



# Board Meeting Agenda

**Location:** WSI Board Room, 1600 East Century Avenue, Bismarck ND

By phone: 701.328.0950 Conference ID: 618 133 974#

**Date:** December 12, 2023

**Time:** 8:30 A.M. – 4:30 P.M.

[Click here to join the meeting](#)

## I. MINUTES

- A. November 14, 2023

## II. CONFLICT OF INTEREST DISCLOSURE CONSIDERATION

## III. PRESENTATIONS

- A. External Auditor's Report – Clifton Larson Allen (CLA)
- B. Sanford Health Plan Updates:
  - 1. Health Plan Executive Summary 2023 Quarter 2
  - 2. Cost Savings Report
  - 3. Health Effectiveness Data and Information Set (HEDIS) Results

## IV. DEFINED CONTRIBUTION PLAN IMPLEMENTATION

- A. House Bill 1040 Implementation Status – Rebecca (Information)

## V. DEFERRED COMPENSATION / DEFINED CONTRIBUTION

- A. Recordkeeper Request For Proposal Finalist Selection and Request for Best and Final Offers  
**\*EXECUTIVE SESSION** – Katheryne (Board Action)
- B. 457 Companion Plan & 401(a) Plan 3rd Quarter 2023 Report – Derrick (Information)

## VI. DEFINED BENEFIT

- A. Retirement Plan Services Request For Proposal Approval – Katheryne (Board Action)

## VII. GROUP INSURANCE / FLEX COMP

- A. Uniform Group Insurance Consultant Request for Proposal Best and Final Offer Update **\*EXECUTIVE SESSION** – Katheryne (Board Action)

## VIII. OPERATIONS / ADMINISTRATIVE

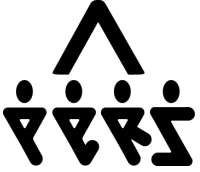
- A. Audit Committee Report – Shawna (Information)
- B. Operating Guidelines – Derrick (Information)
- C. Staffing Updates – Michelle (Board Action)
- D. Ethics Commission Request for Opinion – Michelle (Information)
- E. Contracts Under \$10,000 – Rebecca (Information)
- F. Confirmation of 2024 Meeting Dates – Rebecca (Board Action)
- G. Committee Assignments – Rebecca (Information)

## IX. MEMBER\*\* EXECUTIVE SESSION

- A. Retirement Benefit Appeal Case #834 **\*\*EXECUTIVE SESSION** – MaryJo (Board Action)

\*Executive Session pursuant to N.D.C.C. §44-04-19.1(9) and §44-04-19.2 to discuss negotiating strategy or provide negotiating instructions to its attorney or other negotiator.

\*\*Executive Session pursuant to N.D.C.C. §44-04-19.2, §44-04-19.2(1) and/or §54-52-26 to discuss confidential records or confidential member information.



**North Dakota**  
**Public Employees Retirement System**  
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# Memorandum

**TO:**                   NDPERS Board

**FROM:**               Shawna Piatz

**DATE:**               December 12, 2023

**SUBJECT:**           CliftonLarsonAllen Audit Report

Brittany Smith from CliftonLarsonAllen (CLA) will join the Board meeting to review the FY 2023 audit report and answer any questions you may have. The FY 2023 Financial Statements for the PERS agency are attached as well as a copy of the CLA presentation.

Attachment



*We'll get you there.*

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Audit Results Presentation

December 12, 2023

# North Dakota Public Employees Retirement System – Board of Trustees

# Engagement Scope



Audit of NDPERS' financial statements as of June 30, 2023



Audit of NDPERS' GASB 68 and 75 schedules as of June 30, 2023



Report on Internal Controls and Compliance (in accordance with *Government Auditing Standards*)



Written communications with the Board



# Critical Audit Areas



Investments



Contributions



Benefit payments



Actuarial data



# 2023 Audit Results

- Independent Auditors' Report - Unmodified “clean” opinion that the financial statements are presented fairly, in all material respects, in conformity with U.S. Generally Accepted Accounting Principles (GAAP).
- Limited procedures were performed, and no opinion rendered, on management's discussion and analysis, required supplemental information, and the Introductory, Investment, Actuarial, and Statistical sections.
- Unmodified “in relation to” opinion issued on the supplemental schedules



# 2023 Audit Results – Other Communications



Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.

No material weaknesses

No material findings associated with compliance with laws and regulations or other matters



Letter to the Board providing required communications with those charged with governance upon completion of the audit.



# Required Governing Body Communications



Auditor's responsibility under U.S. Generally Accepted Auditing Standards and *Government Auditing Standards*



Significant accounting policies

No new significant accounting policies  
GASB 96 considerations



Financial statement disclosures





# Required Governing Body Communications (continued)

No passed  
adjustments

No corrected  
or uncorrected  
misstatements

No significant  
unusual  
transactions



# Required Governing Body Communications (continued)

Significant risk areas for material misstatement:

Management  
override

Valuation of  
alternative  
investments

Existence of  
alternative  
investments

Valuation of  
actuarial  
disclosures

# Required Governing Body Communications (continued)

- Management judgments and accounting estimates
  - Actuarial information, assumptions and methods used
    - Census data testing including employer attest reports
    - Use of an auditor's specialist
    - Confirm NDPERS' actuary's independence
    - Review NDPERS' actuary's valuation reports
    - Evaluate the reasonableness of the long term rate of return (LTRoR) and other assumptions
      - Compare to industry standards and circumstances specific to NDPERS
      - Review most recent asset allocation, actuarial audits, experience studies, long-term historical data and current market data
      - Review of the discount rate calculation



## Required Governing Body Communications (continued)

- Management judgments and accounting estimates
  - Valuation of alternative investments
    - Walkthroughs of financial reporting
    - Review of RIO's financial statements



# Required Governing Body Communications (continued)



Management was very cooperative and professional during the audit process



No disagreements with management



Management did not consult with other accountants on the application of GAAP or GAAS



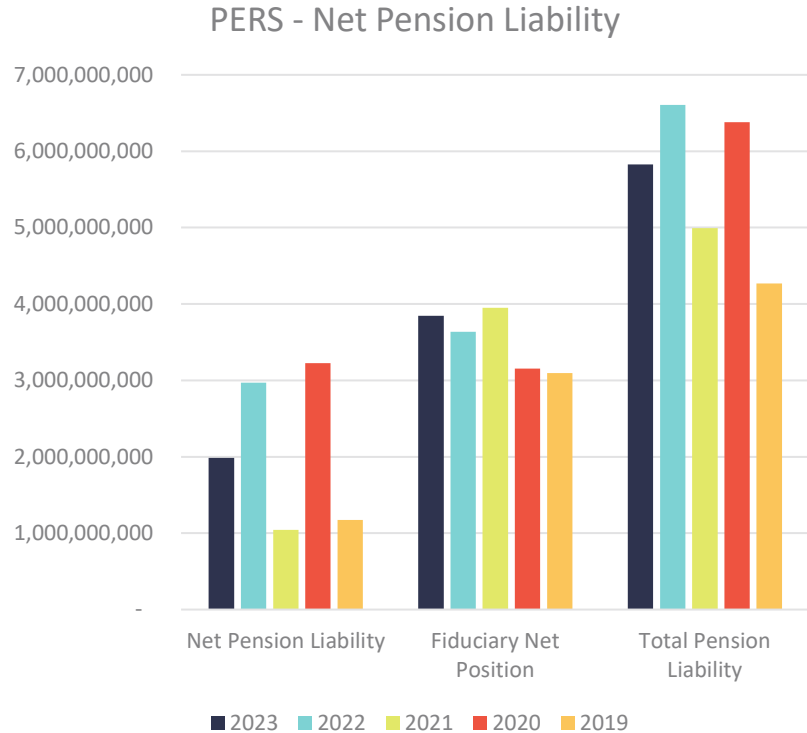
No major issues were discussed with management prior to retention



Management Representations



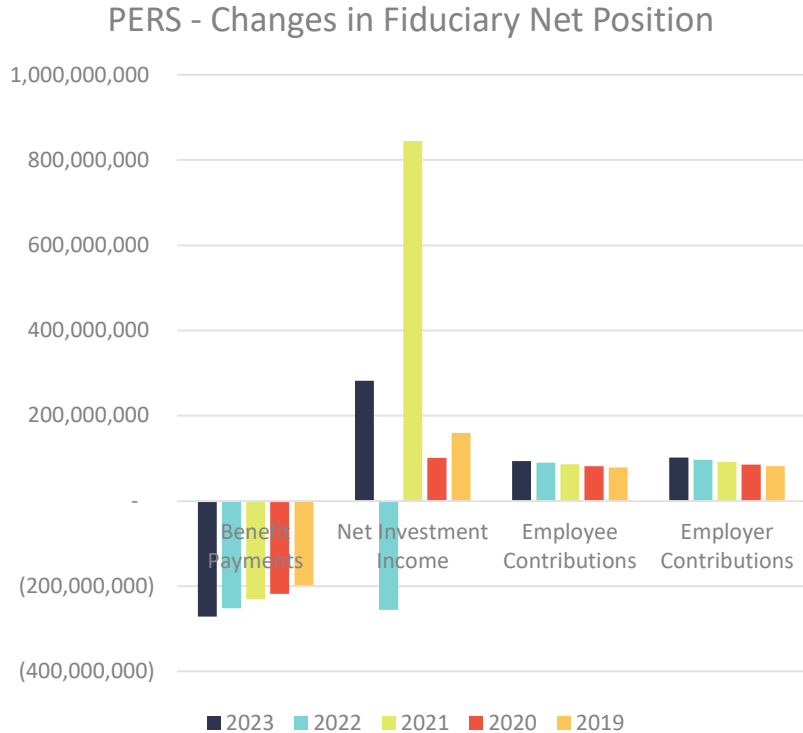
# Financial Highlights – PERS



- Fiduciary Net Position as a % of Total Pension Liability increased from 55.03% in 2022 to 65.96% in 2023



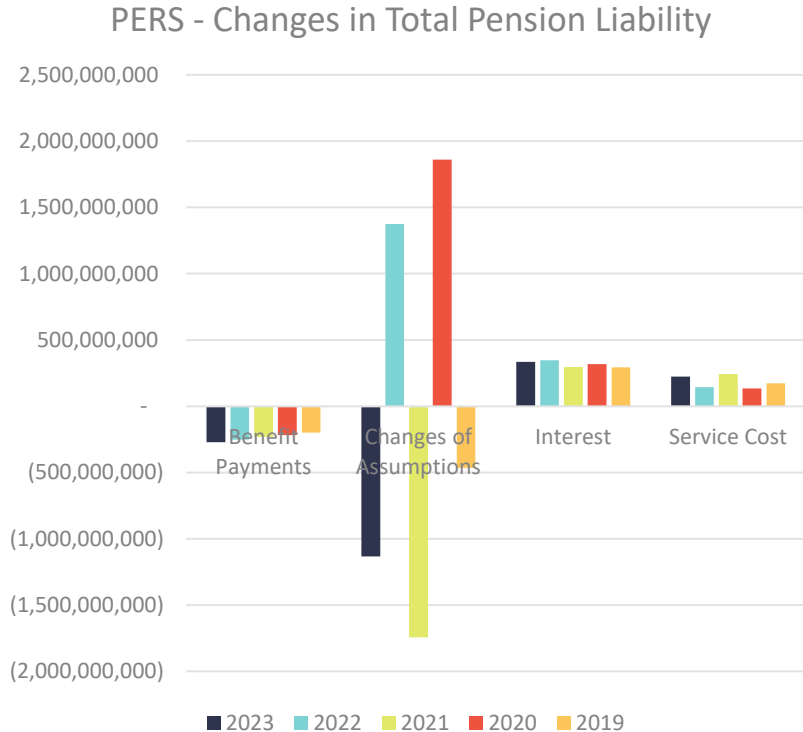
# Financial Highlights – PERS (continued)



- Contributions
  - Active members increased from 24,779 in 2022 to 25,019 in 2023
- Investment Income
  - 8.13% money-weighted rate of return in 2023
- Benefit Payments
  - Retirees increased from 14,204 or 4.6% in 2022 to 14,997 in 2023



# Financial Highlights – PERS (continued)



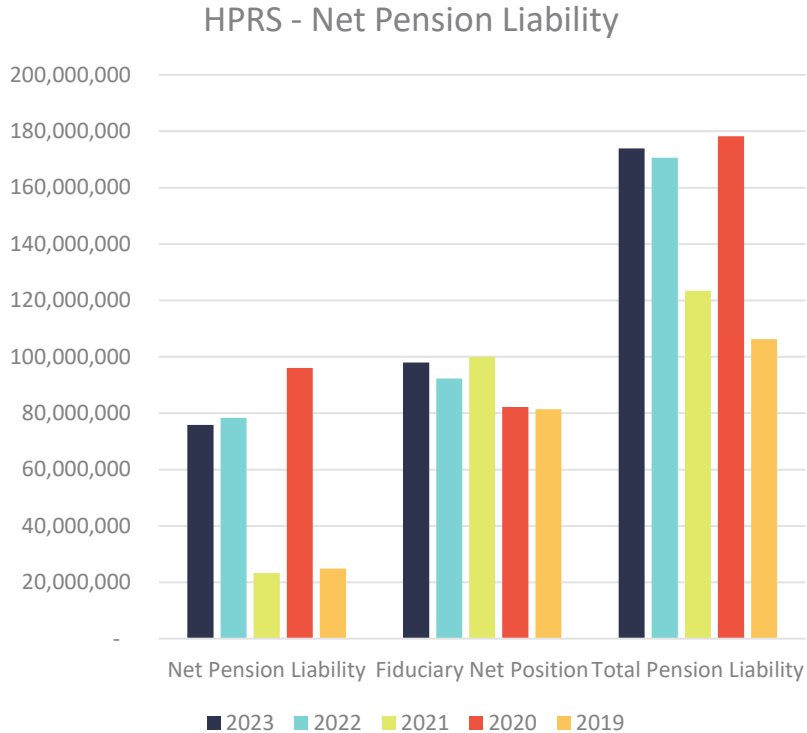
- The Single Discount Rate increased from 5.10% in 2022 to 6.50% in 2023
- The Single Discount Rate decreased from 7.0% in 2021 to 5.10% in 2022 (6.50% LTRoR and 3.69% municipal bond rate)
- The Single Discount Rate increased from 4.64% in 2020 to 7.0% in 2021
- The Single Discount Rate decreased from 7.50% in 2019 to 4.64% in 2020 (7.00% LTRoR and 2.45% municipal bond rate)
- Other assumption changes from experience study covering 7/1/14 to 6/30/19





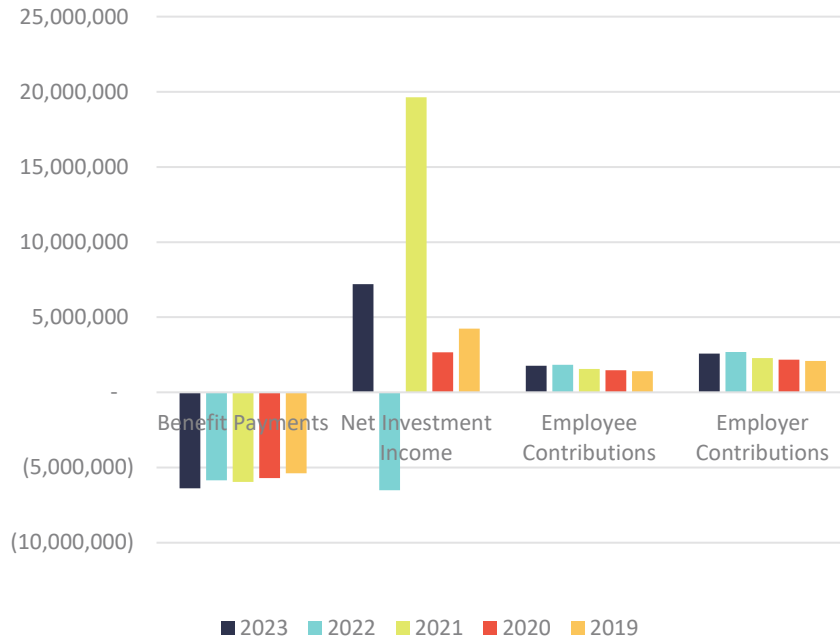
# Financial Highlights – HPRS

- Fiduciary Net Position as a % of Total Pension Liability increased from 54.10% in 2022 to 56.37% in 2023



# Financial Highlights – HPRS (continued)

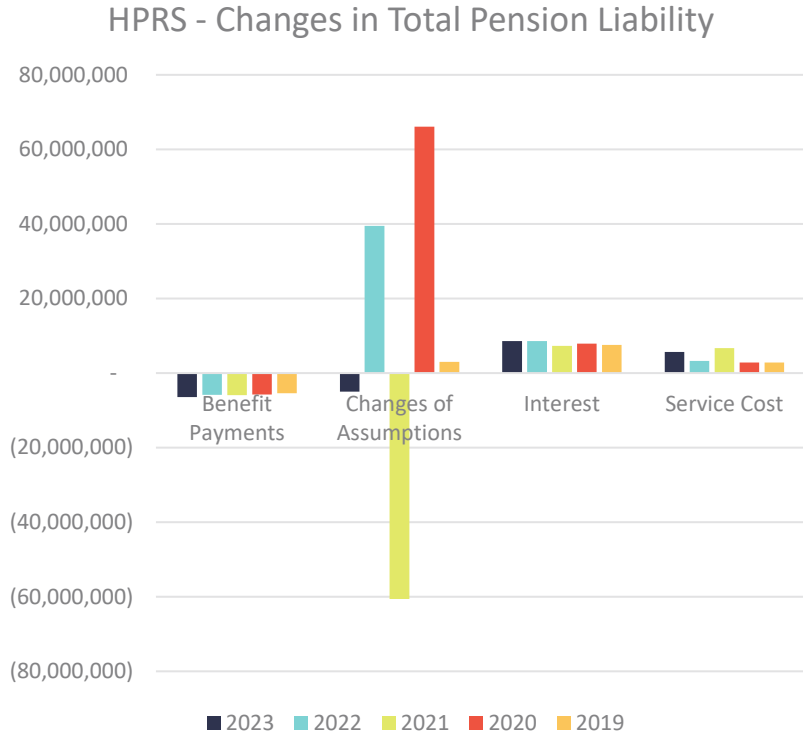
HPRS - Changes in Fiduciary Net Position



- Contributions
  - Active members decreased from 151 in 2022 to 144 in 2023
- Investment Income
  - 7.86% money-weighted rate of return in 2023
- Benefit Payments
  - Retirees increased from 135 in 2022 to 143 in 2023.



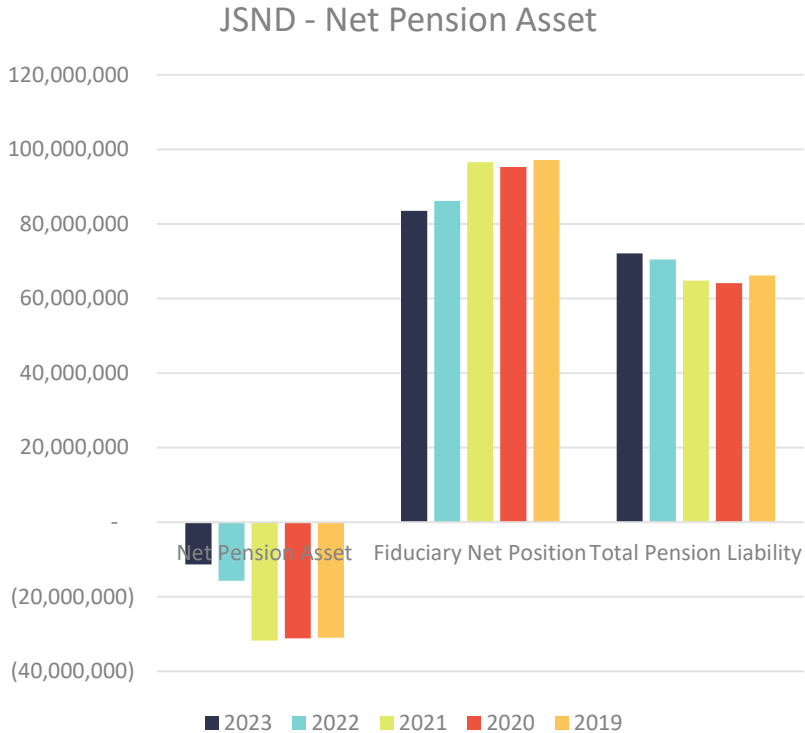
# Financial Highlights – HPRS (continued)



- Single Discount Rate was increased from 5.02% in 2022 to 5.22% in 2023 (6.50% LTRoR + 3.86% municipal bond rate)
- Single Discount Rate was decreased from 7.0% in 2021 to 5.02% in 2022
- Single Discount Rate was increased from 4.09% in 2020 to 7.00% in 2021
- Single Discount Rate was decreased from 7.50% in 2019 to 4.09% in 2020
- Other assumption changes from experience study covering 7/1/14 to 6/30/19



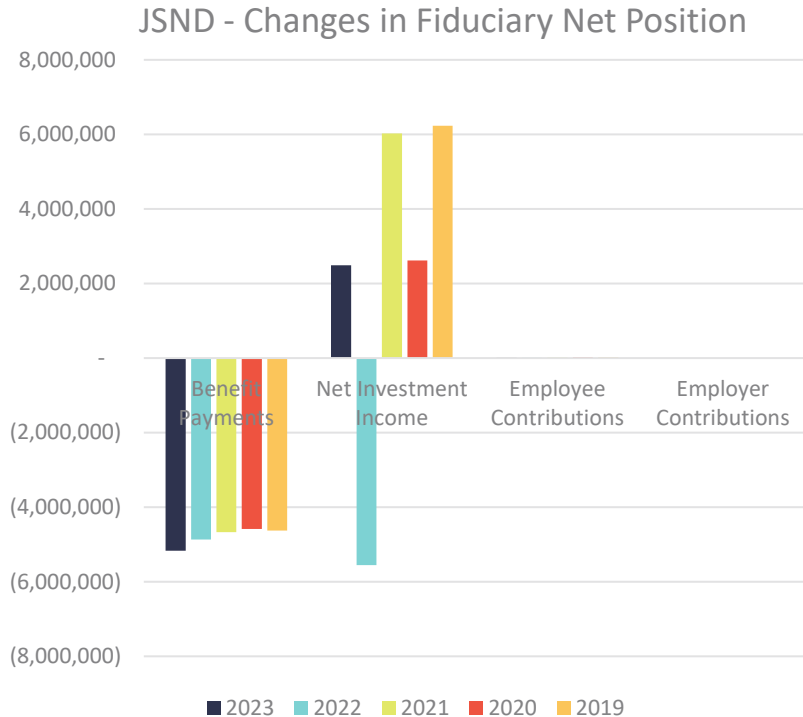
# Financial Highlights – JSND



- JSND is a closed plan
- Fiduciary Net Position as a % of Total Pension Liability decreased from 122.25% in 2022 to 115.73% in 2023



# Financial Highlights – JSND (continued)

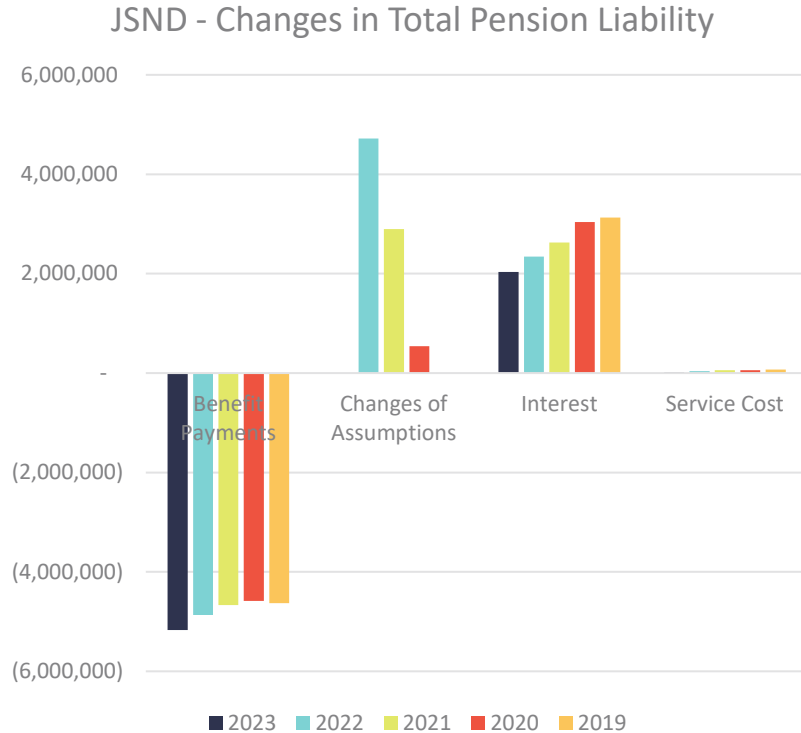


- Contributions
  - Active members remained at 1 for both 2022 and 2023
  - No employer contributions and minimal member contributions given the small population and closed, overfunded status of the plan
- Investment Income
  - 3.30% money-weighted rate of return in 2023
- Benefit Payments
  - Retirees decreased from 175 in 2022 to 169 in 2023



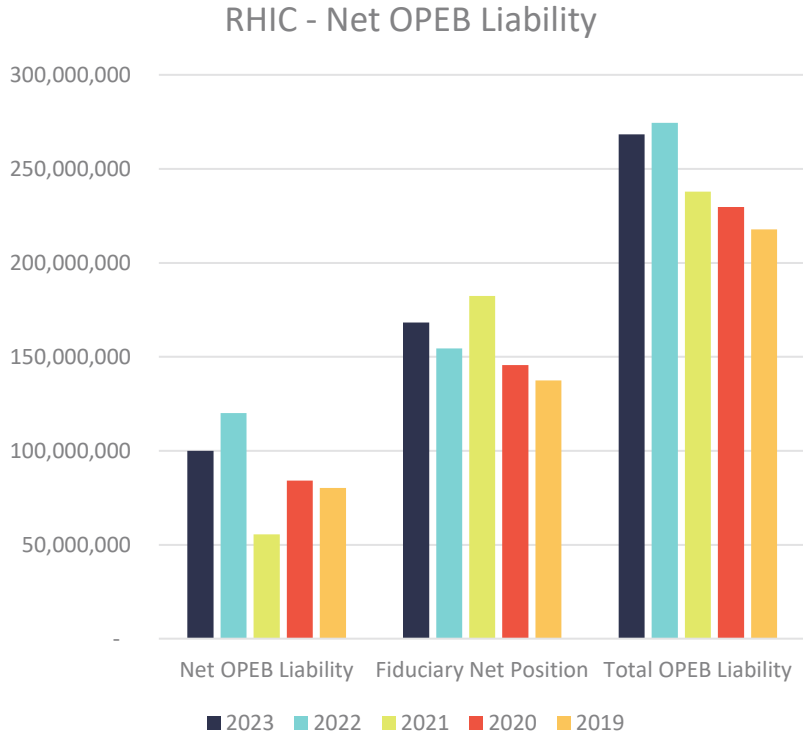
# Financial Highlights – JSND (continued)

- The Single Discount Rate was 3.00% for both 2022 and 2023

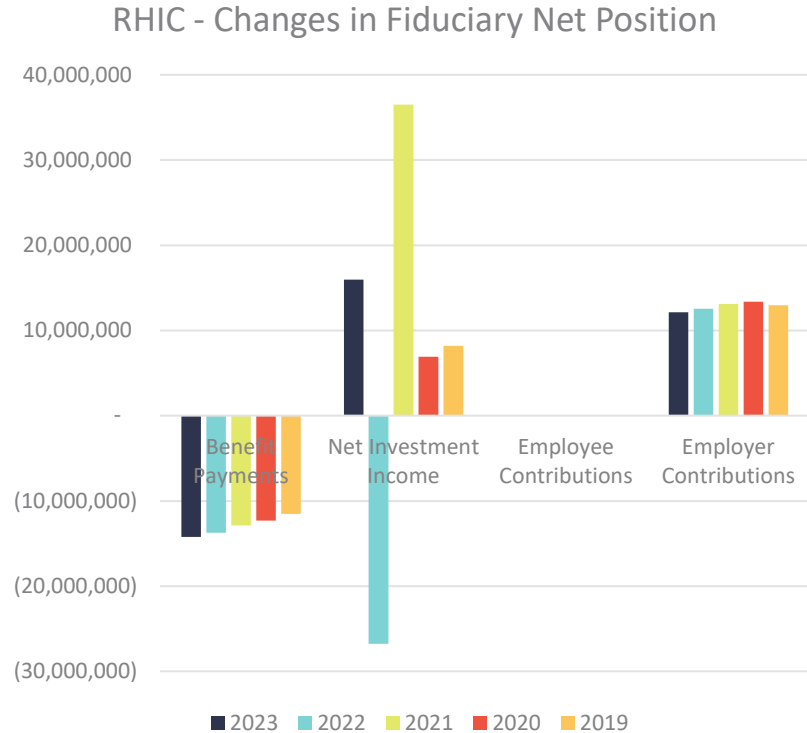


# Financial Highlights – RHIC

- Fiduciary Net Position as a % of Total OPEB Liability increased from 56.28% in 2022 to 62.74% in 2023



# Financial Highlights – RHIC (continued)

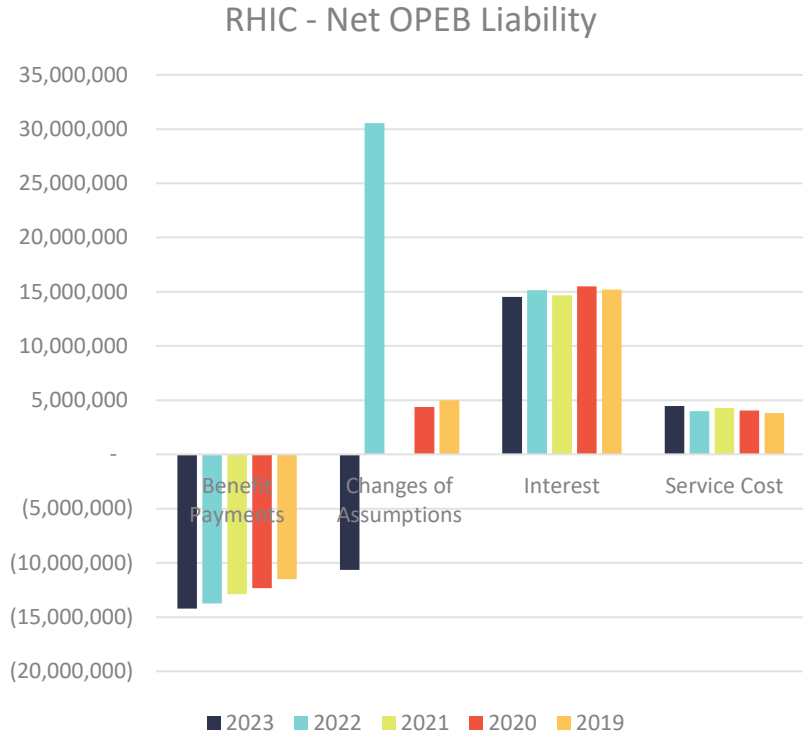


- Contributions
  - Active members decreased from 19,018 in 2022 to 17,283 in 2023
- Investment Income
  - 10.82% money-weighted rate of return in 2023
- Benefit Payments
  - Retirees increased from 14,290 in 2022 to 14,996 in 2023





# Financial Highlights – RHIC (continued)



- Single Discount Rate was increased from 5.39% in 2022 to 5.75%
- Single Discount Rate was decreased from 6.50% in 2021 to 5.39% in 2022 (5.75% LTRoR and 3.69% municipal bond rate)
- Discount Rate was decreased from 7.25% in 2019 to 6.50% in 2020



# Financial Highlights – Group Insurance

## 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	356,066	-7.3%	383,962	4.4%	367,918
<b>Non-Operating Revenues</b>					
Net Investment Income	2,275	-234.6%	(1,690)	-232.3%	1,277
Total Revenues	358,341	-6.3%	382,272	3.5%	369,195
<b>Operating Expenses</b>					
Premium Expenses	355,924	-0.3%	356,984	-2.7%	366,959
Administrative Expenses	2,110	26.2%	1,672	-8.7%	1,832
Total Operating Expenses	358,034	-0.2%	358,656	-2.7%	368,791
<b>Non-Operating Expense</b>					
Transfer Out	280	71.8%	163	85.2%	88
<b>Change in Net Position</b>	\$ 27	-99.9%	\$ 23,453	7321.8%	\$ 316
<b>Total 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 primarily due to investment earnings. The net position for the proprietary fund increased by \$23.5 million during the fiscal year ended June 30, 2022 primarily 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.



# GASB 68 and 75 Schedule Audit Update



## Employer Census Testing

Selected 17 Employers for testing  
No material differences have been identified



Expect to begin work on the GASB 68 and 75 Schedules in January 2024



Expect to issue our final report on the schedules no later than February 2024



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**NORTH DAKOTA PUBLIC EMPLOYEES**

**RETIREMENT SYSTEM**

**FINANCIAL STATEMENTS**

**YEARS ENDED JUNE 30, 2023 AND 2022**

DRAFT

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM  
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## INDEPENDENT AUDITORS' REPORT

Governor Doug Burgum  
The Legislative Assembly

Rebecca Fricke, Executive Director  
North Dakota Public Employees' Retirement System  
Bismarck, North Dakota

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

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 Auditors' 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 opinions are not modified with respect to this matter.

#### ***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.

***Auditors' 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.

***Required Supplementary Information***

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



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

**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 consulting expenses, and statement of 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.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated REPORT DATE on our consideration of the internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 internal control over financial reporting and compliance.

**CliftonLarsonAllen LLP**

Baltimore, Maryland  
REPORT DATE

**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:

	2023	2022
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 Net Position 2023	Change in Net Position 2022
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>\$ 27</u>	-99.9%	<u>\$ 23,453</u>	7321.8%	<u>\$ 316</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  
STATEMENTS 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  
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUND  
YEARS 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  
STATEMENTS OF CASH FLOWS  
PROPRIETARY FUND  
YEARS 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	24,738,869	(765,761)
<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	(23,032,455)	657,265
<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	(280,000)	(222,050)
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	1,426,414	(330,546)
Cash and Cash Equivalents - Beginning of Year	3,088,306	3,418,852
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 4,514,720	\$ 3,088,306
<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	\$ 24,738,869	\$ (765,761)

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM  
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
Total Assets	3,875,381,447	98,723,820	168,582,121	19,994,231	715,208	194,849,086	83,624,093	4,441,870,006

See accompanying notes to financial statements.

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM  
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
<b>Total Liabilities</b>	<b>31,440,705</b>	<b>688,698</b>	<b>264,069</b>	<b>258</b>	<b>65,300</b>	<b>130,024</b>	<b>138,773</b>	<b>32,727,827</b>
<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
<b>Total Fiduciary Net Position Held in Trust</b>	<b>\$ 3,843,940,742</b>	<b>\$ 98,035,122</b>	<b>\$ 168,318,052</b>	<b>\$ 19,993,973</b>	<b>\$ 649,908</b>	<b>\$ 194,719,062</b>	<b>\$ 83,485,320</b>	<b>\$ 4,409,142,179</b>

See accompanying notes to financial statements.

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM  
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	23,022,445	589,333	-	-	-	-	-	23,611,778
Capital Assets (Net of Depreciation/Amortization)	174,532	2,106	71,755	485	27,871	78,042	623	355,414
<b>Total Assets</b>	<b>3,661,720,132</b>	<b>92,913,830</b>	<b>154,636,968</b>	<b>17,084,018</b>	<b>650,495</b>	<b>168,882,189</b>	<b>86,259,225</b>	<b>4,182,146,857</b>

See accompanying notes to financial statements.

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM  
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
<b>Total Liabilities</b>	<b>25,948,230</b>	<b>589,333</b>	<b>153,896</b>	<b>259</b>	<b>151,904</b>	<b>97,110</b>	<b>81,755</b>	<b>27,022,487</b>
<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
<b>Total Fiduciary Net Position Held in Trust</b>	<b>\$ 3,635,771,902</b>	<b>\$ 92,324,497</b>	<b>\$ 154,483,072</b>	<b>\$ 17,083,759</b>	<b>\$ 498,591</b>	<b>\$ 168,785,079</b>	<b>\$ 86,177,470</b>	<b>\$ 4,155,124,370</b>

See accompanying notes to financial statements.

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE 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>	<u>208,168,840</u>	<u>5,710,625</u>	<u>13,834,980</u>	<u>2,910,214</u>	<u>151,317</u>	<u>25,933,983</u>	<u>(2,692,150)</u>	<u>254,017,809</u>
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>	<u>\$ 3,843,940,742</u>	<u>\$ 98,035,122</u>	<u>\$ 168,318,052</u>	<u>\$ 19,993,973</u>	<u>\$ 649,908</u>	<u>\$ 194,719,062</u>	<u>\$ 83,485,320</u>	<u>\$ 4,409,142,179</u>

See accompanying notes to financial statements.

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE 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	186,264,722	4,512,524	12,577,807	1,056,465	6,013,536	18,644,358	9,299	229,078,711
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)	(256,203,044)	(6,513,285)	(26,756,507)	(3,094,142)	454	(27,643,572)	(5,551,487)	(325,761,583)
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	(59,544,282)	(1,837,638)	(13,721,806)	(2,030,833)	6,904,165	(8,999,214)	(5,542,188)	(84,771,796)
<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
	252,066,249	5,848,024	13,746,110	782,229	6,675,693	9,195,151	4,865,682	293,179,138
Administrative Expenses	2,340,267	65,650	383,458	6,255	551,867	812,126	18,357	4,177,980
Total Deductions	254,406,516	5,913,674	14,129,568	788,484	7,227,560	10,007,277	4,884,039	297,357,118
<b>CHANGE IN FIDUCIARY NET POSITION</b>	(313,950,798)	(7,751,312)	(27,851,374)	(2,819,317)	(323,395)	(19,006,491)	(10,426,227)	(382,128,914)
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>\$ 3,635,771,902</b>	<b>\$ 92,324,497</b>	<b>\$ 154,483,072</b>	<b>\$ 17,083,759</b>	<b>\$ 498,591</b>	<b>\$ 168,785,079</b>	<b>\$ 86,177,470</b>	<b>\$ 4,155,124,370</b>

See accompanying notes to financial statements.

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2023 AND 2022**

**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.



**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2023 AND 2022**

**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.

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2023 AND 2022**

**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.

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2023 AND 2022**

**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.

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2023 AND 2022**

**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  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2023 AND 2022**

**NOTE 2 DEPOSITS AND INVESTMENTS**

**Defined Contribution Retirement Fund**

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

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED 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>\$193,353,319</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>\$167,318,012</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  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED 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  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED 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.

	2023	2022
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	78,474	9,077
Total Cash and Cash Equivalents	\$ 26,957,634	\$ 24,449,676

**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:

	2023	2022
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
	\$ 4,366,046,462	\$ 4,113,846,838



**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED 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%

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2023 AND 2022**

**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  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2023 AND 2022**

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

**PERS and HPRS Plan**

<b>Type (in thousands)</b>	<b>2023</b>				
	<b>Fair Value</b>	<b>Less Than 1</b>			<b>Over 10</b>
		<b>Year</b>	<b>1-6 Years</b>	<b>6-10 Years</b>	<b>Years</b>
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.*

<b>Type (in thousands)</b>	<b>2022</b>				
	<b>Fair Value</b>	<b>Less Than 1</b>			<b>Over 10</b>
		<b>Year</b>	<b>1-6 Years</b>	<b>6-10 Years</b>	<b>Years</b>
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**

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

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

<b>Type (in thousands)</b>	<b>2022</b>				
	<b>Fair Value</b>	<b>Less Than 1</b>			<b>Over 10</b>
		<b>Year</b>	<b>1-6 Years</b>	<b>6-10 Years</b>	<b>Years</b>
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  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2023 AND 2022**

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

**Retiree Health Insurance Credit Fund**

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

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

<b>Type (in thousands)</b>	<b>2022</b>				
	<b>Fair Value</b>	<b>Less Than 1 Year</b>	<b>1-6 Years</b>	<b>6-10 Years</b>	<b>Over 10 Years</b>
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  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED 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
<b>Fiduciary</b>		
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	-	-
<b>Proprietary</b>		
Uniform Group Insurance Program	-	-
	<u>\$ -</u>	<u>\$ -</u>

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
<b>Fiduciary</b>		
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	-	-
<b>Proprietary</b>		
Uniform Group Insurance Program	92,105	-
	<u>\$ -</u>	<u>\$ -</u>

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

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED 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
<b>Fiduciary</b>		
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>
<b>Proprietary</b>		
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  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED 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
<b>Fiduciary</b>		
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>
<b>Proprietary</b>		
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  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED 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:

<u>Fund Type/Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
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:

<u>Fund Type/Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
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**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED 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 7/1/2021	Additions	Deletions	Balance 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>

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2023 AND 2022**

**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.

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2023 AND 2022**

**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.

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2023 AND 2022**

**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	373	373

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	57,618	55,266	346	341	170	177

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.

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2023 AND 2022**

**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.

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2023 AND 2022**

**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.

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2023 AND 2022**

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

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

**Defined Contribution Plan**

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

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

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

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

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

**Refunds of Member Contributions**

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

**Contributions**

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

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2023 AND 2022**

**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		2026 and Later	
		Before 2024	2024-2025	State	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.*

**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%	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.



**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2023 AND 2022**

**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.

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2023 AND 2022**

**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:

<u>2023</u>	<u>PERS</u>	<u>HPRS</u>	<u>JSND</u>
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%
<u>2022</u>	<u>PERS</u>	<u>HPRS</u>	<u>JSND</u>
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

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2023 AND 2022**

**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.

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM  
 NOTES TO FINANCIAL STATEMENTS  
 YEARS ENDED JUNE 30, 2023 AND 2022**

**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.

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2023 AND 2022**

**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**

<u>Asset Class</u>	<u>FY 2023 Long-Term Expected Real Rate of Return</u>	<u>FY 2022 Long-Term Expected Real Rate of Return</u>
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\***

<u>Asset Class</u>	<u>FY 2023 Long-Term Expected Real Rate of Return</u>	<u>FY 2022 Long-Term Expected Real Rate of Return</u>
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.

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2023 AND 2022**

**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:

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2023 AND 2022**

**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
	1% Decrease (4.22%)	Current Discount (5.22%)	1% Increase (6.22%)
HPRS	103,458,958	75,874,610	53,762,446
	1% Decrease (2.00%)	Current Discount (3.00%)	1% Increase (4.00%)
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
	1% Decrease (4.02%)	Current Discount (5.02%)	1% Increase (6.02%)
HPRS	40,084,617	23,295,192	9,514,031
	1% Decrease (2.00%)	Current Discount (3.00%)	1% Increase (4.00%)
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>

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
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**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:

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



**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM  
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**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.

**Other Notes:** 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:

<u>Asset Class</u>	<u>FY 2023 Long-Term Expected Real Rate of Return</u>	<u>FY 2022 Long-Term Expected Real Rate of Return</u>
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%

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM  
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**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  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED 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:

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2023 AND 2022**

**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 8, 2022** which is the date the financial statements were available to be issued. Events or transactions occurring after June 30, 2023, but prior to **December 8, 2022** 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  
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)	(119,886,324)
<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  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES TO THE NET PENSION LIABILITY AND RELATED RATIOS  
FOR THE YEARS ENDED JUNE 30**

**Highway Patrolmen's Retirement System**

	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</b>	56.37%	54.10%	81.12%	46.11%	76.58%	80.22%	77.98%	74.85%	83.23%	87.05%
<b>Covered Payroll</b>	<b>\$ 11,991,087</b>	<b>\$ 12,267,230</b>	<b>\$ 11,516,196</b>	<b>\$ 11,409,711</b>	<b>\$ 10,354,210</b>	<b>\$ 10,737,297</b>	<b>\$ 10,629,403</b>	<b>\$ 10,526,791</b>	<b>\$ 10,145,713</b>	<b>\$ 9,348,386</b>
<b>Plan Net Pension Liability (Asset) as a Percentage of Covered Payroll</b>	632.76%	638.60%	202.28%	841.78%	240.48%	181.21%	194.84%	210.04%	132.44%	104.47%

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES TO THE NET PENSION LIABILITY AND RELATED RATIOS  
FOR THE YEARS ENDED JUNE 30**

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<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  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES TO THE NET OTHER POST EMPLOYMENT BENEFIT LIABILITY AND RELATED RATIOS  
FOR THE YEARS ENDED JUNE 30**

**Retiree Health Insurance Credit Fund**

	2023	2022	2021	2020	2019	2018	2017
<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  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
FOR THE YEARS ENDED JUNE 30  
(IN THOUSANDS)**

**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  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2023**

**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  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2023**

***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  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2023**

***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:	<p>There were no benefit changes during the year.</p> <p>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.</p> <p>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.</p>

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2023**

***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  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2023**

***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  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF INVESTMENT RETURNS  
 FOR THE YEARS ENDED JUNE 30**

	<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>
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	7.86%	-6.50%	23.90%	3.28%	5.39%	9.16%	12.93%	0.48%	3.66%	16.20%
Retirement Plan for Employees										
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%	-	-

DRAFT

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM  
 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>\$ 10,534,306</u>	<u>\$ 268,922</u>	<u>\$ 484,757</u>	<u>\$ 326</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 280,428</u>

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



**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM  
 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	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,720</u>	<u>-</u>	<u>-</u>	<u>-</u>
<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  
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
<b>Personnel Services:</b>							
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
<b>Total Personnel Services</b>	<b>1,572,247</b>	<b>9,423</b>	<b>72,057</b>	<b>4,592</b>	<b>262,889</b>	<b>424,038</b>	<b>3,885</b>
<b>Professional Services:</b>							
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
<b>Total Professional Services</b>	<b>923,402</b>	<b>19,069</b>	<b>263,483</b>	<b>4,283</b>	<b>193,099</b>	<b>306,345</b>	<b>10,192</b>
<b>Communication:</b>							
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
<b>Total Communication</b>	<b>50,210</b>	<b>301</b>	<b>2,395</b>	<b>144</b>	<b>6,885</b>	<b>8,132</b>	<b>122</b>
<b>Rentals:</b>							
Equipment Rent	1,711	10	90	6	430	861	5
Office Rent	38,874	233	2,041	130	9,777	19,533	110
<b>Total Rentals</b>	<b>40,585</b>	<b>243</b>	<b>2,131</b>	<b>136</b>	<b>10,207</b>	<b>20,394</b>	<b>115</b>
<b>Miscellaneous:</b>							
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
<b>Total Miscellaneous</b>	<b>83,640</b>	<b>1,070</b>	<b>15,629</b>	<b>535</b>	<b>24,365</b>	<b>51,684</b>	<b>369</b>
<b>Total Administrative Expenses</b>	<b>\$ 2,670,084</b>	<b>\$ 30,106</b>	<b>\$ 355,695</b>	<b>\$ 9,690</b>	<b>\$ 497,445</b>	<b>\$ 810,593</b>	<b>\$ 14,683</b>

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM  
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
<b>Personnel Services:</b>							
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
<b>Total Personnel Services</b>	<b>1,494,010</b>	<b>9,217</b>	<b>76,460</b>	<b>2,743</b>	<b>325,200</b>	<b>438,906</b>	<b>4,114</b>
<b>Professional Services:</b>							
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
<b>Total Professional Services</b>	<b>603,001</b>	<b>54,562</b>	<b>292,614</b>	<b>2,984</b>	<b>176,526</b>	<b>279,469</b>	<b>13,522</b>
<b>Communication:</b>							
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
<b>Total Communication</b>	<b>46,055</b>	<b>284</b>	<b>2,061</b>	<b>73</b>	<b>6,981</b>	<b>7,916</b>	<b>111</b>
<b>Rentals:</b>							
Equipment Rent	1,588	10	91	3	400	799	5
Office Rent	43,903	271	2,524	91	11,044	22,087	136
<b>Total Rentals</b>	<b>45,491</b>	<b>281</b>	<b>2,615</b>	<b>94</b>	<b>11,444</b>	<b>22,886</b>	<b>141</b>
<b>Miscellaneous:</b>							
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
<b>Total Miscellaneous</b>	<b>151,710</b>	<b>1,306</b>	<b>9,708</b>	<b>361</b>	<b>31,716</b>	<b>62,949</b>	<b>469</b>
<b>Total Administrative Expenses</b>	<b>\$ 2,340,267</b>	<b>\$ 65,650</b>	<b>\$ 383,458</b>	<b>\$ 6,255</b>	<b>\$ 551,867</b>	<b>\$ 812,126</b>	<b>\$ 18,357</b>

**NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM  
SUPPLEMENTAL INFORMATION  
SCHEDULE OF CONSULTING 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  
SUPPLEMENTAL INFORMATION  
SCHEDULE OF CONSULTING 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  
SCHEDULE OF APPROPRIATIONS  
FOR THE YEAR ENDED 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**

	<b>2022</b>	<b>2023</b>
Administrative expenses as reflected in the financial statements		
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

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Governor Doug Burgum  
The Legislative Assembly

Rebecca Fricke, Executive Director  
North Dakota Public Employees Retirement System  
Bismarck, North Dakota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the 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 year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the System's basic financial statements, and have issued our report thereon dated REPORT DATE.

***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Investment Programs' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control. Accordingly, we do not express an opinion on the effectiveness of the Investment Programs' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the System's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the System’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***Purpose of This Report***

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

**CliftonLarsonAllen LLP**

Baltimore, Maryland  
REPORT DATE

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**Special Comments Requested by the Legislative Audit  
and Fiscal Review Committee  
Year Ended June 30, 2023**

The Legislative Audit and Fiscal Review Committee requires that certain items be addressed by auditors performing audits of state agencies. These items and our responses are as follows:

**Audit Report Communications**

1. What type of opinion was issued on the financial statements?

Unmodified

2. Was there compliance with statutes, laws, rules and regulations under which the agency was created and is functioning?

Yes

3. Was internal control adequate and functioning effectively?

No material weaknesses noted. See internal controls report.

4. Were there any indications of lack of efficiency in financial operations and management of the agency?

No

5. Has action been taken on findings and recommendations included in prior year reports?

Yes

6. Was a management letter issued? If so, provide a summary below, including any recommendations and the management response.

No

## Audit Committee Communications

1. Identify any significant changes in accounting policies, any management conflicts of interest, any contingent liabilities, or any significant unusual transactions.

None

2. Identify any significant accounting estimates, the process used by management to formulate the accounting estimates, and the basis for the auditors' conclusions regarding the reasonableness of those estimates.

The fair value of alternative investments, including private equity and real estate investments, are a management estimate which is primarily based upon net asset values reported by the investment managers. The values for these investments are reported based upon the most recent financial data available and are adjusted for cash flows through June 30, 2023. Our audit procedures validated this approach through the use of confirmations sent directly to a sample of investment managers and the review of the most recent audited financial statements for these sampled funds. Furthermore, we reviewed management's estimate and found it to be reasonable in relation to the financial statements taken as a whole.

The actuarial valuations were based on the actuarial assumptions and methods adopted by the Board, including an actuarial expected investment rate of return of 7.00% for the Public Employees Retirement System (PERS) and Highway Patrolmen's Retirement System (HPRS), 5.75% for the Retiree Health Insurance Credit Fund (RHIC) and 3.75% for the Retirement Plan for Employees of Job Services North Dakota (JSND).

The discount rates used to measure the total pension liabilities for the PERS and HPRS plans were 6.50% and 5.22%, respectively, which were the blended discount rates calculated based on the actuarial expected investment rate of return for each plan and the municipal bond rate of 3.86%. The discount rate used to measure the total pension liability of the JSND plan was its actuarial expected investment rate of return of 3.00%. The discount rate used to measure the total OPEB liability for the RHIC plan was 5.75%, which was the blended discount rate calculated based on the actuarial expected investment rate of return for each plan and the municipal bond rate of 3.86%.

In accordance with GASB 67, the total pension liability of the PERS, HPRS and JSND were calculated with an actuarial valuation and measurement date of June 30, 2023. In accordance with GASB 74, the total OPEB liability of the RHIC was calculated with an actuarial valuation and measurement date of June 30, 2023. We evaluated the key factors and assumptions used to develop the estimate of the total pension and OPEB liabilities in determining that they are reasonable in relation to the financial statements taken as a whole.

3. Identify any significant audit adjustments.

None

4. Identify any disagreements with management, whether or not resolved to the auditors' satisfaction, relating to financial accounting, reporting, or auditing matters that could be significant to the financial statements.

None

5. Identify any significant difficulties encountered in performing the audit.

None

6. Identify any major issues discussed with management prior to retention.

None

7. Identify any management consultations with other accountants about auditing and accounting matters.

None

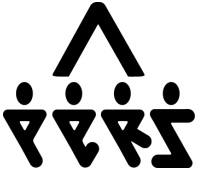
8. Identify any high-risk information technology systems critical to operations based on the auditors' overall assessment of the importance of the system to the agency and its mission or whether any exceptions identified in the six audit report questions addressed above are directly related to the operations of an information technology system.

Based on the audit procedures performed, the System's critical information technology system is PERLink. There were no exceptions identified that were directly related to this application.

This report is intended solely for the information and use of the audit committee, management, the Legislative Audit and Fiscal Review Committee, and other state officials, and is not intended to be and should not be used by anyone other than these specified parties.

**CliftonLarsonAllen LLP**

Baltimore, Maryland  
REPORT DATE



**North Dakota  
Public Employees Retirement System**  
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Bismarck, North Dakota 58502-1657

**Rebecca Fricke**  
Interim Executive Director  
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# Memorandum

**TO:**                   NDPERS Board

**FROM:**               Rebecca

**DATE:**               December 12, 2023

**SUBJECT:**           Sanford Health Plan Updates

Sanford Health Plan will be at the meeting to provide several updates to the Board.

The first is to review the Quarter 2, 2023 Executive Summary (Attachment 1) and answer any questions you may have. Representatives from Humana are also available to discuss any questions related to the Medicare Part D Plan information, labeled as NDPERS EGWP, found on page 15 of the summary.

The second is to provide a summary of their Cost Savings Report (Attachment 2) and the third is to share with the Board the results of their most recent Health Effectiveness Data and Information Set (HEDIS) analysis (Attachment 3).

This item is informational and does not require any action by the Board.

# NDPERS Executive Summary



Quarter 2 | 2023

Presented December 2023



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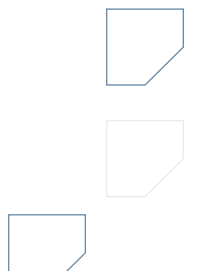
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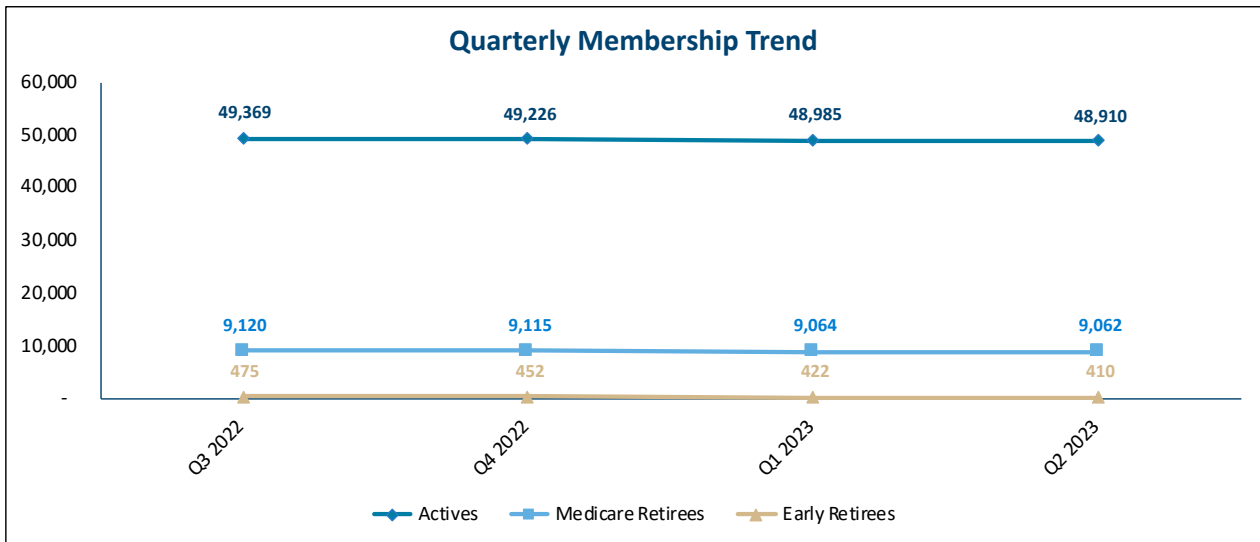


Summary

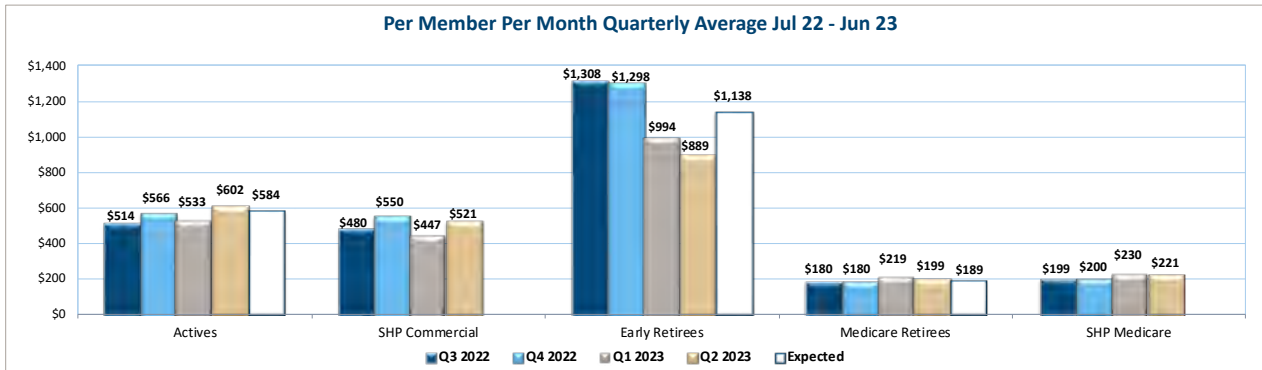
# ANNUAL MEMBERSHIP SUMMARY

MEMBERSHIP COMPARISON						PERCENT CHANGE
	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q2 2022 – Q2 2023
Actives	49,523	49,369	49,226	48,985	48,910	-1.2%
Medicare Retirees	9,121	9,120	9,115	9,064	9,062	-0.6%
Early Retirees	491	475	452	422	410	-16.6%

## MEMBERSHIP TREND



## PMPM SUMMARY

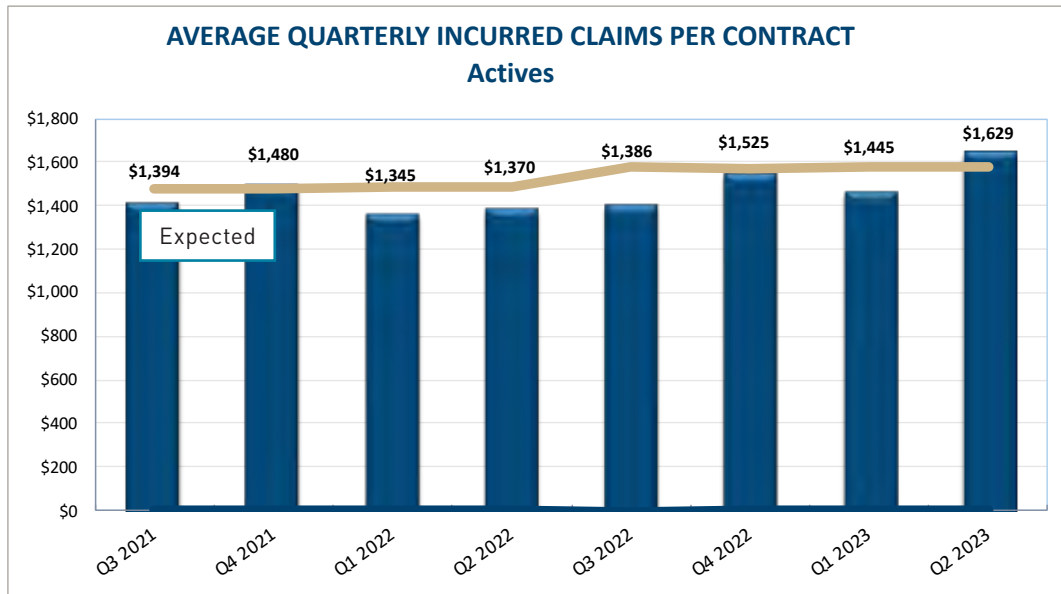


\*Incurred between July 1, 2022 and June 30, 2023. Includes IBNR for July 1, 2022 through June 30, 2023, as of August 31, 2023.

\*Medicare Retirees PMPM excludes prescription drug coverage (Medicare Part D).

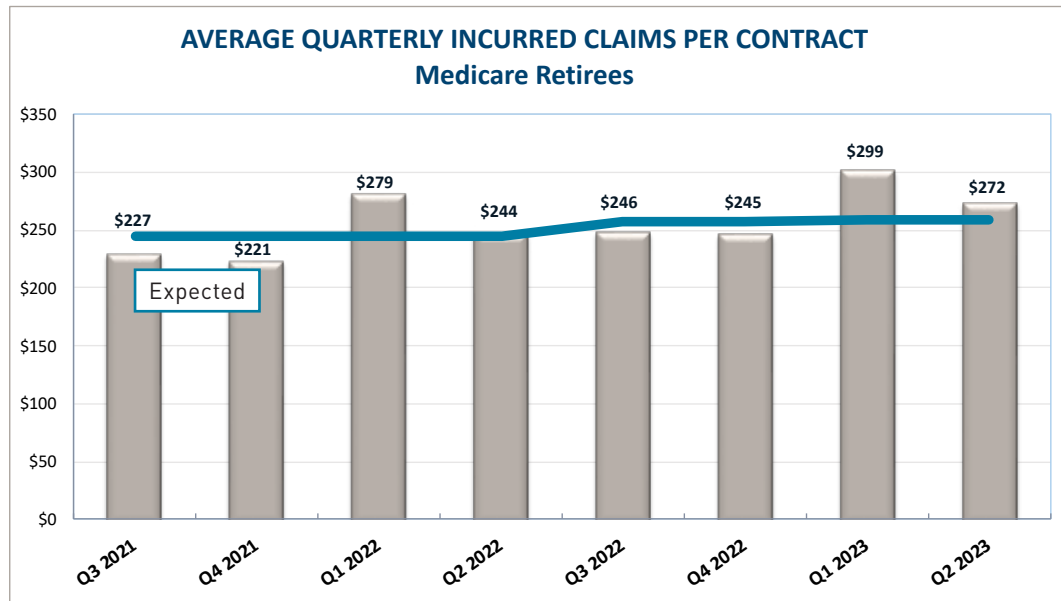
\*Expected is July 1, 2022 - June 30, 2023.

# PAID CLAIMS PER CONTRACT PER MONTH



\*Incurred between July 1, 2022 and June 30, 2023. Includes IBNR for July 1, 2022 through June 30, 2023, as of August 31, 2023.

\*NDPERS Active contracts have approximately 2.71 members per contract.



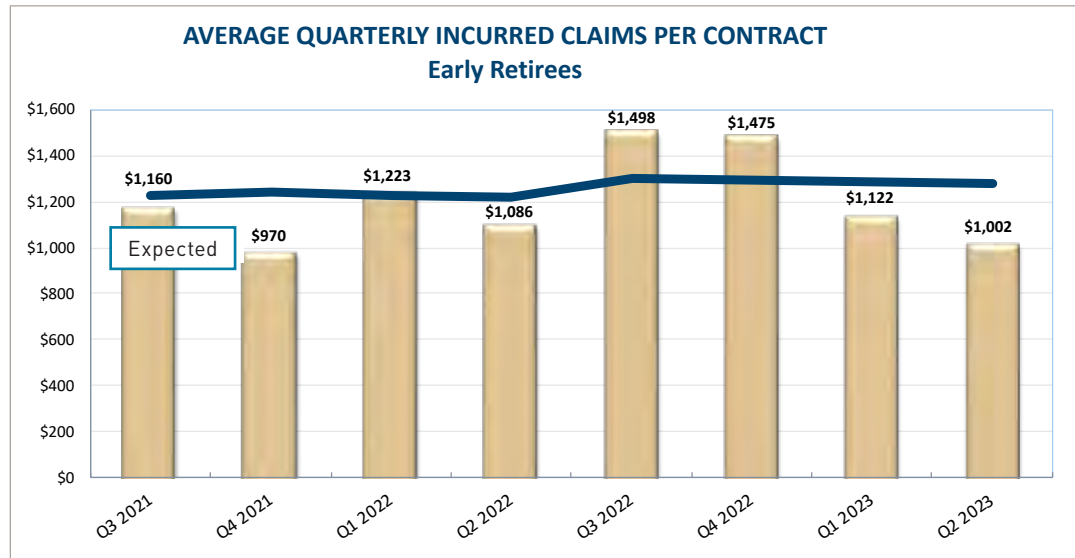
\*Incurred between July 1, 2022 and June 30, 2023. Includes IBNR for July 1, 2022 through June 30, 2023, as of August 31, 2023.

\*NDPERS Medicare Retirees contracts have approximately 1.37 members per contract.



Claims Analysis

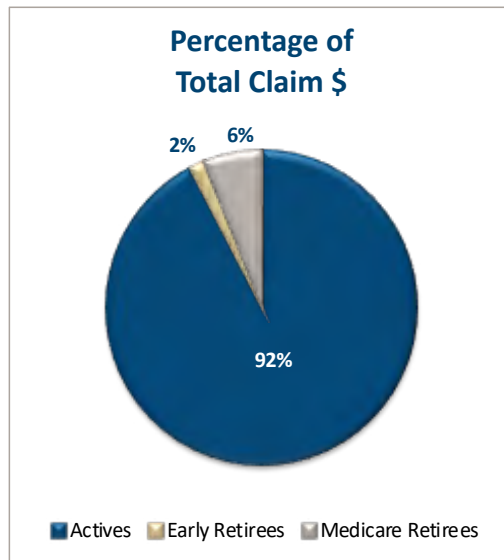
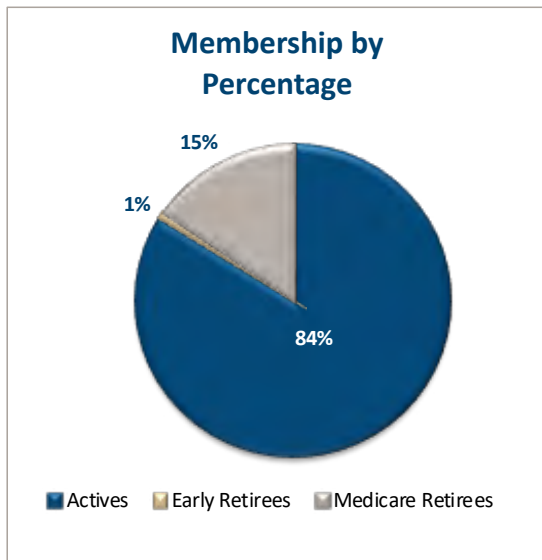
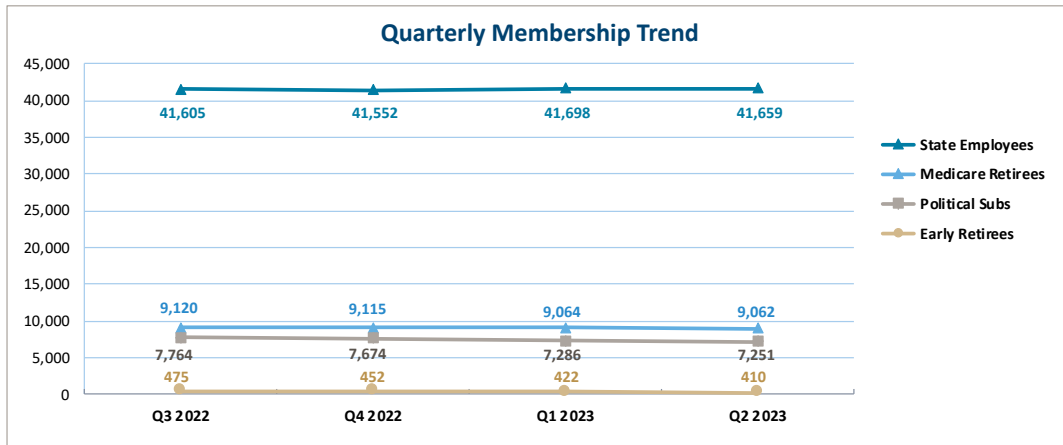
# PAID CLAIMS PER CONTRACT PER MONTH



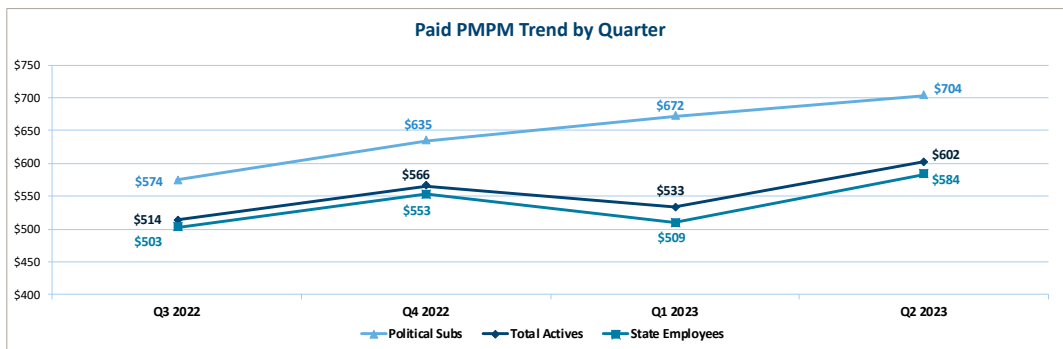
\*Incurred between July 1, 2022 and June 30, 2023. Includes IBNR for July 1, 2022 through June 30, 2023, as of August 31, 2023.

\*NDPERS Early Retirees contracts have approximately 1.13 members per contract.

## MEMBERSHIP PERCENTAGE

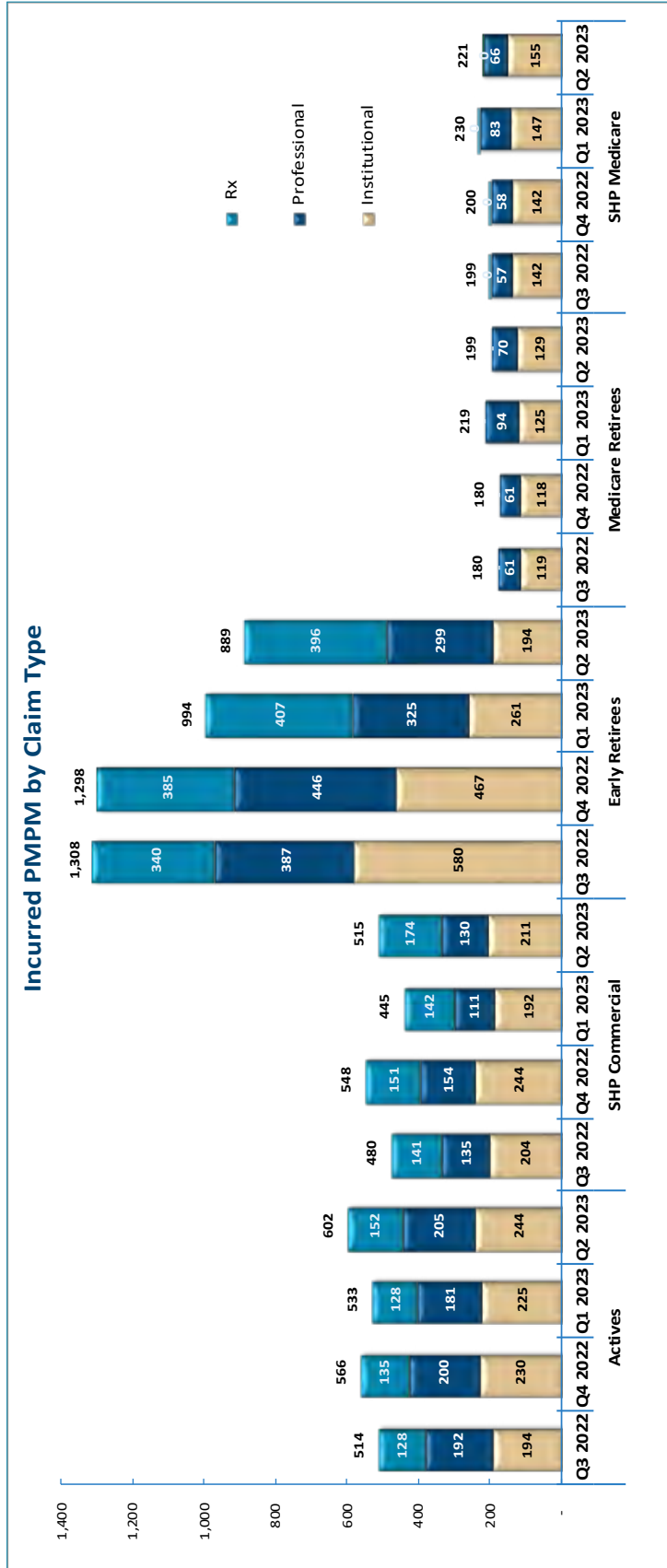


## PAID PMPM TREND BY QUARTER



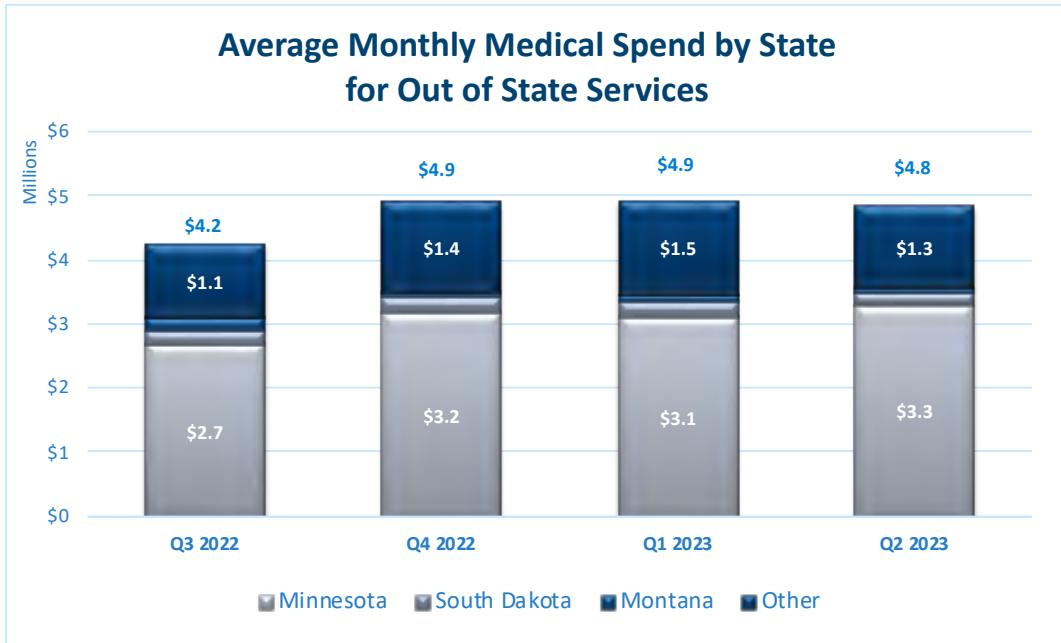
\*Incurred between July 1, 2022 and June 30, 2023. Includes IBNR for July 1, 2022 through June 30, 2023, as of August 31, 2023.

Membership & Utilization

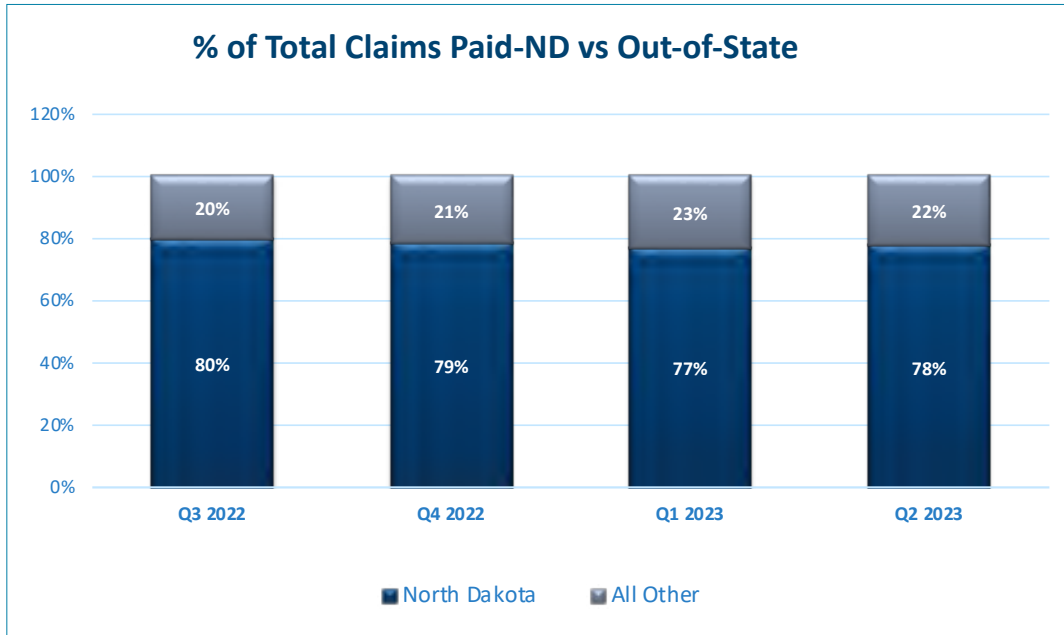


\*Incurred between July 1, 2022 and June 30, 2023. Includes IBNR for July 1, 2022 through June 30, 2023, as of August 31, 2023.

## PAID CLAIMS BY STATE

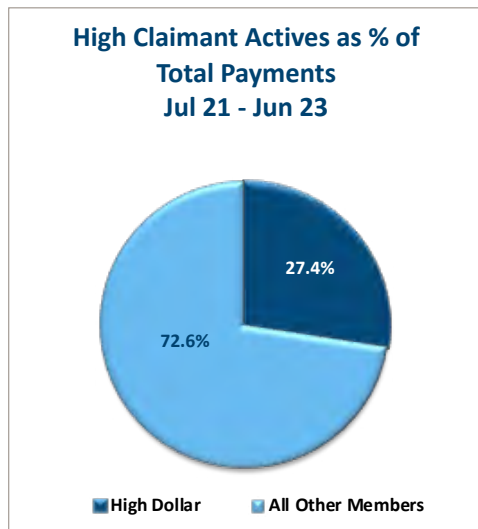
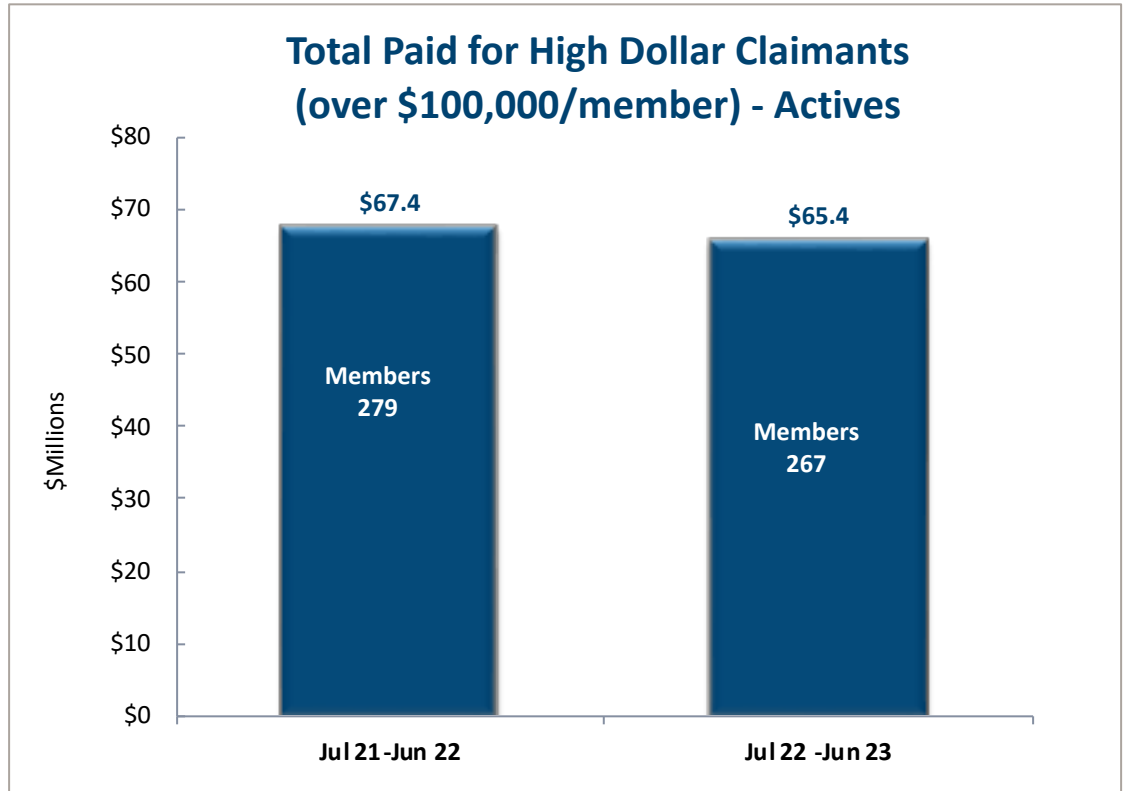


\*Paid Claims by State charts include both active and retiree membership.



High Dollar Cases

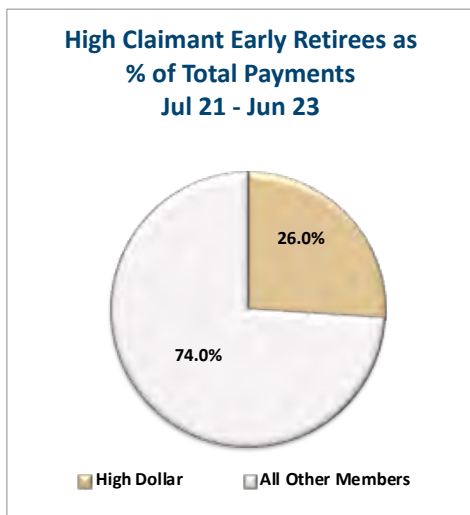
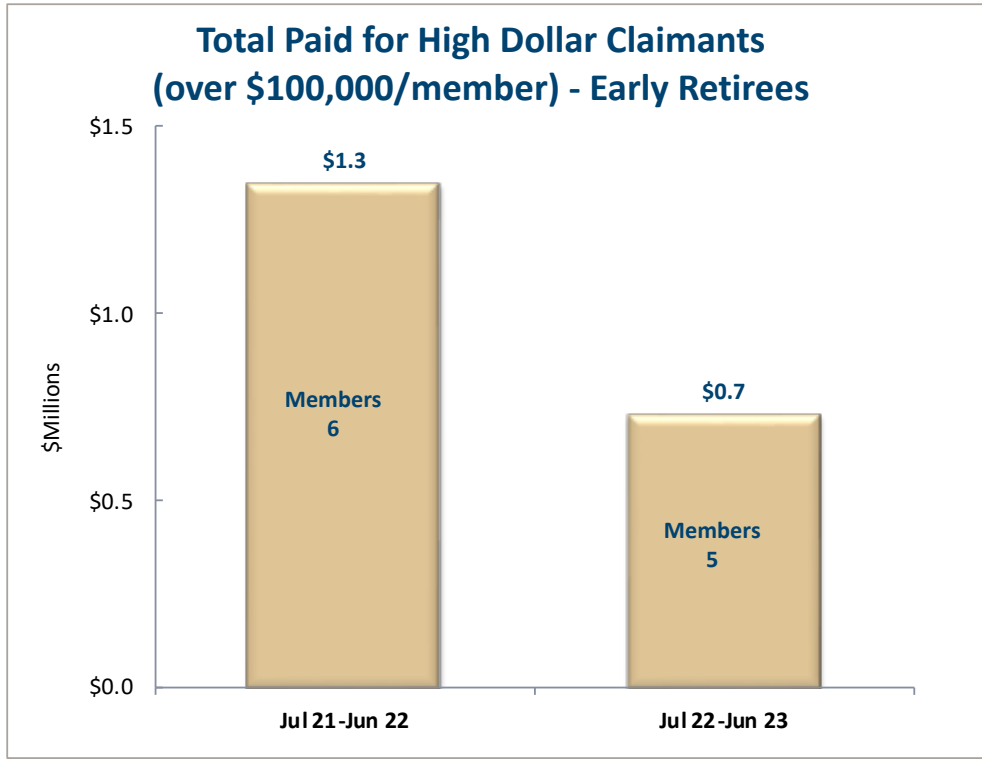
ACTIVES



Avg. Paid/Claimant	\$244,878
% of Total Payments	27.4%

## EARLY RETIREES

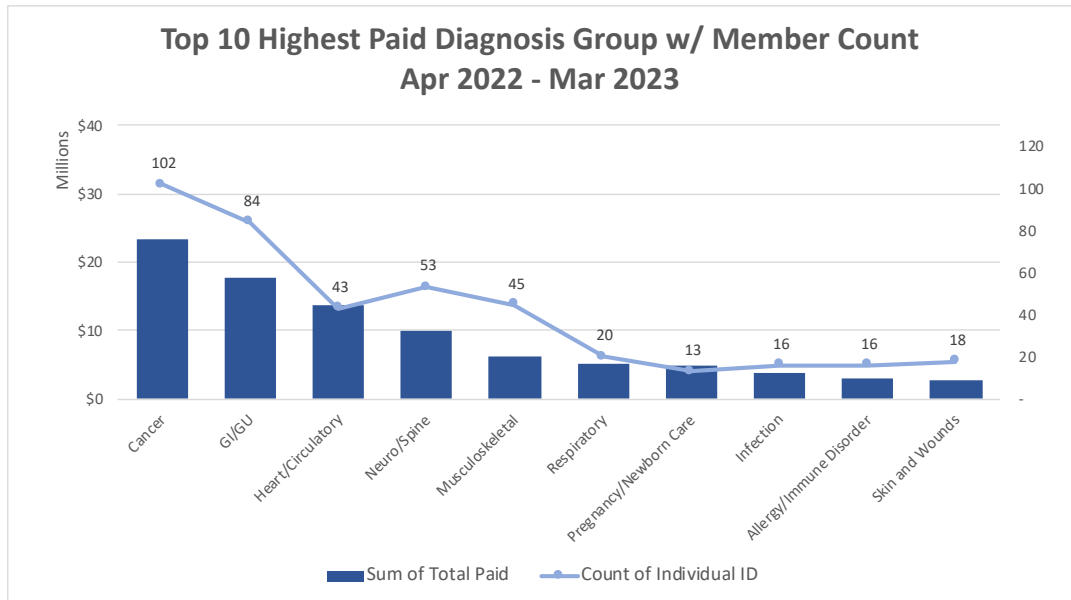
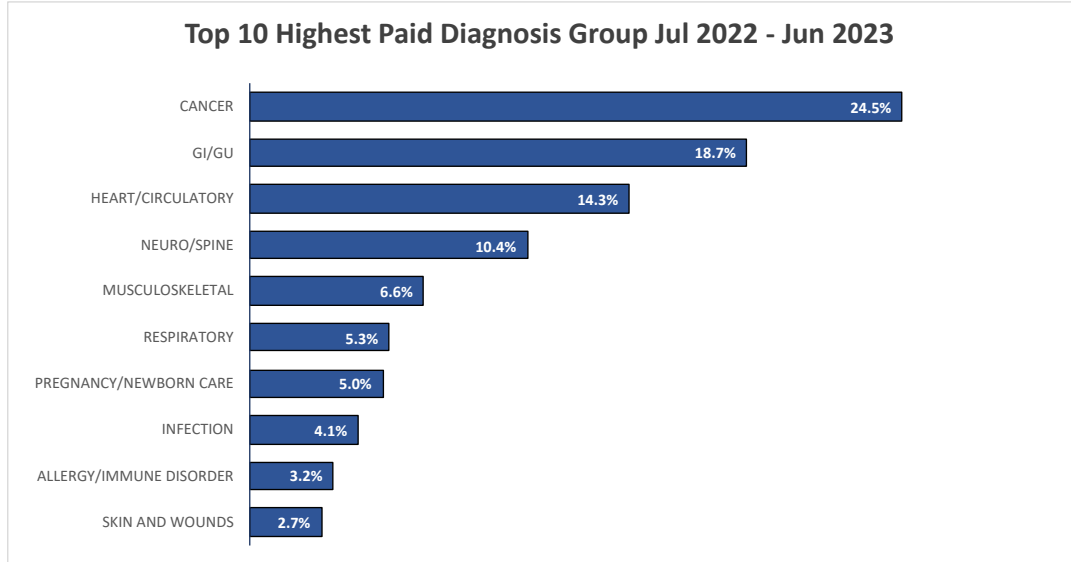
High Dollar Cases



Avg. Paid/Claimant	\$145,194
% of Total Payments	26.0%

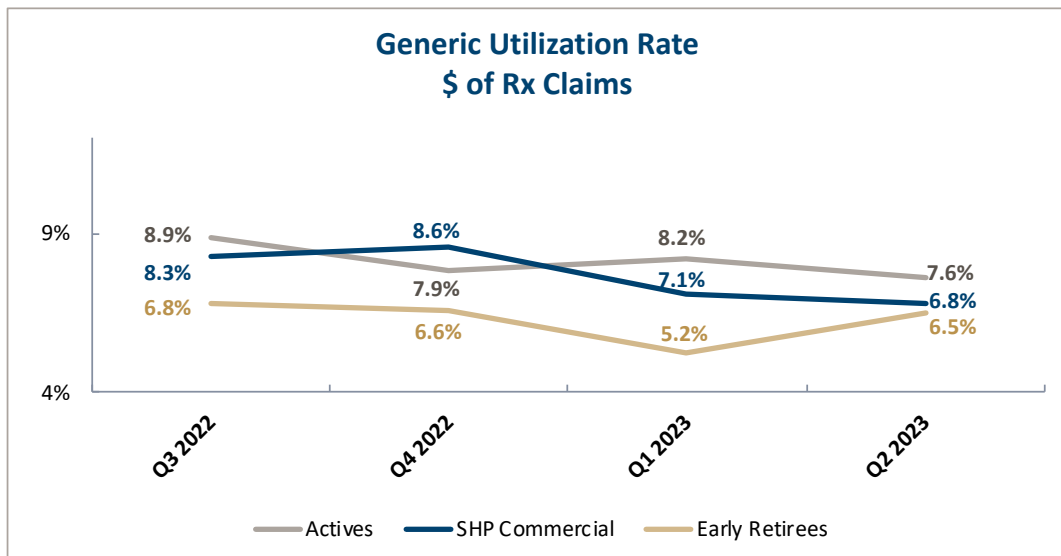
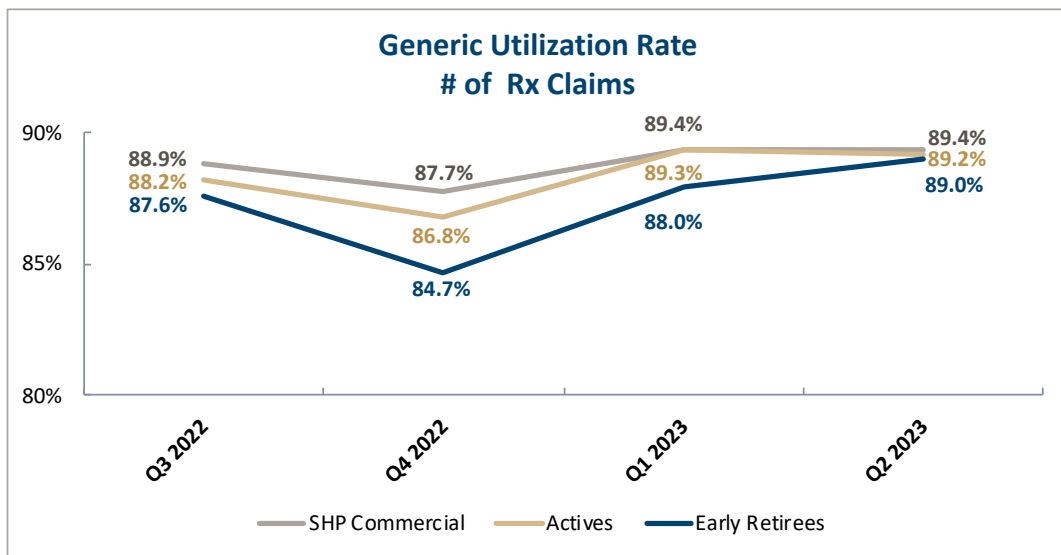
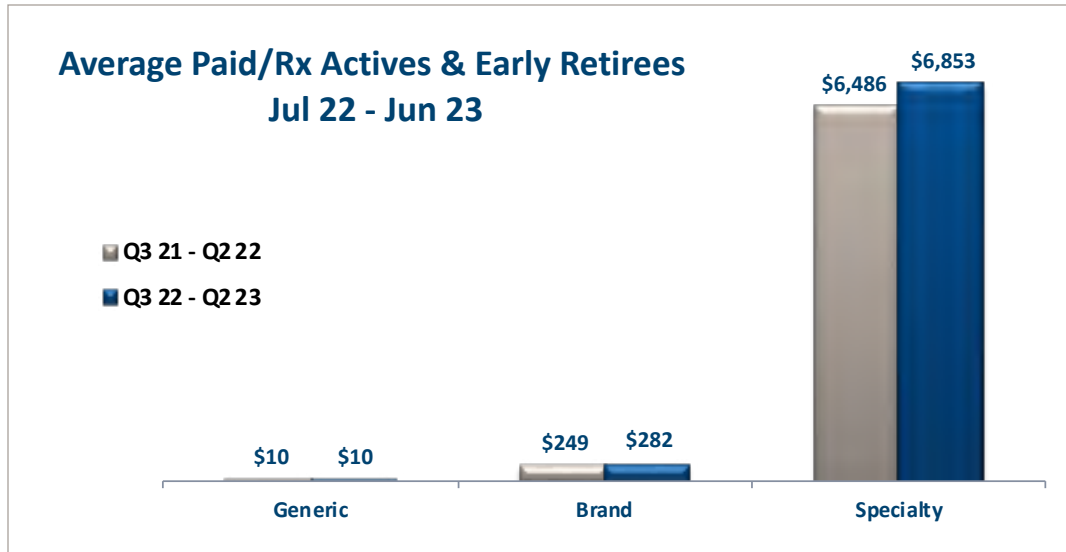
High Dollar Cases

# PRIMARY DIAGNOSIS



# GENERIC UTILIZATION

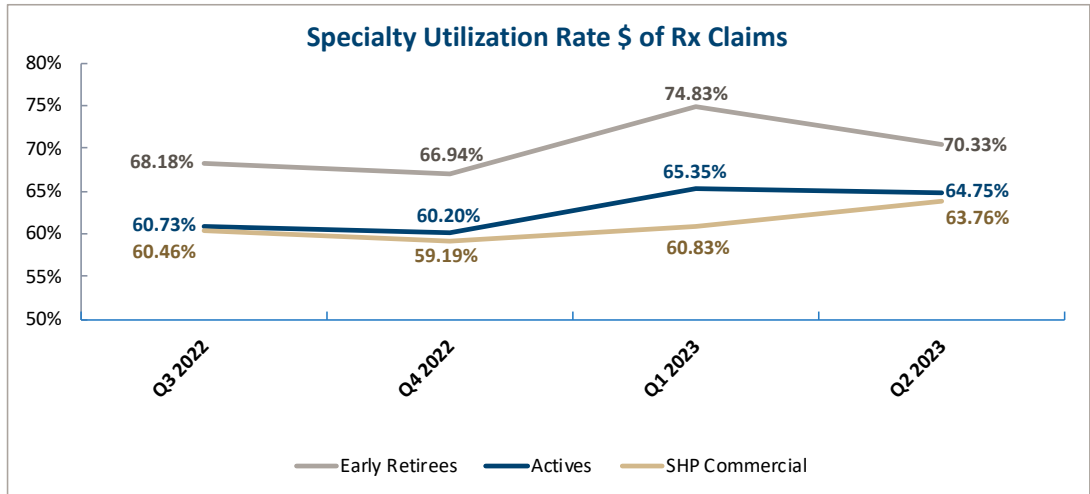
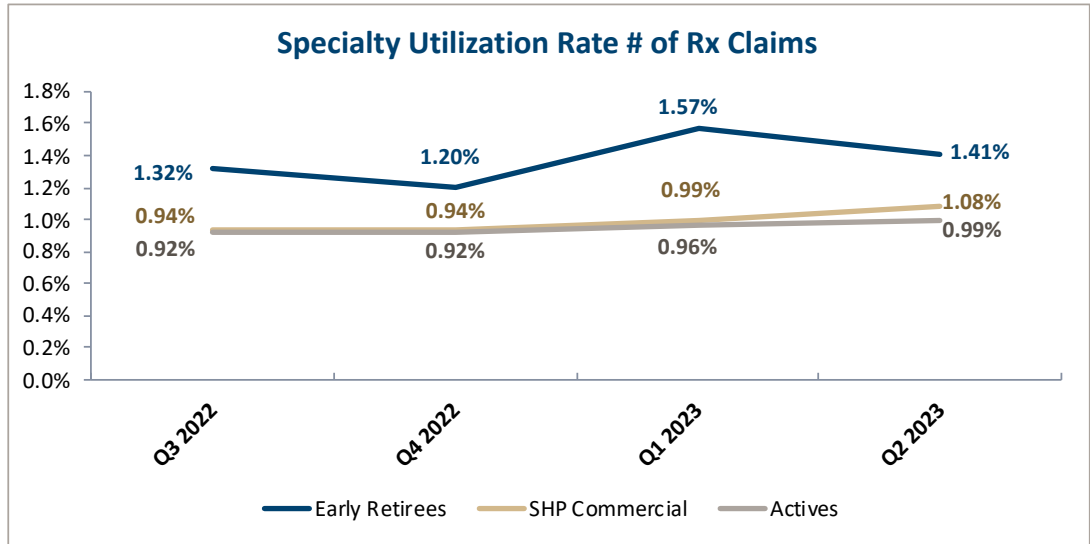
Prescription  
Drugs





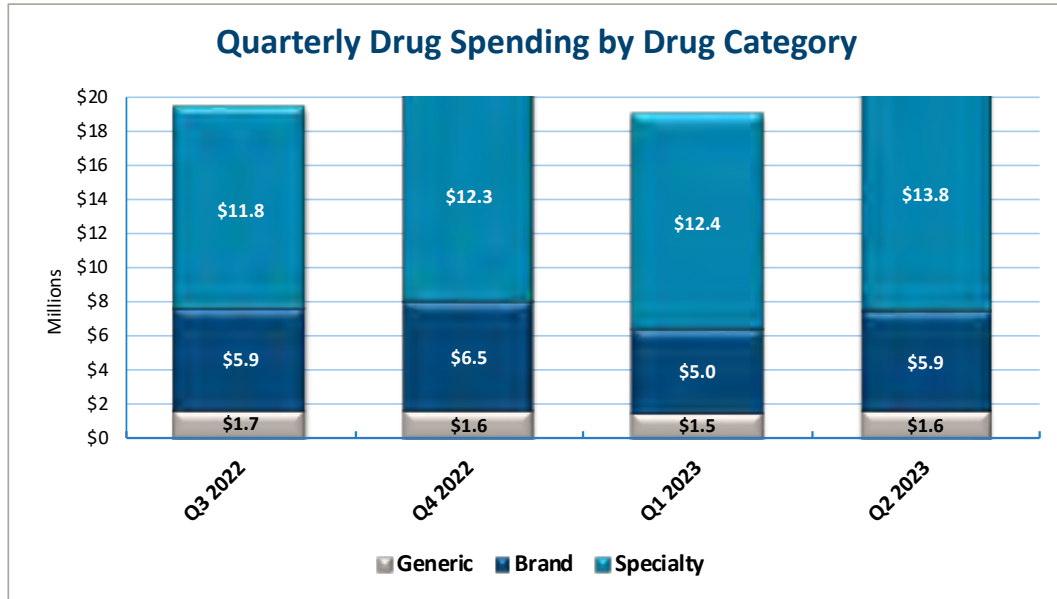
Prescription  
Drugs

# SPECIALTY PHARMACY



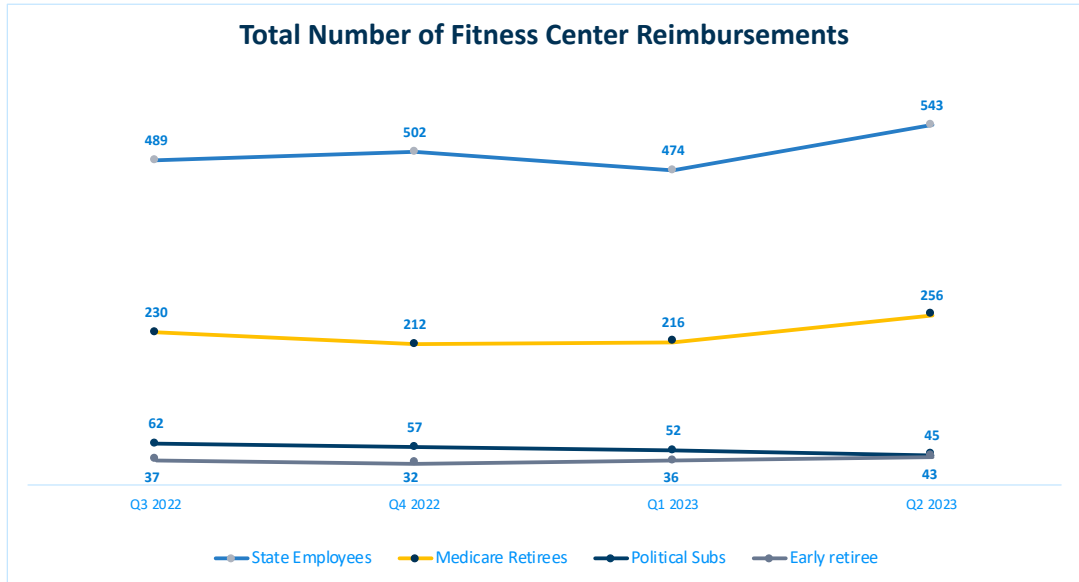
# PHARMACY

Prescription  
Drugs

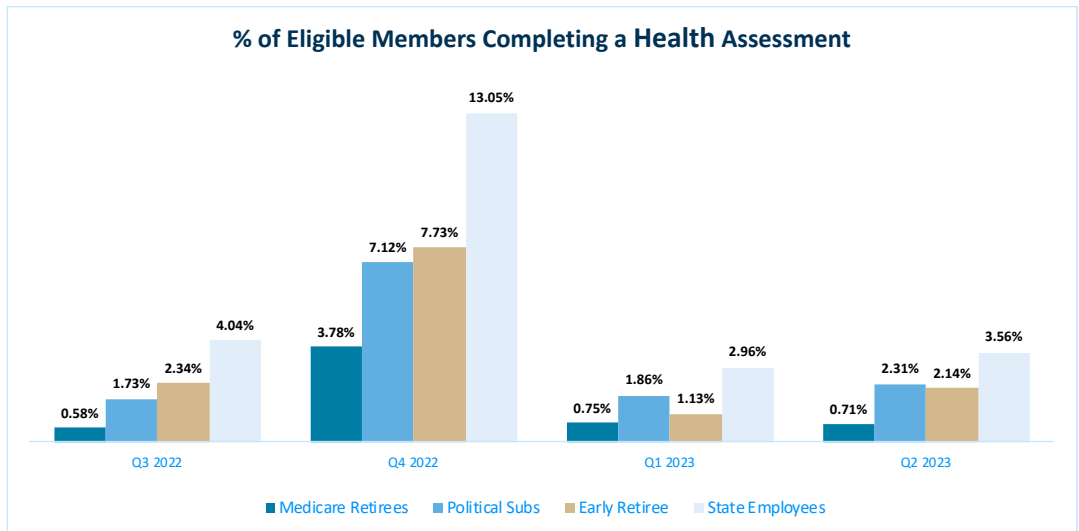


Humana – NDPERS EGWP			
Description	Q2 2022	Q2 2023	Change
Avg Members per Month	9,115	9,058	-0.6%
Average Member Age	76.4	76.8	0.5%
Members Utilizing Benefit	8,477	8,487	0.1%
% Members Utilizing Benefit	93.0%	93.7%	0.8%
Total Rx (30 day adjusted)	236,159	238,607	1.0%
Total Rx PMPM (30 day adjusted)	4.32	4.39	1.7%
Generic Fill Rate	90.6%	90.5%	-0.1%
Maintenance 90 Day Utilization	78.1%	79.2%	1.4%
Retail - Maintenance 90 Day Utilization	76.2%	77.4%	1.6%
Home Delivery - Maintenance 90 Day Utilization	1.9%	1.8%	-5.3%
Total Specialty Rx	288619	510	-17.6%
Specialty % of Plan Paid	35.1%	26.9%	-23.4%

## FITNESS CENTER REIMBURSEMENT



## HEALTH ASSESSMENT



## LIFESTYLE MEDICINE PROGRAMS



### Center for Lifestyle Medicine

NDPERS members with qualifying conditions have access to ongoing visits with a Lifestyle Medicine Specialist to create an individualized Lifestyle Medicine plan.

Total NDPERS Participants that have completed the program: **56**

#### Outcomes among all program graduates

- ↓ **4%** (4.5%) decrease in BMI (38.4278 to 36.6885) in patients with an obesity diagnosis
- ↑ Graduates increased their physical activity from 112 to 200 minutes of physical activity minutes increased by **79%**
- ↓ Those with a diagnosis of DM II reduced their Blood glucose by **60** points



### Exercise is Medicine (EIM)

Exercise has endless benefits to our health, including reducing obesity, improving sleep and our emotional well-being while reducing and reversing heart disease, diabetes, and high blood pressure.

Sanford Health patients who have a diagnosis of a BMI of 30 or greater, hypertension, hyperlipidemia, pre-diabetes, type 2 diabetes, metabolic syndrome or depression are eligible for this 12 week group exercise program. The goal of EIM is to increase confidence when it comes to making exercise a habit.

ALL TIME  
**175**  
Completed the full program

Pre Program Cardiovascular Minutes (N=319)	Post Program	6 Month Post Program Cardiovascular Minutes (N=122)
Average 67 minutes per week	Average 137 minutes per week	Average 106 minutes per week
<b>104%</b>	increase in moderate intensity physical activity minute post program	
<b>58%</b>	increase in moderate intensity physical activity minutes 6 months post program	



### Diabetes Prevention Program (DPP)

1 OUT OF 3 American adults has prediabetes. Sanford Health Plan members have access to diabetes prevention offerings to help them make permanent lifestyle changes to reduce the risk for developing Type 2 Diabetes. Trained Lifestyle Coaches will help members learn to eat healthy, increase physical activity, manage stress, remove barriers and stay motivated. We offer virtual programming for DPP.

2023 Q2  
Enrollees  
**38**

2023  
Enrollees  
**40**

## MONTHLY WELLNESS THEMES

Monthly themes keep the wellness program fresh throughout the year and keeps members engaged in their individual wellness pursuit. Newsletters, e-blasts and worksite posters are used to introduce themes.



**Dakota Wellness Program**

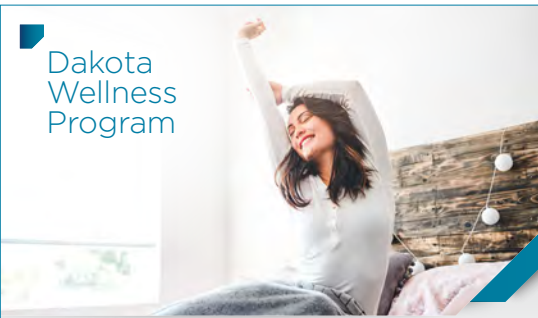
### Stress Management

Resilience is defined as the ability for an individual to overcome difficult life situations. Whether personal, like the loss of a loved one, job, or an illness—or shared, like tragic events in society—stressful events can wear on one’s ability to cope and function.

Here are some strategies that help you prevent and overcome stress

- REJECT ESCAPISM**
  - Limit alcohol to the recommended amount; take medication as prescribed
  - Limit excessive screen time (TV, social media)
- COMMUNICATE**
  - Articulate your needs at work and home
  - Ask for help at work and home
- ACKNOWLEDGE STRESS**
  - Give yourself permission to acknowledge that you’re having a tough time
  - Admit to family, friends, or manager that you’re struggling

Learn more in the **Dakota Wellness Program Newsletter.**

**Dakota Wellness Program**


### Sleep

Sleep is an essential function of the body that plays a crucial role in maintaining our physical and mental health. It is a natural process that allows the body to repair and rejuvenate itself. Improving sleep quality can be achieved through a variety of lifestyle changes and habits. One important factor is creating a relaxing bedtime routine, such as taking a warm bath or reading a book, which can help signal to the body that it’s time to wind down. Additionally, avoiding caffeine and alcohol before bed, as well as minimizing exposure to screens and bright lights, can help prepare the body for sleep.

Other tips:

- Keep a consistent sleep schedule
- Create/maintain a comfortable sleep environment
- Engage in regular exercise
- Manage stress levels

Learn more in the **Dakota Wellness Program Newsletter.**




**Dakota Wellness Program**

### Physical Activity at Work

By adding just 5 to 10 minutes of movement a few times throughout the day, you will start to experience positive benefits such as increased energy and productivity, reduced stress, enhanced mood, and more. Here are some ways to get your blood flowing throughout the workday that don’t require much time, space, or equipment:

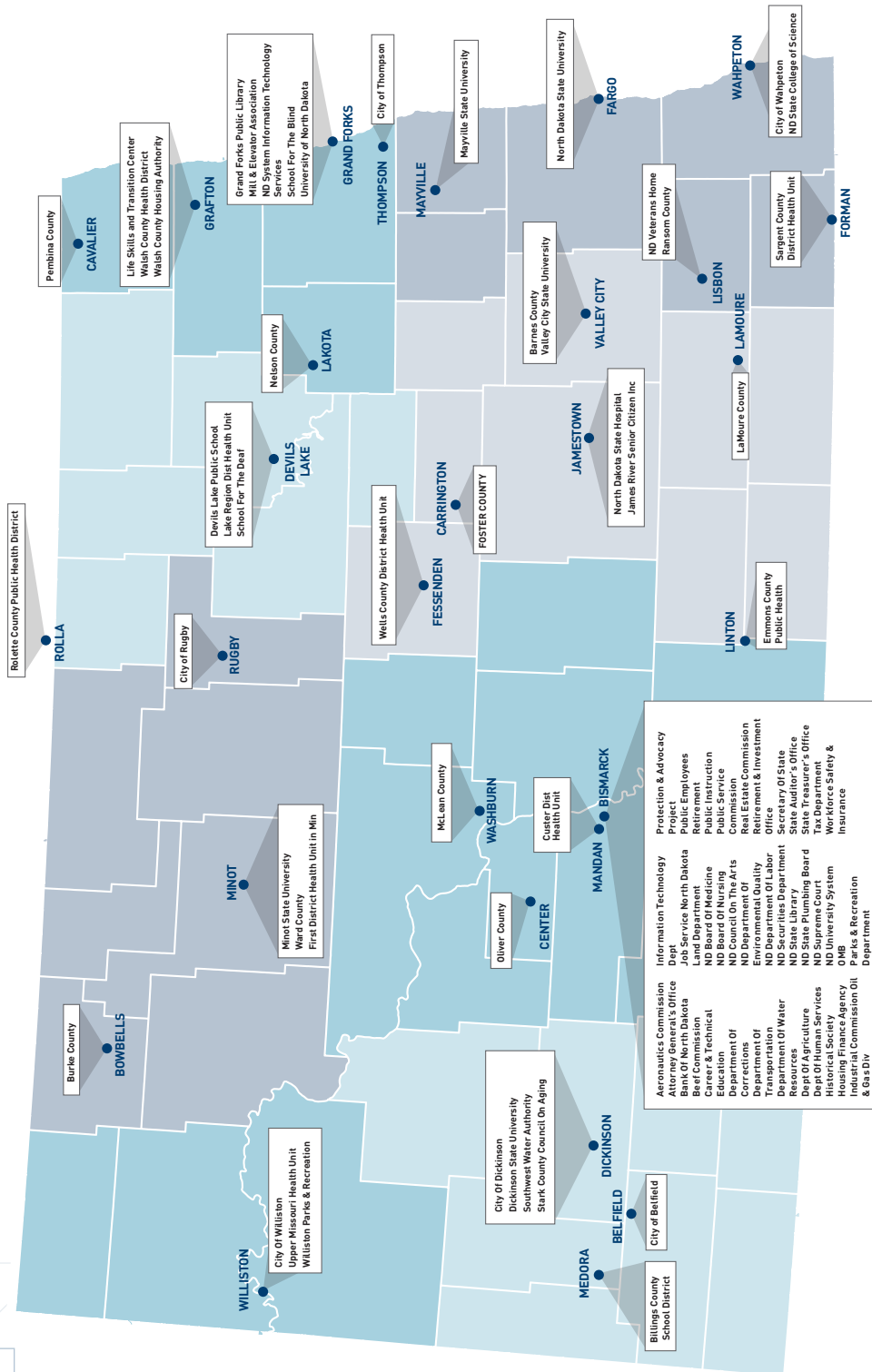
- Park farther away and take the stairs when you arrive to work
- Use a standing desk and alternate between standing and sitting throughout the day
- Take a walking meeting or phone call, instead of sitting in a conference room or at your desk
- Do some simple exercises at your desk, such as chair squats, wall push-ups, or lunges
- Try doing some desk yoga, which involves simple stretches and poses that can be done at your desk. You can find many videos with examples on YouTube.

Learn more in the **Dakota Wellness Program Newsletter.**



# EVENT ATTENDANCE BY AGENCY

The Sanford Health Plan NDPERS wellness team continues to engage members across the state, despite pandemic-related in-person restrictions. Wellness educators support agency wellness coordinators and provide worksite education and activities in a virtual format. This map shows where participants are from.



**TOTAL NUMBER OF AGENCIES VISITED (UNDUPLICATED)**  
**345**

**WEBINARS/PRESENTATIONS/EVENTS:**

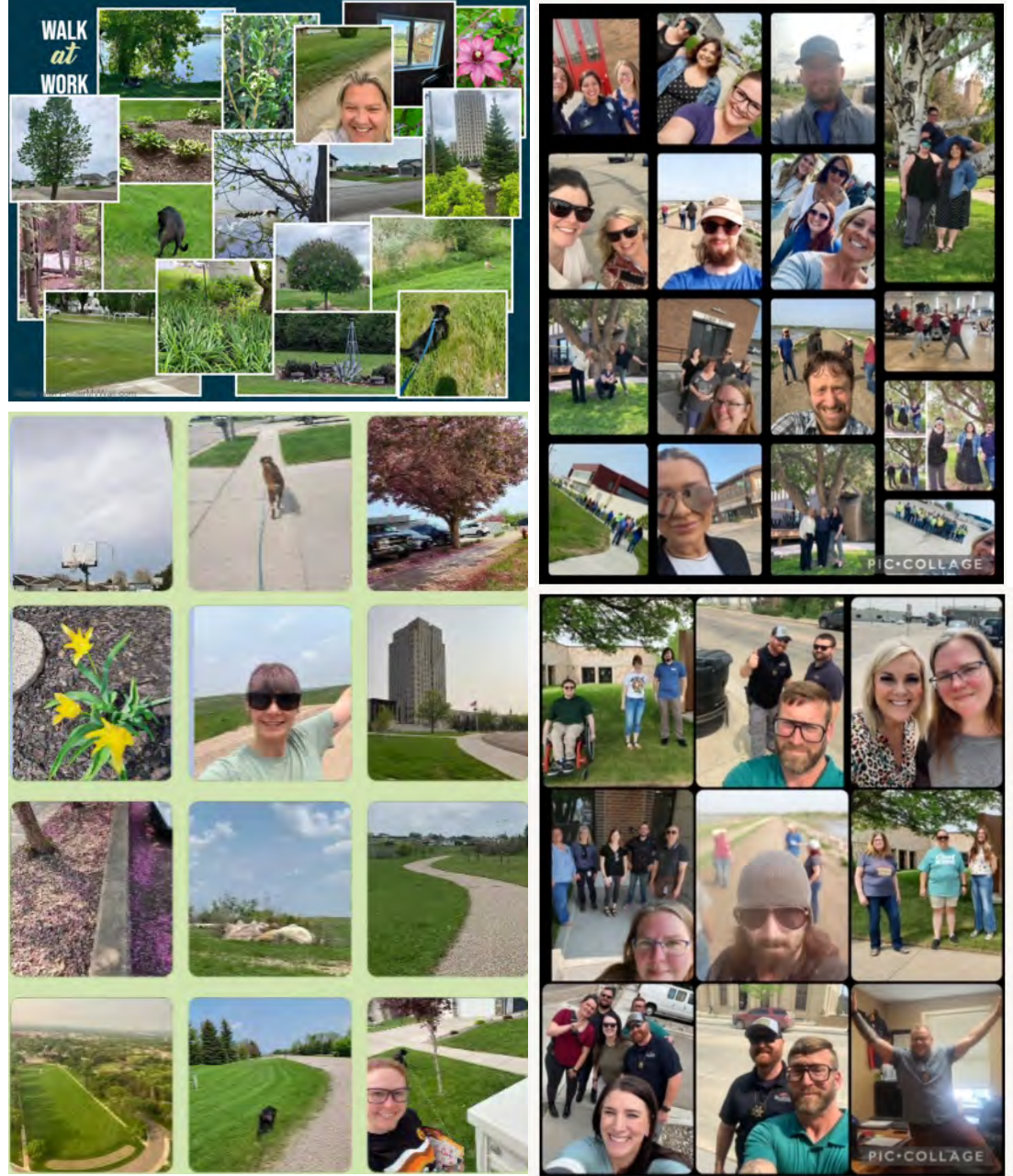
- April: Stress Management
- May: Physical Activity at Work
- June: Sleep
- April Wellness Coordinator Webinar
- May Wellness Coordinator Webinar
- June Wellness Coordinator Webinar
- Healthy meals in a hurry
- Get moving at work
- Cancer prevention
- Overcoming stress
- Nutrition & hydration
- 5 star sleep
- Love Your Job
- Phase Out Fads

**TOTAL MEMBER ATTENDANCE THIS QUARTER:**  
**5283**

## Special Events

### Walk at Work

2,252 total members participated



### Q2 Quarterly Wellness Challenge:

#### Marathon in a Month

- 79 agencies registered for Walk @ Work
- 2,026 total members enrolled in the challenge
- 1,656 members met the requirements of the challenge

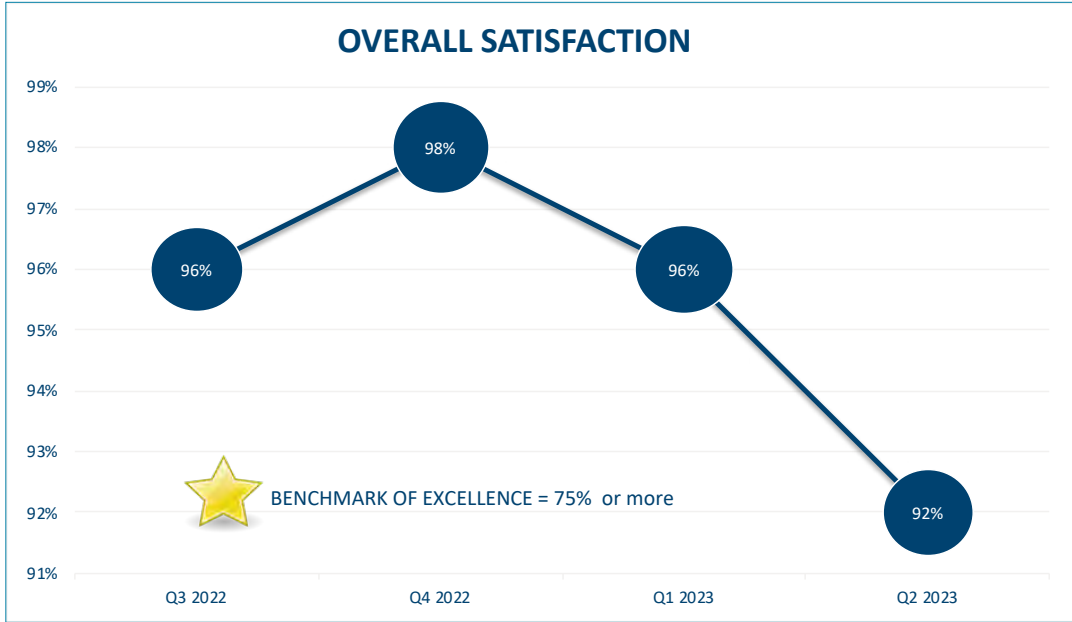
MEASURE	GOAL	OUTCOME REPORTING DATES	CURRENT
<b>WELLNESS:</b>			
Health risk assessment completion	17%	June 30, 2023	18%
Worksite interventions agency participation	75%	June 30, 2023	76%
Fitness center reimbursement participation	5%	Dec. 31, 2023	2.63%
Wellness redemption center payments	\$800,000	Dec. 31, 2023	\$297,408
Wellness redemption center rate	8%	Dec. 31, 2023	3.5%
<b>HEALTH OUTCOMES:</b>			
Healthy Pregnancy Program	27.98%	June 30, 2023	28.79%
Diabetes Prevention Program	3%	Dec. 31, 2023	3%
Exercise is Medicine Program	3%	Dec. 31, 2023	<1%
Breast cancer screening rates	80%	June 30, 2023	81.4%
Cervical cancer screening rates	85%	June 30, 2023	78.8%
Colorectal cancer screening rates	60%	June 30, 2023	63%
<b>PROVIDER NETWORK/CONTRACTING:</b>			
PPO network participation rate	Hospital, MDs & DOs: 92%	June 30, 2023	100% Hospital 97% MD/DO
Par medical network minimum discount	30%	Dec. 31, 2023	44.87%
<b>CUSTOMER SERVICE &amp; CLAIMS:</b>			
Claims financial accuracy	99%	June 30, 2023	99.4%
Claims payment accuracy	98%	June 30, 2023	99.8%
Claim timeliness	99%	June 30, 2023	99.1%
Claims procedural accuracy	95%	June 30, 2023	99.7%
Average speed of answer	30 seconds	June 30, 2023	35 seconds
Call abandoned rate	5% or less	June 30, 2023	0.75%
First call resolution	95%	June 30, 2023	96.95%
Written inquiry response time	95%	June 30, 2023	99.16%
<b>PHARMACY &amp; FINANCIAL:</b>			
Prescription drug turnaround times	98%	June 30, 2023	100%
About the patient program payment	5 days	June 30, 2023	100%
Interest rate corrections	5 days	June 30, 2023	100%



Performance Standards & Guarantees

2021-2023

## Survey Score



CASE MANAGEMENT JULY 1, 2022 – JUNE. 30, 2023				
Offered	Responded		Engaged	
2,615	1,293	49.45%	327	25.29%
Performance Metrics	Pre-enrollment	Post-enrollment	Difference	% Change
PMPM Medical Claims	\$7,737	\$6,284	\$1,453	19%
PMPM Pharmacy Claims	\$1,595	\$787	\$808	51%
Inpatient Visits/1000	337	297	\$40	12%
Emergency Room Visits/1000	609	627	(\$18)	-3%



# NDPERS Containing Costs While Prioritizing Quality

December 12, 2023



NORTH DAKOTA  
PUBLIC EMPLOYEES  
RETIREMENT SYSTEM

**SANFORD**  
HEALTH PLAN

# Cost Containment: Payment Integrity



NORTH DAKOTA  
PUBLIC EMPLOYEES  
RETIREMENT SYSTEM

**SANFORD**  
HEALTH PLAN

# PAYMENT INTEGRITY GROSS SAVINGS

## PAYMENT INTEGRITY IS:

- Ensuring that NDPERS is the plan liable for these claims
- Claims are being paid according to negotiated contracts
- Systems are in place to prevent fraud and abuse
- Sanford Health Plan is being diligent in our oversight
- Continually refining processes to further impact savings

### Total Gross Savings



Trend: ↑ **\$786.6**  
per month

**\$14.1M**

Prior Year Gross \$12.7M

Variance ↑ **\$1.5M**

### PMPM Gross Savings



Trend: ↑ **\$0.03**  
per month

**\$16.09**

Prior Year Gross \$14.36

Variance ↑ **\$1.73**

\*Gross Savings from July 2022 to September 2023

# Prioritizing Quality: HEDIS Scores



NORTH DAKOTA  
PUBLIC EMPLOYEES  
RETIREMENT SYSTEM

**SANFORD**  
HEALTH PLAN

# CLINICAL & MEMBER EXPERIENCE PERFORMANCE

NCQA: National Committee for Quality Assurance

- Serving more than 192 million people enrolled in accredited health plans (over 1200 health plans accredited).
- A widely recognized, evidence-based program dedicated to quality improvement and measurement.

HEDIS<sup>®</sup>: Healthcare Effectiveness Data and Information Set,

- Tool used by more than 90% of U.S. health plans to measure performance on important dimensions of care and service.
- Scores Given on 5-Star Scale Across Three Main Areas:
  - Patient Experience
  - Prevention and Equity
  - Treatment

CAHPS<sup>®</sup>: Consumer Assessment of Healthcare Providers and Systems

- Annual survey to members to provide data on patients' perspectives and experience with health care delivery and health plan administration.

## Sanford Health Plan

Iowa, North Dakota, South Dakota



Health Plan Rating<sup>®</sup>



INSURANCE TYPE<sup>Ⓢ</sup>

Commercial

PRODUCT TYPE

HMO

NEXT REVIEW DATE

12/02/2025

MEMBERS ENROLLED

138,901



# TOP AREAS OF PERFORMANCE

5- STAR SCORES 	4 or 4.5 STAR SCORES 
Childhood Immunizations	Heart Disease
Adolescent Immunizations	Diabetes (Overall)
Prenatal Immunizations	Diabetes- Blood Pressure Control
Breast Cancer Screening	Diabetes- Eye Exams
Flu Shots	Diabetes- Glucose Control
Controlling High Blood Pressure	Diabetes- Statin Therapy and Adherence
Imaging Studies for Low Back Pain	Women's Reproductive Health
Emergency Department Utilization	Substance Use Disorder Treatment Engagement
Equity- Appropriate Services for the Race and Ethnicity of Members	Asthma Control
Avoiding Potentially Risky Continued Opioid Use	Avoiding Opioid Usage at High Doses

- Dedicated focus on Heart Disease and Diabetes members has paid off in star ratings
- Assessment of patient population
- Identification of patient barriers
- Strategies to mitigate and engage



# AREAS OF FOCUS MOVING FORWARD

## INVESTMENTS IN MEMBER ENGAGEMENT PLATFORM

- New partnership with +Oscar for best-in-class member engagement campaign tool
- Offers omnichannel ways to meet members where they are
- Proactively contact specifically-targeted members to take control of health with key behavior
- Deeper refinement of data tools to identify members who are:
  - Most in need of behavioral engagement
  - Likely to respond and engage

## TARGETED CAMPAIGNS

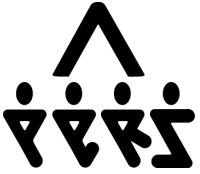
- Diabetes Prevention & Management
- Cancer Screening
  - Breast Cancer
  - Cervical Cancer
  - Colorectal Cancer
- Avoidable Emergency Room Visits
- Primary Care Provider Matching



+Wellness



Pop Health Team



# Memorandum

**TO:**                   NDPERS Board

**FROM:**               Rebecca

**DATE:**               December 12, 2023

**SUBJECT:**           House Bill 1040 Implementation Update

As we have done since the end of the regular session, staff will provide ongoing updates to the Board as we continue to implement the provisions of House Bill 1040 with a January 1, 2025 effective date. House Bill 1548 passed during Special Session allows the Board to certify to Legislative Management an earlier date should the Board determine that the plan is ready to go. As things continue to progress with the implementation, staff will notify the Board if the plan is ready earlier.

The following activities have occurred since our last discussion at the October Board meeting:

- Record-keeper RFP responses have been received from 5 vendors. Callan has completed their review and will present their findings and recommendation for finalists at this meeting under a separate agenda item
- Conducted interviews for the Defined Contribution Retirement Programs Manager position and offered the position to a candidate. Marcy Aldinger will begin the position effective December 1
- Reached out to Human Resource Management Services regarding need to hire a Marketing Intern to assist us with our communication efforts in 2024
- Continued discussions with Sagitec, our business system vendor, regarding requirements of the bill and updates needed for programming
  - Additional questions provided by vendor for staff responses to ensure proper programming requirements are developed
- Met with counsel to review the administrative rules list and provide input on specific rules needed
  - It was necessary to reach out to Legislative Council to request a delay in our rules effective date in order to coincide with January 1, 2025, as we'll need old rules to remain effective through December 31, 2024, and then transition to

the new rules on January 1, 2025. Legislative Council requested that staff appear before the Administrative Rules Committee at their next meeting to provide this information, which is expected to be in December

- Requested legal counsel provide first draft of rules to staff by Thanksgiving so staff can review with the goal of bringing the first draft of proposed rule changes to the Board at its January meeting. The final rules will need to be approved by the Board no later than April to ensure the required time for rule promulgation with notices and public comment are met

The Legislative Retirement Committee meeting was held on November 15 and the Legislative Employee Benefits Programs Committee was held on November 16. Staff provided an update on the implementation at both of these meetings. In addition, Sagitec provided the Retirement Committee with an overview of the business system programming needed to implement the bill. Both Committees were also advised of the item related to political subdivisions not being able to join the Defined Contribution plan as of January 1, 2025, so that if legislators intend to offer the plan in the future to political subdivisions not participating as of January 1, 2025, they can propose legislation next session to allow it.

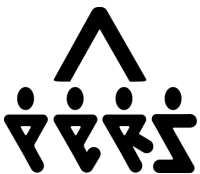
This item was informational and does not require any action by the Board.

**V. DEFERRED COMPENSATION / DEFINED CONTRIBUTION**

**A. Recordkeeper Request For Proposal Finalist Selection and Request for Best and Final Offers \*EXECUTIVE SESSION**

**\*Executive Session pursuant to N.D.C.C. §44-04-19.1(9) and §44-04-19.2 to discuss negotiating strategy or provide negotiating instructions to its attorney or other negotiator.**

**Material for the Closed Session will  
be sent under separate cover.**



# Memorandum

**TO:** NDPERS Board

**FROM:** Derrick Hohbein

**DATE:** December 12, 2023

**SUBJECT:** 457 Companion Plan & 401(a) Plan 3rd Quarter 2023 Report

Here is the 3rd quarter 2023 investment report for the 401(a) & 457 Companion Plans, which was reviewed by the Investment Subcommittee. The reports are available separately on the NDPERS website. The two plans have 9,977 (10,152 in Q2) participants with \$208.3 million (\$212.9 million in Q2) in assets.

Assets in the 401(a) plan decreased to \$19.2 million (\$19.7 million in Q2) on September 30, 2023. The number of active participants slightly decreased and is now at 86 (90 in Q2). The TIAA-CREF Target Date funds have 60% of the plan assets.

Assets in the 457 Companion Plan decreased to \$189.0 million (\$193.3 in Q2) on September 30, 2023. The number of active participants slightly decreased and is now at 6,710 (6,725 in Q2). The TIAA-CREF Target Date funds have 68% of the plan assets.

## Benchmarks:

Fund returns for the quarter were mostly negative for the funds in the core lineup. 33 core funds had negative returns for the quarter (3 positive). Core fund performance was mixed when compared to benchmarks. Fund performance during the last year has been positive in almost every fund (only four have had negative returns), with similar results applying to the 3-year, 5-year, and 7-year performance. Note that index funds are expected to slightly underperform their benchmarks because of fund administration fees.

## Fund / Investment News:

The NDPERS Investment Subcommittee reviewed the 3rd Quarter 2023 plan review and field activity report with TIAA. Callan gave a market overview and investment performance report. The Subcommittee reviewed the two funds under formal fund review (Templeton Global Bond and Allspring Growth). The investment subcommittee did not have any actionable concerns for the Board to consider.

# NDPERS Quarterly Investment Report 3rd Quarter 07/01/2023 – 09/30/2023



North Dakota Public Employees Retirement System  
1600 East Century Ave, Suite 2  
Box 1657  
Bismarck, ND 58502

## 457 & 401(a) Investment Structure

Tier I: Asset Allocation	Tier II: Core	Tier III: Specialty
<b>Target Date</b> TIAA-CREF Lifecycle Retirement 5-Year Increments	<b>Capital Preservation</b> Galliard Stable Value Vanguard Treasury MM	
<b>Balanced</b> TRP Capital Appreciation	<b>Domestic Fixed Income</b> Vanguard Total Bond Index Baird Core Plus Bond	<b>Specialty Fixed Income</b> MassMutual Inflation Protected PGIM High Yield Templeton Global Bond
	<b>Large Cap U.S. Equity</b> Franklin Growth Fund Allspring Growth Vanguard Dividend and Income Vanguard Institutional Index Hartford Dividend and Growth T. Rowe Price Equity Income	
	<b>Mid Cap U.S. Equity</b> PGIM Jennison Mid-Cap Growth Columbia Mid Cap Index Fund Virtus Ceredex Mid Cap Value	
	<b>Small Cap U.S. Equity</b> Brown Small Company Fund DFA U.S. Small Cap Northern Small Cap Value Fund	
	<b>International Equity</b> AF New Perspective Vanguard Total Intn'l Stock	<b>Specialty International Equity</b> Invesco Developing Markets
		<b>Specialty Sector Fund</b> Cohen & Steers Realty Shares
		<b>Brokerage Window</b>

## Plan Performance Monitoring

As of September 30, 2023

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 7 Years
<b>Asset Allocation Funds</b>					
TAA-CREF Lifecycle Ret. Inc	(2.42%)	7.87%	0.85%	2.99%	3.91%
LifeCycle Ret Income CB	(2.63%)	8.70%	0.97%	3.59%	4.27%
Callan Tgt Dt Idx 2010	(2.64%)	7.65%	0.80%	3.26%	3.83%
TAA-CREF Lifecycle Ret. 2010	(2.29%)	8.03%	0.92%	3.02%	4.05%
LifeCycle 2010 CB	(2.50%)	8.30%	0.93%	3.54%	4.36%
Callan Tgt Dt Idx 2010	(2.64%)	7.65%	0.86%	3.26%	3.83%
TAA-CREF Lifecycle Ret. 2015	(2.51%)	8.39%	1.22%	3.19%	4.39%
LifeCycle 2015 Cust Brnch	(2.67%)	9.26%	1.34%	3.81%	4.77%
CAI Tgt Dt Idx 2015	(2.72%)	8.42%	0.99%	3.44%	4.13%
TAA-CREF Lifecycle Ret. 2020	(2.67%)	9.22%	1.56%	3.36%	4.82%
LifeCycle 2020 Cust Brnch	(2.80%)	10.17%	1.85%	4.11%	5.29%
CAI Tgt Dt Idx 2020	(2.83%)	9.15%	1.50%	3.72%	4.70%
TAA-CREF Lifecycle Ret. 2025	(2.83%)	10.56%	2.23%	3.73%	5.44%
LifeCycle 2025 Cust Brnch	(2.92%)	11.39%	2.52%	4.49%	5.93%
CAI Tgt Dt Idx 2025	(3.00%)	10.60%	2.45%	4.23%	5.49%
TAA-CREF Lifecycle Ret. 2030	(2.89%)	12.23%	2.87%	4.13%	6.09%
LifeCycle 2030 Cust Brnch	(3.06%)	12.91%	3.33%	4.85%	6.62%
CAI Tgt Dt Idx 2030	(3.20%)	12.47%	3.53%	4.78%	6.33%
TAA-CREF Lifecycle Ret. 2035	(3.18%)	14.30%	3.81%	4.58%	6.77%
LifeCycle 2035 Cust Brnch	(3.19%)	14.84%	4.26%	5.48%	7.35%
CAI Tgt Dt Idx 2035	(3.33%)	14.51%	4.73%	5.33%	7.09%
TAA-CREF Lifecycle Ret. 2040	(3.36%)	16.36%	4.77%	5.02%	7.48%
LifeCycle 2040 Cust Brnch	(3.26%)	16.82%	5.33%	5.90%	8.12%
CAI Tgt Dt Idx 2040	(3.42%)	16.26%	5.68%	5.74%	7.65%
TAA-CREF Lifecycle Ret. 2045	(3.53%)	17.74%	5.54%	5.41%	7.93%
LifeCycle 2045 Cust Brnch	(3.30%)	18.05%	6.22%	6.45%	8.54%
CAI Tgt Dt Idx 2045	(3.50%)	17.49%	6.33%	6.03%	7.99%
TAA-CREF Lifecycle Ret. 2050	(3.52%)	18.33%	5.72%	5.50%	8.06%
LifeCycle 2050 Cust Brnch	(3.31%)	18.59%	6.44%	6.58%	8.78%
CAI Tgt Dt Idx 2050	(3.53%)	18.19%	6.62%	6.15%	8.14%
TAA-CREF Lifecycle Ret. 2055	(3.56%)	18.62%	5.84%	5.50%	8.15%
LifeCycle 2055 Cust Brnch	(3.31%)	18.85%	6.59%	6.83%	8.89%
CAI Tgt Dt Idx 2055	(3.55%)	18.49%	6.74%	6.19%	8.20%
TAA-CREF Lifecycle Ret. 2060	(3.58%)	18.73%	5.97%	5.62%	8.23%
LifeCycle 2060 Cust Brnch	(3.31%)	19.11%	6.75%	6.71%	9.00%
Callan Tgt Dt Idx 2055	(3.55%)	18.49%	6.74%	6.19%	8.20%
T. Rowe Capital Appreciation Adv	(1.47%)	15.46%	8.18%	9.27%	9.78%
S&P 500 Index	(3.27%)	21.62%	10.15%	9.92%	12.34%



## Plan Performance Monitoring

As of September 30, 2023

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 7 Years
<b>Large Cap U.S. Equity</b>					
Franklin Growth Fund Advisor S&P 500 Index	(4.72%) (3.27%)	20.73% 21.62%	5.33% 10.15%	8.81% 9.92%	12.22% 12.24%
Allspring Growth Adm Russell 3000 Growth Index	(6.41%) (3.34%)	19.49% 26.63%	(1.97%) 7.54%	6.13% 11.70%	11.32% 15.05%
Vanguard Dividend Growth Inv S&P 500 Index	(5.47%) (3.27%)	10.78% 21.62%	8.22% 10.15%	9.20% 9.92%	10.88% 12.24%
Vanguard Institutional Index S&P 500 Index	(3.28%) (3.27%)	21.58% 21.62%	10.12% 10.15%	9.89% 9.92%	12.21% 12.24%
Hartford Dividend and Growth R5 S&P 500 Index	(2.64%) (3.27%)	15.36% 21.62%	12.33% 10.15%	8.75% 9.92%	10.79% 12.24%
T. Rowe Price Equity Income Russell 1000 Value Index	(3.17%) (3.16%)	12.09% 14.44%	13.44% 11.05%	6.30% 6.23%	8.33% 7.92%
<b>Mid Cap U.S. Equity</b>					
PGIM Jennison Mid-Cap Growth Z Russell MidCap Growth Idx	(5.91%) (5.22%)	17.78% 17.47%	4.10% 2.61%	9.06% 6.97%	10.88% 10.40%
Columbia Mid Cap Index Fund A S&P Mid Cap 400 Index	(4.28%) (4.20%)	14.96% 15.51%	11.53% 12.05%	5.57% 6.06%	8.26% 8.77%
Virtus Ceredex Mid-Cap Value I Russell MidCap Value Idx	(4.22%) (4.46%)	11.35% 11.05%	9.00% 10.98%	4.66% 5.18%	7.02% 6.83%
<b>Small Cap U.S. Equity</b>					
Brown Small Company Fund Investor Russell 2000 Growth Index	(6.14%) (7.32%)	6.25% 9.59%	(8.01%) 1.09%	(1.55%) 1.55%	6.38% 6.77%
DFA U.S. Small Cap Inst'l Russell 2000 Index	(3.80%) (5.13%)	13.96% 8.93%	14.58% 7.16%	4.78% 2.40%	7.95% 6.62%
Northern Small Cap Value Fund Russell 2000 Value Index	(2.88%) (2.96%)	11.27% 7.84%	13.41% 13.32%	2.37% 2.59%	5.19% 5.94%
<b>Non-U.S. Equity</b>					
AF New Perspective R4 MSCI ACWI	(4.45%) (3.40%)	21.27% 20.80%	4.56% 6.89%	7.98% 6.46%	10.50% 8.60%
Vanguard Total Int'l Stock Adm FTSE GI All Cap ex US Idx	(4.02%) (3.33%)	20.46% 20.40%	3.86% 4.13%	2.74% 2.86%	4.78% 4.94%
Invesco Developing Markets Y MSCI EM	(6.26%) (2.93%)	15.95% 11.70%	(4.83%) (1.73%)	(0.49%) 0.56%	2.57% 3.23%

## Plan Performance Monitoring

As of September 30, 2023

	Last Quarter	Last Year	Last 3 Years	Last 5 Years	Last 7 Years
<b>Fixed Income</b>					
Vanguard Total Bond Index Adm	(3.09%)	0.73%	(5.21%)	0.13%	(0.10%)
Blmbg:Aggregate FIt Adj	(3.11%)	0.78%	(5.18%)	0.18%	(0.04%)
Baird Core Plus Bond Investor	(2.76%)	2.03%	(4.65%)	0.55%	0.43%
Blmbg:Universal	(2.88%)	1.61%	(4.68%)	0.34%	0.24%
MM Premier Infl-Pr and Inc Srvc	(1.94%)	1.55%	(2.03%)	1.94%	1.36%
Blmbg:TIPS	(2.60%)	1.25%	(1.98%)	2.12%	1.46%
PGIM High Yield Fund Z	0.35%	8.77%	1.43%	2.99%	3.86%
Blmbg:HY Corp 1% Iss Cap	0.47%	10.31%	1.75%	2.84%	3.70%
Templeton Global Bond Advisor	(5.22%)	1.78%	(5.42%)	(3.76%)	(1.26%)
FTSE WGBI	(4.27%)	1.04%	(8.72%)	(2.57%)	(2.44%)
<b>Capital Preservation</b>					
Galliard Stable Value J	0.55%	2.00%	1.52%	1.77%	1.60%
3-month Treasury Bill	1.31%	4.47%	1.70%	1.72%	1.55%
Vanguard Treasury MM Inv	1.30%	4.55%	1.72%	1.66%	1.49%
3-month Treasury Bill	1.31%	4.47%	1.70%	1.72%	1.55%
<b>Sector Funds</b>					
Cohen & Steers Realty Shares	(8.86%)	(0.21%)	3.78%	4.40%	3.98%
FTSE NAREIT All Eq Index	(8.33%)	(1.71%)	2.68%	2.79%	3.03%

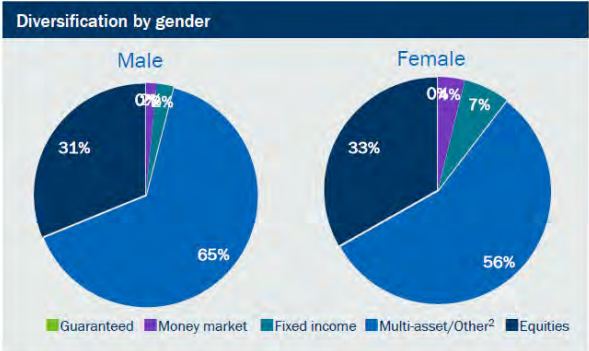
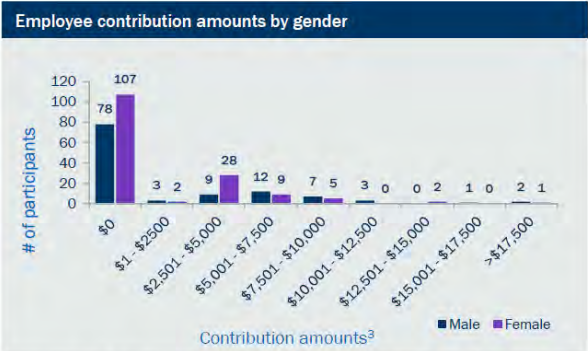
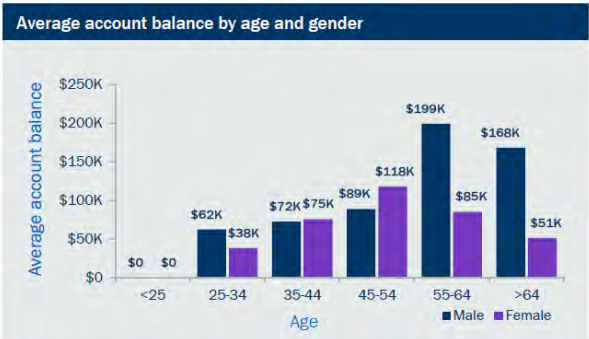
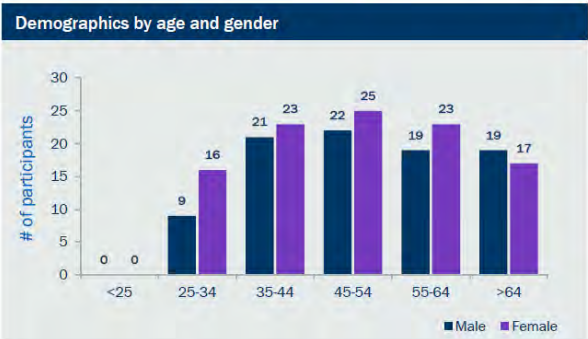
# Active Manager Monitoring Summary

As of September 30, 2023

Manager	Below Benchmark		Above Benchmark		Above Peer Median		Qualitative Assessment					Overall Eval.
	8 Straight Quarters	3-Year Period	5-Year Period	3-Year Period	5-Year Period	Firm	Team	Process	Perf.	Product		
<b>Large U.S. Equity</b>												
Franklin Growth Fund	No	No	No	Yes	No							Stable
Allspring Growth	No	No	No	No	No							On Watch
Vanguard Dividend Growth	No	No	No	No	No							Stable
Hartford Dividend and Growth	No	Yes	No	Yes	Yes							Stable
T. Rowe Price Equity Income	No	Yes	Yes	Yes	Yes							Stable
<b>Mid U.S. Equity</b>												
PGIM Jennison Mid-Cap Growth	No	Yes	Yes	Yes	Yes							Stable
Virtus Ceredex Mid-Cap Value	No	No	No	No	No							Stable
<b>Small U.S. Equity</b>												
Brown Small Compay Fund	No	No	No	No	No							Stable
DFA U.S. Small Cap	No	Yes	Yes	Yes	Yes							Stable
Northern Small Cap Value Fund	No	Yes	No	No	No							Stable
<b>Global Equity</b>												
AF New Perspective	No	No	Yes	Yes	Yes							Stable
Invesco Developing Markets	No	No	No	No	No							Stable
<b>Fixed Income</b>												
Baird Core Plus Bond	No	Yes	Yes	Yes	Yes							Stable
MM Premier Infr-Pr and Inc Svc	No	No	No	No	No							Stable
PGIM High Yield Fund	No	No	Yes	No	Yes							Stable
Templeton Global Bond	No	Yes	No	No	No							On Watch
<b>Sector Fund</b>												
Cohen & Steers Realty Shares	No	Yes	Yes	Yes	Yes							Stable

Assessment	Status and Actions
Stable	Firm, Team, Strategy are performing as expected
In Review	Callan is proposing that the fund be added to the watchlist
Cautionary	Staff is reviewing strategy with consultant and scheduling an update meeting with manager
Terminating	Following staff review and consultant recommendation, manager will be terminated following a successful replacement search

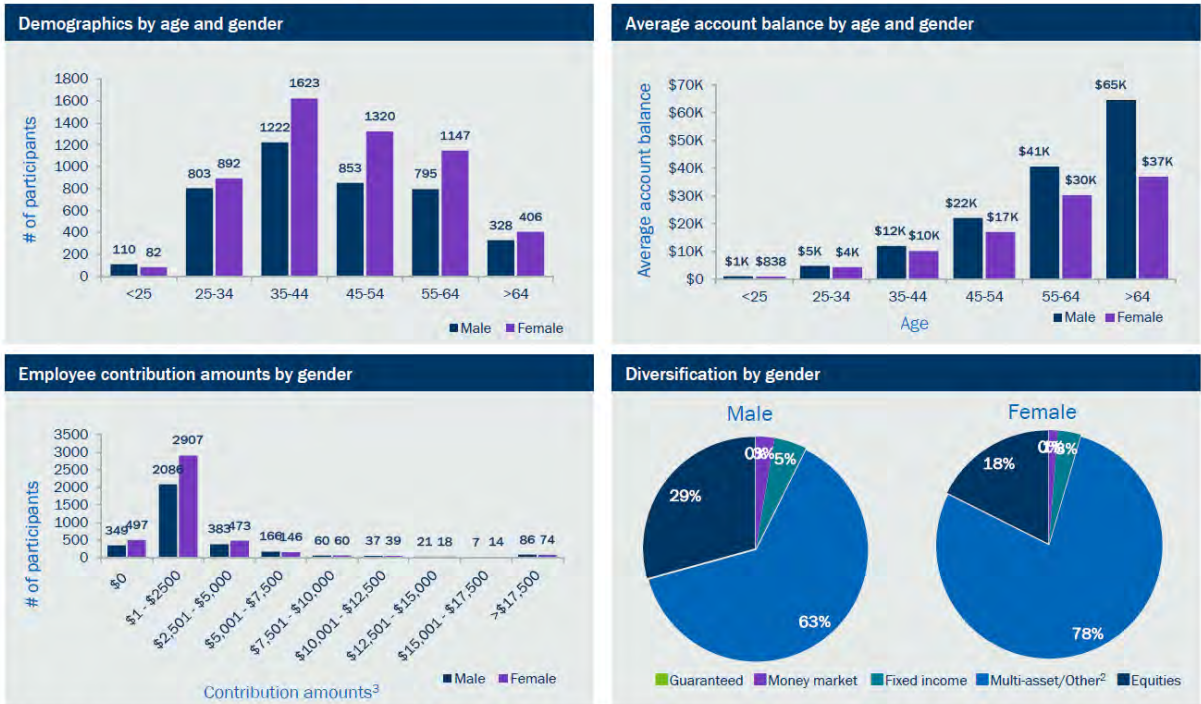
# Employee summary: Gender and age<sup>1</sup>



This report is as of the period ending 09/30/2023 and reflects the trailing 12 months of activity unless otherwise noted. The report includes all TIAA plans except 457(f), 457(b) Private, Nonqualified Deferred Compensation, and Retirement Healthcare plans. 1. Data reflected is for all participant statuses except Employee Contribution Amounts by Gender which includes only active or leave status. Does not include 266 participants with no age or gender on file. 2. Multi-Asset/Other includes Lifecycle, Real Estate, and Brokerage. 3. Contribution data reflects the trailing 12 months of data.



# Employee summary: Gender and age<sup>1</sup>



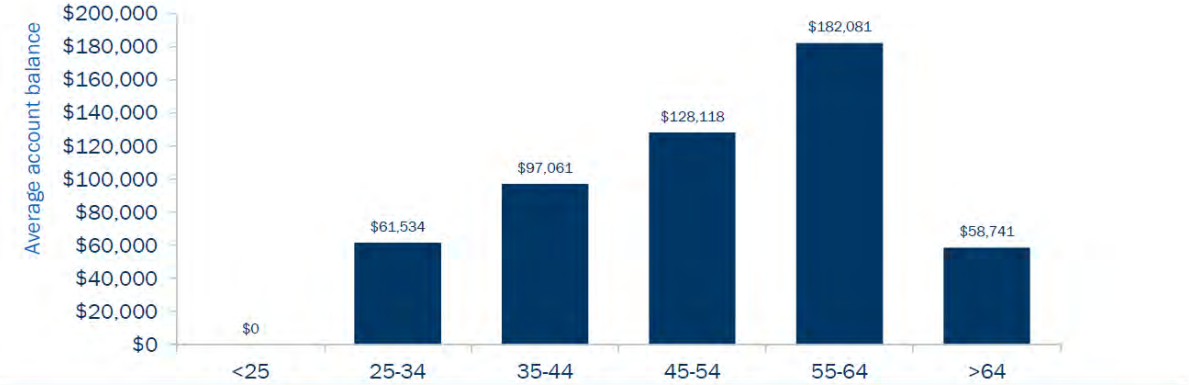
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NORTH DAKOTA PUBLIC EMPLOYEES | NOVEMBER 28, 2023

# Active participants: Average account balance by age



	<25	25-34	35-44	45-54	55-64	>64	Total
# of active participants	0	14	25	26	19	2	86
% of total active participants	0%	16%	29%	30%	22%	2%	100%
Total active assets	\$0	\$861,471	\$2,426,534	\$3,331,080	\$3,459,547	\$117,482	\$10,196,114
% of total active assets	0%	8%	24%	33%	34%	1%	100%

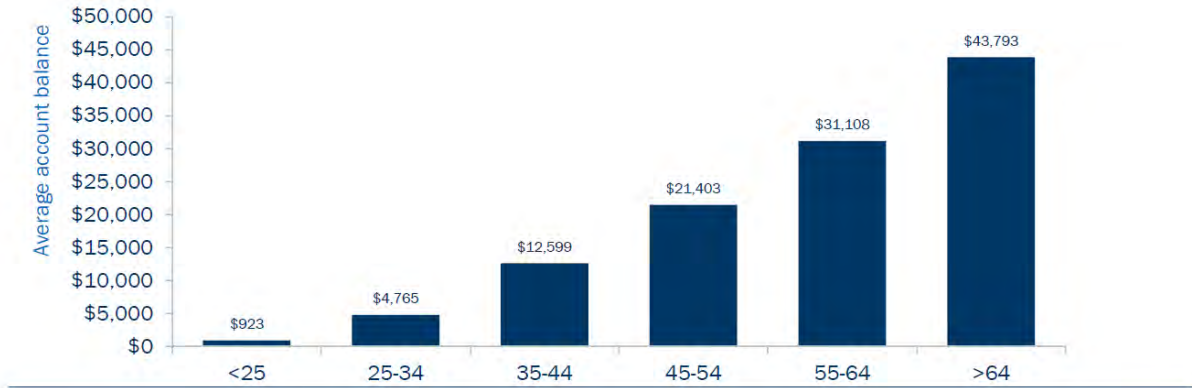
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NORTH DAKOTA PUBLIC EMPLOYEES | NOVEMBER 28, 2023

# Active participants: Average account balance by age



	<25	25-34	35-44	45-54	55-64	>64	Total
# of active participants	167	1272	2075	1639	1364	193	6,710
% of total active participants	2%	19%	31%	24%	20%	3%	100%
Total active assets	\$154,141	\$6,061,556	\$26,143,404	\$35,079,849	\$42,431,645	\$8,452,042	\$118,322,637
% of total active assets	0%	5%	22%	30%	36%	7%	100%

This report is as of the period ending 9/30/23 and reflects the trailing 12 months of activity unless otherwise noted. The report includes all TIAA plans except 457(f), 457(b) Private, Nonqualified Deferred Compensation, and Retirement Healthcare plans.



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NORTH DAKOTA PUBLIC EMPLOYEES | NOVEMBER 28, 2023



# Memorandum

**TO:** NDPERS Board

**FROM:** Katheryne Korom

**DATE:** December 12, 2023

**SUBJECT:** Retirement Plan Services Request for Proposal (RFP)

We have included for your review a draft copy of the Retirement Plan Services RFP. It has been reviewed by staff and our changes are included in the document. Proposers are required to submit a bid for actuarial and consulting assistance for the Defined Benefit Plans & Retiree Health Insurance Credit Program.

Following are the key dates for the proposal process:

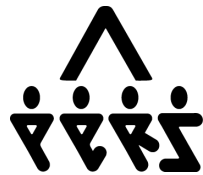
Date	Activity
January 2, 2024	RFP is issued.
January 12, 2024	Written questions regarding proposals must be received by NDPERS no later than 5:00 p.m. (CDT).
January 31, 2024	NDPERS posts responses to all questions received.
February 14, 2024	Proposals must be received by NDPERS no later than 5:00 p.m. (CDT).
Feb/March 2024	NDPERS review of proposals.
March 2024	Finalist interviews, if deemed necessary by the NDPERS Board
March/April 2024	Best and Final Offers due, if deemed necessary by the NDPERS Board
March/April 2024	Selection and award of contract by NDPERS.



If you have any questions, additions, or changes to the Retirement Plan Services, we will be available at the NDPERS Board Meeting.

**Board Action Requested:** Approve the Retirement Plan Services RFP and the timeline for the proposal process.

Attachment



**North Dakota Public Employees Retirement System**  
***Request for Proposal***

**Project Name:**  
**Retirement Plan Services**

**RFP Issue Date: January 2, 2024**

**Proposal Due Date: February 14, 2024**

**Proposed Effective Date: July 1, 2024**

1600 East Century Avenue, Suite 2  
PO Box 1657  
Bismarck, ND 58502-1657  
**1-800-803-PERS (7377) [www.ndpers.nd.gov](http://www.ndpers.nd.gov)**

**Request for Proposal  
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## SECTION 1 - INTRODUCTION

---

This Request for Proposal (RFP) is issued for actuarial and consulting assistance for a twenty-four month period (July 1, 2024 through June 30, 2026). In addition, the Board intends that the successful bidder will have the opportunity to renew its contract for two subsequent two-year periods if an acceptable agreement can be reached between the contractor and the Board.

Date	Activity
January 2, 2024	RFP is issued.
January 12, 2024	Written questions regarding proposals must be received by NDPERS no later than 5:00 p.m. (CDT).
January 31, 2024	NDPERS posts responses to all questions received.
February 14, 2024	Proposals must be received by NDPERS no later than 5:00 p.m. (CDT).
Feb/March 2024	NDPERS review of proposals.
March 2024	Finalist interviews, if deemed necessary by the NDPERS Board
March/April 2024	Best and Final Offers due, if deemed necessary by the NDPERS Board
March/April 2024	Selection and award of contract by NDPERS.

## **SECTION 2 - BACKGROUND**

---

The North Dakota Public Employees Retirement System is responsible for the administration of the State's retirement, health, life, dental, vision, deferred compensation, flex comp, retiree health insurance credit, and EAP programs. This proposal is for assistance in the retirement programs.

Pursuant to 54-52-03, <https://www.ndlegis.gov/cencode/t54c52.pdf>, NDPERS is managed by a Board of Trustees.

NDPERS is a separate agency created under North Dakota state statute and, while subject to state budgetary controls and procedures as are all state agencies, is not a state agency subject to direct executive control.

The following are the areas of work for which the Board is seeking assistance

### **A. Defined Benefit Retirement Plans:**

The NDPERS system (includes the main system, judges, and public safety plans), the Job Service plan and the Highway Patrol plan are defined benefit plans and provide benefits under two separate chapters of the North Dakota Century Code (NDCC). NDCC Chapter 54-52 provides the benefits under the NDPERS Main, Judges, and Public Safety retirement plans. NDCC Chapter 39-03.1 provides the benefits under the Highway Patrol retirement plan. The Job Service retirement plan benefits are provided pursuant to that systems plan document. A summary of the plan provisions is found on the NDPERS website at: <https://ndpers.nd.gov/>

A copy of the 2023 valuations can be found at the same site under the Financial/Actuarial page: <https://www.ndpers.nd.gov/about/financial-actuarial-reports>

### **1. Public Employees Retirement System**

#### **a. Main System**

The North Dakota Public Employees Retirement System (NDPERS) is the 3 tier retirement plan for all state employees (excluding those in the Board of Higher Education eligible for TIAA/CREF), and employees of counties, cities, and school districts (excluding teachers) which have elected to participate. The Main plan will be closed to new entrants on or before January 1, 2025; all new eligible employees will become members of the new Defined Contribution plan. The following is background information on the main system:

**Tier 1 New Hires Prior to 1/1/16:**

**Public Employees Retirement Plan**

Chapter 54-52, NDCC

Employer Contribution: 8.12%

Employee Contribution: 7.00%

Total Retirement Contributions: 15.12%

Vesting in Disability Benefit: 180 days

Vesting in Retirement Benefit: 36 months

Normal Retirement: Age 65 or Rule of 85

**Retirement Formula:** *Final Average Salary x 2% x Years of Credited Service*

**Example:** \$2000 x 2% x 20 = \$800

**Tier 2 (New Hires 1/1/16-12/31/19)**

**Public Employees Retirement Plan**

Chapter 54-52, NDCC

Employer Contribution: 8.12%

Employee Contribution: 7.00%

Total Retirement Contributions: 15.12%

Vesting in Disability Benefit: 180 days

Vesting in Retirement Benefit: 36 months

Normal Retirement: Age 65 or Rule of 90 with minimum age of 60

**Retirement Formula:** *Final Average Salary x 2% x Years of Credited Service*

**Example:** \$2000 x 2% x 20 = \$800

**Tier 3 (New Hires 1/1/20 and after)**

**Public Employees Retirement System**

Chapter 54-52, NDCC

Employer Contribution: 9.26%

Employee Contribution: 7.00%

Total Retirement Contributions: 16.26%

Vesting in Disability Benefit: 180 days

Vesting in Retirement Benefit: 36 months

Normal Retirement: Age 65 or Rule of 90 with minimum age of 60

**Retirement Formula:** *Final Average Salary x 1.75% x Years of Credited Service*

**Example:** \$2000 x 1.75% x 20 = \$700

**b. Judges**

The Supreme and District Court Judges in North Dakota, although a part of the NDPERS system, have a separate benefit program. The following is background information on the judges system:

Public Employees Retirement Plan – Judge’s	
Chapter 54-52, NDCC	
Employer Contribution:	17.52%
Employee Contribution:	<u>8.00%</u>
Total Retirement Contributions:	25.52%

Vesting in Disability Benefit:	180 days
Vesting in Retirement Benefit:	60 months
Normal Retirement:	Age 65 or Rule of 85

**Retirement Formula:**

**First Ten Years:** Final Average Salary x 3.5% x First 10 Years of Credited Service

**Second Ten Years:** Final Average Salary x 2.8% x Second 10 Years of Credited Service

**Remaining Years:** Final Average Salary x 1.25% x Remaining Years of Credited Service

**Example:**

$$\$6861 \times 3.5\% \times 10 = \$2401.35$$

$$\$6861 \times 2.8\% \times 10 = \$1921.08$$

$$\$6861 \times 1.25\% \times 5 = \$428.81$$

$$\underline{\$4751.24}$$

**c. Public Safety - with Prior Service Credit & without Prior Service Credit**

These are also a part of the NDPERS system but with a separate level of benefits. For actuarial purposes this group is divided into two groups, one with prior service and the other without prior service. As mentioned earlier the National Guard Plan has been combined with the Public Safety Plan with Prior Service starting in 2015. The following is background information on the Public Safety Plans:

**Political Sub Public Safety With Prior Service (includes National Guard):**

- Employee Contribution – 5.50%
- Current Employer Groups – 11.40%

(Contribution based on Normal Cost and past service credit liability)

**Political Sub Public Safety Without Prior Service:**

- Employee Contribution – 5.50%
- Current Employer Groups – 9.16%

(Contribution based on Normal Cost and no past service credit liability)

State Public Safety Plan:

- Employee Contribution – 6.00%
- Current Employer Groups – 14.34%

(Contribution based on Normal Cost and past service credit liability)

**Only difference from benefit structure in the Main Retirement Plan is these plans provide for an earlier normal retirement date – age 55 or Rule of 85 for all employees. Similar to the Main Retirement Plan, members of this plan hired prior to January 1, 2020 have a 2% multiplier. New hires employed on or after January 1, 2020 have a 1.75% multiplier when calculating their retirement benefits.**

**d. Bureau of Criminal Investigation Plan**

These are also a part of the NDPERS Public Safety Plan system but with a separate level of benefits. The following is background information on the BCI Plan:

Public Employees Retirement Plan – BCI

Chapter 54-52, NDCC

Employer Contribution: 22.26%

Employee Contribution: 7.00%

Total Retirement Contributions: 29.26%

Vesting in Disability Benefit: 180 days

Vesting (new hires before 8/1/2023): 60 months

Vesting (new hires after 8/1/2023): 120 months

Normal Retirement: Age 55 or Rule of 85

**Retirement Formula:**

**First 20 Years:** Final Average Salary x 3% x First 20 Years of Credited Service

**Remaining Years:** Final Average Salary x 1.75% x Remaining Years of Credited Service

**Example:**

$$\$3000 \times 3\% \times 20 = \$1800.00$$

$$\$3000 \times 1.75\% \times 5 = \$ 262.50$$

$$\underline{\$2062.50}$$

**2. Highway Patrol**

The North Dakota Highway Patrol plan is administered by NDPERS as a separate plan of benefits. The following is background information on the Highway Patrol system:



Chapter 39-03.1, NDCC  
 Employer Contribution: 21.20% of covered payroll  
 Employee Contribution: 14.80% of salary  
 Total Retirement Contribution: 36.00%

Vesting in Disability Benefit: 180 days  
 Vesting in Retirement Benefit: 120 months  
 Normal Retirement: Age 55 or Rule of 80

**Retirement Formula:**

**First 25 Years:** Final Average Salary x 3.6% x First 25 Years of Credited Service

**Remaining Years:** Final Average Salary x 1.75% x Remaining Years of Credited Service

**Example:**

$$\begin{aligned}
 \$3000 \times 3.6\% \times 25 &= \$2700.00 \\
 \$3000 \times 1.75\% \times 5 &= \underline{\$ 262.50} \\
 &= \$2962.50
 \end{aligned}$$

**3. Job Service Retirement Plan**

The Job Service Retirement Plan was transferred to the Public Employees Retirement System to administer on August 1, 2003 and is a closed retirement plan. The following information is from the systems last actuarial report performed by GRS Retirement Consulting:

Employer Contribution: 0% of covered payroll  
 Employee Contribution: 7% of salary  
 Total Retirement Contribution: 7%

Vesting in Disability Benefit: 5 years  
 Vesting in Retirement Benefit: 5 years  
 Normal Retirement: Age 65  
 Age 62 with 5 years  
 Age 60 with 20 years  
 Age 55 with 30 years

**Retirement Formula:**

**First 5 Years:** Final Average Salary x 1.5% x First 25 Years of Credited Service

**Next Years:** Final Average Salary x 1.75% x Next 5 Years of Credited Service

**Remaining Years:** Final Average Salary x 2% x Remaining Years of Credited Service

**B. NDPERS Section 457 IRC Deferred Compensation Plan and Defined Contribution Plan:**

**1. Deferred Compensation Plan**

The administration of the Deferred Compensation Plan for public employees was given to the Retirement Board on July 1, 1987. All state employees are eligible to participate, as well as political subdivision employees, if the governing authority of the political subdivision elects to have the state plan as their deferred compensation plan.

Presently 16,871 employees have accounts with fifteen investment providers. Assets are approximately \$375 million. The Retirement Board has developed a plan and contracts with investment providers (mainly insurance companies) to invest the contributions of employees.

The Deferred Compensation Plan is found in Chapter 54-52.2 of the NDCC.

**2. Defined Contribution Plan**

**NDPERS 401(a) Defined Contribution Plan:**

Current NDPERS Employees

The state approved the establishment of a defined contribution plan for certain state employees, effective January 1, 2000. This program is offered as an alternative to the State's defined benefit plan. Eligible employees are not classified by Human Resource Management Services; however, this does not include employees of the University System or the Supreme Court.

In 2013 the legislature changed the eligibility provision to allow all new state employees the option to elect out of the DB plan and join the DC plan within the first six months of employment. Eligibility has since reverted back to only non-classified employees on July 1, 2017.

As of the date of this RFP release, approximately 114 employees are enrolled in the 401(a) Defined Contribution plan. The estimated value of monthly contributions to this plan is approximately \$120,000. Total assets are approximately \$18.6 million. Monthly contributions in the amount of 15.12% of salary are added to the plan each month for each participant enrolled in the plan prior to 2020. For participants first enrolled after January 1, 2020 through December 31, 2024, the monthly contributions total 16.26% of salary. Similar to the Companion Plan the "Statement of Investment Policy" and "Quarterly Report" are available on the NDPERS website

under Defined Contribution Retirement Plan. TIAA is the present provider for these services.

Effective on or before January 1, 2025, a new Defined Contribution Retirement Plan will be the only plan available for newly eligible employees. The new plan has an option to elect a contribution rate, which will be made to either the 401(a) plan or the 457 plan, depending on when the election is made.

The defined contribution plan is found in Chapter 54-52.6 of the NDCC.

<https://www.ndpers.nd.gov/active-members/retirement-plans-active-members/defined-contribution-active-members>

### **C. NDPERs Retiree Health Insurance Credit Program:**

The Retiree Health Insurance Credit program was implemented on July 1, 1989. This program provides for a partial payment of a retiree's medical insurance premium. Eligible members are the NDPERs, Judges (including judges who retired under 27-17 NDCC), Air Guard, and Highway Patrol retirees who are participating in the Uniform Group Health Insurance program. The plan is closed to new hires in the main and defined contribution plans after December 31, 2019. The Retiree Health Insurance Credit program is found in Chapter 54-52.1 of the NDCC. The following is background information on the retiree health program:

#### **Benefit Formula:**

\$5.00 for each year of Credited Service

**Example:** \$5.00 x 25 = \$125.00

#### **Contribution:**

1.14% of payroll

### **D. Flex Program – Section 125**

The NDPERs administers the state's 125 flex comp program. This program offers employees the opportunity to pretax medical, dependent care, health savings account, and certain health care premiums. As part of the RFP, we are seeking technical consulting services relating to the administration of this program to respond to questions relating to program compliance and day-to-day administration. The requested services will be on an as-needed basis and reimbursed on an hourly basis.

## **SECTION 3 - SCOPE OF SERVICES**

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This Section outlines the scope of services to be provided to NDPERS.

### **A. Retirement Plans:**

#### **1. Actuarial Valuation**

The consultant will be required to prepare a separate actuarial valuation for the various NDPERS systems (Main, Judges, and Public Safety plans), the Highway Patrol retirement program, and the Job Service Retirement Plan at the end of each fiscal year. The retirement plans operate on a July 1 to June 30 fiscal year basis. At a minimum, the actuarial valuation must include and be based on the following:

- a. The applicable provisions of NDCC.
- b. The characteristics of covered active members, inactive non-retired participants, pensioners, and beneficiaries.
- c. The assets of the respective system.
- d. Economic actuarial assumptions regarding future salary increases and investment earnings as established by the Board.
- e. Actuarial assumptions regarding employee termination, retirement, disability, death, etc., as established by the applicable Board.
- f. The actuarial cost methodology to be used.
- g. The effects of state legislation in effect since the last valuation.
- h. The actuarial value of the investment is the market value less deferred appreciation (depreciation). The methodology adopted by the Board shall be utilized.
- i. A summary of investment results, including the effect of unrealized gains and losses for the last ten years, of the Fund.
- j. The actuarially determined employer contribution rate for state employees, as required by NDCC section 54-52-06(1)(a) (effective January 1, 2025).
- k. The report must include all items required by the Government Finance Officers Association (GFOA) for inclusion in the actuarial section and select schedules for the statistical section of the pension

- plan's Annual Comprehensive Financial Report (ACFR).
- I. The report must include the following reporting information and related disclosures for GASB 67: Net Pension Liability, Target Asset Allocation, Sensitivity of the net pension liability to changes in the discount rate, Schedule of changes in net pension liability,
  - m. The report must include the following reporting information and related disclosures for GASB 74: Net OPEN Liability, Target Asset Allocation, Sensitivity of the net OPEB liability to changes in the discount rate, Schedule of changes in net OPEB liability

The actuarial valuations must be completed and submitted to NDPERS within thirty (30) days of receiving the census and financial data, but no later than October 10. As part of the valuation, data on the special prior service pensions for NDPERS is required. This shall include the number, type, and monthly amount for this group as well as demographic information. The consultant will present the report to the NDPERS Board. Therefore, the consultant should plan on attending one meeting each year for this presentation. The consultant will also present the report to the Legislative Employee Benefits Committee and, therefore, should plan on attending one additional meeting each year.

## **2. GASB 67-68 and 74-75 Calculations**

The GASB 67 and 74 calculations and disclosures and GASB 68 and 75 calculations for employers will be in a separate report. In addition to the GASB 67 and 74 information mentioned in item 1(k) above, the report will include the following schedules and related disclosures for employers: Schedule of employer allocation percentage and Schedule of pension amounts by the employer.

## **3. Product Delivery**

NDPERS will provide membership information to the selected firm for the retired and non-retired members. Files are scheduled to be available no later than August 15 following the fiscal year ending June 30. The firm must review the files within five working days of receipt and report in writing to NDPERS any discrepancies or errors discovered. The preliminary financial information consisting of the "Statement of Plan Net Position" and the "Statement of Changes in Plan Net Position" is scheduled to be mailed to the firm no later than September 10 following the fiscal year ending June 30.

All reports (annual valuations and legislative bill reports) are to be delivered to NDPERS no later than October 15. GASB valuations must be completed by December 20. Delivery after that date shall result in a **ten percent (10%) reduction** in the fixed fee. The 10% applies for each year to the total fee. Consequently, if the date was missed for two years the total reduction would be 20%. The Board retains the right to waive the penalty if warranted. In addition, if the time schedule is not met in the first two years of the contract the Board may consider not renewing for the additional two-year period.

The selected firm is required to present the annual actuarial report to the NDPERS Board at their October meeting.

**4. Gain/Loss Experience Analysis**

An actuarial gain/loss experience analysis shall be performed each year and included in the actuarial report for NDPERS main system. The analysis shall reconcile the difference in the employer contribution requirements from the previous year to the present year. Variables to be included are any plan design changes, assumption changes, contributions, investment return, salary assumption, retirement experience, withdrawal experience, disability experience, mortality experience, administrative expenses, and other factors as determined by NDPERS.

**5. Consulting Services**

The consultant will be expected to serve on an ongoing basis in an advisory and review capacity to the NDPERS Board, the Executive Director of NDPERS, and the NDPERS staff. In this capacity, the consultant will be expected to attend meetings and present findings and recommendations as required. The NDPERS Board meets on a monthly basis. NDPERS uses video or audio conferencing for these meetings if available to avoid the need for travel.

The consultant must provide the following:

- a. The actuarial and administrative implications of particular interpretations of the statutes and administrative rules governing NDPERS and its retirement plans.
- b. The effect of existing and proposed state and federal laws that affect, or may affect NDPERS.
- c. General assistance to NDPERS, as requested, regarding the

ongoing administration of NDPERS including the calculation of benefits, the development of procedures and forms, and computer systems.

- d. Technical advice on state and federal tax issues facing NDPERS and its members.
- e. Provide advice on service purchase provisions, methods, and tables as necessary.
- f. General assistance in developing rules and policies.
- g. General actuarial and administrative implications of a particular interpretation of retirement statutes or rules.
- h. The consultant shall be available for periodic educational discussions with the NDPERS Board and/or staff members.
- i. Give consultation and advisory services in the policy and administrative problems of implementing new legislation.

## **6. Federal Compliance**

The consultant will be expected to serve, on an ongoing basis, in an advisory and review capacity to the NDPERS Board, the Executive Director, and NDPERS staff relating to major changes in the federal laws and regulations governing defined benefit plans that have occurred in recent years. Therefore, the consultant must be able to provide assistance in the following areas:

- a. Minimum participation rules.
- b. Participation of leased employees.
- c. Modified IRC Section 415 limits.
- d. Maximum compensation levels for benefit accruals.
- e. Minimum distribution requirements
- f. Additional income tax on early withdrawals.
- g. Other federal initiatives and potential initiatives.

Not included, in the above scope of work, are plan amendments, filings with the IRS, or performance testing.

## **7. Proposed Legislation**

The consultant will be required to assist in the following areas relating to proposed legislation on a fee-for-service basis. Prior to initiating any efforts in this area, authorization must be given by the Executive Director of NDPERS. Any work efforts the consultant completes or initiates that are not authorized will not be reimbursed. The efforts under this task area include:

- a. Give consultation on, and perform certain work in, pricing proposed legislation.
- b. Assist in the preparation and review of proposed changes to the governing laws.
- c. Pricing or general review work on legislation shall specifically address each issue and give the basis for each finding. The consultant shall furnish its review in writing and, for pricing efforts, show the assumptions, pricing base, actuarial implications on the total program, cost, and alternatives, if appropriate.
- d. Generally the consultant will be given several weeks to do the necessary pricing, however, during the Legislative Session it may be necessary to complete certain tasks on an overnight basis. What is your ability to provide such services?
- e. Provide analysis of the applicability of IRS or other federal requirements, as well as, identifying any general retirement plan design issues.
- f. Expert testimony, when requested, to the North Dakota Legislative Assembly or any other body relative to NDPERS in general and, in particular, with regard to the retirement systems or benefit modifications.
- g. Appear at selected meetings and hearings for discussion of actuarial standards and/or the principles used in the determination of the funding requirement and in the pricing of legislation.

## **8. Experience Study**

NDPERS will be doing an experience review of the NDPERS and Highway Patrol retirement plans in 2025. The first part is to conduct an experience study on the defined benefit plans administered by NDPERS and the Retiree Health Credit program. NDPERS administers two primary retirement trust funds. One is the North Dakota Public Employees



Retirement System (NDPERS) and the other is the Highway Patrol plan. The NDPERS plan has seven subdivisions/plans which are: Main, Judges, Public Safety with prior service, Public Safety without prior service, Bureau of Criminal Investigations, State Public Safety, and National Guard.

**B. Deferred Compensation and Defined Contribution Plan:**

**1. Consulting Services**

The consultant will be expected to serve, on an ongoing basis, in an advisory and review capacity to the NDPERS Board, Executive Director, and the NDPERS staff.

The consultant must provide the following:

- a. The effect of existing and proposed state and federal laws or regulations that affect, or may affect, the deferred compensation program or defined contribution plan.
- b. Advice on proposed program changes.
- c. Technical advice on state and federal tax issues facing the deferred compensation program or defined contribution plan.
- d. Technical advice concerning administrative issues (i.e., hardship applications, distributions, catch-up provision, etc.).
- e. Technical advice concerning day-to-day compliance issues.
- f. General assistance in developing rules, policies, and plan document changes.
- g. General technical advice concerning investments.

**2. Fees**

The above services will be on a fee-for-service basis (flat rate fee). The consultant shall identify the individual assigned to this effort and their experience.

**C. Retiree Health Insurance Credit Program:**

**1. Actuarial Services**

The consultant will be required to prepare an annual actuarial valuation of

the Retiree Health Insurance Credit program. The Retiree Health Insurance Credit program (effective July 1, 1989) currently operates on a fiscal year basis July 1 - June 30. At a minimum, the actuarial valuation must include and be based on the following:

- a. The applicable provisions of the NDCC.
- b. The characteristics of covered participants and eligible non-covered pensioners.
- c. The actuarial value of assets of the Retiree Health Insurance Credit program is the market value less deferred appreciation (depreciation). The methodologies adopted by the Board should be used.
- d. Economic actuarial assumption regarding future investment earnings and future salary increases as established by the Board.
- e. Actuarial assumptions regarding employee terminations, retirement, disability, death, etc., as established by the Board.
- f. A gain/loss experience analysis.
- g. Conclusions and recommendations.
- h. The report must include all items required by the Government Finance Officers Association (GFOA) for inclusion in the actuarial section and select schedules for the statistical section of the pension plan's Annual Comprehensive Financial Report (ACFR).

## **2. Consulting Services**

The consultant will be expected to serve on an ongoing basis, in an advisory and review capacity, to the NDPERS Board, Executive Director, and the NDPERS staff relating to the Retiree Health Credit program. In this capacity, the consultant will be expected to attend meetings to present findings and recommendations as required. NDPERS Board meetings are generally held one time per month unless additional special meetings are needed.

The consultant must provide the following:

- a. The effect of existing and proposed state and federal laws that affect, or may affect, the Retiree Health Insurance Credit program.

- b. General assistance to NDPERS, as requested, regarding the ongoing administration of the Retiree Health Insurance Credit program.
- c. General actuarial and administrative implications of particular interpretations of the Retiree Health Insurance Credit program statutes and administrative rules.
- d. General assistance in developing rules and policies.

### **3. Proposed Legislation**

The consultant will be required to assist in the following areas relating to proposed legislation on a fee-for-service basis concerning the Retiree Health Insurance Credit program. Prior to beginning any efforts under this area authorization must be given by the NDPERS Executive Director. Any work efforts the consultant completes or initiates that are not authorized will not be reimbursed. The consultant should anticipate that one of the two on-site meetings under the fixed-fee contract will concern proposed legislation and, therefore, not be eligible for billing under this section. The efforts under this task area include:

- a. Give consultation on, and perform certain work in, pricing proposed legislation.
- b. Assist in the preparation and review of proposed changes to the governing laws.
- c. Pricing or general review work on legislation shall specifically address each issue and give the basis for each finding. The consultant shall furnish its review in writing and, for pricing efforts, show the assumptions, pricing base, actuarial implications on total program, cost, and alternatives, if appropriate.
- d. Generally the consultant will be given several weeks to do the necessary pricing; however, during the Legislative Session, it may be necessary to complete certain tasks on an overnight basis. What is your ability to provide such services?
- e. Expert testimony, upon request, to the North Dakota Legislative Assembly, or any other body, concerning the Retiree Health Insurance Credit program in general and in particular, with regard to proposed modifications.

#### 4. **Experience Study**

NDPERS will be doing an experience review of the NDPERS and Highway Patrol retirement plans in 2025. The first part is to conduct an experience study on the defined benefit plans administered by NDPERS and the Retiree Health Insurance Credit program. NDPERS administers two primary retirement trust funds. One is the North Dakota Public Employees Retirement System (NDPERS) and the other is the Highway Patrol plan. The NDPERS plan has seven subdivisions/plans which are: Main, Judges, Public Safety with prior service, Public Safety without prior service, State Public Safety, Bureau of Criminal Investigations, and National Guard.

#### D. **Update of Actuarial Tables**

After completion of the experience study NDPERS is requesting an update to its actuarial tables. Specifically, the tables to be updated would be for the NDPERS retirement plan and the Highway Patrol retirement plan in the NDPERS business system format (included in the link to [Attachment A - Template](#) and [Attachment B - Example of Existing Factors](#) ). These tables include:

1. Main & Public Safety –Normal Form
  - a. Converting Life Annuity to 50% Joint & Survivor
  - b. Converting Life Annuity to 100% Joint & Survivor
  - c. Converting Life Annuity to 10-Year Term Certain
  - d. Converting Life Annuity of 20-Year Term Certain
2. Main & Public Safety – Disability
  - a. Converting Life Annuity to 50% Joint & Survivor
  - b. Converting Life Annuity to 100% Joint & Survivor
  - c. Converting Life Annuity to 10-Year Term Certain
  - d. Converting Life Annuity of 20-Year Term Certain
3. Judges & Highway Patrol
  - a. Converting 50% Joint & Survivor to 100% Joint & Survivor
  - b. Converting Life Annuity to 10-Year Term Certain (same table as Main)
  - c. Converting Life Annuity of 20-Year Term Certain (same table as Main)
4. Judges & Highway Patrol – Disability
  - a. Converting 50% Joint & Survivor to 100% Joint & Survivor
  - b. Converting Life Annuity to 10-Year Term Certain (same table as Main)
  - c. Converting Life Annuity of 20-Year Term Certain (same table as Main)
5. Service Purchase
  - a. Main System – State Employees

- b. Main System – Non-state Employees
  - c. Public Safety Systems
  - d. Judges
  - e. Highway Patrol
  - f. Main & Public Safety RHIC
  - g. Judges & Highway Patrol RHIC
6. Present Value of Employee Contribution Tables
    - a. Main System – State Employees
    - b. Main System – Non-state Employees
    - c. Public Safety Systems
    - d. Judges
    - e. Highway Patrol
  7. Partial Lump Sum Option Factors for Main & Public Safety
  8. Partial Lump Sum Option Factors for Judges & Highway Patrol
  9. Deferred Normal Retirement Option for Main & Public Safety
  10. Deferred Normal Retirement Option for Judges & Highway Patrol
  11. Graduated Benefit Single Life 1% & 2%
  12. Graduated Benefit 50% Joint & Survivor 1% & 2% – Main & Law Enforcement
  13. Graduated Benefit 100% Joint & Survivor 1% & 2% – Main & Law Enforcement
  14. Graduated Benefit 50% (Normal) Joint & Survivor 1% & 2% – Judges & Highway Patrol
  15. Graduated Benefit 100% Joint & Survivor 1% & 2% – Judges & Highway Patrol
  16. Graduated Benefit 20-Year Term Certain 1% & 2%
  17. Graduated Benefit 10-Year Term Certain 1% & 2%
  18. Retirement Benefit Repayment – All Plans
    - a. Male Member with Life Annuity
    - b. Female Member with Life Annuity
    - c. Male Member with 100% Joint & Survivor
    - d. Female Member with 100% Joint & Survivor
    - e. Male Member with 50% Joint & Survivor
    - f. Female Member with 50% Joint & Survivor

## **SECTION 4 - INFORMATION REQUESTS**

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The proposal must contain in a separate section your organization's response to the following requested information. Respond by restating the request with the response following. This format shall be used in the proposal.

**A. General Background:**

1. The firm's name, home office address, address of the office providing the services under the contract, and telephone number.
2. General description of the firm, including the size, number of employees, primary business (consulting, pension planning, insurance, etc.), other business or services, type of organization (franchise, corporation, partnership, etc.), and other descriptive material.
3. Provide summary information regarding the professional and experience qualifications of actuaries and other consultants who shall perform work under the contract.
4. Description of the IT equipment and a statement as to the ownership and location of this equipment to be utilized in the performance of the contract. Describe your data security policies and procedures.
5. Statement of the availability and location of staff (including actuaries) and other required resources for performing all services and providing deliverables within indicated time frames. Statement as to whether or not the services outlined in these specifications can be performed using only your present staff.
6. Provide a timeline sequence of activities indicating your understanding of the RFP and what resources will be applied at given sequences.
7. Provide your understanding of the services requested.
8. Identify the specific and unique qualifications of your firm with regard to providing the requested work.
9. Identify the offices from which services to the Fund will be provided.
10. Describe your organization's approach to actuarial consulting.
11. Discuss how your firm will assure that all information provided to you will be confidential and how you secure our information within the organization and from access from outside your organization.

**B. General Services:**

**1. Retirement**

- a. Discuss your understanding of the work effort requested in 3, A, 1 and how you would meet the requested work effort.
- b. Discuss your understanding of the work effort requested in 3, A, 2 and how you would meet the requested work effort.
- c. Indicate your ability to meet the requirements of 3, A, 3 and how you would meet the requested work effort. Discuss your understanding of the penalty provision for late delivery of products and whether you agree to abide by this provision.
- d. Discuss your understanding of the 3, A, 4.
- e. Discuss your understanding of 3, A, 5 and the types of general consulting you could provide.
- f. Discuss your expertise and resources for providing the services requested in 3, A, 6.
- g. Discuss your understanding of the work requested in 3, A, 7 and your experience working with legislative committees. Describe your organization's experience and availability regarding legislative hearings and testimony. Also, specifically discuss the experience of the staff assigned. In addition, highlight your firm's ability to perform pricing analysis of proposed legislation.
- h. Describe your organization's approach to actuarial consulting for retirement plans.
- i. Include a copy of an actuarial report. Discuss your ability to alter your format and data displays to respond to NDPERS requests.
- j. Discuss your work experience with public sector retirement boards.
- k. Provide a listing of state public sector clients of similar nature and size for whom your organization provides defined benefit retirement plan consulting and actuarial services. References should identify the appropriate contact person(s), addresses, and telephone numbers.
- l. Does your firm publish a periodic newsletter? If yes, how often?

- m. To what extent does your organization provide timely information and insight into current/pending federal legislation?
- n. Discuss your experience with DB/DC plan discussion and studies.
- o. Identify and provide a resume for each actuary that will be assigned to the project and the estimated number of hours they will work on the project.
- p. Provide a resume for each non-actuary professional assigned to this work effort and the number of hours they are assigned.
- q. Identify any subcontractors to be used.

## **2. Deferred Compensation and Defined Contribution**

- a. Discuss your understanding of the work effort in 3, B, 1 and how you would meet the requested effort. Describe your organization's approach to consulting for public employee deferred compensation programs.
- b. Provide a listing of public sector clients of similar size for whom your firm provided deferred compensation consulting services. References should identify the appropriate contact person(s), addresses, and telephone numbers.
- c. Indicate your organization's depth of experience in each of the following areas:
  - 1) Preparation of plan document.
  - 2) Preparation of member booklets.
  - 3) Investment provider contract negotiation.
  - 4) Financial analysis and reporting.
  - 5) Preparation of contracts, bid specifications, and RFPs for deferred compensation programs that require providers to bid for the opportunity to provide services to employees.
  - 6) Plan qualification.
  - 7) 457 compliance issues.
- d. Provide a list of and resume for each individual assigned to this work effort.



**3. Retiree Health Insurance Credit Program:**

- a. Describe your organization's understanding and approach to the work effort requested in 3, C, 1.
- b. Describe your organizations understanding and approach to the work effort requested in 3, C, 2.
- c. Describe your organizations understanding and approach to the work effort requested in 3, C, 3.
- d. Provide a listing of public sector clients for whom your organization provides, or has provided, Retiree Health Insurance Credit program consulting and actuarial services. (Indicate the date of the study and the date of implementation). References should identify the appropriate contact person(s), addresses, and telephone numbers.
- e. Provide the curriculum vitae of key personnel in your firm who will be providing the service and the estimated hours each is proposed to be utilizing in this project.
- f. Provide a statement of the firm's ability to perform pricing analysis of proposed legislation complete with an actuarial certificate showing assumptions, pricing base, and actuarial implications on the total program.

**4. Update of Actuarial Tables**

Discuss your understanding of the work effort requested in 3, D. In addition discuss:

- A. Your experience in preparing the table requested.
- B. Your suggestions on integrating these into the system.
- C. How you verify for accuracy the numbers supplied to ensure their integrity and consistency.

**C. Signed Offer (Agreements) from Section 10.**

**D. Other Information:**

In this section you may supply any other information about your firm, approach to the work effort, staff, etc., that you feel appropriate.

## **SECTION 5 – COST PROPOSAL (FEES/HOURS)**

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We are requesting that you price this project on a fixed-fee basis for certain efforts and on a fee-for-service basis for other efforts as identified below.

**THE COST PROPOSAL SHALL BE UNDER SEPARATE COVER AND NOT PART OF THE RESPONSES TO THE OTHER INFORMATION REQUESTS. PLEASE PROVIDE AN ELECTRONIC COPY OF THE COST PROPOSAL.**

Expenses for travel, lodging, meals, and other travel related out-of-pocket will be reimbursed on an incurred basis if the Executive Director of NDPERS has given prior approval for NDPERS-related efforts. NDPERS is under no obligation to reimburse the consultant if no approval was given.

### **FIXED FEE:**

Retirement:

Fixed Fee 2024: \$ \_\_\_\_\_

(This fixed fee is subject to the 10% reduction) 2025: \$ \_\_\_\_\_

Retiree Health Insurance Credit:

Fixed Fee 2024: \$ \_\_\_\_\_

2025: \$ \_\_\_\_\_

Experience Study

2024: \$ \_\_\_\_\_

2025: \$ \_\_\_\_\_

Update of Actuarial Factors with Heat Map:

Fixed Fee 2024: \$ \_\_\_\_\_

2025: \$ \_\_\_\_\_

GASB 67-68 and 74-75 Work:

Fixed Fee 2024: \$ \_\_\_\_\_

2025: \$ \_\_\_\_\_

**FEE FOR SERVICE:**

NDPERS is requesting a flat rate fee per hour for work efforts relating to general consulting, Legislative Work, and Defined Contribution/Deferred Comp consulting.

Retirement and Retiree Health General Consulting:

2024: \$ \_\_\_\_\_

2025: \$ \_\_\_\_\_

Legislative Work:

2024: \$ \_\_\_\_\_

2025: \$ \_\_\_\_\_

Defined Contribution/Deferred Compensation Consulting:

2024: \$ \_\_\_\_\_

2025: \$ \_\_\_\_\_

## **SECTION 6 - SUBMISSION OF PROPOSAL**

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Proposals should be prepared in a straightforward manner to satisfy the requirements of this RFP. Emphasis should be on completeness and clarity of content. Costs for developing proposals are entirely the responsibility of the proposer and shall not be chargeable to NDPERS.

### **1. Inquiries Regarding Specifications**

Offeror will have until 5:00 p.m. (CDT) on January 12, 2024, to submit questions in writing regarding this RFP. All questions shall cite the specific RFP section and paragraph number(s) to which the question refers. Any questions received by NDPERS prior to the date and time above will be answered in a question-and-answer document issued by NDPERS. Only answers provided in writing by NDPERS will be considered official.

All query submissions must include the identity of the sender, the sender's title, firm name, mailing address, telephone number, and e-mail address.

Questions must be submitted by email to [ndpersbids@nd.gov](mailto:ndpersbids@nd.gov). NDPERS is not responsible for questions received after the submittal deadline.

Answers to questions will be made available on the NDPERS website at <https://www.ndpers.nd.gov/about/bid-opportunities> by January 31, 2024, at 5:00 p.m. C.D.T.

Only information in the materials constituting this RFP, including its attachments, exhibits, and forms, the question and answer document, and any RFP addendum shall be binding on NDPERS.

All inquiries regarding these specifications must be in writing and submitted by email to [ndpersbids@nd.gov](mailto:ndpersbids@nd.gov).

### **2. Rules and Regulations**

Any Offeror submitting a proposal must be able to meet and comply with all applicable state and federal statutes and regulations.

### **3. Confidentiality of Trade Secret, Proprietary, Commercial, and Financial Information (NDCC Section 44-04-18.4(6))**

All materials submitted in response to this RFP will become the property of NDPERS and upon receipt by NDPERS are subject to the North Dakota public records law.

**PLEASE NOTE** that proposals should follow the Confidential/Proprietary Information instructions in Section 8. Any provisions of the Responder's proposal that are desired to be confidential must be identified specifically on each page of the proposal and included in the table provided in Section 8.

4. **Addenda, Amendments, and Clarifications to the RFP**

NDPERS may issue any addenda, amendments, and clarifications regarding this RFP that NDPERS determines are necessary. All such addenda, amendments, and clarifications issued by NDPERS become part of the RFP. All addenda, amendments, and clarifications to the RFP will be issued in writing and added to the posting at: <https://www.ndpers.nd.gov/about/bid-opportunities>. It shall be **the responsibility of the Offeror** to recheck the RFP posting at: <https://www.ndpers.nd.gov/about/bid-opportunities> for any possible addenda prior to submitting a proposal. The Offeror must acknowledge all addenda, amendments, or clarifications by either signing and returning such document(s) or indicating receipt on the Signature Page of the proposal. Only written addenda, amendments, and clarifications signed or sent by authorized NDPERS personnel shall be binding. All oral and other interpretations or clarifications have no legal effect.

5. **Order of Responses**

Responses must be made in the same order as provided in the specifications. Unless a variation from the specifications of the RFP is specifically noted in a response, the Offeror is agreeing to meet all requirements, including the required contract provisions, stated in this RFP (See Section 10). No proposed variation is binding on NDPERS unless and until accepted by NDPERS.

6. **Submission of Proposals**

To be considered for award, six (6) printed and bound copies, one (1) unbound copy of the Offeror's technical and price proposal, one (1) electronic, PDF redacted copy of the proposal on a separate USB flash drive labeled "REDACTED", and one (1) electronic, editable, PDF original copy of the proposal on a separate USB flash drive labeled "ORIGINAL" (note that the electronic redacted and original copies may not be a picture) must be received by NDPERS on or before 5:00 P.M. (CDT), February 14, 2024. The Request for Redaction chart in Section 8 MUST be completed and submitted with the proposal. The unbound copy shall bear original signatures and shall be marked as the "Master Copy". The unbound Master Copy shall contain no divider sheets or tabs, and shall be printed on one side only of 8-1/2 in. x 11 in. white paper to enable copying if needed. Colors must reproduce in a legible manner on a black-and-white copier. The unbound original, one (1) copy of the "REDACTED" proposal

on a USB flash drive, and one (1) copy of the “ORIGINAL” proposal on a USB flash drive shall be provided in separate sealed envelopes.

Responder acknowledges that NDPERS is subject to the North Dakota Open Records Laws, and the documents submitted pursuant to this RFP may be subject to an open records request. Responder is also put on notice that, except for the information that is determined by NDPERS to be confidential or otherwise exempt from the North Dakota Open Records law, NDPERS must disclose to the public upon request any records it receives from Responder. If NDPERS receives a request for information that Responder has requested be kept confidential, NDPERS will review the information submitted by Responder and may also contact Responder for additional input regarding the nature of those records, but NDPERS will be solely responsible for making the ultimate determination of whether the materials submitted are open or exempt. All information that has not been clearly identified by Responder as being confidential and which NDPERS has determined constitutes confidential or exempt information under the North Dakota open records law will be disclosed as an open record. If, as a result of the position taken by Respondent regarding the confidentiality of the information, NDPERS is assessed any damages or fees, Respondent shall indemnify NDPERS for such damages or fees. If no documents or materials are identified and marked by Respondent as confidential, Respondent will be deemed to have consented to the release of the document or material and to have waived any cause of action against NDPERS resulting from the release of the documents or materials. NDPERS will not consider the prices submitted by the Responder to be confidential.

Copies of the proposal shall be delivered to:

**Katheryne Korom, Research & Project Manager  
NDPERS  
1600 East Century Avenue, Suite 2  
PO Box 1657  
Bismarck, ND 58502-1657**

- The base contract will be for a two-year period of July 1, 2024, through June 30, 2026. All rates and fees must be firm, fixed and valid for the duration of the base period. Additionally, NDPERS is seeking two, two-year option periods for a potential total contract period of six years.
- Proposals and any other information submitted by organizations in response to this RFP shall become the property of NDPERS and will not be returned.
- NDPERS will not provide compensation to Offerors for any expenses that they incur as part of the proposal process, including but not limited to expenses incurred for preparing proposals, making demonstrations, responding to

inquiries, and attending meetings and negotiations. Offerors submit proposals at their own risk and expense.

- The materials submitted must be enclosed in a sealed envelope, box, or container; the outside of the package must show clearly the submittal deadline, the organization name, and the return address of the organization. The package the proposal is delivered in must also be plainly marked “PROPOSAL TO PROVIDE RETIREMENT PLAN SERVICES”.
- A proposal shall be considered late if received at any time after the exact time specified for the return of proposals. Late proposals may be returned to the organization unopened at the organization’s expense. Late proposals will not be considered unless the NDPERS Board determines otherwise.
- Proposals submitted via email or fax will not be accepted.
- Any award is contingent upon a contract acceptable to NDPERS being executed.

## **7. Conflicts of Interest List**

Bidders must provide a list of all entities with which it has relationships that create, or appear to create, a conflict of interest with the work that is contemplated in this request for proposals. The Conflicts of Interest List in Section 9 MUST be completed and submitted with the proposal. This list should indicate the name of the entity, the relationship, and a discussion on the conflict.

## **8. Acceptance of Proposals**

NDPERS retains the right to reject all proposals submitted. NDPERS is not required to select the proposal with the lowest fees but will take into consideration statutory guidelines and any factors it considers relevant. It is the intent of NDPERS at this time to enter into a contract effective upon execution with services beginning July 1, 2024, through June 30, 2026. The Board at its discretion may extend the contract for up to two additional two-year periods. The premium and benefits structure of these extensions will be subject to negotiations prior to renewal. NDPERS has the right to discontinue the program if the legislature discontinues the program or for any other reason. The Offeror whose proposal is selected will be chosen with the goal of developing a long-term relationship.

## **9. Non-Responsive Proposals**

NDPERS is not required to accept for consideration any proposal that does not comply with the criteria set forth herein.

**10. References**

Each Offeror must provide at least 3 references from other public fund clients of similar size or larger. NDPERS or its designated representative may ask these clients to provide information regarding the Offeror's overall record of service in providing services for their participants. Providing references in its proposal constitutes the Offeror's permission for NDPERS to contact these clients.

**11. Waiver**

By submitting a proposal, the Offeror submitting the proposal agrees to waive any claim it has or may have against NDPERS, NDPERS employees, NDPERS agents, and NDPERS attorneys, arising out of or in connection with (1) the administration, evaluation, or recommendation of any proposal; (2) waiver of any requirement under this RFP; (3) acceptance or rejection of any proposal; and (4) award of the contract.

**12. Additional Information from Responding Organizations**

NDPERS reserves the right to request additional documentation from responding organizations, and such information may vary by Offeror.

**13. Interview with Responding Organizations**

The NDPERS Board may request representatives of your organization to appear for interviewing purposes. Travel expenses and costs related to the interview will be the responsibility of the bidder.

**14. Modification**

No proposal may be changed after the deadline for submissions of proposals unless language within the proposal is needing clarification at NDPERS's request.

**15. Solicitation**

The selected Offeror shall not use lists of covered employees and other data for any purpose except to provide services to participants. Neither the selected Offeror nor its employees may disclose such information to any other party unless specifically authorized in writing in advance by NDPERS.



**16. News Release**

Written approval by NDPERS will be required for any news releases or other communications regarding a contract awarded to an Offeror.

**17. Change Required by Statute, Regulations, Court Orders, or Program Appropriations**

NDPERS recognizes that there are factors that could cause a change of condition with regard to NDPERS benefits and administration that are beyond the control of NDPERS or the Offeror submitting a proposal. Those factors that may affect the program include, but are not limited to:

- Federal and state statutes, regulations, court decisions, and administrative rulings.
- Funding appropriated by the North Dakota Legislature
- Opinions of the Attorney General of the State of North Dakota

NDPERS expects a good faith effort on the part of the Offeror that is selected to comply with additional responsibilities imposed by federal or state law without requiring mid-year fee increases. NDPERS reserves the right to negotiate with the Offeror as needed to comply with any changes required by statute, regulation, court order, administrative order, or official interpretation.

**18. Contract Award**

The policy of the NDPERS Board is to solicit proposals with a bona fide intention to award a contract. This policy will not affect the right of the NDPERS Board to reject any, or all, proposals.

In evaluating the proposals, price will not be the sole factor. The Board may consider any factors it deems necessary and proper, including but not limited to: price; quality of service; response to this request; experience; staffing; and, general reputation.

The failure to meet all procurement policy requirements shall not automatically invalidate a proposal or procurement. The final decision rests with the Board.

**19. Agreements**

Section 10 – Offer (Agreements), must be signed by a partner or principal of the firm and included with your proposal.

## **SECTION 7 - REVIEW PROCESS**

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Proposals will be evaluated in a three-step approach. The first step will be done by a review team composed of NDPERS staff. The first step will be an initial screening of each proposal to determine if it is sufficiently responsive to the RFP to permit a valid comparison. The qualifying factor will be on a Yes/No basis. The proposal will be dropped from consideration if a majority of viewers respond "No".

The proposals that pass the initial screening will then be reviewed by the same review team. Each individual will review the proposal for all areas but price. Every proposal will be awarded points for specified areas by the reviewers. Points for price are awarded automatically. Following is the weighting factor for each area:

<b><u>GENERAL</u></b>	<b><u>POINTS</u></b>
Did Consultant follow required format in Section 4?	6 points
<b><u>RETIREMENT</u></b>	
Technical Understanding	44 points
Product Delivery	10 points
Qualifications and Staffing	10 points
Price	30 points

The purpose of this review is to assess the consultant's understanding of the work requirements, capabilities, and resources. It is important that your proposals relate to your understanding in order to be rated. A statement that you will comply with the RFP is not sufficient, nor is repeating the RFP requirements. The findings will be reported to the NDPERS Board. This will be the third step of the review. The Board at its discretion may require vendor interviews. The Board retains the option to make the final selection based upon not only the above review but all other factors it deems applicable to deciding what firm should be awarded the contract.

## SECTION 8 - CONFIDENTIAL/PROPRIETARY INFORMATION

### Request for Redaction Chart

The Responder submitting a proposal to the attached RFP is **required** to complete the following.

Any provisions of the company's proposal that are desired to be confidential must be identified specifically on each page of the proposal and in a table format as provided below.

Information not identified in the table will be considered an open record by NDPERS, regardless of whether the information is marked confidential in the body of the proposal.

In response to the Request for Proposals entitled Retirement Plan Services (please check one):

- Offeror asserts that the information noted in the table below constitutes proprietary, trade secret, commercial, or financial information as defined by North Dakota Century Code section 44-04-18.4, and desires that the information noted in the table below not be disclosed if requested pursuant to the North Dakota Open Records law. **Offeror has submitted a redacted copy of the proposal on a USB flash drive labeled "REDACTED" that accurately and completely redacts the information noted in the table below.**
- Offeror makes NO assertion that any information in its Proposal, in whole or in part, should be protected from disclosure under the North Dakota Open Records law.

Technical Proposal:				
Specific wording that Responder desires to protect	Page Number, Section Number	Specific reason Responder believes the language should not be disclosed	North Dakota Century Code provision that allows NDPERS to withhold the information if requested	Has this information ever been publicly disclosed? (Yes/No)
<i>Insert rows above as necessary</i>				
Cost Proposal:				
Specific wording that Responder desires to protect	Page Number, Section Number	Specific reason Responder believes the language should not be disclosed	North Dakota Century Code provision that allows NDPERS to withhold the information if requested	Has this information ever been publicly disclosed? (Yes/No)
<i>Insert rows above as necessary</i>				

The above information has been reviewed by Responder's legal counsel and is attested to by \_\_\_\_\_ (insert name of Responder representative who is authorized to contractually bind Responder), on this \_\_\_\_\_ day of \_\_\_\_\_, 2024.

\_\_\_\_\_ (Signature) \_\_\_\_\_ (Vendor)

## SECTION 9 - CONFLICTS of INTEREST LIST

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Conflicts of Interest List:
Bidders must provide a list of all entities with which it has relationships that create, or appear to create, a conflict of interest with the work that is contemplated in this request for proposals. This list should indicate the name of the entity, the relationship, and a discussion of the conflict.

## SECTION 10- OFFER (Agreements)

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### AGREEMENT FOR SERVICES BETWEEN (Name of Contractor) AND NORTH DAKOTA PUBLIC EMPLOYEES RETIREMENT SYSTEM

VENDOR (hereinafter CONTRACTOR) has offered to provide services to the State of North Dakota acting through its Public Employees Retirement System (hereinafter NDPERS). The terms of this Contract shall constitute the services agreement (“Agreement”).

CONTRACTOR and NDPERS agree to the following:

- 1) **SCOPE OF SERVICES:** CONTRACTOR agrees to provide the service(s) as specified in the 2024 bid document and VENDOR proposal (attached hereto and incorporated by reference Exhibit A).
- 2) **TERM:** The term of this contract shall be for the period of July 1, 2024 – June 30, 2026.
- 3) **FEES:** NDPERS shall only pay pursuant to the terms in Exhibit A.
- 4) **BILLINGS:** NDPERS will pay for the services provided by CONTRACTOR under this contract pursuant to Exhibit A.
- 5) **TERMINATION:** Either party may terminate this agreement with thirty (30) days written notice mailed to the other party, or as mutually agreed to by the parties. Upon any termination the CONTRACTOR shall be compensated as described in Exhibit A for services performed up to the date of termination.

In addition, NDPERS by written notice to CONTRACTOR may terminate the whole or any part of this Agreement under any of the following conditions:

- i. If funding from federal, state, or other sources is not obtained and continued at levels sufficient to allow for purchase of the services or supplies in the indicated quantities or term.
- ii. If federal or state laws or rules are modified or interpreted in a way that the services are no longer allowable or appropriate for purchase under this Agreement or are no longer eligible for the funding proposed for payments authorized by this Agreement.
- iii. If any license, permit, or certificate required by law or rule, or by the terms of this Agreement, is for any reason denied, revoked, suspended, or not renewed.

Termination of this Agreement under this subsection is without prejudice to any obligations or liabilities of either party already accrued prior to termination. In addition, NDPERS may terminate this Agreement effective upon thirty (30) days prior written notice to CONTRACTOR, or any later date stated in the notice:

1) If CONTRACTOR fails to provide services required by this Agreement within the time specified or any extension agreed to by NDPERS; or

2) If CONTRACTOR fails to perform any of the other provisions of this Agreement, or so fails to pursue the work as to endanger performance of this Agreement in accordance with its terms.

The rights and remedies of NDPERS provided in this subsection are not exclusive and are in addition to any other rights and remedies provided by law or under this Agreement.

- 6) **ASSIGNMENT AND SUBCONTRACTS:** CONTRACTOR may not assign or otherwise transfer or delegate any right or duty without STATE's express written consent, provided, however, that CONTRACTOR may assign its rights and obligations hereunder in the event of a change of control or sale of all or substantially all of its assets related to this Contract, whether by merger, reorganization, operation of law, or otherwise. Should Assignee be a business or entity with whom STATE is prohibited from conducting business, STATE shall have the right to terminate without cause.

CONTRACTOR may enter into subcontracts provided that any subcontract acknowledges the binding nature of this Contract and incorporates this Contract, including any attachments. CONTRACTOR is solely responsible for the performance of any subcontractor with whom CONTRACTOR contracts. CONTRACTOR does not have authority to contract for or incur obligations on behalf of NDPERS.

- 7) **ACCESS TO RECORDS AND CONFIDENTIALITY:** The parties agree that all participation by NDPERS members and their dependents in programs administered by NDPERS is confidential under North Dakota law. CONTRACTOR may request and NDPERS shall provide directly to CONTRACTOR upon such request, confidential information necessary for CONTRACTOR to provide the services described in Exhibit A. CONTRACTOR shall keep confidential all NDPERS information obtained in the course of delivering services. Failure of CONTRACTOR to maintain the confidentiality of such information may be considered a material breach of the contract and may constitute the basis for additional civil and criminal penalties under North Dakota law. CONTRACTOR has exclusive control over the direction and guidance of the persons rendering services under this Agreement. Upon termination of this Agreement, for any reason, CONTRACTOR shall return or destroy all confidential information received from NDPERS, or created or received by CONTRACTOR on behalf of NDPERS. This provision applies to confidential information that may be in the possession of subcontractors or agents of CONTRACTOR. CONTRACTOR shall retain no copies of the confidential information. In the event that CONTRACTOR asserts that returning or destroying the confidential information is not feasible,

CONTRACTOR shall provide to NDPERS notification of the conditions that make return or destruction infeasible. Upon explicit written agreement of NDPERS that return or destruction of confidential information is not feasible, CONTRACTOR shall extend the protections of this Agreement to that confidential information and limit further uses and disclosures of any such confidential information to those purposes that make the return or destruction infeasible, for so long as CONTRACTOR maintains the confidential information.

CONTRACTOR shall not use or disclose any information it receives from NDPERS under this Agreement that NDPERS has previously identified as confidential or exempt from mandatory public disclosure except as necessary to carry out the purposes of this Agreement or as authorized in advance by NDPERS. NDPERS shall not disclose any information it receives from CONTRACTOR that CONTRACTOR has previously identified as confidential and that NDPERS determines in its sole discretion is protected from mandatory public disclosure under a specific exception to the North Dakota public records law, N.D.C.C. ch. 44-04. The duty of NDPERS and CONTRACTOR to maintain confidentiality of information under this section continues beyond the term of this Agreement.

CONTRACTOR understands that, except for disclosures prohibited in this Agreement, NDPERS must disclose to the public upon request any records it receives from CONTRACTOR. CONTRACTOR further understands that any records that are obtained or generated by CONTRACTOR under this Agreement, except for records that are confidential under this Agreement, may, under certain circumstances, be open to the public upon request under the North Dakota public records law. CONTRACTOR agrees to contact NDPERS immediately upon receiving a request for information under the public records law and to comply with NDPERS's instructions on how to respond to the request.

- 8) **APPLICABLE LAW AND VENUE:** This Agreement is governed by and construed in accordance with the laws of the State of North Dakota. Any action to enforce this Contract must be adjudicated exclusively in the state District Court of Burleigh County, North Dakota. Each party consents to the exclusive jurisdiction of such court and waives any claim of lack of jurisdiction or *forum non conveniens*.
- 9) **MERGER AND MODIFICATION:** This Agreement, including the following documents, constitutes the entire agreement between the parties. There are no understandings, agreements, or representations, oral or written, not specified within this Agreement. This Agreement may not be modified, supplemented or amended, in any manner, except by written agreement signed by both parties.

Notwithstanding anything herein to the contrary, in the event of any inconsistency or conflict among the documents making up this Agreement, the documents must control in this order of precedence: First – the terms of this Agreement, as may be amended and Second - the state's Request for Proposal (attached in Exhibit A) and Third – CONTRACTOR's Proposal (attached in Exhibit A). No waiver, consent,

modification or change of terms of this Agreement shall bind either party unless in writing and signed by both parties. Such waiver, consent, modification or change, if made, shall be effective only in the specific instances and for the specific purpose given. There are no understandings, agreements, or representations, oral or written, not specified herein regarding this Agreement.

- 10) **INDEMNITY:** CONTRACTOR agrees to defend, indemnify, and hold harmless the state of North Dakota, its agencies, officers and employees (State), from and against claims based on the vicarious liability of the State or its agents, but not against claims based on the State's contributory negligence, comparative and/or contributory negligence or fault, sole negligence, or intentional misconduct. This obligation to defend, indemnify, and hold harmless does not extend to professional liability claims arising from professional errors and omissions. The legal defense provided by CONTRACTOR to the State under this provision must be free of any conflicts of interest, even if retention of separate legal counsel for the State is necessary. Any attorney appointed to represent the State must first qualify as and be appointed by the North Dakota Attorney General as a Special Assistant Attorney General as required under N.D.C.C. § 54-12-08. CONTRACTOR also agrees to defend, indemnify, and hold the State harmless for all costs, expenses and attorneys' fees incurred if the State prevails in an action against CONTRACTOR in establishing and litigating the indemnification coverage provided herein. This obligation shall continue after the termination of this Agreement.
- 11) **INSURANCE:** Contractor shall secure and keep in force during the term of this agreement and Contractor shall require all subcontractors, prior to commencement of an agreement between Contractor and the subcontractor, to secure and keep in force during the term of this agreement, from insurance companies, government self-insurance pools or government self-retention funds, authorized to do business in North Dakota, the following insurance coverages:
- 1) Commercial general liability, including premises or operations, contractual, and products or completed operations coverages (if applicable), with minimum liability limits of \$2,000,000 per occurrence.
  - 2) Automobile liability, including Owned (if any), Hired, and Non-Owned automobiles, with minimum liability limits of \$500,000 per person and \$2,000,000 per occurrence.
  - 3) Workers compensation coverage meeting all statutory requirements. The policy shall provide coverage for all states of operation that apply to the performance of this contract.
  - 4) Employer's liability or "stop gap" insurance of not less than \$2,000,000 as an endorsement on the workers compensation or commercial general liability insurance.
  - 5) Professional errors and omissions with minimum limits of \$1,000,000 per claim and in the aggregate, Contractor shall continuously maintain such coverage during the contract period and for three years thereafter. In the



event of a change or cancellation of coverage, Contractor shall purchase an extended reporting period to meet the time periods required in this section.

The insurance coverages listed above must meet the following additional requirements:

- 1) Any deductible or self-insured retention amount or other similar obligation under the policies shall be the sole responsibility of the Contractor. The amount of any deductible or self-retention is subject to approval by the State.
  - 2) This insurance may be in policy or policies of insurance, primary and excess, including the so-called umbrella or catastrophe form and must be placed with insurers rated "A-" or better by A.M. Best Company, Inc., provided any excess policy follows form for coverage. Less than an "A-" rating must be approved by the State. The policies shall be in form and terms approved by the State.
  - 3) The duty to defend, indemnify, and hold harmless the State under this agreement shall not be limited by the insurance required in this agreement.
  - 4) The state of North Dakota and its agencies, officers, and employees (State) shall be endorsed on the commercial general liability policy, including any excess policies (to the extent applicable), as additional insured. The State shall have all the benefits, rights and coverages of an additional insured under these policies that shall not be limited to the minimum limits of insurance required by this agreement or by the contractual indemnity obligations of the Contractor.
  - 5) A "Waiver of Subrogation" waiving any right to recovery the insurance company may have against the State.
  - 6) The Contractor shall furnish a certificate of insurance to the undersigned State representative prior to commencement of this agreement. All endorsements shall be provided as soon as practicable.
  - 7) Failure to provide insurance as required in this agreement is a material breach of contract entitling the State to terminate this agreement immediately.
  - 8) Contractor shall provide at least 30 day notice of any cancellation or material change to the policies or endorsements. Contractor shall provide on an ongoing basis, current certificates of insurance during the term of the contract. A renewal certificate will be provided 10 days prior to coverage expiration.
- 12) **SEVERABILITY:** If any term in this Agreement is declared by a court having jurisdiction to be illegal or unenforceable, the validity of the remaining terms must not be affected, and, if possible, the rights and obligations of the parties are to be construed and enforced as if the Agreement did not contain that term.
- 13) **INDEPENDENT ENTITY:** CONTRACTOR is an independent entity under this Agreement and is not a State employee for any purpose, including the application of the Social Security Act, the Fair Labor Standards Act, the Federal Insurance Contribution Act, the North Dakota Unemployment Compensation Law and the North Dakota Workforce Safety and Insurance Act. CONTRACTOR retains sole and absolute discretion in the manner and means of carrying out CONTRACTOR'S

activities and responsibilities under this Agreement, except to the extent specified in this Agreement.

- 14) **NDPERS RESPONSIBILITIES:** NDPERS shall cooperate with the CONTRACTOR hereunder, including, without limitation, providing the CONTRACTOR with reasonable and timely access to data, information and personnel of NDPERS. NDPERS shall be responsible for the performance of its personnel and agents and for the accuracy and completeness of data and information provided to the CONTRACTOR for purposes of the performance of the Services.
- 15) **FORCE MAJEURE:** Neither party shall be held responsible for delay or default caused by fire, riot, terrorism, acts of God or war if the event is beyond the party's reasonable control and the affected party gives notice to the other party immediately upon occurrence of the event causing the delay or default or that is reasonably expected to cause a delay or default.
- 16) **ALTERNATIVE DISPUTE RESOLUTION – JURY TRIAL:** By entering into this Contract, NDPERS does not agree to binding arbitration, mediation, or any other form of mandatory Alternative Dispute Resolution. The parties may enforce the rights and remedies in judicial proceedings. STATE does not waive any right to a jury trial.
- 17) **NOTICE:** All notices or other communications required under this contract must be given by registered or certified mail and are complete on the date mailed when addressed to the parties at the following addresses:

**NDPERS:**

Rebecca Fricke, Interim Executive Director  
ND Public Employees Retirement System  
1600 East Century Avenue, Suite 2  
PO Box 1657  
Bismarck, ND 58502-1657

**CONTRACTOR:**

**VENDOR (Name of Contractor & Address)**

\_\_\_\_\_

Notice provided under this provision does not meet the notice requirements for monetary claims against the State found at N.D.C.C. § 32-12.2-04.

- 18) **NONDISCRIMINATION AND COMPLIANCE WITH LAWS:** CONTRACTOR agrees to comply with all applicable federal and state laws, rules, and policies, including those relating to nondiscrimination, accessibility and civil rights. (See N.D.C.C. Title 34 – Labor and Employment, specifically N.D.C.C. ch. 34-06.1 Equal Pay for Men and Women.)

CONTRACTOR agrees to timely file all required reports, make required payroll deductions, and timely pay all taxes and premiums owed, including sales and use taxes, unemployment compensation and workers' compensation premiums. CONTRACTOR shall have and keep current at all times during the Term of this Contract all licenses and permits required by law.

CONTRACTOR is prohibited from boycotting Israel for the duration of this Contract. (See N.D.C.C § 54-44.4-15.) CONTRACTOR represents that it does not and will not engage in a boycotting Israel during the term of this Contract. If STATE receives evidence that CONTRACTOR boycotts Israel, STATE shall determine whether the company boycotts Israel. The foregoing does not apply to contracts with a total value of less than \$100,000 or if CONTRACTOR has fewer than ten full-time employees.

CONTRACTOR's failure to comply with this section may be deemed a material breach by CONTRACTOR entitling STATE to terminate in accordance with the Termination for Cause section of this Contract.

- 19) **STATE AUDIT:** All records, regardless of physical form, and the accounting practices and procedures of CONTRACTOR relevant to this Contract are subject to examination by the North Dakota State Auditor, the Auditor's designee, or Federal auditors, if required. CONTRACTOR shall maintain all of these records for at least three (3) years following completion of this Contract and be able to provide them upon reasonable notice. STATE, State Auditor, or Auditor's designee shall provide reasonable notice to CONTRACTOR prior to conducting examination.
- 20) **TAXPAYER ID:** CONTRACTOR'S federal employer ID number is:\_\_\_\_\_.
- 21) **PAYMENT OF TAXES BY STATE:** State is not responsible for and will not pay local, state, or federal taxes. State sales tax exemption number is E-2001, and certificates will be furnished upon request by the NDPERS.
- 22) **EFFECTIVENESS OF CONTRACT:** This Agreement is not effective until fully executed by both parties.

IN WITNESS WHEREOF, CONTRACTOR and NDPERS have executed this Agreement as of the date first written above.

**NORTH DAKOTA PUBLIC  
EMPLOYEES RETIREMENT SYSTEM**

**CONTRACTOR**

\_\_\_\_\_  
Interim Executive Director  
ND Public Employees Retirement System

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

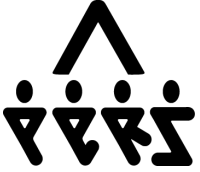
\_\_\_\_\_  
Date

## **VII. GROUP INSURANCE / FLEX COMP**

### **A. Uniform Group Insurance Consultant Request for Proposal Best and Final Offer Update \*EXECUTIVE SESSION**

**\*Executive Session pursuant to N.D.C.C. §44-04-19.1(9) and §44-04-19.2 to discuss negotiating strategy or provide negotiating instructions to its attorney or other negotiator.**

**Material for the Closed Session will be sent under separate cover.**



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**Rebecca Fricke**  
Interim Executive Director  
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---

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# Memorandum

**TO:**                   NDPERS Board

**FROM:**               Shawna Piatz

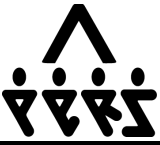
**DATE:**               December 12, 2023

**SUBJECT:**           Audit Committee Minutes

Attached are the approved minutes from the August 14, 2023 Audit Committee meeting. The minutes may also be viewed on the NDPERS website at [www.nd.gov/ndpers](http://www.nd.gov/ndpers).

The next granular audit committee meeting is scheduled virtually and in person for February 12, 2024 at 3:00 pm. This is for your information.

Attachment



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**MEMORANDUM**

**TO:** Audit Committee  
Adam Miller  
Tyler Erickson  
Nina Sand  
Scott Miller  
Derrick Hohbein  
Rebecca Fricke  
Dean DePountis  
Shannon Ennen

**FROM:** Shawna Piatz, Chief Audit Officer

**DATE:** Monday August 14, 2023

**SUBJECT:** **August 14, 2023 Audit Committee Meeting**

In Attendance:

Mona Rindy  
Adam Miller  
Nina Sand  
Joe Morrissette  
Dean DePountis  
Shawna Piatz  
Shannon Ennen  
Scott Miller  
Rebecca Fricke  
Derrick Hohbein

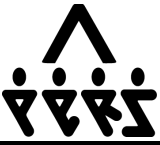
The meeting was called to order at 3:00 p.m. by Ms. Rindy.

**I. Conflict of Interest Disclosure**

A. Allyson Hicks from the Attorney General’s Office advised ND PERS that this will need to be on the agenda every meeting for the Board to consider any conflict of interest disclosures received concerning any of the agenda topics. Allyson will be at the August 15, 2023 Board meeting to present on the State Government Ethics code and review the conflict of interest disclosure form.

**II. Approval of prior Audit Committee Minutes**

Group Insurance	Retirement Plans	Other Programs
Health & Life	Public Employees	Flexible Spending Account (FlexComp)
Dental & Vision	Law Enforcement	Retiree Health Insurance Credit (RHIC)
	Public Safety	Employee Assistance Program (EAP)
	Judges	
	Job Service	
	Highway Patrol	



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- A. The Audit Committee minutes from the prior Audit Committee meeting held on May 8, 2023 were examined. Mr. Morrisette moved approval of the minutes. The motion was seconded by Mr. Miller. This was followed and approved by voice vote.

**III. Internal Audit Reports**

- A.. Quarterly Audit Plan Status Report – A summary of the Internal Audit staff time spent for the past quarter along with a status update on each area of the 2022 – 2023 Audit Plan was included with the Audit Committee materials. Of the total hours reported, 37.92% was spent in audit, 8.71% in consulting, and 53.37% in administrative hours. The general hours were spent training new Internal Auditor staff and on legislation and other various meetings. The audit hours were spent on the monthly retirement program audit, Pop-up Benefit verifications, the Sanford and Humana Claims Audit, and the Service Purchases Audit. The consulting hours were attributable to a number of clean-up projects, PIR testing, the external PBM audit, HR/staffing support and various reviews and reconciliations for the Benefits and Accounting divisions.

- B. Retirement Benefit Payment Status Report – Information was provided to the Audit Committee, which summarizes the accuracy percentages of the new monthly retirement benefit and refund payments. The report shows the number of new retirees or refunds each month, the total number of new retirees or refunds audited and whether issues identified were procedural, system or compliance issues.

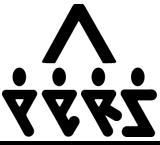
In fiscal year 2023, to date a total of 604 out of 1052 new retirees were audited, which equates to \$2,726,999 of \$4,564,350 being audited. An internal calculation accuracy rate of 87.09% was achieved fiscal year to date as of June 2023 for new retirement benefit payments, which is below the 97% goal. The fiscal year to date compliance/other accuracy rate is 94.7% resulting in an overall accuracy rate of 81.79% for FY 2023.

In fiscal year 2024, to date a total of 55 out of 92 new retirees were audited, which equates to \$190,370 of \$307,232 being audited. An internal calculation accuracy rate of 100% was achieved fiscal year to date as of July 2023 for new retirement benefit payments, which is above the 97% goal. The fiscal year to date compliance/other accuracy rate is 98.18% resulting in an overall accuracy rate of 98.18% for FY 2024.

In fiscal year 2023, to date a total of 129 of the 2,145 refunds issued were audited, which equates to \$5,163,905 of \$19,133,055. An internal calculation accuracy rate of 91.47% was achieved fiscal YTD as of June 2023 for retirement refunds. This falls below the 97% accuracy rate goal. The fiscal year to date compliance/ other accuracy rate is 98.45% resulting in an overall accuracy rate of 89.92% for FY 2023. A limited number of retirement refunds were audited and a portion of the sample continues to be focused on those refunds in which a known system issue

Group Insurance	Retirement Plans	Other Programs
Health & Life	Public Employees	Judges
Dental & Vision	Law Enforcement	Job Service
	Public Safety	Highway Patrol
		Flexible Spending Account (FlexComp)
		Retiree Health Insurance Credit (RHIC)
		Employee Assistance Program (EAP)





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is likely to have occurred.

In fiscal year 2024, to date a total of 16 of the 182 refunds issued were audited, which equates to \$412,557 of the \$2,003,716. An internal calculation accuracy rate of 81.25% was achieved fiscal YTD as of July 2023 for retirement refunds. This falls below the 97% accuracy rate goal. The fiscal year to date compliance/ other accuracy rate is 87.50% resulting in an overall accuracy rate of 68.75% for FY 2024. A limited number of retirement refunds were audited and a portion of the sample continues to be focused on those refunds in which a known system issue is likely to have occurred.

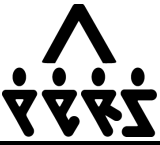
- C. Service Purchase Audit - Internal Audit has completed the audit on the NDPERS Service Purchases. The purpose of this audit was to ensure service purchases were completed with adherence to rules, regulations, policies and procedures. A sample of 122 purchases from a total population of 12,312 purchases from January 2011 through August 2022 were reviewed focusing on purchases made in 2019 through 2022. Findings were presented to the Audit Committee for review.
- D. Benefit/Premium Adjustments Report – The quarterly benefit adjustment report was provided to the Audit Committee. The report is in several sections, each representing the type of corrections. The dollar amount and the number of errors has increased slightly over the last quarter. There were 24 adjustments that were new this quarter and 18 previously reported adjustments remain outstanding. The new adjustments were due to the untimely notification of changes in membership status or information, system programming errors and processing errors.
- E. Outstanding Issues Status Report – The Outstanding Issues Status report has been updated to reflect new and outstanding issues as of July 31, 2023. There were sixteen existing recommendation with no change and thirty new recommendations added to this report. Staff continue to be proactive about addressing recommendations as they are made. Any recommendations made in the previous quarter that have already been addressed would not be included in this report.

Staff requested that at the November 13, 2023 Audit Committee meeting, a discussion be held for the new Internal Audit Division Annual Plan expectations and scope of work for the upcoming year.

**IV. Administrative**

- A. Audit Committee Members Update – Per the Audit Committee Charter, “The audit committee will consist of two to five members with the majority of the members selected from the Board of Directors, and one may be selected from outside the organization. The Board or its nominating committee will appoint committee members and the committee chair. The Board should attempt to

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appoint committee members who are knowledgeable and experienced in financial matters, including the review of financial statements.” With the departure of Julie Dahle (external member), Dirk Wilke and Jason Grueneich left three positions on the committee open. At the July Board meeting, the Board appointed Joe Morrissette and Nina Sand (external) to serve on this committee.

- B. Audit Committee & Internal Charter Updates – The Audit Committee Charter was established in 1993 and last updated in 2014. The Committee has reviewed and provided suggested updates to both the Audit Committee Charter and the Internal Audit Charter. These updates were provided to the Board during the June 2023 meeting for their review and approval. Both Charters were approved as edited and to their final versions. These will be presented at the February Audit Committee Meeting for their signatures.
- C. Audit Committee Charter Matrix – In order to confirm all responsibilities outlined in the Audit Committee Charter are carried out annually, a matrix was developed to review each objective quarterly and ensure that the Audit Committee is meeting its responsibilities. The matrix was reviewed and discussed for progress and activities completed through July 2023.
- C. Internal Audit Charter Matrix – A summary matrix of the progress made and activities completed by the Internal Audit division through July 2023 was presented to the Audit Committee for review.

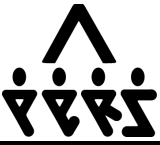
**V. Miscellaneous**

- A. Report on Consultant Fees – According to the Audit Committee Charter, the Audit Committee should “Periodically review a report of all costs of and payments to the external financial statement auditor. The listing should separately disclose the costs of the financial statement audit, other attest projects, agreed-upon procedures and any non-audit services provided.”

Due to previous discussions with the Audit Committee these reports have not been reviewed for the prior year but will be reviewed again going forward. A summary of the consulting, investment and administrative fees paid during the prior fiscal year ended June 2023 was provided for review.

- B. Travel Expenditures – There were out-of-state travel expenditures incurred by the Board or Executive Director for the period of May 1, 2023 through July 31, 2023. This was provided for the Audit Committee’s information.
- C. CPE, Training and Webinars – A report on the training and education, including continuing professional education (CPE) webinars and seminars Internal Audit participated in for the period May 1, 2023 through July 31, 2023 was provided to the committee for their review.
- D. Audit Committee Meeting Dates & Times – The next Audit Committee meeting is

Group Insurance	Retirement Plans	Other Programs
Health & Life	Public Employees	Flexible Spending Account (FlexComp)
Dental & Vision	Law Enforcement	Retiree Health Insurance Credit (RHIC)
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scheduled for November 13, 2023 at 2 pm. It will be held both in person and with an option for virtual attendance.

The meeting adjourned at 4:44 p.m, by Ms. Rindy.

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**Group Insurance**

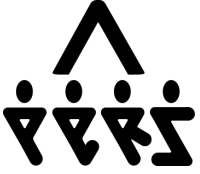
Health & Life  
Dental & Vision

**Retirement Plans**

Public Employees  
Law Enforcement  
Public Safety  
Judges  
Job Service  
Highway Patrol

**Other Programs**

Flexible Spending Account (FlexComp)  
Retiree Health Insurance Credit (RHIC)  
Employee Assistance Program (EAP)



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# Memorandum

**TO:**                   NDPERS Board

**FROM:**               Derrick Hohbein

**DATE:**               December 12, 2023

**SUBJECT:**           Operating Guidelines

Attached is the current NDPERS Operating Guidelines document, which separates the Board's responsibilities from Staff responsibilities. This Guideline was last approved by the Board in November 2020. Given the changes to the make-up of the Board, Staff is bringing this document forward to ensure the Board is still comfortable with the segregation of duties as outlined within the policy.

**Board Action Requested:**

Discuss any proposed changes for Staff to incorporate into the Operating Guidelines Policy.

# NDPERS Operating Guidelines

# Attachment

## GENERAL

	<b>Board</b>	<b>Executive Director</b>
<b>Rules</b>	Must approve all rules	Proposes, drafts and implements
<b>Benefit Structure</b>	Must approve all program design features not set by statute	Proposes and drafts changes; implements
<b>Legislation</b>	Must approve NDPERS sponsored bills. Provide direction on non-NDPERS sponsored bills	Proposes; drafts and represents Board's position
<b>Plan Documents</b>	Must approve 457 and 401(a) plan documents, and the flex plan document.	Proposes; drafts, and implements
<b>Summary Plan Descriptions/COI</b>	Approve health insurance COI	Receive and review from carrier for all insurance plans
<b>Member Booklets, Newsletters, Retirement Handbook and Other Member Material</b>		Draft, Approve, Update

## FINANCE

	<b>Board</b>	<b>Executive Director</b>
<b>Emergency Commission (i.e. line item transfers or transfers from contingency)</b>	Approves	Proposes
<b>Budget Preparation and Submittal to OMB</b>	Approves	Proposes and represents agency before Legislature and OMB
<b>Budgeted Expenses</b>		Approves as long as expenses do not exceed the approved budget. Must report the status of the budget semi-annually at the Board meeting. Director must assure the rate of expenditures for salaries and operating is consistent with Section 54-27-10 NDCC. Arrangements for office space must be reviewed by the Board before committing the Agency.
<b>Consulting Service Contracts</b>		
<b>• On Budget</b>		Approves (i.e. temp services, EAP, Printing, Etc.)
<b>• Off Budget</b>	Approves all contracts over \$10,000. Contract process will follow NDPERS Contract Procurement Policy.	Approves if under \$10,000; must report all contracts to the Board at the earliest opportunity. Contract process will follow NDPERS Contract Procurement Policy.

	<b>Board</b>	<b>Executive Director</b>
<b>Contracts with Political Subs</b> <ul style="list-style-type: none"> <li>• Retirement</li> <li>• Health</li> <li>• Life</li> <li>• Deferred Compensation</li> </ul>	Approves standard agreement	Approves as long as consistent with standard agreement
<b>Uniform Group Insurance Contract</b>	Approves and must be signed by Chairman (54-52.1-05 NDCC)	Recommends
<b>PPO Contracts</b>	Approves guidelines and standard agreement	Negotiates and approves if consistent with guidelines and the arrangement is equal to, or more stringent than, a standard agreement; must advise Board of status and terms.
<b>Travel</b>	<p>Approves all out of state Board travel; the Chairman will review for approval any requests for Board travel that occurs prior to the reconvening of the full Board.</p> <p>Approves all staff travel outside the continental United States or travel offered by an outside vendor</p>	Approves all staff travel (including the Executive Director's) within the continental United States and in-state Board travel

## PERSONNEL

	<b>Board</b>	<b>Executive Director</b>
<b>Personnel Policies</b>	Approves	Recommends and implements
<b>New FTE Positions</b>	Approves	Recommends
<b>Hiring</b>	Responsible for Executive Director	Responsible for filling authorized FTE and temporary assistance pursuant to OMB guidelines and available funds.
<b>Firing</b>	Responsible for Executive Director	Approves
<b>Overtime Authorization &amp; Severance Pay</b>	Approves severance pay, subject to Section 54-14-04.3 NDCC	Approves overtime subject to available funds
<b>Leave of Absence</b>	Approves for Executive Director	Approves for staff

<b>Job Evaluations</b>	Responsible for Executive Director. Audit committee is responsible for the Chief Audit Officer Evaluation	Approves staff evaluations; advises Board annually of increases
<b>Reclassifications</b>		Approves; must advise Board of any major changes
<b>Salary Increases</b>	Approves for Executive Director	Approves, subject to available funds and OMB guidelines
<b>Promotions</b>		Approves, subject to OMB Human Resources guidelines
<b>Educational Reimbursement</b>	Approves for Executive Director	Approves for staff



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# Memorandum

**TO:**                   NDPERS Board

**FROM:**               Derrick Hohbein

**DATE:**               December 12, 2023

**SUBJECT:**           Interim Executive Director Compensation

The Board has the responsibility of setting the rate of compensation for the Executive Director. At the November 2023 meeting, the Board appointed Rebecca Fricke as the Interim Director, with the rate of compensation to be determined at a later date.

**Board Action Requested:**

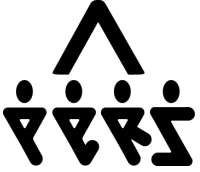
Approve the rate of compensation, and the effective date, for the Interim Executive Director.



VIII. OPERATIONS / ADMINISTRATIVE

D. Ethics Commission Request for Opinion

**No board material for this topic.**



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# Memorandum

**TO:**                   NDPERS Board

**FROM:**               Rebecca Fricke

**DATE:**               December 12, 2023

**SUBJECT:**           Contracts under \$10,000

Attached is a document that shows the contracts under \$10,000 that have been signed since the last update. Please let me know if you have any questions on any of these contracts.

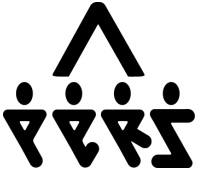
This topic is informational only.

**Contracts Signed During 2023:**

Vendor	Amount	Notes
NDIT	\$ -	Service Level Agreement (January 2023)
Spherion Staffing	~ \$7,200	Temporary Staffing for Admin Services
Marco	\$ 3,654.49	Replacement of North & Batch Printers
Inter Office	\$ 1,179.44	Chair
Central Services	\$ -	Staff authorization to pickup printed materials
Inter Office	\$ 280.00	Adjust height of workstation in scanning room
NDIT	\$ -	Service Level Agreement (June 2023)
Callan	\$ -	Recordkeeper RFP scope of work.
ND Safety Council	\$ 874.00	AED/CPR training for 19 staff
Inter Office	\$ 2,323.88	Chairs x 2
Inter Office	\$ 824.76	Rising Desk
GRS	\$ 9,000.00	Programing for DC incentive
Inter Office	\$ 2,358.88	Chairs x 2

**Contracts Signed Since Last Reported:**

Vendor	Amount	Notes
Inter Office	\$ 824.76	Rising Desk
Inter Office	\$ 2,328.88	Chairs x2
ND Surplus Property	\$ 20.00	File Drawers x2
CliftonLarsonAllen	\$ -	Statement of Services Provided



# Memorandum

**TO:** NDPERS Board

**FROM:** Rebecca

**DATE:** December 12, 2023

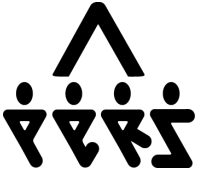
**SUBJECT:** 2024 Meeting Dates

Below is a list of proposed meeting dates, most of which are on the second Tuesday of each month other than in August and October. August is the third Tuesday because the Medicare Part D vendor must provide the final premium for the upcoming plan year to the Board no later than August 15<sup>th</sup> per the terms of the contract. The second October date is on the last Tuesday of the month because of the time it takes our actuary to complete the valuations of our retirement plans.

**Board Action Requested:** A motion to approve or modify the meeting dates is in order.

## NDPERS Board 2024 Proposed Meeting Dates

January 9	WSI Board Room
January 10	WSI Board Room (All day Board Planning Meeting)
February 13	WSI Board Room
March 12	WSI Board Room
April 9	WSI Board Room
May 14	WSI Board Room
June 11	WSI Board Room
July 9	WSI Board Room
August 20	WSI Board Room (3 <sup>rd</sup> Tuesday)
September 10	WSI Board Room
October 8	WSI Board Room (2 <sup>nd</sup> Tuesday)
October 29	WSI Board Room (4 <sup>th</sup> Tuesday)
November 12	WSI Board Room
December 10	WSI Board Room



# Memorandum

**TO:** NDPERS Board

**FROM:** Rebecca

**DATE:** December 12, 2023

**SUBJECT:** Board Subcommittee/State Investment Board Assignments

The NDPERS Board has two standing subcommittees, the Audit Subcommittee and the Investment Subcommittee, and two ad hoc committees, the Election Subcommittee and the Performance Review and Compensation Subcommittee. The Board also has two members on the State Investment Board (SIB).

The Audit Subcommittee membership is described in its charter:

The audit committee will consist of two to five members with the majority of the members selected from the Board of Directors, and one may be selected from outside the organization. The Board or its nominating committee will appoint committee members and the committee chair. The Board should attempt to appoint committee members who are knowledgeable and experienced in financial matters, including the review of financial statements.

Adam, Tyler and Nina Sand (at-large member) are the only remaining Audit Subcommittee members. As such, the Board should consider appointing one or two additional Board members and will need to assign a Subcommittee chair. The Audit Subcommittee typically meets quarterly.

The Investment Subcommittee typically has between three and four members, and one alternate. Currently, the only remaining members are Adam (Chair) and Tyler, with Casey as the alternate. The Board Chair appoints these members. As such, the Board Chair will need to appoint one or two more members, and an alternate. The Investment Subcommittee also usually meets quarterly.

Casey's term on the Board expires June 30, 2024, so we will need to hold an active member election next year and will need an Election Subcommittee to oversee the election. Casey

currently serves as the Chair of the Subcommittee and will need to be replaced as both a member and chair. Adam serves as a member and there is currently one additional vacancy, in addition to Casey's position, that needs to be filled.

The Performance Review and Compensation Subcommittee typically has three members. This Subcommittee's purpose is to review the performance evaluations for the Executive Director and recommend a compensation figure to the full Board. This committee may also be a good option to serve as the Transition Subcommittee. Casey, Adam and Tyler are the current members. The Board Chair appoints these members. This Subcommittee meets on an ad hoc basis.

Last Session, the Legislative Assembly reduced the number of PERS Board members on the SIB from three to two. Adam is the only Board member remaining on the SIB. As such, the Board needs to appoint an additional Board member to the SIB. We also usually have a Board member appointed as an alternate, in the event the regular SIB member cannot attend. There is currently no alternate. The SIB meets monthly.

We will discuss the various subcommittees/committees at the meeting to determine areas of interest and anticipate making final selections at the January Board meeting.

## **IX. MEMBER\*\* EXECUTIVE SESSION**

### **A. Retirement Benefit Appeal Case #834**

**\*\*Executive Session pursuant to N.D.C.C. §44-04-19.2, §44-04-19.2(1) and/or §54-52-26 to discuss confidential records or confidential member information.**

**Material for the Closed Session will be  
sent out under separate cover.**