

FINANCIAL AUDIT
Public Employees' Retirement Board
For the Fiscal Year Ended June 30, 2013

MARCH 2014

12-08B

REPORT SUMMARY

There are eight defined benefit plans and two defined contribution plans administered by Public Employees' Retirement Board. Three of the defined benefit plans are not actuarially sound at June 30, 2013. The Montana Constitution requires that the public employee retirement systems be funded on an actuarially sound basis. This funding situation does not affect our audit opinion on the financial statements.

Context

The Public Employees' Retirement Board (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 accounted for in pension trust funds.

The Statement of Changes in Fiduciary Net Position of the pension trust funds, on pages A-28 and A-29, reports "Total Additions" consisting primarily of contributions and investment income in the Defined Benefit plans for fiscal year 2013 of \$869,736,046 and \$65,304,212 in the Defined Contribution plans.

The Statement of Changes in Fiduciary Net Position of the pension trust funds (noted above) also reports "Total Deductions" primarily consisting of benefit payments, refunds, and administrative expenses in the Defined Benefit plans for fiscal year 2013 of \$361,690,020 and \$25,796,248 in the Defined Contribution plans.

Results

The Sheriffs' Retirement System, Game Wardens' and Peace Officers' Retirement System, and Highway Patrol Officers' Retirement System are not actuarially sound. The Montana Constitution requires public retirement systems to be funded on an actuarially sound basis.

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 (12-08B) 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>
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