



MONTANA LEGISLATIVE AUDIT DIVISION

FINANCIAL AUDIT

Public Employees' Retirement Board

For the Fiscal Year Ended June 30, 2011

DECEMBER 2011

10-08B

REPORT SUMMARY

The contributions and investment income of four of the eight defined benefit retirement plans administered by the Public Employees' Retirement Board (PERB) are not sufficient to fund future benefits earned by members of those plans. The eight defined benefit retirement plans and the defined contribution plan administered by the PERB had 21,480 retirees or beneficiaries receiving benefits and 34,531 active members as of June 30, 2011.

Context

The PERB is an independent, seven-member board, appointed by the Governor to administer ten retirement systems consisting of eight defined benefit plans and two defined contribution plans. The defined benefit pension trust funds include the Public Employees' Retirement System-Defined Benefit Retirement Plan, Judges' Retirement System, Highway Patrol Officers' Retirement System, Sheriffs' Retirement System, Game Wardens' and Peace Officers' Retirement System, Municipal Police Officers' Retirement System, Firefighters' Unified Retirement System, and the Volunteer Firefighters' Compensation Act. The defined contribution pension trust funds include the Public Employees' Retirement System-Defined Contribution Retirement Plan and the Section 457 Deferred Compensation Plan. PERB's revenues consist of employee contributions, employer contributions, state and other contributing entities and investment income. Employee and employer contribution rates are set in statute. PERB's expenses consist mainly of distributions to retirees.

Results

The Public Employees' Retirement System-Defined Benefit Retirement Plan, Sheriffs' Retirement System, Game Wardens' and Peace Officers' Retirement System, and Highway Patrol Officers' Retirement System do not have sufficient resources to fund the full actuarial cost of these systems as required by the Montana Constitution.

Recommendation Concurrence	
Concur	1
Partially Concur	0
Do Not Concur	0
Source: Agency audit response included in final report.	

For a complete copy of the report (10-08B) or for further information, contact the Legislative Audit Division at 406-444-3122; e-mail to lad@mt.gov; or check the web site 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.