



# MONTANA LEGISLATIVE AUDIT DIVISION

## FINANCIAL-COMPLIANCE AUDIT

# Teachers' Retirement System

For the Two Fiscal Years Ended June 30, 2009

NOVEMBER 2009

08-09B

REPORT SUMMARY

The Teachers' Retirement System (TRS) paid out benefits totaling \$196 million to retirees or their beneficiaries for retirement, disability, or survivor benefits as of July 1, 2009. The department's assets totaled \$3.17 billion at June 30, 2009; of which \$3.11 billion was held in investments. There were approximately 12,000 active retirees in fiscal year 2008-09 and there are more than 18,400 active members not yet receiving benefits.

### Context

TRS is a component unit of the State of Montana. A component unit is a legally separate organization for which the state of Montana is financially accountable. To govern the system, a six-member board is appointed by the Governor for five-year staggered terms.

All full-time members of the public teaching profession, except for eligible exempt employees, are required by law to be members of the retirement system.

The Montana Constitution requires the public retirement systems to be funded on an actuarially sound basis, which means the unfunded actuarial accrued liability must amortize over 30 years or less. In five of the last seven audited periods, TRS was not actuarially sound.

### Results

The one recommendation, which was also a prior audit recommendation, discusses the need for the system to take necessary measures to ensure the system is funded and is able to pay benefits in the future. Since TRS is not actuarially sound, it may not be able to pay future benefits. The July 1, 2009, amortization period is infinite. This means that the unfunded liability for fiscal year 2008-09 cannot be amortized with existing revenue sources estimated.

Recommendation Concurrence	
Concur	0
Partially Concur	1
Do Not Concur	0

Source: Agency audit response included in final report.

For a complete copy of the report or for further information, contact the Legislative Audit Division at 406-444-3122; e-mail to [lad@mt.gov](mailto:lad@mt.gov); or check the website at <http://leg.mt.gov/audit>. Report Fraud, Waste, and Abuse to the Legislative Auditor's FRAUD HOTLINE Call toll-free 1-800-222-4446, or e-mail [lad@mt.gov](mailto:lad@mt.gov).