value of the NCREIF Timberland Property Index's 13.0 million acres was \$26.7 billion at the end of the fourth fiscal quarter. The largest regional component of the index remains the South by a significant margin. The South region represents 8.3 million acres valued at \$16.9 billion. From a performance perspective, the Lake States produced the largest gain, while the Northeast underperformed the other regions.

**Summary**

The State Investment Board and staff are focused on prudently managing the portfolios in our care. The past year has shown significant improvements but uncertainties regarding inflation, economic growth, the effect of debt burden on the economy and global conflict continue to fuel volatility in markets. The funds in our care are invested with a long-term view in mind, expecting some years to have lower returns and other years to have higher returns. A diligent investment process is used to allocate the funds to balance the risks under an assumed range of return scenarios and to select, size and monitor manager mandates in a sound fiduciary manner.

Sincerely,



SCOTT ANDERSON  
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:

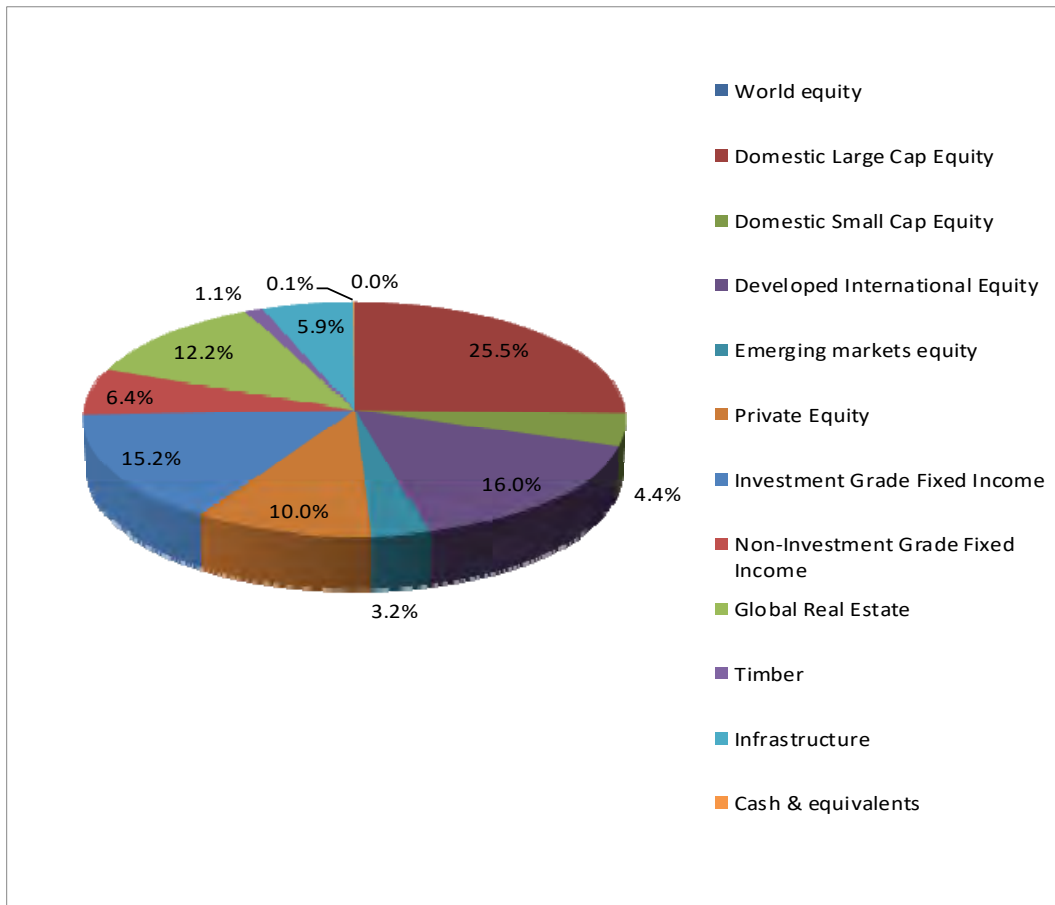
- To maintain a level of surplus sufficient to eliminate the need for future contributions.
- To achieve a rate of return which exceeds the rate of inflation, as measured by the Consumer Price Index
- To maximize the Plan’s surplus to increase future benefit payments as a secondary objective.

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.

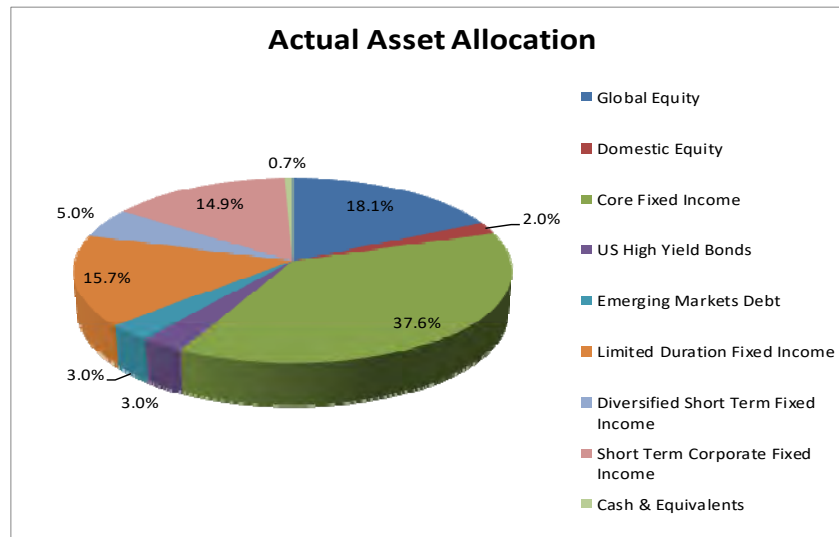
The SIB is responsible for carrying out the Retirement Board’s investment goals, objectives and policies; implementing the asset allocation plan submitted by the System, maintaining a separate accounting and preparing periodic investment performance reports for the System funds under their authority. 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, 2023



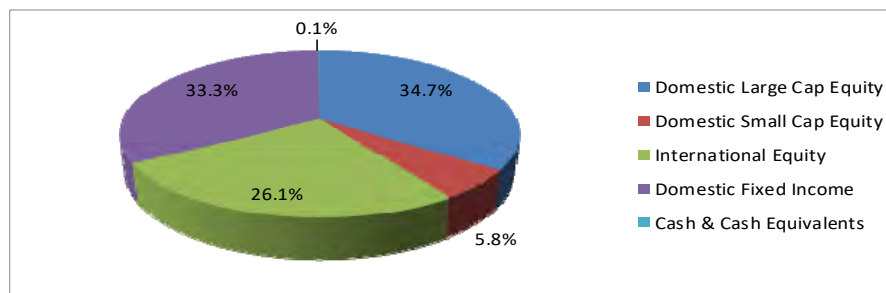
<u>Asset Class</u>	<u>Market Value</u>	<u>Actual %</u>	<u>Policy %</u>
World equity	\$ (1,023,176)	0.0%	10.0%
Domestic Large Cap Equity	999,551,554	25.5%	19.3%
Domestic Small Cap Equity	171,094,283	4.4%	4.8%
Developed International Equity	622,975,646	16.0%	12.7%
Emerging markets equity	125,781,482	3.2%	4.2%
Private Equity	391,541,084	10.0%	7.0%
Investment Grade Fixed Income	594,753,109	15.2%	16.0%
Non-Investment Grade Fixed Income	248,764,990	6.4%	7.0%
Global Real Estate	474,984,131	12.2%	11.0%
Timber	42,065,418	1.1%	1.1%
Infrastructure	229,121,299	5.9%	6.9%
Cash & equivalents	4,752,310	0.1%	0.0%
<b>Total</b>	<b>\$ 3,904,362,130</b>	<b>100.0%</b>	<b>100.0%</b>

### Job Service Retirement Plan Asset Allocation - June 30, 2023



<u>Asset Class</u>	<u>Market Value</u>	<u>Actual %</u>	<u>Policy %</u>
Global Equity	15,094,421	18.1%	18.0%
Domestic Equity	1,662,490	2.0%	2.0%
Core Fixed Income	31,408,163	37.6%	38.0%
US High Yield Bonds	2,512,664	3.0%	3.0%
Emerging Markets Debt	2,488,822	3.0%	3.0%
Limited Duration Fixed Income	13,236,137	15.7%	16.0%
Diversified Short Term Fixed Income	4,143,723	5.0%	5.0%
Short Term Corporate Fixed Income	12,435,994	14.9%	15.0%
Cash & Equivalents	565,354	0.7%	0.0%
<b>Total</b>	<b>\$ 83,547,768</b>	<b>100.0%</b>	<b>100.0%</b>

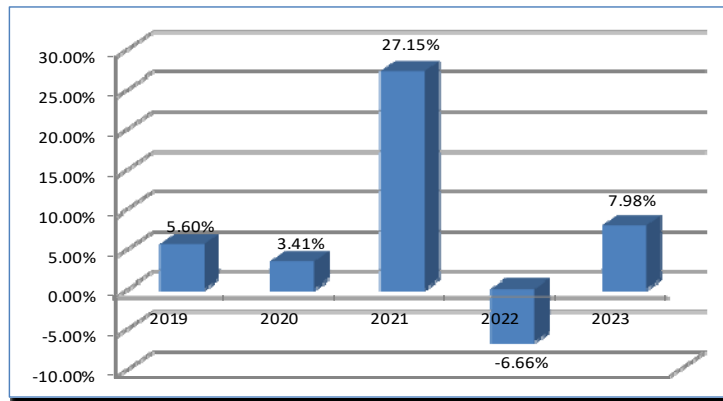
### Retiree Health Insurance Credit Program Asset Allocation - June 30, 2023



<u>Asset Class</u>	<u>Market Value</u>	<u>Actual %</u>	<u>Policy %</u>
Domestic Large Cap Equity	\$ 57,321,827	34.7%	33.0%
Domestic Small Cap Equity	9,615,117	5.8%	6.0%
International Equity	43,039,766	26.1%	26.0%
Domestic Fixed Income	55,046,287	33.3%	35.0%
Cash & Cash Equivalents	96,387	0.1%	0.0%
<b>Total</b>	<b>\$ 165,119,384</b>	<b>100.0%</b>	<b>100.0%</b>

**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<sup>(1)</sup>  
For the Five Years Ended June 30, 2023**

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	Annualized	
						<u>3 Year</u>	<u>5 Year</u>
Total Fund (PERS)	5.60%	3.41%	27.15%	-6.66%	7.98%	8.62%	6.94%
Actual Total Fund Policy Benchmark	6.02%	3.21%	25.84%	-7.04%	8.65%	8.32%	6.90%
Global Equity	3.04%	-7.14%	43.33%	-13.21%	N/A	N/A	N/A
MSCI World	6.33%	2.84%	39.04%	-14.34%	-6.19%	3.77%	4.09%
Large Cap Domestic Equities	10.13%	12.98%	42.57%	-12.72%	20.49%	14.46%	13.28%
Russell 1000	10.02%	7.48%	43.07%	-13.04%	19.36%	14.09%	11.92%
Small Cap Domestic Equities	3.00%	-4.48%	40.81%	-16.93%	15.10%	10.42%	5.78%
Russell 2000	-3.31%	-6.63%	62.02%	-25.20%	12.31%	10.82%	4.21%
Developed International Equities	-0.88%	-0.57%	37.48%	-20.00%	18.49%	3.03%	3.64%
Benchmark <sup>(2)</sup>	1.29%	-5.42%	33.60%	-16.76%	17.41%	1.70%	2.66%
Emerging Markets Equities	0.42%	1.44%	46.48%	-28.22%	-1.87%	1.05%	1.00%
MSCI Emerging Markets Net	1.22%	-3.39%	40.90%	-25.28%	1.75%	2.32%	0.93%
Private Equity <sup>(3)</sup>	8.62%	3.05%	48.81%	11.73%	9.24%	22.01%	15.25%
Investment Grade Fixed Income	8.13%	9.68%	1.51%	-10.66%	-0.74%	-3.45%	1.32%
Bloomberg Aggregate	7.87%	8.74%	-0.33%	-10.29%	-0.94%	-3.97%	0.77%
Below Investment Grade Fixed Income	6.93%	1.10%	14.41%	-0.78%	7.36%	6.82%	5.67%
Bloomberg High Yield Corp 2% Issuer Cap	7.48%	0.00%	15.34%	-12.82%	9.07%	3.12%	3.34%
Global Real Estate	6.02%	2.20%	8.91%	24.96%	-10.87%	6.65%	5.62%
NCREIF Total	6.51%	2.69%	7.37%	21.45%	-6.60%	6.79%	5.90%
Timber	4.10%	6.28%	4.87%	7.37%	-5.29%	2.17%	336.00%
NCREIF Timber	2.95%	0.34%	3.10%	12.01%	11.13%	8.67%	5.80%
Infrastructure	5.12%	4.47%	14.49%	8.26%	8.61%	10.41%	8.13%
Benchmark	3.91%	1.62%	5.26%	18.33%	-3.04%	6.49%	4.98%
Cash	2.31%	1.50%	0.11%	0.22%	3.79%	1.36%	1.58%
90 Day T-bills	2.31%	1.63%	0.09%	0.17%	3.59%	1.27%	1.55%

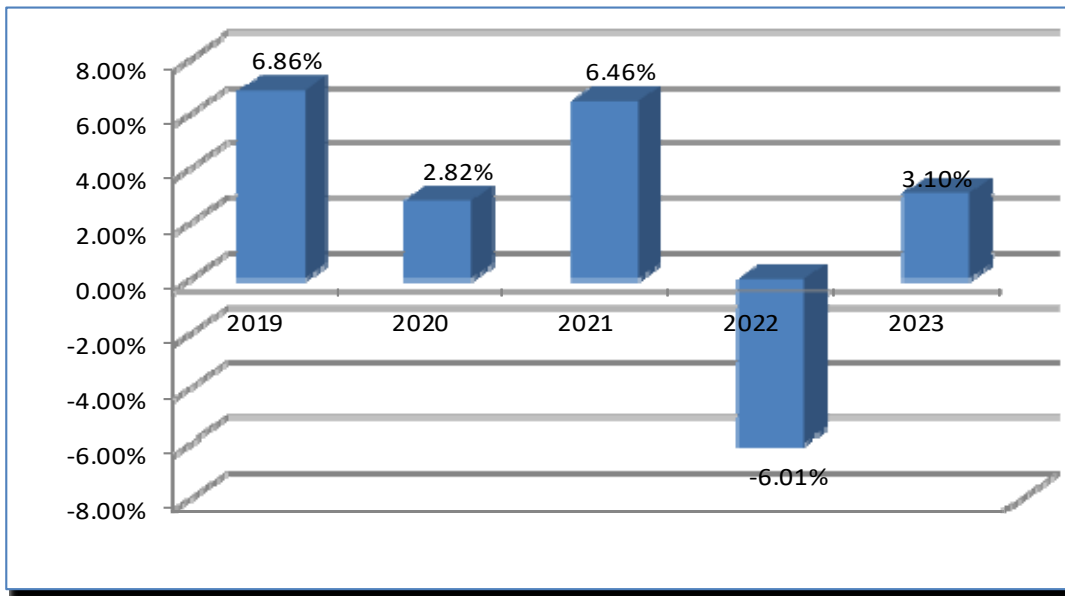
<sup>(1)</sup>The investment return calculations were prepared using a monthly time-weighted rate of return methodology based upon market values

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

<sup>(3)</sup>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**



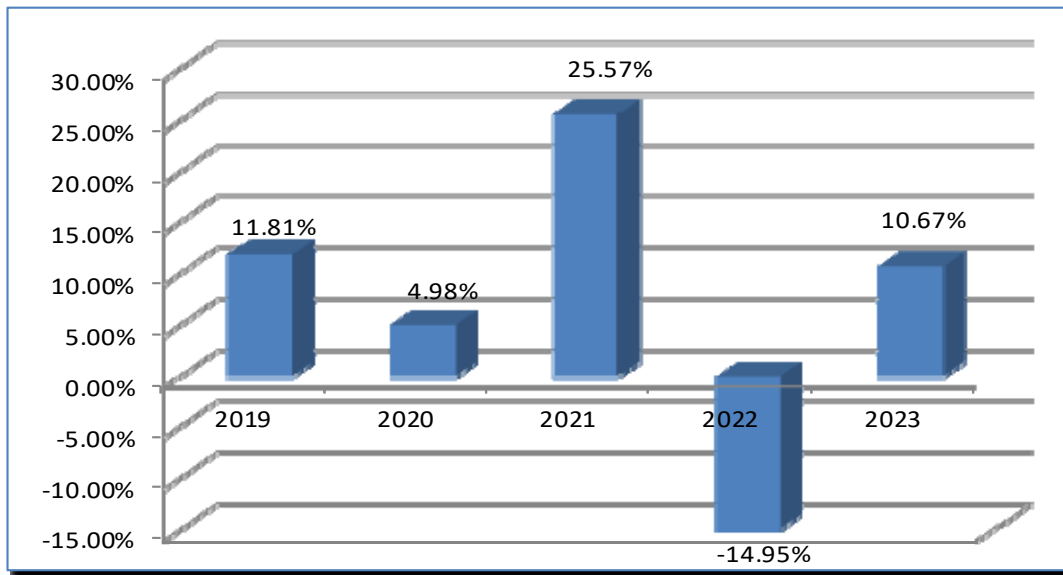
**Job Service Retirement Plan  
Schedule of Investment Results<sup>(1)(2)</sup>  
For the Five Years Ended June 30, 2023**

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	Annualized	
						<u>3 Year</u>	<u>5 Year</u>
Total Fund	6.86%	2.82%	6.46%	-6.01%	3.10%	1.05%	2.54%
Actual Fund Policy Benchmark	6.74%	5.04%	7.97%	-7.91%	4.22%	1.20%	3.05%
Global Equity	8.90%	-6.00%	25.05%	-0.77%	8.37%	10.38%	6.60%
Weighted Benchmark - Global Equity	8.05%	3.94%	40.57%	-14.29%	16.08%	11.83%	9.45%
Global Fixed Income	5.37%	4.75%	2.21%	-7.20%	1.85%	-1.14%	1.29%
Weighted Benchmark - Global Fixed Income	3.75%	2.94%	0.73%	-5.73%	1.16%	-1.33%	0.51%
Cash	2.27%	1.46%	0.11%	0.22%	3.92%	1.40%	1.59%
90 Day T-bills	2.31%	1.63%	0.09%	0.17%	3.59%	1.27%	1.55%

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

<sup>(2)</sup>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<sup>(1)</sup> For the Five Years Ended June 30, 2023

	2019	2020	2021	2022	2023	Annualized	
						3 Year	5 Year
Total Fund	11.81%	4.98%	25.57%	-14.95%	10.67%	5.76%	5.77%
Large Cap Domestic Equity	17.50%	7.07%	42.52%	-13.36%	18.95%	13.68%	11.50%
Russell 1000	18.03%	7.48%	43.07%	-13.04%	19.36%	14.11%	11.90%
Small Cap Domestic Equity	17.72%	-9.65%	58.28%	-17.10%	9.47%	12.83%	4.88%
Russell 2000	24.60%	-6.63%	62.02%	-25.20%	12.31%	10.84%	4.19%
International Equity	21.47%	-1.91%	35.68%	-20.27%	13.81%	7.20%	3.82%
MSCI EAFE	20.27%	-4.11%	35.72%	-19.42%	12.72%	7.24%	3.60%
Core Plus Fixed Income	2.42%	7.27%	3.59%	-12.27%	1.33%	-2.70%	1.31%
Barclays Aggregate	-0.32%	8.74%	-0.33%	-10.29%	-0.94%	-3.95%	0.75%
Cash	N/A	1.26%	0.01%	0.12%	3.39%	1.18%	1.34%
90 Day T-bills	N/A	1.63%	0.09%	0.17%	3.59%	1.29%	1.53%

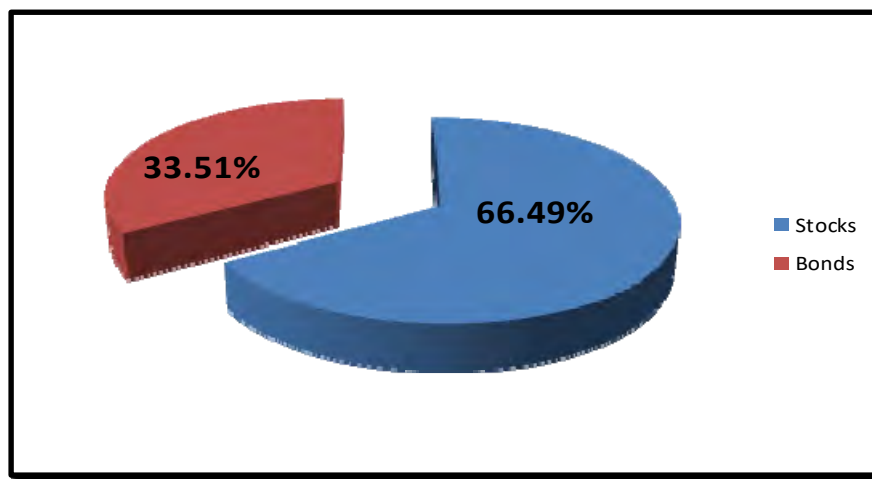
<sup>(1)</sup>The investment return calculations were prepared using a monthly time-weighted rate of return methodology based upon market values

**Largest Holdings by Market Value at June 30, 2023**

<b>Stocks</b>	<b>Fair Value</b>
Apple Incorporated	\$ 31,748,675
Microsoft Corporation	29,454,192
Alphabet Incorporated (Class A)	12,273,286
Amazon Company Incorporated	11,130,693
Broadcom Inc Com	10,615,174
Nvidia Corp Com	10,183,893
Meta Platforms Inc (Class A)	8,111,452
Visa Inc Com	6,259,205
CISCO Systems Inc	6,090,186
Berkshire Hathaway Inc (Class B)	5,817,702
<b>Bonds</b>	
FNMA Single Family Mortgages 0% 30 Years Settles August	\$ 9,814,887
FNMA Single Family Mortgages 4.5% 30 Years Settles August	9,674,999
FNMA Single Family Mortgages 4% 30 Years Settles July	9,161,247
FNMA Single Family Mortgages 3% 30 Years Settles August	7,691,194
US Treasury Bonds 1.375% Due 11-15-2040	5,875,337
US Treasury Bonds Index .625% Due 01-15-2026	6,273,089
US Treasury Bonds Index 2% Due 01-15-2026	5,828,311
US Treasury Bonds 2.5% Due 05-15-2046	4,549,659
FNMA Pass Through 5.5% 30 years Settles August	3,875,719
FNMA Single Family Mortgage d% 30 Years Settles September	3,625,166

*A complete list of all holdings is available upon request*

**Percentage of Largest Holdings**



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

Public Employees and Highway Patrolmen's Retirement System  
Schedule of Investment Fees  
For the Fiscal Year Ended June 30, 2023

<b>Investment Manager's Fees:</b>	<b>Assets Under Management</b>	<b>Fees</b>
Global Equity	\$(1.0) Million	\$ 694,625
Domestic Large Cap Equity	\$1.00 Billion	2,559,772
Domestic Small Cap Equity	\$171 Million	1,114,244
Developed International Equity	\$623 Million	1,522,068
Emerging Markets Equity	\$126 Million	580,744
Private Equity	\$392 Million	2,794,994
Investment Grade Fixed Income	\$595 Million	1,183,703
Below Investment Grade Fixed Income	\$249 Million	4,435,364
Global Real Estate	\$475 Million	(1,437,117)
Timber	\$42 Million	289,956
Infrastructure	\$229 Million	4,187,504
Cash & Equivalents	\$5 Million	15,872
<b>Total Investment Managers' Fees</b>		<b>\$ 17,941,729</b>
<b>Other Investment Service Fees:</b>		
Custodian Fees	\$3.90 Billion	\$ 313,590
Investment Consultant Fees	\$3.90 Billion	127,262
SIB Administrative Fees	\$3.90 Billion	761,904
<b>Total Investment Service Fees</b>		<b>\$ 1,202,756</b>

Job Service Retirement Plan  
Schedule of Investment Fees  
For the Fiscal Year Ended June 30, 2023

	<b>Assets Under Management</b>	<b>Fees</b>
Investment Management Fees	\$84 Million	\$ 375,914
Custodian Fees	\$84 Million	7,352
SIB Contract Fees	\$84 Million	15,030
<b>Total Investment Expense</b>		<b>\$ 398,296</b>

Retiree Health Insurance Credit Plan  
Schedule of Investment Fees  
For the Fiscal Year Ended June 30, 2023

<b>Other Investment Service Fees:</b>	<b>Assets Under Management</b>	<b>Fees</b>
Investment Management Fees	\$165 Million	\$ 666,939
Custodian Fees	\$165 Million	13,249
SIB Contract Fees	\$165 Million	27,275
<b>Total Investment Service Fees</b>		<b>\$ 707,463</b>

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

**PUBLIC EMPLOYEES AND HIGHWAY PATROLMEN’S SCHEDULE OF COMMISSIONS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Brokers	Number of shares traded	Total commissions	Commissions per share
Banque Paribas Paris	9,730,953	\$ 8,830	\$ 0.001
National Financial Services LLC	2,615,105	12,673	0.005
Northern Trust Securities, Inc	1,912,639	3,899	0.002
Piper Jaffray & Co	1,816,986	23,179	0.013
UBS	1,360,860	15,983	0.012
Morgan Stanley	1,145,187	13,745	0.012
J.P. Morgan	1,117,234	16,401	0.015
Jefferies	973,864	12,098	0.012
Credit Suisse	837,272	2,577	0.003
Credit Lyonnaise	758,937	282	0.000
Other 60 Brokers *	8,727,873	118,362	0.014
<b>Total commissions</b>	<b>30,996,910</b>	<b>\$ 228,029</b>	<b>\$ 0.007</b>

\*A complete listing of investment brokers utilized is available upon request

\*\*Commissions do not apply to the Job Service or RHIC Funds

## **Defined Contribution Investments**

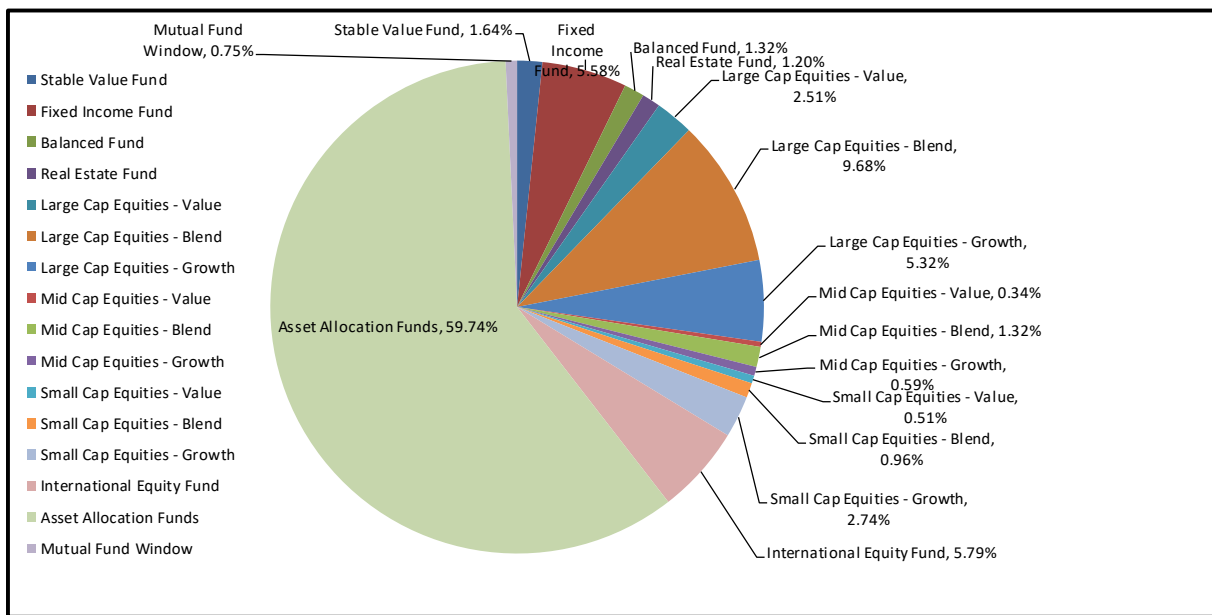
The Defined Contribution Retirement Plan (Plan) is a long-term retirement savings vehicle and is intended as a source of retirement income for eligible participants. Each participating member shall direct the investment of the individual's accumulated employer and employee contributions and earnings 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, 2023

Investment Options	Market Value	Percent
Stable Value Fund	\$ 323,444	1.64%
Fixed Income Fund	1,096,423	5.58%
Balanced Fund	259,786	1.32%
Real Estate Fund	236,861	1.20%
Large Cap Equities - Value	493,207	2.51%
Large Cap Equities - Blend	1,902,678	9.68%
Large Cap Equities - Growth	1,046,736	5.32%
Mid Cap Equities - Value	66,730	0.34%
Mid Cap Equities - Blend	259,597	1.32%
Mid Cap Equities - Growth	116,273	0.59%
Small Cap Equities - Value	99,500	0.51%
Small Cap Equities - Blend	189,733	0.96%
Small Cap Equities - Growth	539,314	2.74%
International Equity Fund	1,138,933	5.79%
Asset Allocation Funds	11,746,943	59.74%
Mutual Fund Window	147,702	0.75%
Total	<u>\$ 19,663,861</u>	<u>100.00%</u>



## Defined Contribution Retirement Plan - Schedule of Investment Results

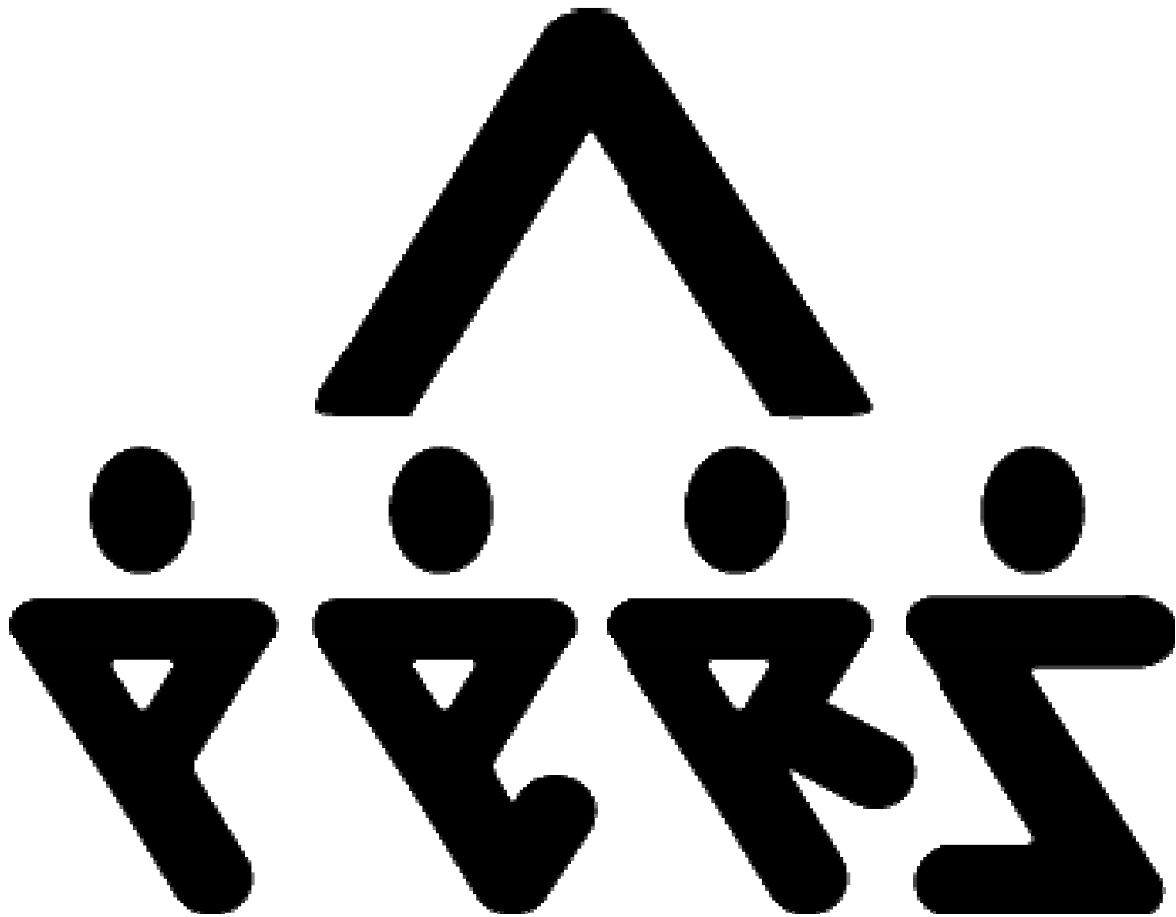
### For the Five Years Ended June 30, 2023

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>3-Year Annualized</u>	<u>5-Year Annualized</u>
<b>Stable Value Fund/Money Market Fund:</b>							
Vanguard Treasury Money Market - VUSXX	2.21%	1.40%	0.04%	0.17%	3.69%	1.29%	1.49%
Galliard Stable Value J	1.54%	1.66%	1.41%	1.19%	1.83%	148.00%	1.73%
3 Month T-Bill Index (2)	2.30%	1.56%	0.01%	0.17%	3.59%	1.27%	1.55%
<b>Fixed Income Fund:</b>							
MM Premier Infl-Pr and Inc Svc	4.26%	7.19%	8.17%	-6.35%	-1.63%	-0.12%	2.18%
Baird Core Plus Bond Fund - BCOSX	7.37%	8.53%	1.52%	-11.27%	0.30%	-3.33%	1.16%
Vanguard Total Bond Market Index	7.85%	8.96%	-0.42%	-0.94%	-0.90%	-4.02%	0.77%
Blmbg: Aggregate Flt Adj	7.97%	8.92%	-0.33%	-10.38%	-0.85%	-3.97%	0.82%
Blmbg: TIPS	9.33%	7.98%	4.42%	-5.14%	-1.40%	-0.12%	2.49%
PGIM High Yield Fund Z	8.71%	-0.59%	16.20%	-12.00%	6.85%	3.00%	3.38%
Blmbg HY Corp 1% Lss Cap	6.19%	-1.89%	14.69%	-12.82%	9.13%	3.14%	3.22%
Templeton Global Bond Adv (2)	5.56%	-6.08%	-2.33%	-9.01%	-0.15%	-3.90%	-2.53%
FTSE WGBI	5.48%	4.60%	0.76%	-16.77%	-2.49%	-6.49%	-2.04%
<b>Real Estate (Sector) Fund:</b>							
Cohen & Steers Realty Shares (2)	14.57%	-4.61%	35.75%	-4.66%	-2.57%	8.04%	6.62%
FTSE NAREIT All Equity REITs Index (2)	13.01%	-6.47%	32.80%	-5.89%	-4.39%	6.12%	4.78%
<b>Balanced Fund:</b>							
T Rowe Price Capital Appreciation (2)	14.86%	5.97%	29.33%	-7.85%	14.07%	10.78%	10.60%
<b>Large Cap Equities - Value:</b>							
Hartford Dividend & Growth (2)	9.82%	-0.90%	41.90%	-1.64%	10.53%	15.55%	10.92%
T Rowe Price Equity Income (2)	5.50%	-11.18%	47.77%	-2.80%	8.26%	15.85%	7.82%
Russell 1000 Value Index	8.46%	-8.84%	43.68%	-6.82%	11.54%	14.30%	8.11%
<b>Large Cap Equities - Blend:</b>							
Vanguard Dividend Growth Fund	19.00%	1.27%	33.04%	-0.01%	10.75%	13.78%	12.16%
S&P 500 Index	10.42%	7.51%	40.79%	-10.62%	19.59%	14.60%	12.31%
<b>Large Cap Equities - Growth:</b>							
Allspring Growth Adm	14.09%	20.56%	42.87%	-34.93%	21.13%	4.04%	9.15%
Russell 3000 Growth Index	10.60%	21.94%	42.99%	-19.78%	26.60%	13.24%	14.39%
Franklin Growth Adv (2)	12.86%	12.96%	40.64%	-19.65%	21.05%	11.01%	11.77%
Vanguard Institutional Index	11.60%	23.28%	42.50%	-10.65%	19.55%	14.57%	12.28%
<b>Mid Cap Equities - Value:</b>							
Virtus Mid Cap Value Equity I	6.89%	-11.71%	49.24%	-13.03%	10.64%	12.82%	6.27%
Russell Mid Cap Value	3.68%	-11.81%	53.06%	-10.00%	10.50%	15.04%	6.84%
<b>Mid Cap Equities - Blend:</b>							
Columbia Mid Cap Index A	0.91%	-7.18%	52.49%	-14.96%	16.97%	14.90%	7.28%
S&P Mid Cap 400	1.36%	-6.70%	53.24%	-14.64%	17.61%	15.44%	7.79%
<b>Mid Cap Equities - Growth:</b>							
PGIM Jennison Mid-Cap Growth Z	14.09%	11.52%	48.79%	-26.86%	24.01%	10.51%	11.42%
Russell Mid Cap Growth	13.94%	11.91%	43.77%	-29.57%	23.13%	7.63%	9.71%



## Defined Contribution Retirement Plan - Schedule of Investment Results For the Five Years Ended June 30, 2023

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>3-Year Annualized</u>	<u>5-Year Annualized</u>
<b>Small Cap Equities - Value:</b>							
Northern Small Cap Value Fund	-4.35%	-19.57%	57.06%	-11.69%	10.37%	15.25%	3.33%
Russell 2000 Value Index	-6.24%	-17.48%	73.28%	-16.28%	6.01%	15.43%	3.54%
<b>Small Cap Equities - Blend:</b>							
DFA US Small Cap (3)	-5.53%	-11.71%	65.00%	-14.07%	14.64%	17.57%	6.28%
Russell 2000 Index (2)	-3.31%	-6.63%	62.03%	-25.20%	12.31%	10.82%	4.21%
<b>Small Cap Equities - Growth:</b>							
Brown Small Company Fund Investor	8.33%	16.35%	22.89%	-35.46%	10.10%	-4.41%	1.94%
Russell 2000 Growth Index	-0.50%	3.48%	51.36%	-33.43%	18.53%	6.10%	4.22%
<b>International Equity Funds</b>							
American Funds New Perspective Fund	7.02%	10.72%	45.76%	-22.47%	19.15%	10.42%	9.79%
Vanguard Total International Stock Index Inv (2)	0.64%	-4.09%	36.51%	-18.94%	12.31%	7.51%	3.69%
MSCI ACWI	5.74%	-4.80%	35.72%	-15.75%	16.53%	10.99%	8.10%
FTSE GI All Cap ex US Indx	-0.06%	-4.66%	33.76%	-19.27%	12.51%	7.61%	3.66%
Invesco Developing Markets Y	2.96%	-1.87%	37.16%	-34.95%	11.58%	-0.15%	0.12%
MSCI Emerging Markets Index (2)	1.21%	-3.39%	40.90%	-25.28%	1.75%	2.32%	0.93%
<b>Asset Allocation Funds:</b>							
TIAA-CREF Lifecycle Ret Income (2)	5.51%	4.53%	16.29%	-11.37%	6.13%	3.03%	3.82%
Income Benchmark (1)	6.87%	4.99%	16.07%	-10.93%	6.26%	3.19%	4.56%
TIAA-CREF Lifecycle 2010 (2)	5.56%	4.51%	16.33%	-11.39%	6.21%	3.06%	3.85%
2010 Benchmark (1)	7.30%	4.45%	15.70%	-10.69%	5.85%	3.10%	4.50%
TIAA-CREF Lifecycle 2015 (2)	5.44%	4.45%	18.14%	-11.85%	6.60%	3.54%	4.10%
2015 Benchmark (1)	7.51%	4.17%	17.75%	-11.28%	6.67%	3.70%	4.86%
TIAA-CREF Lifecycle 2020 (2)	5.24%	4.35%	20.07%	-12.59%	7.40%	4.07%	4.36%
2020 Benchmark (1)	7.68%	3.92%	19.84%	-11.84%	7.52%	4.39%	5.26%
TIAA-CREF Lifecycle 2025 (2)	4.95%	4.11%	23.29%	-13.53%	8.67%	5.03%	4.83%
2025 Benchmark (1)	7.83%	3.72%	23.28%	-12.51%	8.64%	5.32%	5.76%
TIAA-CREF Lifecycle 2030 (2)	4.64%	3.86%	26.80%	-14.60%	10.23%	4.00%	5.23%
2030 Benchmark (1)	8.06%	3.36%	27.05%	-13.25%	10.03%	6.41%	6.34%
TIAA-CREF Lifecycle 2035 (2)	4.27%	3.56%	30.25%	-15.58%	12.09%	7.21%	5.88%
2035 Benchmark (1)	8.08%	2.55%	30.82%	-13.99%	11.81%	7.62%	6.96%
TIAA-CREF Lifecycle 2040 (2)	3.81%	3.22%	33.89%	-16.41%	14.08%	8.48%	6.47%
2040 Benchmark (1)	8.14%	2.33%	34.58%	-14.55%	13.64%	8.97%	7.61%
TIAA-CREF Lifecycle 2045 (2)	3.33%	2.98%	37.57%	-17.18%	15.36%	9.54%	6.94%
2045 Benchmark (1)	8.15%	2.33%	38.38%	-15.03%	14.69%	10.11%	8.14%
TIAA-CREF Lifecycle 2050 (2)	3.34%	2.84%	38.33%	-17.46%	15.85%	9.77%	7.05%
2050 Benchmark (1)	8.15%	2.33%	39.56%	-15.28%	15.13%	10.37%	8.26%
TIAA-CREF Lifecycle 2055 (2)	3.25%	2.78%	38.80%	-17.52%	16.07%	9.94%	7.11%
2055 Benchmark (1)	8.15%	2.34%	40.08%	-15.36%	15.35%	10.57%	8.35%
TIAA-CREF Lifecycle 2060 (2)	3.19%	2.84%	39.31%	-17.58%	16.17%	10.08%	7.20%
2060 Benchmark (1)	8.16%	2.35%	40.61%	-15.43%	15.58%	10.76%	8.44%



**ACTUARIAL SECTION**



December 1, 2023

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, 2023. 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.

Most of the actuarial assumptions used for this valuation were based on an experience review for the period from July 1, 2014 to July 1, 2019. The actuarial assumptions were first adopted for use commencing with the actuarial valuation as of July 1, 2020. In addition, the investment return assumption was decreased from 7.00 percent to 6.50 percent beginning with the July 1, 2022 actuarial 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. The combined effect of the assumptions is expected to have no significant bias (i.e., not significantly optimistic or pessimistic). 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 1, 2023  
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**Benefit Provisions**

Main System

Effective January 1, 2025, the Main System is closed to new members. Employees newly enrolled into the system on January 1, 2025 and later will participate in a new Defined Contribution Plan. This change does not have an immediate impact on the valuation results as of July 1, 2023, because members currently enrolled in the Main Plan are not impacted by the future closure of the Plan. The closure of the Plan is reflected in the GASB projections.

State employees participating in the Main System on January 1, 2025 who are at least age 18 with 5 years or less of participation will be eligible to irrevocably elect to transfer to the existing DC Plan during a three-month election period ending March 31, 2025. For members who elect to transfer to the existing DC Plan, NDPERS will transfer a lump sum from the Main System to the DC Plan based on the actuarial present value of the accrued benefit as of January 1, 2025, plus interest from January 1, 2025 to the date of transfer. The state employer of an employee who elects to transfer to the existing DC Plan shall contribute an additional amount of \$3,333 annually for up to three years, provided the employee continues employment.

Effective January 1, 2024, the employer contribution rate increases by 1.00 percent of pay, from 7.12 percent of pay to 8.12 percent (plus an additional 1.14 percent of pay for members hired after 2019). The state employer contribution for 2026 and later was changed to be the amount sufficient to fund the Main System on an actuarial basis, with the amortization of the unfunded liability determined on a level percent of payroll basis over a closed period beginning on January 1, 2026 and ending June 30, 2056.

Public Safety with Prior Main System Service

Legislation modified provisions of the Public Safety with Prior Main System service.

The Public Safety System was expanded to allow peace officers employed by the State to participate, effective August 1, 2023, with a 6.00 percent employee contribution rate. Prior to this legislation, peace officers employed by the State participated in the Main System.

The initial employer contribution rate for this group is 12.75 percent of pay. Effective January 1, 2024, the rate increases to 14.34 percent of pay.

Effective August 1, 2023, for Bureau of Criminal Investigation (BCI) members who retire on or after August 1, 2023, the multiplier is 3.00 percent for the first twenty years and 1.75 percent for additional years. For BCI members hired on or after August 1, 2023, the vesting requirement is changed from 3 years to 10 years.

Effective August 1, 2023, the BCI employer contribution rate increases from 9.81 percent of pay to 20.67 percent of pay, and effective January 1, 2024, the rate increases to 22.26 percent of pay.



Board Members  
December 1, 2023  
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#### **Participant Data**

A total of 25,019 active members (including the Main System, Judges and Public Safety) were included in the actuarial valuation as of July 1, 2023. Between the 2022 and 2023 actuarial valuations, the number of active employees increased by 240 members, or 1.0 percent. The average annual actuarial valuation pay increased by 4.6 percent, from \$50,378 to \$52,691 between the 2022 and 2023 actuarial valuation. There were 6,011 active members who were eligible for retirement (normal, early or Rule of 85, 88 or 90) as of July 1, 2023.

The number of benefit recipients increased from 14,204 to 14,997, or 5.6 percent, since the last actuarial valuation. The average monthly benefit increased by 1.8 percent, from \$1,411 to \$1,436. During the year ending June 30, 2023, there were 1,114 members awarded a benefit.

There were 8,017 inactive members as of July 1, 2023, who were vested and elected to receive a deferred benefit. The average monthly deferred benefit is \$550. There were 9,585 inactive members as of July 1, 2023, 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 7.83 percent (net of investment expenses). On an actuarial value of asset basis, NDPERS assets had an investment return of approximately 6.00 percent, which compares to the prior year assumed rate of return of 6.50 percent.

The actuarial value of assets is currently 101.4 percent of the market value of assets. There are \$55,607,767 in net asset losses 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 actuarial valuation date is re-amortized over a new 20-year period.



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 December 1, 2023  
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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.

**Rates Set by Statute**

	Member	Employer			
		Before 2024	2024-2025	2026 and Later	
				State	Political Subdivision
<b>Main System Permanent Employees</b>					
- Hired before 2020	7.00%	7.12%	8.12%	ADEC*	8.12%
- Hired after 2019	7.00%	8.26%	9.26%	ADEC*	9.26%
<b>Main System Temporary Employees</b>					
- Hired before 2020	14.12%	0.00%	0.00%	0.00%	0.00%
- Hired after 2019	15.26%	0.00%	0.00%	0.00%	0.00%
<b>Judges</b>	8.00%	17.52%	17.52%	17.52%	17.52%

*\*Actuarially Determined Employer Contribution. The 2026 and 2027 contribution will be based on the ADEC from the July 1, 2024 valuation with the amortization of the unfunded liability determined on a level percent of payroll basis over a closed period beginning on January 1, 2026 and ending June 30, 2056*

**Rates Determined by the Board of Retirement**

	Member	Employer				
		Before 2024	2024 and Later	Before 8/1/2023	8/1/2023 to 12/31/2023	2024 and Later
<b>Public Safety with prior Main System service</b>						
- National Guard Members	5.50%	9.81%	11.40%			
<b>Public Safety without prior Main System service</b>	5.50%	7.93%	9.16%			
	Member	Employer				
	Before 2024	2024	2025 and Later	Before 8/1/2023	8/1/2023 to 12/31/2023	2024 and Later
<b>Public Safety with prior Main System service</b>						
- BCI Employees	6.00%	7.00%	8.00%	9.81%	20.67%	22.26%
- State Public Safety Employees	6.00%	6.00%	6.00%	N/A	12.75%	14.34%



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Main System

Effective January 1, 2024, the Main System employer contribution rate increases by 1.00 percent of pay, from 7.12 percent of pay to 8.12 percent (plus an additional 1.14 percent of pay for members hired after 2019). The state employer contribution for 2026 and later was changed to be the amount sufficient to fund the Main System on an actuarial basis, with the amortization of the unfunded liability determined on a level percent of payroll basis over a closed period beginning on January 1, 2026 and ending June 30, 2056.

In August 2023, the plan received a one-time cash infusion equal to \$135 million. This contribution is not reflected in the assets as of June 30, 2023, but is reflected in the projection for GASB purposes. The Main System is also a potential recipient of future state contributions of \$65 million per biennium, contingent upon state tax revenues. This potential source of revenue has no immediate actuarial impact but will be reflected if and when received.

Although current statutory contributions are not adequate to improve the funded status of the plan, actuarial contributions beginning in 2026 are expected to bring the plan to full funding in 30 years.

Judges

The statutory contribution rate is significantly higher than the actuarial contribution rate for Judges.

Public Safety with Prior Main System Service

Effective January 1, 2024, the employer contribution rate increases by 1.59 percent of pay, from 9.81 percent of pay to 11.40 percent. Contribution rates are higher for BCI employers and peace officers employed by the State. When the future increases are reflected, the total statutory contribution rate is expected to amortize the unfunded liability in approximately 30 years.

Public Safety without Prior Main System Service

Effective January 1, 2024, the employer contribution rate increases by 1.23 percent of pay, from 7.93 percent of pay to 9.16 percent. When this increase is factored in, the statutory contribution rate is slightly higher than the actuarial contribution rate.



Board Members  
December 1, 2023  
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#### **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, 2023. 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, 2023, using the Entry Age Normal actuarial cost method. A single discount rate of 6.50 percent (which is the same rate 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, 2023, were used in the GASB Statement Nos. 67 and 68 actuarial valuation for calculation of the total pension liability for fiscal year ending June 30, 2023.

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, 2023.

#### **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.





Board Members  
December 1, 2023  
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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 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



**Actuarial Assumptions and Cost Method – Public Employees Retirement System**  
*(Adopted July 1, 2023)*

**Mortality Tables:**

The mortality assumptions are as follows:

<b>Type</b>	<b>Assumption</b>	<b>Male Scaling Factor</b>	<b>Female Scaling Factor</b>
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:

<b><u>Age</u></b>	<b><u>Male</u></b>	<b><u>Female</u></b>
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:**

6.50% per annum, net of investment expenses

**Annual Administrative Expenses:**

Prior year expenses, adjusted for inflation

Assumed expenses for 2023 are as follows:

Main System:	\$ 2,300,675
Judges:	\$ 6,389
Public Safety With Prior Main Service:	\$ 66,791
Public Safety Without Prior Main Service:	\$ 19,069

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

**Salary Scale:**

Service At Beginning of Year	Main System			
	State	Non-State	Public Safety	Judges
	Employee	Employee		
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%	
<b>Age*</b>				
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, 2022.

## **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 (10 years for BCI members hired on or after August 1, 2023), 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).

For BCI members who retire on or after August 1, 2023, 3.00% of final average salary for the first twenty years plus 1.75% of final average salary for additional years.

### **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

**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 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

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 (10 years for BCI members hired on or after August 1, 2023)

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 (10 years for BCI members hired on or after August 1, 2023).

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
- 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	5.0%
July 1, 1981 to June 30, 1986	6.0%
Effective June 30, 1986	7.50% (0.5% less than the actuarial interest rate assumption)
Effective January 1, 2018	7.25% (0.5% less than the actuarial interest rate assumption)
Effective January 1, 2020	7.00% (0.5% less than the actuarial interest rate assumption)
Effective January 1, 2021	6.50% (0.5% less than the actuarial interest rate assumption)
Effective January 1, 2023	6.00% (0.5% less than the actuarial interest rate assumption)

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

**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)
- 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:

	Rates Set by Statute				
	Member	Employer			
		Before 2024	2024-2025	State	2026 and Later Political Subdivision
Main System Permanent Employees					
- Hired before 2020	7.00%	7.12%	8.12%	ADEC*	8.12%
- Hired after 2019	7.00%	8.26%	9.26%	ADEC*	9.26%
Main System Temporary Employees					
- Hired before 2020	14.12%	0.00%	0.00%	0.00%	0.00%
- Hired after 2019	15.26%	0.00%	0.00%	0.00%	0.00%
Judges	8.00%	17.52%	17.52%	17.52%	17.52%

\* Actuarially Determined Employer Contribution. The 2026 and 2027 contribution will be based on the ADEC from the July 1, 2024 valuation with the amortization of the unfunded liability determined on a level percent of payroll basis over a closed period beginning on January 1, 2026 and ending June 30, 2056

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

Rates Determined by the Board of Retirement

	Member	Employer	
		Before 2024	2024 and Later
Public Safety with prior Main System service	5.50%	9.81%	11.40%
- National Guard Members	5.50%	9.81%	11.40%
Public Safety without prior Main System service	5.50%	7.93%	9.16%

	Member			Employer		
	Before 2024	2024	2025 and Later	Before 8/1/2023	8/1/2023 to 12/31/2023	2024 and Later
Public Safety with prior Main System service						
- BCI Employees	6.00%	7.00%	8.00%	9.81%	20.67%	22.26%
- State Public Safety Employees	6.00%	6.00%	6.00%	N/A	12.75%	14.34%

**11. Portability Enhancement Provision:**

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

**12. Rollovers:**

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

**13. Special Election to Transfer to DC Plan:**

State employees participating in the Main System on January 1, 2025 who are at least age 18 with 5 years or less of participation will be eligible to irrevocably elect to transfer to the existing DC Plan during a three-month election period ending March 31, 2025. For members who elect to transfer to the existing DC Plan, NDPERS will transfer a lump sum from the Main System to the DC Plan based on the actuarial present value of the accrued benefit as of January 1, 2025, plus interest from January 1, 2025 to the date of transfer. The state employer of an employee who elects to transfer to the existing DC Plan shall contribute an additional amount of \$3,333 annually for up to three years, provided the employee continues employment.

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

**Changes in Plan Provisions Since the Previous Valuation:**

Effective January 1, 2025, the Main System is closed to new members. Employees newly enrolled into the system on January 1, 2025 and later will participate in a new Defined Contribution Plan.

State employees participating in the Main System on January 1, 2025 who are at least age 18 with 5 years or less of participation will be eligible to irrevocably elect to transfer to the existing DC Plan during a three-month election period ending March 31, 2025. For members who elect to transfer to the existing DC Plan, NDPERS will transfer a lump sum from the Main System to the DC Plan based on the actuarial present value of the accrued benefit as of January 1, 2025, plus interest from January 1, 2025 to the date of transfer. The state employer of an employee who elects to transfer to the existing DC Plan shall contribute an additional amount of \$3,333 annually for up to three years, provided the employee continues employment.

Member and/or employer contribution rates were changed for all plans except the Judges Plan. For BCI members who retire on or after August 1, 2023, the multiplier is 3.00% for the first twenty years and 1.75% for additional years.

For BCI members hired on or after August 1, 2023, the vesting requirement is changed from 3 years to 10 years.

Peace Officers employed by the State who were Main System participants transferred to the Public Safety with prior Main System service effective August 1, 2023.

**Solvency Test - PERS**  
**2014 – 2023**

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) Total Actuarial 7/1 Accrued Liability	(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)
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%
2022	5,533.6	1,256.4	2,921.5	1,355.7	3,750.4	100%	85%	0%
2023	5,828.1	1,299.6	3,132.4	1,396.1	3,899.5	100%	83%	0%

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

**Schedule of Funding Progress**

(Amounts in Millions)

	Actuarial Accrued Liability	Valuation Assets	Unfunded Actuarial Accrued Liabilities	Ratio of Assets to AAL	Active Member Payroll	UAAL as Percent of Active Member Payroll
July 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%	1076.0	101.3%
2019	4,269.3	3,081.9	1,187.5	72.2%	1098.4	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%
2022	5,533.6	3,750.4	1,783.2	67.8%	1,248.30	142.9%
2023	5,828.1	3,899.5	1,928.6	66.9%	1,318.28	146.3%

Schedule of Active Member Valuation Data – PERS - 2014–2023

Main System				
Valuation Date 7/1	Number	Annual Payroll (\$ in Millions)	Average Annual Pay <sup>1</sup>	% Increase in Avg Pay
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%
2022	23,487	1,160.8	49,425	2.0%
2023	23,678	1,222.9	51,646	4.5%

Judges				
Valuation Date 7/1	Number	Annual Payroll (\$ in Millions)	Average Annual Pay <sup>1</sup>	% Increase in Avg Pay
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%
2022	57	8.7	153,147	0.9%
2023	57	9.0	157,101	2.6%

<sup>1</sup> Prior 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**

<b>Public Safety with Prior Main System Service</b>				
<b>Valuation Date 7/1</b>	<b>Number</b>	<b>Annual Payroll (\$ in Millions)</b>	<b>Average Annual Pay<sup>1</sup></b>	<b>% Increase in Avg Pay</b>
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%
2022	990	64.7	65,400	2.8%
2023	1,044	71.6	68,539	4.8%

<b>Public Safety without Prior Main System Service</b>				
<b>Valuation Date 7/1</b>	<b>Number</b>	<b>Annual Payroll (\$ in Millions)</b>	<b>Average Annual Pay<sup>1</sup></b>	<b>% Increase in Avg Pay</b>
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%
2022	245	14.0	57,125	3.0%
2023	240	14.9	62,066	8.6%

<sup>1</sup>Prior 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

<i>Plan Year Ended</i>	<b>Main System</b>			
	<u>June 30, 2020</u>	<u>June 30, 2021</u>	<u>June 30, 2022</u>	<u>June 30, 2023</u>
<b>Employer Cost Rate - Beginning of Year</b>	<b>12.22%</b>	<b>12.94%</b>	<b>12.46%</b>	<b>14.70%</b>
Death after Retirement	0.00	(0.04)	0.00	(0.03)
Withdrawal from Employment	0.03	0.04	0.01	0.03
Age and Service Requirements	0.00	0.00	0.00	0.00
Financial Experience-Investments	(0.42)	(0.94)	0.03	0.10
Salary Scale and Service	(0.20)	(0.09)	(0.18)	0.06
Contribution Income	0.36	0.41	0.36	0.46
Administrative Expenses	0.01	(0.02)	(0.03)	0.02
New and Reinstated Members	0.12	0.10	0.11	0.12
Demographic Changes	0.11	0.06	(0.35)	(0.57)
Assumption Changes	0.71	0.00	2.33	0.00
Death and Retirement from Withdrawals	0.00	0.00	(0.04)	(0.03)
<b>Employer Cost Rate - End of Year</b>	<b>12.94%</b>	<b>12.46%</b>	<b>14.70%</b>	<b>14.86%</b>

<i>Plan Year Ended</i>	<b>Judges</b>			
	<u>June 30, 2020</u>	<u>June 30, 2021</u>	<u>June 30, 2022</u>	<u>June 30, 2023</u>
<b>Employer Cost Rate - Beginning of Year</b>	<b>2.83%</b>	<b>8.81%</b>	<b>8.62%</b>	<b>11.90%</b>
Plan Change	0.00	0.00	0.00	0.00
Plan Experience	0.77	0.04	1.91	(0.47)
Investment Loss/(Gain)	0.10	(0.64)	(0.18)	0.21
Contribution Loss/(Gain)	(1.16)	0.41	(0.78)	(0.38)
Assumption Changes	6.27	0.00	2.33	0.00
<b>Employer Cost Rate - End of Year</b>	<b>8.81%</b>	<b>8.62%</b>	<b>11.90%</b>	<b>11.26%</b>

<i>Plan Year Ended</i>	<b>Law Enforcement With Prior Main Service*</b>			
	<u>June 30, 2020</u>	<u>June 30, 2021</u>	<u>June 30, 2022</u>	<u>June 30, 2023</u>
<b>Employer Cost Rate - Beginning of Year</b>	<b>8.00%</b>	<b>9.33%</b>	<b>9.81%</b>	<b>11.40%</b>
Plan Change	0.00	0.00	0.00	1.17
Plan Experience	(0.16)	0.60	(0.72)	(0.36)
Investment Loss/(Gain)	0.01	0.01	(0.01)	0.03
Contribution Loss/(Gain)	(0.13)	(0.13)	(0.04)	0.13
Assumption Changes	1.61	0.00	2.36	0.00
<b>Employer Cost Rate - End of Year</b>	<b>9.33%</b>	<b>9.81%</b>	<b>11.40%</b>	<b>12.37%</b>

<i>Plan Year Ended</i>	<b>Law Enforcement Without Prior Main Service</b>			
	<u>June 30, 2020</u>	<u>June 30, 2021</u>	<u>June 30, 2022</u>	<u>June 30, 2023</u>
<b>Employer Cost Rate - Beginning of Year</b>	<b>6.37%</b>	<b>7.72%</b>	<b>7.93%</b>	<b>9.16%</b>
Plan Change	0.00	0.00	0.00	0.00
Plan Experience	0.44	0.20	(0.62)	(0.11)
Investment Loss/(Gain)	(0.01)	(0.02)	0.00	0.02
Contribution Loss/(Gain)	(0.40)	0.03	(0.10)	0.07
Assumption Changes	1.32	0.00	1.95	0.00
<b>Employer Cost Rate - End of Year</b>	<b>7.72%</b>	<b>7.93%</b>	<b>9.16%</b>	<b>9.14%</b>



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

**Retirees and Beneficiaries Added to and Removed from the Rolls PERS - 2014–2023**

**Main System**

Plan Year	Beg. of Year		Added to Rolls		Removed from Rolls		End of Year Balance		Average Annual Benefit	% Increase in Annual Benefits
	No.	Ann. Benefits*	No.	Ann. Benefits*	No.	Ann. Benefits*	No.**	Ann. Benefits*		
<b>Retirement</b>										
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%
2022	13,361	215.3	1,036	22.8	(420)	(4.7)	13,977	233.4	16,701	8.4%
2023	13,977	233.4	1,094	21.5	(316)	(4.2)	14,755	250.7	16,990	7.4%

\* \$ 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, 35 pensioners as of June 30, 2021, 32 pensioners as of June 30, 2022, and 37 pensioners as of June 30, 2023 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 Benefits
	No.	Ann. Benefits	No.	Ann. Benefits	No.	Ann. Benefits	No.	Ann. Benefits		
<b>Retirement</b>										
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%
2022	63	3,637,743	1	48,097	0	0	64	3,685,840	57,591	1.3%
2023	64	3,685,840	4	299,379	(2)	(63,485)	66	3,921,734	59,420	6.4%

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**  
**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 Benefits
	No.	Ann. Benefits	No.	Ann. Benefits	No.	Ann. Benefits	No.	Ann. Benefits		
<b>Retirement</b>										
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%
2022	137	2,948,915	14	341,750	(3)	(18,787)	148	3,271,877	22,107	11.0%
2023	148	3,271,877	13	345,199	(3)	(81,531)	158	3,535,545	22,377	8.1%

**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 Benefits
	No.	Ann. Benefits	No.	Ann. Benefits	No.	Ann. Benefits	No.	Ann. Benefits		
<b>Retirement</b>										
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%
2022	14	139,708	3	30,110	(2)	(24,143)	15	145,675	9,712	4.3%
2023	15	145,675	3	83,224	0	0	18	228,899	12,717	57.1%

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**



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December 1, 2023

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, 2023. 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.

Most of the actuarial assumptions used in the actuarial valuation as of July 1, 2023 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 addition, the investment return assumption was decreased from 7.00 percent to 6.50 percent beginning with the July 1, 2022 actuarial 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. The combined effect of the assumptions is expected to have no significant bias (i.e., not significantly optimistic or pessimistic). 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.

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

In 2021, 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. In July 2023, the plan received a one-time cash infusion equal to \$3 million. This contribution is not reflected in the assets as of June 30, 2023, but is reflected in the projection for GASB purposes. The Board set the rate at 5.00 percent for the indexing percentage for the year beginning July 1, 2023, applicable to the final average salaries of HPRS deferred vested members.

**Participant Data**

A total of 144 active members were included in the actuarial valuation as of July 1, 2023. Between the 2022 and 2023 actuarial valuations, the number of active employees decreased from 151 members as of July 1, 2022 to 144 members as of July 1, 2023. The average annual actuarial valuation pay increased by 2.5 percent, from \$81,240 to \$83,271 between the 2022 and 2023 actuarial valuation. There were 8 active members who were eligible for retirement (normal, early or Rule of 80) as of July 1, 2023.

The number of benefit recipients increased from 135 recipients as of July 1, 2022 to 143 recipients as of July 1, 2023. The average monthly benefit increased, from \$3,602 to \$3,773. During the year ending June 30, 2023, there were 11 members awarded a benefit.

There were 39 inactive members as of July 1, 2023 who were vested and elected to receive a deferred benefit. The average monthly deferred benefit is \$2,383. There were 20 inactive members as of July 1, 2023 who elected to receive a refund of contributions.

**Actuarial Valuation Assets**

On a market value basis, HPRS assets had an investment return of approximately 7.86 percent (net of investment expenses). On an actuarial value of asset basis, NDPERS assets had an investment return of approximately 5.5 percent, which compares to the prior year assumed rate of return of 6.50 percent.

The actuarial value of assets is currently 102.2 percent of the market value of assets. There are \$2,185,904 in net asset losses 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



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remaining unfunded liability at each future actuarial valuation date is re-amortized over a new 20-year period.

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 current statutory contribution rate of 20.70 percent is significantly lower than the actuarial contribution rate of 41.07 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.

The additional employer and employee contributions that are being phased in, as well as the \$3 million cash infusion, 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, 2023. 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.



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**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, 2023, using the Entry Age Normal actuarial cost method. A single discount rate of 5.22 percent (which is different than the rate used in the funding actuarial valuation calculations) was used to measure the total pension liability. The single discount rate was based on the expected rate of return on pension plan investments of 6.50 percent and the municipal bond rate of 3.86 percent. All other assumptions and methods used in the funding actuarial valuation for calculation of the actuarial accrued liabilities as of July 1, 2023, were used in the GASB Statement Nos. 67 and 68 actuarial valuation for calculation of the total pension liability for fiscal year ending June 30, 2023.

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, 2023.

**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 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.



**North Dakota Public Employees Retirement System – Actuarial Section  
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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



**Actuarial Assumptions and Cost Method – Highway Patrolmen’s Retirement System**

**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:**

6.50% 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%
<b>Age*</b>	
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:**

There have been no changes in actuarial assumptions since the previous valuation as of June 30, 2022.

**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%
07/01/2022	2.00%	2.00%
07/01/2023	5.00%	2.83%

**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

**North Dakota Public Employees Retirement System – Actuarial Section  
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three highest periods of twelve consecutive months employed during the last one hundred eighty months of employment.

**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  
2014 – 2023**

Valuation Date 7/1	Number	Annual Payroll (\$ in Millions)	Average Annual Pay <sup>1</sup>	% Increase in Avg Pay
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%
2022	151	12.3	81,240	6.5%
2023	144	12.0	83,271	2.5%

<sup>1</sup> 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, 2014 – 2023**

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*		
<b>Retirement</b>										
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%
2022	135	5,814,082	2	67,993	(2)	(47,216)	135	5,834,859	43,221	0.4%
2023	135	5,834,859	11	780,949	(3)	(140,926)	143	6,474,882	45,279	11.0%

\* \$ in millions.  
\*\* Includes alternate payees.  
Results prior to 2016 provided by NDPERS prior actuary.

**North Dakota Public Employees Retirement System – Actuarial Section  
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**Solvency Test - HPRS  
2014 – 2023**

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)
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%
2022	139.7	22.5	81.2	36.0	96.4	100%	91%	0%
2023	146.5	21.9	91.1	33.5	100.2	100%	86%	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>
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
2022	139.7	96.4	43.2	69.0	12.3	352.5
2023	146.5	100.2	46.3	68.4	12.0	386.0

**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, 2020</u>	<u>June 30, 2021</u>	<u>June 30, 2022</u>	<u>June 30, 2023</u>
<b>Employer Cost Rate - Beginning of Year</b>	<b>29.38%</b>	<b>33.77%</b>	<b>32.16%</b>	<b>39.35%</b>
Plan Change	0.00	0.00	0.00	0.00
Plan Experience	(1.25)	(1.31)	(0.44)	(0.17)
Change in Amortization Schedule	0.00	0.00	0.00	0.00
Assumption Changes	4.9	0.00	6.99	0.00
Investment Loss/(Gain)	0.08	(1.39)	0.06	0.50
Contribution Loss/(Gain)	0.66	1.09	0.58	1.39
<b>Employer Cost Rate - End of Year</b>	<b>33.77%</b>	<b>32.16%</b>	<b>39.35%</b>	<b>41.07%</b>

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December 1, 2023

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 ("Job Service Plan") as of July 1, 2023. The purpose of the funding actuarial valuation, which is performed annually, is to determine the funding status and actuarial employer contribution rate for the Job Service Plan. The actuarial valuation was performed at the request of the Board and is intended for use by the Board and the Job Service Plan and those designated by the Board and the Job Service Plan. This report may be provided to parties other than the Board and the Job Service Plan only in its entirety and only with the permission of the Board and the Job Service Plan. 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, 2023 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 addition, the investment return assumption was decreased from 3.75 percent to 3.00 percent beginning with the July 1, 2022 actuarial 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.

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. The combined effect of the assumptions is expected to have no significant bias (i.e., not significantly optimistic or pessimistic). Assumptions and methods required under GASB Statement Nos.

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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, 2022.

**Participant Data**

A total of 1 active member was included in the actuarial valuation as of July 1, 2023. Between the 2022 and 2023 actuarial valuations, the number of active employees remained the same. The average annual valuation pay increased from \$61,332 to \$61,404 between the 2022 and 2023 actuarial valuation. The active member was eligible for normal retirement as of July 1, 2023.

The number of benefit recipients decreased from 175 to 169, since the last actuarial valuation. The average monthly benefit paid by Job Service and excluding benefit amounts paid by the insurer increased by 10.4 percent, from \$2,366 to \$2,611. During the year ending June 30, 2023, there was 1 member awarded a benefit. A 8.7 percent cost of living adjustment was granted in December 2022.

There were no inactive members as of July 1, 2023.

**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 2.98 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 1.20 percent, which compares to the prior year assumed rate of return of 3.00 percent.

The actuarial value of assets is currently 106 percent of the market value of assets. There are \$5,014,798 in net asset losses 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.

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.



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**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, 2023. 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, 2023, under the Entry Age Normal actuarial cost method. A single discount rate of 3.00 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, 2023, were used in the GASB Statement Nos. 67 and 68 actuarial valuation for calculation of the total pension liability for fiscal year ending June 30, 2023.

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, 2023.

**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.

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



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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 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



**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  
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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:**

3.00% 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:**

There have been no changes in actuarial assumptions since the previous actuarial valuation as of June 30, 2022.

**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

Benefit: Accrued normal retirement benefit, reduced if payments begin before normal or optional retirement

**4. Disability Benefit:**

Age Requirement: None

**North Dakota Public Employees Retirement System – Actuarial Section  
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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

Benefit: Accrued normal retirement benefit payable for 120 months. Not payable if surviving spouse or children's benefit is payable.

**Lump Sum Benefit:**

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

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, 2022.



**Schedule of Active Member Valuation Data  
Job Service Retirement Plan 2014 – 2023**

Valuation Date 7/1	Number	Annual Payroll (\$ in Millions)	Average Annual Pay <sup>1</sup>	% Increase in Avg Pay
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)%
2022	1	0.1	61,332	5.0%
2023	1	0.1	61,404	0.1%

<sup>1</sup>Prior 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, 2014 – 2023**

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*		
<b>Retirement</b>										
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%
2022	177	4,657,369	3	424,014	(5)	(112,290)	175	4,969,094	28,395	6.7%
2023	175	4,969,094	1	493,467	(7)	(166,498)	169	5,296,063	31,338	6.6%

\* Includes cost of living adjustment of 1.5% for retirement benefits in pay status 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, 1.3% as of July 1, 2021, 5.9% as of July 1, 2022, and 8.7% as of July 1, 2023. Excludes benefits paid by the insurer.

\*\* Includes 2 alternate payees.

Results prior to 2016 provided by NDPERS prior actuary.

Numbers may not add due to rounding.

**Solvency Test – Job Service Retirement Plan  
2014 – 2023**

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)
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%
2022	70.5	68.6	0.7	1.2	92.6	100%	100%	100%
2023	72.2	71.0	0.0	1.2	88.5	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)

July 1	Present Value of Future Benefits	Valuation Assets (AVA)	Unfunded Present Value of Future Benefits	Ratio of Assets to PVFB	Active Member Payroll	UPVFB as Percent of Active Member Payroll
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)%
2022	70.5	92.6	(22.1)	131.3%	0.1	(36,012.6)%
2023	72.2	88.5	(16.3)	122.7%	0.1	(26,621.2)%

**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, 2020</u>	<u>June 30, 2021</u>	<u>June 30, 2022</u>	<u>June 30, 2023</u>
<b>Employer Cost Rate - Beginning of Year</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>
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
<b>Employer Cost Rate - End of Year</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>



December 1, 2023

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, 2023. 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.

Most of the actuarial assumptions used in the actuarial valuation as of July 1, 2023 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 addition, the investment return assumption was decreased from 6.50 percent to 5.75 percent beginning with the July 1, 2022 actuarial 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, 2023 actuarial valuation is 16 years.

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. The combined effect of the assumptions is expected to have no significant bias (i.e., not

Board Members  
December 1, 2023  
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significantly optimistic or pessimistic). 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 17,283 active members were included in the actuarial valuation as of July 1, 2023. Between the 2022 and 2023 actuarial valuations, the number of active employees decreased by 1,735 members, or 9.1 percent. The average annual actuarial valuation pay increased by 7.1 percent, from \$54,286 to \$58,160 between the 2022 and 2023 actuarial valuation.

The number of eligible current benefit recipients increased from 14,290 to 14,996, or 4.9 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 available remained at \$98. The assumed average monthly benefit utilized was \$89.

A total of 7,992 terminated vested members were included in the actuarial valuation as of July 1, 2023. 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 10.41 percent (net of investment expenses). On an actuarial value of asset basis, RHIC assets had an investment return of approximately 4.15 percent, which compares to the prior year assumed rate of return of 5.75 percent.

The actuarial value of assets is currently 104.3 percent of the market value of assets. There are \$7,220,966 in net asset losses currently being deferred that will be phased into the actuarial value of assets over the next 4 years.



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December 1, 2023  
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#### **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 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 5.75 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 lower than the actuarial contribution rate of 1.38 percent.

The statutory contribution is not expected to fully fund the current unfunded liability (assuming the actuarial assumptions are realized, including a 5.75 percent return on the actuarial value of assets) within the expected future service of the current active members (approximately 60 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, 2023. 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, 2023, under the Entry Age Normal actuarial cost method. A single discount rate of 5.75 percent (which is the same rate 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, 2023, were used in the GASB Statement Nos. 74 and 75 actuarial valuation for calculation of the total OPEB liability for fiscal year ending June 30, 2023.



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December 1, 2023  
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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, 2023.

**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 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.

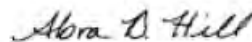
The signing actuaries are independent of the plan sponsor.

Respectfully submitted,

Gabriel, Roeder, Smith & Company



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



Abra D. Hill, ASA, MAAA, FCA  
Consultant



**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	Healthy Mortality		Disabled Mortality	
	Future Life		Future Life	
	Expectancy (Years) in 2023		Expectancy (Years) in 2023	
	Male	Female	Male	Female
20	67.30	70.75	49.93	54.52
25	61.92	65.35	45.20	49.38
30	56.55	59.95	40.42	44.28
35	51.22	54.58	36.00	39.57
40	45.94	49.23	31.88	35.26
45	40.68	43.91	27.94	31.23
50	35.56	38.71	24.28	27.53
55	30.67	33.72	21.02	24.23
60	25.95	28.84	18.11	21.18
65	21.45	24.09	15.40	18.09
70	17.17	19.52	12.77	14.86
75	13.23	15.25	10.18	11.70
80	9.75	11.40	7.78	8.87
85	6.90	8.14	5.73	6.59
90	4.80	5.65	4.09	4.90
95	3.38	3.94	2.95	3.56
100	2.41	2.76	2.11	2.48
105	1.82	2.02	1.56	1.79



**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-Based Rates Only After First Five Years of Service		
Age	Main System	Public Safety
	20-24	11.00%
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:**

Rates of disability were 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:**

5.75% 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 were no changes in the actuarial assumptions since last valuation.

**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 age 60 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, 2022.

**Retired Members and Beneficiaries,  
Average Annual Benefit and Active Member/Retiree Comparison  
Retiree Health Insurance Credit Fund 2014 – 2023**

<b>Valuation Date July 1,</b>	<b>Number of Active Members*</b>	<b>Number of Terminated Vested Members<sup>1</sup></b>	<b>Number of Retired Members</b>	<b>Average Annual Benefit</b>	<b>Number of Active Members Per Retiree</b>
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
2022	19,018	7,639	14,290	1,179	1.3
2023	17,283	7,992	14,996	1,175	1.2

\* Number of active members prior to 7/1/2014 is approximated based on figures from the NDPERS Comprehensive Annual Financial Report.

<sup>1</sup> 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)

	Actuarial Value of Assets	Actuarial Accrued Liability	AVA Unfunded AAL (UAAL)	AVA Funded Ratio	Market Value of Assets (MVA)	MVA Unfunded AAL (UAAL)	MVA Funded Ratio
July 1	77.9	116.6	38.7	66.8	92.0	24.6	78.9
2014	89.4	128.9	39.5	69.4	99.1	29.8	76.9
2015	97.8	176.6	78.8	55.4	102.9	73.7	58.3
2016	114.6	196.7	82.1	58.3	117.6	79.1	59.8
2017	126.2	206.7	80.5	61.1	127.9	78.8	61.9
2018	137.6	217.8	80.2	63.2	137.5	80.3	63.1
2019	148.5	229.7	81.2	64.6	145.6	84.1	63.4
2020	163.3	238.0	74.7	68.6	182.3	55.6	76.6
2021	170.6	264.0	93.3	64.6	154.5	109.5	58.5
2022	175.5	268.3	92.8	65.4	168.3	100	62.7

**Assets and Actuarial Accrued Liabilities  
Retiree Health Insurance Credit Fund 2014-2023**

(Amounts in Millions)

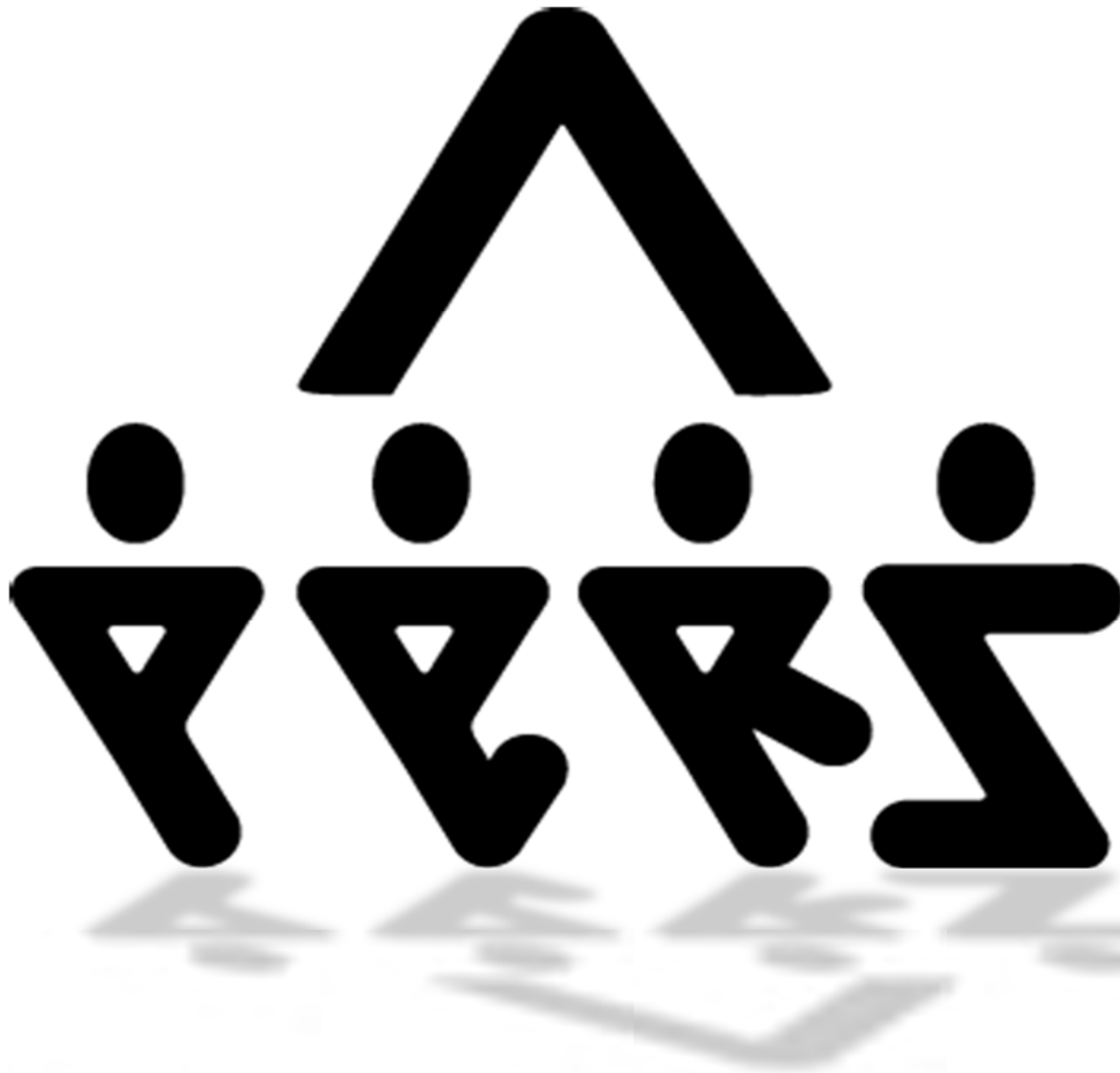
	Total Actuarial Accrued Liability	Total Actuarial Value of Assets	Assets as of % of Total Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Total Payroll	Total Unfunded Liability as % of Payroll
July 1	116.6	77.9	66.8	38.7	1,001.2	3.9
2014	128.9	89.4	69.4	39.5	1,052.7	3.8
2015	176.6	97.8	55.4	78.8	1,142.4	6.9
2016	196.7	114.6	58.3	82.1	1,157.5	7.1
2017	206.7	126.2	61.1	80.5	1,170.9	7.2
2018	217.8	137.6	63.2	80.2	1,195.3	7.2
2019	229.7	148.5	64.6	81.2	1,140.0	7.4
2020	238.0	163.3	68.6	74.7	1,090.0	6.8
2021	264.0	170.6	64.6	93.3	1,032.4	9.0
2022	268.3	175.5	65.4	92.8	1,005.2	9.2

**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

<i>Plan Year Ended</i>	<i>June 30, 2020</i>	<i>June 30, 2021</i>	<i>June 30, 2022</i>	<i>June 30, 2023</i>
<b>Employer Cost Rate - Beginning of Year</b>	<b>1.02%</b>	<b>1.11%</b>	<b>1.08%</b>	<b>1.35%</b>
Plan Change	0.00	0.00	0.00	0.00
Plan Experience	(0.01)	0.02	0.10	(0.03)
Change in Amortization Schedule	0.00	0.00	0.00	0.00
Assumption Changes	0.11	0.00	0.15	0.00
Investment Loss/(Gain)	0.00	(0.05)	0.02	0.03
Contribution Loss/(Gain)	(0.01)	0.00	0.00	0.03
<b>Employer Cost Rate - End of Year</b>	<b>1.11%</b>	<b>1.08%</b>	<b>1.35%</b>	<b>1.38%</b>





## 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.

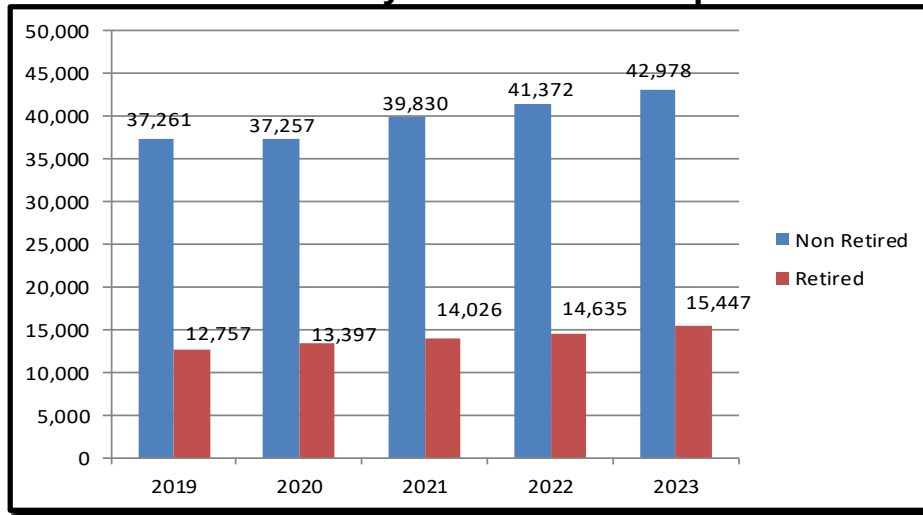
**North Dakota Public Employees Retirement System – Statistical Section  
Retirement System Membership**

**Retirement System Membership - PERS, HPRS, and Job Service  
As of June 30**

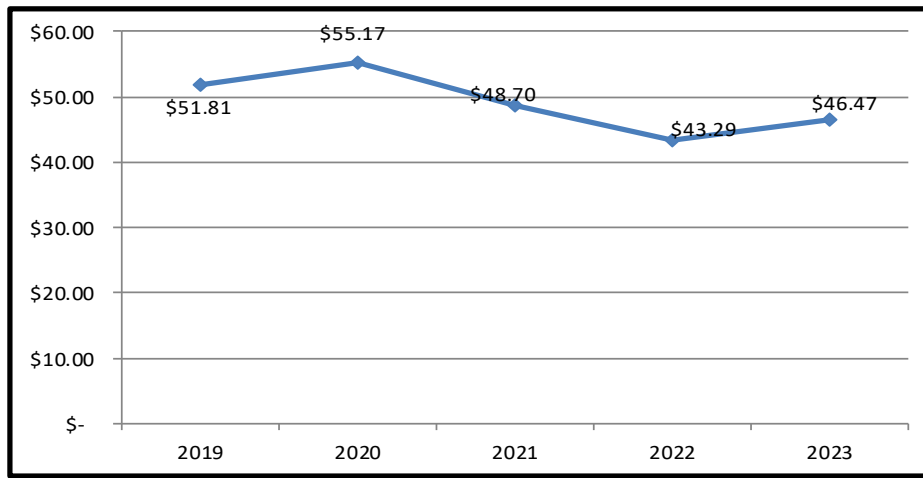
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
State Agencies	15,205	15,022	15,757	16,486	16,429
Cities	3,333	3,454	3,839	4,107	4,411
Counties	6,529	6,368	6,821	6,991	7,203
School Districts	11,070	11,285	12,192	12,876	13,515
Other Political Subdivisions	<u>1,124</u>	<u>1,128</u>	<u>1,221</u>	<u>912</u>	<u>1,420</u>
Total Non-Retired <sup>(1)</sup>	37,261	37,257	39,830	41,372	42,978
Retired Members & Beneficiaries	<u>12,757</u>	<u>13,397</u>	<u>14,026</u>	<u>14,635</u>	<u>15,447</u>
Total Membership	50,018	50,654	53,856	56,007	58,425
Administrative Expenses	\$ 2,591,667	\$ 2,794,805	\$ 2,622,870	\$ 2,424,274	\$ 2,714,873
Administrative Cost Per Member	\$ 51.81	\$ 55.17	\$ 48.70	\$ 43.29	\$ 46.47

<sup>(1)</sup> 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			Total
	Retirant	Disability	Survivor	Death	Separation	Transfers	
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
2022	220,444,108	2,104,928	13,595,331	2,085,387	13,672,789	163,705	252,066,250
2023	236,191,426	2,301,405	14,681,522	2,358,745	15,664,549	316,367	271,514,014

**Schedule of Benefit Expenses by Type - HPRS  
Fiscal Year Ended June 30**

FY Ended June 30	Annuities			Refunds			Total
	Retirant	Disability	Survivor	Death	Separation	Transfers	
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
2022	5,300,801	123,958	415,368	0	7,897	0	5,848,024
2023	5,614,317	128,736	483,279	0	164,784	0	6,391,116

**Schedule of Benefit Expenses by Type - Job Service  
Fiscal Year Ended June 30**

FY Ended June 30	Annuities			Refunds			Total
	Retirant	Disability	Survivor	Death	Separation	Transfers	
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
2022	7,504,015	79,847	281,820	0	0	0	7,865,682
2023	4,783,084	68,949	316,614	0	0	0	5,168,647

**North Dakota Public Employees Retirement System – Statistical Section  
Changes in Net Position**

**Changes in Net Position**

<b>Additions:</b>	<b>FY Ended</b>	<b>Member</b>	<b>Employer</b>	<b>Purchased</b>	<b>Investment</b>	<b>Miscellaneous</b>	<b>Total</b>	<b>Employer</b>
	<b>30-Jun</b>	<b>Contributions</b>	<b>Contributions</b>	<b>Service</b>	<b>Income</b>	<b>Income</b>	<b>Additions</b>	<b>Contributions</b>
				<b>Credit</b>				<b>as a % of</b>
								<b>Covered Payroll</b>
<b>Public Employees Retirement System:</b>	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%
	2022	89,633,939	96,630,783	10,249,235	(256,072,364)	14,125	(59,544,282)	7.74%
	2023	93,407,915	101,933,327	5,151,247	281,849,564	10,885	482,352,938	7.73%
<b>Highway Patrolmen's Retirement System:</b>	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%
	2022	1,825,729	2,686,795	159,747	(6,509,971)	62	(1,837,638)	21.90%
	2023	1,769,864	2,573,696	592,870	7,195,352	65	12,131,847	21.46%
<b>Job Service Retirement Plan:</b>	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%
	2022	9,299	-	-	(5,551,487)	-	(5,542,188)	0.00%
	2023	4,298	-	-	2,486,882	-	2,491,180	0.00%
<b>Retiree Health Insurance Credit Plan:</b>	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%
	2022	12,234	12,565,573	456,895	(26,756,507)	(1)	(13,721,806)	1.15%
	2023	10,741	12,137,476	282,185	15,975,072	1	28,405,475	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 &amp; Refunds</u>	<u>Total Deductions</u>	<u>Change in Net Position</u>
<b>Public Employees Retirement System:</b>						
	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
	2022	236,144,369	2,340,267	15,921,880	254,406,516	(313,950,798)
	2023	253,174,353	2,670,084	18,339,661	274,184,098	208,168,840
<b>Highway Patrolmen's Retirement System:</b>						
	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
	2022	5,840,127	65,650	7,897	5,913,674	(7,751,312)
	2023	6,226,332	30,106	164,784	6,421,222	5,710,625
<b>Job Service Retirement Plan:</b>						
	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
	2022	4,865,682	18,357	-	4,884,039	(10,426,227)
	2023	5,168,647	14,683	-	5,183,330	(2,692,150)
<b>Retiree Health Insurance Credit Plan:</b>						
	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
	2022	13,743,479	383,458	2,631	14,129,568	(27,851,374)
	2023	14,208,566	355,695	6,234	14,570,495	13,834,980

**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, 2023**

**Main System**

Monthly Amount	Normal	Early	Disability	Service*	Beneficiary**	Total	Total***
Under \$200	774	501	1	52	229	1,557	1,328
\$200 - \$400	841	777	14	64	276	1,972	1,696
\$400 - \$600	722	635	29	64	209	1,659	1,450
\$600 - \$800	543	373	33	113	148	1,210	1,062
\$800 - \$1,000	466	214	21	231	94	1,026	932
\$1,000 - \$1,200	384	179	7	324	80	974	894
\$1,200 - \$1,400	286	93	2	368	62	811	749
\$1,400 - \$1,600	240	48	5	339	39	671	632
\$1,600 - \$1,800	194	30	4	366	33	627	594
\$1,800 - \$2,000	171	19	0	359	31	580	549
\$2,000 - \$2,200	121	8	0	309	18	456	438
\$2,200 - \$2,400	111	9	0	294	26	440	414
\$2,400 - \$2,600	88	5	1	278	11	383	372
\$2,600 - \$2,800	76	5	0	233	12	326	314
\$2,800 - \$3,000	55	4	0	202	10	271	261
\$3,000 and Over	436	9	0	1,288	59	1,792	1,733
<b>Total</b>	<b>5,508</b>	<b>2,909</b>	<b>117</b>	<b>4,884</b>	<b>1,337</b>	<b>14,755</b>	<b>13,418</b>
Payment Option	Normal	Early	Disability	Service*	Beneficiary**	Total	Total***
Life	3,378	2,062	93	2,257	247	8,037	7,790
Life 1% Graduated Benefits	5	0	0	6	0	11	11
Life 2% Graduated Benefits	11	0	0	10	0	21	21
Level Social Security Payment	1	15	0	86	0	102	102
Joint & 100% Survivor	1,423	545	15	1,560	717	4,260	3,543
Joint & 100% Survivor 1% Graduated Benefits	1	0	0	3	0	4	4
Joint & 100% Survivor 2% Graduated Benefits	7	0	0	7	1	15	14
Joint & 50% Survivor	550	201	8	865	297	1,921	1,624
Joint & 50% Survivor 1% Graduated Benefits	4	0	0	3	1	8	7
Joint & 50% Survivor 2% Graduated Benefits	0	0	0	1	0	1	1
20 Year C & L	65	25	1	32	40	163	123
10 Year C & L	60	54	0	45	28	187	159
10 Year C & L 1% Graduated Benefits	0	0	0	1	0	1	1
5 Year C & L	3	7	0	8	6	24	18
<b>Total</b>	<b>5,508</b>	<b>2,909</b>	<b>117</b>	<b>4,884</b>	<b>1,337</b>	<b>14,755</b>	<b>13,418</b>
Age	Normal	Early	Disability	Service*	Beneficiary**	Total	Total***
Under 50	0	0	15	0	41	56	15
50 - 54	0	0	18	25	29	72	43
55 - 59	0	23	29	222	41	315	274
60 - 64	0	288	54	888	96	1,326	1,230
65 - 69	1,594	675	1	1,333	167	3,770	3,603
70 - 74	1,693	721	0	1,127	211	3,752	3,541
75 and Over	2,221	1,202	0	1,289	752	5,464	4,712
<b>Total</b>	<b>5,508</b>	<b>2,909</b>	<b>117</b>	<b>4,884</b>	<b>1,337</b>	<b>14,755</b>	<b>13,418</b>

	Previous Valuation	Current Valuation	Change
Average Age	73.1	73.3	0.2
Average Monthly Benefit	\$1,392	\$1,416	\$24
Total Members in Pay Status	13,977	14,755	778

\* 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, 2023**

**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	1	0	0	4	6	2
\$2,000 - \$2,400	0	0	0	0	0	0	0
\$2,400 - \$2,800	2	0	0	0	1	3	2
\$2,800 - \$3,200	2	0	0	0	3	5	2
\$3,200 - \$3,600	1	0	0	0	1	2	1
\$3,600 - \$4,000	2	1	0	0	0	3	3
\$4,000 - \$4,400	0	0	0	0	1	1	0
\$4,400 - \$4,800	5	0	0	2	1	8	7
\$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	13	0	1	8	2	24	22
<b>Total</b>	<b>31</b>	<b>2</b>	<b>1</b>	<b>15</b>	<b>17</b>	<b>66</b>	<b>49</b>
Payment Option	Normal	Early	Disability	Service*	Beneficiary**	Total	Total***
Life	2	0	0	1	4	7	3
Level Social Security Payment	0	0	0	0	0	0	0
Joint & 100% Survivor	21	1	0	8	10	40	30
Joint & 50% Survivor	7	1	1	6	3	18	15
10 Year C & L	0	0	0	0	0	0	0
5 Year C & L	0	0	0	0	0	0	0
<b>Total</b>	<b>31</b>	<b>2</b>	<b>1</b>	<b>15</b>	<b>17</b>	<b>66</b>	<b>49</b>
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	0	1	2	1
65 - 69	2	0	0	4	0	6	6
70 - 74	14	1	0	6	3	24	21
75 and Over	15	1	0	5	13	34	21
<b>Total</b>	<b>31</b>	<b>2</b>	<b>1</b>	<b>15</b>	<b>17</b>	<b>66</b>	<b>49</b>

	<b>Previous Valuation</b>	<b>Current Valuation</b>	<b>Change</b>
<b>Average Age</b>	76.4	77.1	0.7
<b>Average Monthly Benefit</b>	\$4,799	\$4,952	\$153
<b>Total Members in Pay Status</b>	64	66	2

\* 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, 2023**

**Public Safety with prior Main System Service**

Monthly Amount	Normal	Early	Disability	Service*	Beneficiary**	Total	Total***
Under \$200	6	0	0	0	3	9	6
\$200 - \$400	7	1	0	0	3	11	8
\$400 - \$600	14	2	0	0	1	17	16
\$600 - \$800	7	1	0	0	3	11	8
\$800 - \$1,000	8	0	0	0	1	9	8
\$1,000 - \$1,200	11	0	0	0	2	13	11
\$1,200 - \$1,400	7	0	0	0	0	7	7
\$1,400 - \$1,600	9	0	0	0	1	10	9
\$1,600 - \$1,800	6	0	0	0	0	6	6
\$1,800 - \$2,000	4	1	0	0	0	5	5
\$2,000 - \$2,200	6	0	0	1	3	10	7
\$2,200 - \$2,400	3	0	0	1	0	4	4
\$2,400 - \$2,600	2	2	0	0	0	4	4
\$2,600 - \$2,800	3	0	0	0	0	3	3
\$2,800 - \$3,000	2	0	0	1	0	3	3
\$3,000 and Over	29	1	0	6	0	36	36
<b>Total</b>	<b>124</b>	<b>8</b>	<b>0</b>	<b>9</b>	<b>17</b>	<b>158</b>	<b>141</b>
Payment Option	Normal	Early	Disability	Service*	Beneficiary**	Total	Total***
Life	59	4	0	1	1	65	64
Level Social Security Payment	3	1	0	0	0	4	4
Joint & 100% Survivor	41	3	0	7	7	58	51
Joint & 100% Survivor 1% Graduated Benefits	0	0	0	0	0	0	0
Joint & 50% Survivor	19	0	0	1	3	23	20
20 Year C & L	1	0	0	0	6	7	1
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
<b>Total</b>	<b>124</b>	<b>8</b>	<b>0</b>	<b>9</b>	<b>17</b>	<b>158</b>	<b>141</b>
Age	Normal	Early	Disability	Service*	Beneficiary**	Total	Total***
Under 50	0	0	0	0	5	5	0
50 - 54	0	1	0	1	1	3	2
55 - 59	15	4	0	2	0	21	21
60 - 64	27	0	0	3	0	30	30
65 - 69	39	2	0	3	3	47	44
70 - 74	27	0	0	0	8	35	27
75 and Over	16	1	0	0	0	17	17
<b>Total</b>	<b>124</b>	<b>8</b>	<b>0</b>	<b>9</b>	<b>17</b>	<b>158</b>	<b>141</b>

	Previous Valuation	Current Valuation	Change
Average Age	65.7	66.4	0.7
Average Monthly Benefit	\$1,842	\$1,865	\$23
Total Members in Pay Status	148	158	10

\* 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, 2023**

**Public Safety without Prior Main System 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	1	7	6
\$600 - \$800	1	0	0	0	0	1	1
\$800 - \$1,000	0	0	1	0	1	2	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	0	0	0	0	1	1	0
\$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	1	0	0	0	0	1	1
\$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	2	0	0	0	0	2	2
<b>Total</b>	<b>12</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>4</b>	<b>18</b>	<b>14</b>
Payment Option	Normal	Early	Disability	Service*	Beneficiary**	Total	Total***
Life	4	0	1	0	1	6	5
Level Social Security Payment	0	0	0	0	0	0	0
Joint & 100% Survivor	6	1	0	0	3	10	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
<b>Total</b>	<b>12</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>4</b>	<b>18</b>	<b>14</b>
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	2	1	0	0	3	6	3
60 - 64	3	0	0	0	1	4	3
65 - 69	5	0	0	0	0	5	5
70 - 74	2	0	0	0	0	2	2
75 and Over	0	0	0	0	0	0	0
<b>Total</b>	<b>12</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>4</b>	<b>18</b>	<b>14</b>

	Previous Valuation	Current Valuation	Change
Average Age	61.6	62.4	0.8
Average Monthly Benefit	\$809	\$1,060	\$251
Total Members in Pay Status	15	18	3

\* 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, 2023**

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	2	3
\$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	1	0	0	3	4
\$1,600 - \$1,800	0	0	0	0	3	3
\$1,800 - \$2,000	0	0	0	0	1	1
\$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	4	0	4
\$2,800 - \$3,000	0	0	0	5	0	5
\$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	5	1	7
\$3,600 - \$3,800	3	1	0	2	0	6
\$3,800 - \$4,000	1	2	0	2	0	5
\$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	34	1	39
<b>Total</b>	<b>24</b>	<b>8</b>	<b>0</b>	<b>82</b>	<b>29</b>	<b>143</b>
Payment Option	Normal	Early	Disability	Service*	Beneficiary**	Total
Life	0	0	0	1	4	5
Joint & 100% Survivor	13	3	0	55	4	75
Joint & 50% Survivor	11	5	0	25	21	62
5 Year C & L	0	0	0	0	0	0
10 Year C & L	0	0	0	0	0	0
20 Year C & L	0	0	0	1	0	1
<b>Total</b>	<b>24</b>	<b>8</b>	<b>0</b>	<b>82</b>	<b>29</b>	<b>143</b>
Age	Normal	Early	Disability	Service*	Beneficiary**	Total
Under 50	0	0	0	0	0	0
50 - 54	0	1	0	14	1	16
55 - 59	3	4	0	11	1	19
60 - 64	5	2	0	15	1	23
65 - 69	3	0	0	16	3	22
70 - 74	3	0	0	14	6	23
75 - 79	1	0	0	9	3	13
80 - 84	1	0	0	3	8	12
85 - 89	5	1	0	0	5	11
90 and Over	3	0	0	0	1	4
<b>Total</b>	<b>24</b>	<b>8</b>	<b>0</b>	<b>82</b>	<b>29</b>	<b>143</b>

	Previous Valuation	Current Valuation	Change
Average Age	69.1	68.9	-0.2
Average Monthly Benefit	\$3,602	\$3,773	\$171
Total Members in Pay Status	135	143	8

\* 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, 2023**

<b>Monthly Amount</b>	<b>Normal</b>	<b>Early</b>	<b>Disability</b>	<b>Beneficiary*</b>	<b>Total</b>
Under \$200	3	0	0	1	4
\$200 - \$400	2	0	0	2	4
\$400 - \$600	6	0	0	1	7
\$600 - \$800	4	0	0	2	6
\$800 - \$1,000	3	0	0	3	6
\$1,000 - \$1,200	1	0	0	5	6
\$1,200 - \$1,400	3	0	0	2	5
\$1,400 - \$1,600	6	0	0	3	9
\$1,600 - \$1,800	5	0	0	2	7
\$1,800 - \$2,000	7	0	0	1	8
\$2,000 - \$2,200	2	0	0	5	7
\$2,200 - \$2,400	11	0	0	2	13
\$2,400 - \$2,600	8	0	0	0	8
\$2,600 - \$2,800	7	0	0	1	8
\$2,800 - \$3,000	7	0	0	1	8
\$3,000 - \$3,200	6	0	0	0	6
\$3,200 - \$3,400	8	0	0	0	8
\$3,400 - \$3,600	6	0	0	1	7
\$3,600 - \$3,800	11	0	0	0	11
\$3,800 - \$4,000	4	0	0	0	4
\$4,000 - \$4,200	3	0	0	0	3
\$4,200 - \$4,400	6	0	0	0	6
\$4,400 - \$4,600	2	0	0	0	2
\$4,600 - \$4,800	3	0	0	0	3
\$4,800 - \$5,000	0	0	0	0	0
\$5,000 and Over	13	0	0	0	13
<b>Total</b>	<b>137</b>	<b>0</b>	<b>0</b>	<b>32</b>	<b>169</b>
<b>Payment Option</b>	<b>Normal</b>	<b>Early</b>	<b>Disability</b>	<b>Beneficiary*</b>	<b>Total</b>
Life	39	0	0	7	46
Joint & 55% Survivor	27	0	0	15	42
Joint & 75% Survivor	14	0	0	7	21
Joint & 100% Survivor	17	0	0	2	19
10 Year C & L	19	0	0	1	20
15 Year C & L	3	0	0	0	3
20 Year C & L	18	0	0	0	18
<b>Total</b>	<b>137</b>	<b>0</b>	<b>0</b>	<b>32</b>	<b>169</b>
<b>Age</b>	<b>Normal</b>	<b>Early</b>	<b>Disability</b>	<b>Beneficiary*</b>	<b>Total</b>
Under 50	0	0	0	0	0
50 - 54	0	0	0	0	0
55 - 59	0	0	0	0	0
60 - 64	1	0	0	0	1
65 - 69	13	0	0	1	14
70 - 74	37	0	0	4	41
75 - 79	33	0	0	6	39
80 - 84	28	0	0	4	32
85 - 89	9	0	0	10	19
90 and Over	16	0	0	7	23
<b>Total</b>	<b>137</b>	<b>0</b>	<b>0</b>	<b>32</b>	<b>169</b>

\* 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, 2023**

Age	Under \$30	\$30-\$59	\$60-\$89	\$90-\$119	\$120-\$149	\$150-\$179	\$180 and over	Total
Under 50	12	12	6	2	0	2	0	34
50 - 54	6	12	14	7	13	30	0	82
55 - 59	37	35	33	18	69	138	21	351
60 - 64	132	174	136	102	322	342	180	1,388
65 - 69	524	804	597	469	571	524	382	3,871
70 - 74	500	803	621	504	649	436	319	3,832
75 - 79	346	529	423	366	429	246	201	2,540
80 - 84	195	318	310	251	238	134	87	1,533
85 - 89	107	196	191	122	132	84	67	899
90 and Over	46	116	107	81	56	32	28	466
<b>Total</b>	<b>1,905</b>	<b>2,999</b>	<b>2,438</b>	<b>1,922</b>	<b>2,479</b>	<b>1,968</b>	<b>1,285</b>	<b>14,996</b>

**Schedule of Average Benefit Payments - As of June 30  
Retiree Health Insurance Credit Fund**

	<u>Total</u>
<b>2019</b>	
Total Participants	12,471
Average Monthly Benefits	\$98
<b>2020</b>	
Total Participants	13,092
Average Monthly Benefits	\$88
<b>2021</b>	
Total Participants	13,697
Average Monthly Benefits	\$89
<b>2022</b>	
Total Participants	14,290
Average Monthly Benefits	\$90
<b>2023</b>	
Total Participants	14,996
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

	< 10	10-14	15-19	20-24	25-29	>=30	Total
<b>2019</b>							
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
<b>2020</b>							
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
<b>2021</b>							
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
<b>2022</b>							
Number of Retirees	2,568	1,814	1,615	1,772	1,892	3,054	12,715
Average Monthly Benefits	\$ 293	\$ 600	\$ 884	\$ 1,393	\$ 1,898	\$ 2,969	\$ 1,447
Average Years of Service	6.26	12.32	17.33	22.55	27.35	35.69	21.01
<b>2023</b>							
Number of Retirees	2,761	1,911	1,717	1,853	1,969	3,207	13,418
Average Monthly Benefits	\$ 299	\$ 623	\$ 909	\$ 1,429	\$ 1,943	\$ 3,017	\$ 1,470
Average Years of Service	6.25	12.33	17.31	22.56	27.34	35.73	20.92

**Schedule of Average Benefit Payments - PERS As of June 30**

**Judges**

Years of Credited Service

	< 10	10-14	15-19	20-24	25-29	>=30	Total
<b>2019</b>							
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
<b>2020</b>							
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
<b>2021</b>							
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
<b>2022</b>							
Number of Retirees	5	3	6	11	8	15	48
Average Monthly Benefits	\$ 2,482	\$ 3,643	\$ 4,123	\$ 5,452	\$ 5,261	\$ 6,855	\$ 5,270
Average Years of Service	6.67	11.92	17.81	23.17	26.70	35.27	24.45
<b>2023</b>							
Number of Retirees	6	2	6	11	8	16	49
Average Monthly Benefits	\$ 2,671	\$ 4,521	\$ 4,681	\$ 5,452	\$ 5,261	\$ 7,231	\$ 5,529
Average Years of Service	6.56	12.34	17.60	23.17	26.70	37.38	25.23

**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<sup>(1)</sup>**

	Years of Credited Service						Total
	< 10	10-14	15-19	20-24	25-29	>=30	
<b>2019</b>							
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
<b>2020</b>							
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
<b>2021</b>							
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
<b>2022</b>							
Number of Retirees	30	15	14	18	21	34	132
Average Monthly Benefits	\$ 619	\$ 908	\$ 1,570	\$ 1,834	\$ 2,222	\$ 3,694	\$ 1,965
Average Years of Service	5.96	12.33	17.25	22.13	27.32	33.80	20.65
<b>2023</b>							
Number of Retirees	32	16	14	20	21	38	141
Average Monthly Benefits	\$ 570	\$ 947	\$ 1,555	\$ 1,909	\$ 2,222	\$ 3,669	\$ 1,981
Average Years of Service	5.86	12.45	17.33	22.15	27.32	33.95	20.82

<sup>(1)</sup> 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	
<b>2019</b>							
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
<b>2020</b>							
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
<b>2021</b>							
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
<b>2022</b>							
Number of Retirees	9	1	1	0	1	0	12
Average Monthly Benefits	\$ 457	\$ 1,204	\$ 497	\$ -	\$ 3,126	\$ -	\$ 745
Average Years of Service	5.22	12.58	16.58	0.00	26.17	0.00	8.53
<b>2023</b>							
Number of Retirees	9	1	2	1	1	0	14
Average Monthly Benefits	\$ 457	\$ 1,204	\$ 1,430	\$ 3,759	\$ 3,126	\$ -	\$ 1,076
Average Years of Service	5.22	12.58	17.13	23.33	26.17	0.00	10.24

**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	
<b>2019</b>							
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
<b>2020</b>							
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
<b>2021</b>							
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
<b>2022</b>							
Number of Retirees	0	3	5	6	72	22	108
Average Monthly Benefits	\$ -	\$ 1,765	\$ 2,837	\$ 3,351	\$ 4,072	\$ 5,116	\$ 4,123
Average Years of Service	0.00	11.69	17.05	22.96	27.94	31.18	27.37
<b>2023</b>							
Number of Retirees	0	3	6	7	74	24	114
Average Monthly Benefits	\$ -	\$ 1,765	\$ 3,017	\$ 3,430	\$ 4,270	\$ 5,333	\$ 4,310
Average Years of Service	0.00	11.69	17.24	22.69	27.95	31.09	27.30

**Schedule of Average Benefit Payments - PERS As of June 30  
Job Service Plan**

	Retirement Plan	Travelers Annuitants	Total
<b>2019</b>			
Number of Retirees	135	50	185
Average Monthly Benefits	\$2,510	\$853	\$20,662
<b>2020</b>			
Number of Retirees	133	48	181
Average Monthly Benefits	\$2,515	\$880	\$2,081
<b>2021</b>			
Number of Retirees	133	44	177
Average Monthly Benefits	\$2,608	\$938	\$2,193
<b>2022</b>			
Number of Retirees	133	42	175
Average Monthly Benefits	\$2,783	\$1,047	\$2,366
<b>2023</b>			
Number of Retirees	130	39	169
Average Monthly Benefits	\$3,037	\$1,193	\$2,611

## Stage Agency Employers

Adjutant General ND National Guard Aeronautics Commission Attorney General's Office Bank Of North Dakota Beef Commission Bismarck State College Career & Technical Education Central Services Commission on Legal Council for Indigents Dairy Promotion Commission Department Of Commerce Department Of Corrections And Rehabilitation Department Of Corrections Transitional Services Department of Environmental Quality Department Of Financial Institutions Department Of Human Services Department Of Transportation Department of Water Resources Dept Of Agriculture Dickinson State University Education Standards & Practice Electrical Board Facility Management Field Services Division Game & Fish Department Governor's Office Heart River Correctional Center Highway Patrol Historical Society Housing Finance Agency Indian Affairs Commission Industrial Commission Information Technology Dept	Insurance Department James River Correctional Ctr Job Service North Dakota Juvenile Services - DOCR Lake Region State College Land Department Legislative Council Life Skills and Transition Center Mayville State University Milk Marketing Board Mill & Elevator Association Minot State University ND Barley Council ND Board of Medicine ND Board Of Nursing ND Board Of Pharmacy ND Corn Utilization Council ND Council On The Arts ND Department Of Health ND Department Of Labor ND Ethics Commission ND Oilseed Council ND Public Employees Retirement System ND Securities Department ND Soybean Council ND St College Of Science ND State Board Of Accountancy ND State Board Of Cosmetology ND State Library ND State Plumbing Board ND Supreme Court ND System Information Technology Services ND University System Office	ND Veterans Home ND Wheat Commission ND Youth Correctional Center North Dakota State Hospital North Dakota State University Office Of Administrative Hearings Office Of Management & Budget Parks & Recreation Department Protection & Advocacy Project Public Finance Authority Public Instruction Public Service Commission Racing Commission Real Estate Commission Retirement & Investment Office Rough Rider Industries School For The Blind School for the Deaf Secretary Of State Soil Conservation Committee State Auditor's Office State Board Of Law Examiners State Fair Association State Penitentiary State Seed Department State Treasurer's Office Tax Department University Of North Dakota Valley City State University Veterans Affairs Department Williston State College Workforce Safety & Insurance
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**Total State Employers = 98**

## County Employers

Adams County Barnes County Benson County Billings County Bottineau County Bowman County Burke County Burleigh County Cass County Cavalier County Dickey County Divide County Dunn County Eddy County Emmons County Foster County Golden Valley County	Grand Forks County Grant County Griggs County Hettinger County Lamoure County Logan County Mchenry County McIntosh County Mckenzie County Mclean County Mercer County Morton County Mountrail County Nelson County Oliver County Pembina County Pierce County	Ramsey County Ransom County Renville County Richland County Rolette County Sargent County Sheridan County Slope County Stark County Steele County Stutsman County Towner County Traill County Walsh County Ward County Wells County Williams County
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**Total County Employers = 51**



# School District Employers

Anamoose Public School District #14  
Apple Creek Elementary School  
Beach Public School District #3  
Belcourt School District #7  
Belfield Public School #13  
Beulah Public School #27  
Billings County School District  
Bismarck Public Schools  
Bottineau Public School  
Bowman County School District #1  
Burke Central School  
Burleigh County Special Education Unit  
Carrington School District #49  
Cavalier Public Schools  
Center Stanton Public School  
Central Cass Public School District #7  
Central Regional Education Association  
Dakota Prairie Public School  
Devils Lake Public School  
Dickinson Public Schools  
Divide County School Dist #1  
Drake Public School District  
Drayton Public School #19  
Dunseith School District #1  
East Central Special Education Unit  
Elgin/New Leipzig Public School School  
Ellendale Public School District #40  
Enderlin Area School District #24  
Fairmount Public School  
Fargo Public Schools  
Fort Totten School District # 30  
Garrison Public School District #51  
Glen Ullin Public School #48  
Glenburn School District  
Grafton Public School District #3  
Great Northwest Education Cooperative  
Halliday Public School  
Harvey Public School Dist #38  
Hazen Public School District #3  
Hillsboro Public School  
James River Multidistrict Special Education Unit  
Jamestown Public School District #1  
Kenmare Public School District #28  
Killdeer Public School #16  
Kindred Public School District #2  
Kulm Public School District #7  
Lake Region Special Education Unit  
Lakota Public School District # 66  
Lamoure School District #8  
Larimore Public School District #44  
Leeds Public School District 6  
Lewis & Clark Public Schools  
Lidgerwood Public School  
Linton Public School District #36  
Lisbon Public School  
Lonetree Special Education Unit  
Mandan Public School District #1  
Mandaree Public School #36  
Manvel Public School  
Maple Valley School District  
Mapleton Public School  
Max Public School  
Mcclusky Public Schools  
Mckenzie Cty Public School #1  
Medina Public School District #3  
Midkota School  
Midway Public School District #128  
Minor Public School District #2  
Minot Public School District #1  
Minto Public School District #20  
Mohall Lansford Sherwood School  
Morton Sioux Special Education Unit  
Mott/Regent School Dist #1  
Mt Pleasant School Dist #4  
Napoleon Public School District #2  
Nedrose Public School  
New Rockford Sheyenne Public School  
New Salem Almont School District #49  
New Town Public School District  
Newburg United Public School  
North Border School District # 100  
North Sargent School District #3  
North Valley Career and Tech Center  
Northern Cass School District # 97  
Northern Plains Special Ed Unit  
Oakes Public Schools  
Oberon Public Schools #16  
Oliver-Mercer Special Education Unit  
Park River Area School District  
Peace Garden Special Services  
Pembina Special Education Cooperative  
Pingree-Buchanan School District  
Richland School District # 44  
Rolette Public School  
Roughrider Education Services Program (RESP)  
Rugby Public School District #5  
Rural Cass Special Education Unit  
Sargent Central Public School District #6  
Sawyer Public School  
Sheyenne Valley Career And Tech Center  
Sheyenne Valley Special Education Unit  
Solen Public School Dist #3  
Souris Valley Special Services  
South Central Prairie Special Education Unit  
South East Education Cooperative  
South Heart Public School District #9  
South Prairie School District #70  
St John School District #3  
Stanley Community Public School District # 2  
Surrey Schools  
Sw Special Education Unit  
Tgu School District #60  
Thompson Public School  
Tioga Public School District #15  
Turtle Lake Mercer School District #72  
Underwood School District #8  
United Public School District # 7  
Valley City Public School  
Velva Public School  
Wahpeton Public School District 37  
Warwick Public School  
Washburn Public School  
West Fargo Public School #6  
West River Student Services  
Westhope Public School #17  
White Shield School Dist #85  
Williston Basin School District #7  
Wilmac Multidistrict Special Education Unit  
Wilton Public School District  
Yellowstone School District # 14  
Zeeland Public Schools

**Total School District Employers = 131**

**North Dakota Public Employees Retirement System – Statistical Section  
Schedule of Participating Employers**

## City Employers

City of Alexander	City of Grafton	City of McClusky	City of Rolla
City of Ashley	City of Grand Forks	City of Mcville	City of Rugby
City of Beach	City of Granville	City of Medora	City of Sawyer
City of Belfield	City of Grenora	City of Michigan	City of Scranton
City of Berthold	City of Gwinner	City of Minot	City of Sherwood
City of Beulah	City of Halliday	City of Minto	City of St John
City of Bottineau	City of Hankinson	City of Mohall	City of Stanley
City of Bowman	City of Harvey	City of Mott	City of Surrey
City of Burlington	City of Harwood	City of Napoleon	City of Thompson
City of Carrington	City of Hatton	City of Neche	City of Tioga
City of Carson	City of Hettinger	City of New England	City of Towner
City of Cavalier	City of Jamestown	City of New Leipzig	City of Underwood
City of Cooperstown	City of Kenmare	City of New Rockford	City of Valley City
City of Crosby	City of Killdeer	City of New Salem	City of Velva
City of Devils Lake	City of Kindred	City of New Town	City of Wahpeton
City of Dickinson	City of Kulm	City of Northwood	City of Walhalla
City of Dodge	City of Lakota	City of Oakes	City of Watford City
City of Drayton	City of Lamoure	City of Park River	City of West Fargo
City of Elgin	City of Larimore	City of Pembina	City of Westhope
City of Ellendale	City of Lidgerwood	City of Powers Lake	City of Williston
City of Emerado	City of Lincoln	City of Ray	City of Wilton
City of Fargo	City of Linton	City of Regent	City of Wishek
City of Fessenden	City of Lisbon	City of Rhame	City of Zeeland
City of Finley	City of Maddock	City of Richardton	
City of Glenburn	City of Mapleton	City of Rolette	

**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	Sheridan County Soil Conservation District
Bowman City Park Board	Great Plains Housing Authority	Southeast Region Career & Technology Center
Burleigh County Council On Aging	Greater Ramsey Water District	Southeast Water Users District
Burleigh County Soil Conservation District	Griggs County Public Library	Southwest Water Authority
Carnegie Regional Library	James River Soil Conservation District	Southwestern District Health Unit
Cass County Soil Conservation District	James River Valley Library System	Stark County Council on Aging/Elder Care
Cass County Water Resource District	Jamestown Parks And Recreation District	Stark & Billings Soil Conservation District
Cavalier County Health District	Jamestown Regional Airport	Tioga Park District
Cavalier County Job Development Authority	Kidder County District Health Unit	Towner County Public Health Unit
Central Plains Water District	Kindred Park District	Trail County Job Development Authority
Central Valley Health Unit	Lake Metigoshe Recreation Service District	Trall County Water Resource District
City of Bottineau Park Board	Lake Region District Health Unit	Trall District Health Unit
City County Health District	Logan County Soil Conservation District	Tri-Cities Joint Job Development Authority
Consolidated Waste Ltd	McIntosh District Health Unit	Upper Missouri Health Unit
Crosby Park District	Mercer County Soil Conservation District	Valley City Park District
Custer Health Unit	Minot Park District	Wahpeton Park Board
Devils Lake Basin Joint Water Resource Board	Minot Rural Fire Department	Walsh County Health District
Devils Lake Park Board	Municipal Airport Authority of the City of Fargo	Walsh County Housing Authority
Dickey County Health District	Nelson-Griggs District Health Unit	Walsh County Job Development Authority
Dunseith Community Nursing Home	North Central Soil Conservation District	Walsh County Water Resource District
Eddy County Soil Conservation District	North Dakota Firefighters Association	Ward County Water Resource District
Emmons County Public Health	Park District - City of New Rockford	Watford City Park District
Emmons County Soil Conservation District	R & T Water Supply Commerce Authority	Wells County Dist Health Unit
Fargo Park District	Ramsey County Housing Authority	West Fargo Park District
First District Health	Ramsey County Soil Conservation District	Western Area Water Supply Authority
Foster County Soil Conservation District	Ramsey County Water Resource District	Williams County Soil Conservation District
Garrison Diversion Conservancy District	Ransom County Soil Cons Dist	Williston Housing Authority
Grafton Park District	Red River Joint Water Resource District	Williston Rural Fire Protection District #1

**Total Other Political Subdivision Employers = 93**

### Principle Participating Employers

Participating Employer	2023			2014		
	Covered Employees	Rank	% of Total System	Covered Employees	Rank	% of Total System
Department of Human Services	1,053	1	6.65%	1,272	1	5.97%
Department of Transportation	743	2	4.69%	1,034	3	4.87%
University of North Dakota	631	3	3.98%	1,104	2	5.29%
Bismarck Public Schools	566	4	3.57%	769	5	3.61%
North Dakota State University	529	5	3.34%	844	4	3.91%
Fargo Public Schools	465	6	2.94%	667	6	2.95%
City of Fargo	441	7	2.78%	443	9	1.94%
West Fargo Public School District #6	399	8	2.52%	475	8	2.05%
Minot Public School District #1	360	9	2.27%	514	7	2.41%
Information Technology Dept	340	10	2.15%	N/A	N/A	N/A
North Dakota State Hospital	N/A	N/A	N/A	423	10	2.05%
Remaining Employers	10,312		65.11%	13,804		64.95%
Total Covered Employees*	15,839		100.00%	21,652		100.00%

\*Total covered employees represents the number of employees in a contributing status as of June 30, 2023 and June 30, 2014 respectively in the Main retirement plan

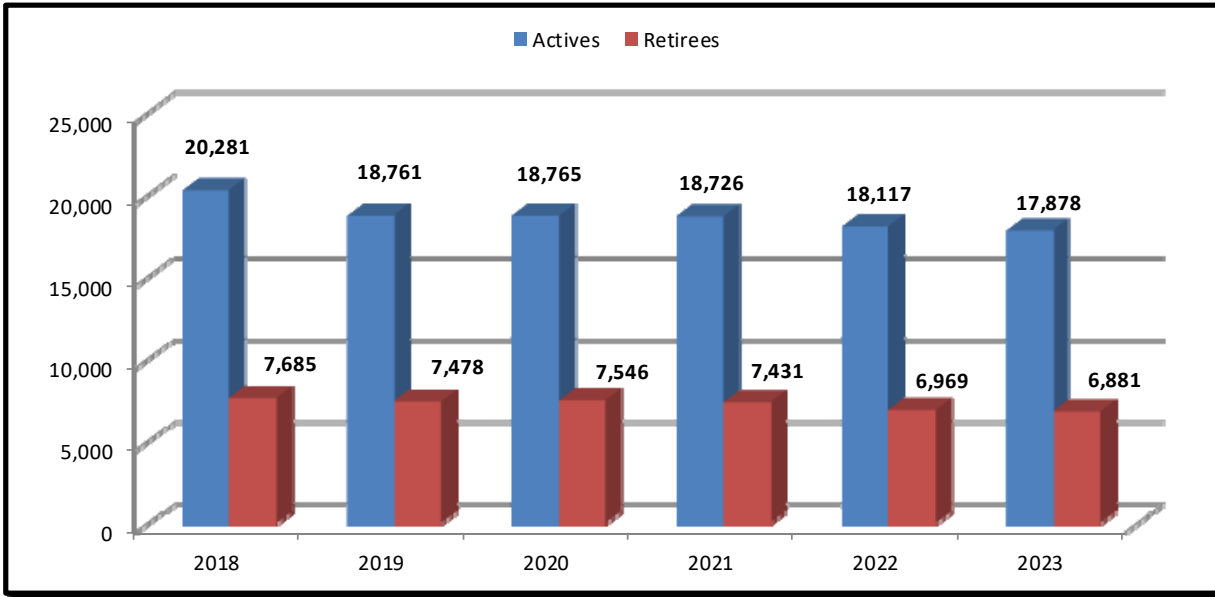
### Deferred Compensation Program Schedule of Investments By Provider

	6/30/19	6/30/20	6/30/21	6/30/22	6/30/23
AIG VALIC	\$10,053,565	\$10,282,875	\$12,427,149	\$10,151,515	\$10,256,838
American Trust Center	14,027,844	14,177,650	19,343,402	16,440,177	18,669,007
AXA Equitable	17,108,369	16,234,828	18,660,442	15,984,782	16,960,148
Bank of North Dakota	5,407,961	5,420,148	5,468,857	5,726,158	5,278,544
Commonwealth Annuity & Life Insurance Co. (Formerly Chase Financial/Kemper)	8,324,323	7,821,654	9,532,791	7,519,780	8,252,285
Empower (formerly Hartford/Mass Mutual)	64,220,246	64,914,891	78,769,860	67,468,257	71,923,891
ING (Formerly Aetna)	2,229,557	2,135,826	2,251,684	2,388,129	2,527,779
Jackson National Life	5,841,212	5,682,128	6,735,694	4,775,336	4,891,533
Lincoln National	6,214,835	6,202,271	7,073,193	5,998,885	5,719,612
NDPERS Companion Plan <sup>(1)</sup>	126,192,471	139,277,186	186,529,831	167,318,012	193,353,319
Nationwide Life Insurance	20,866,715	22,279,890	27,497,044	24,568,880	27,053,242
New York Life <sup>(1)</sup>	200,584	0	0	0	0
Symetra (Formerly Safeco)	125,774	124,970	149,836	127,169	63,104
Waddell & Reed Financial Services	<u>10,800,789</u>	<u>11,802,831</u>	<u>15,251,816</u>	<u>12,297,495</u>	<u>10,300,758</u>
Total	\$291,614,245	\$306,357,148	\$389,691,599	\$340,764,575	\$375,250,060

<sup>(1)</sup> 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, 2023 and June 30, 2022 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

