

FINANCIAL AUDIT

Public Employees' Retirement Board
For the Fiscal Year Ended June 30, 2017

JANUARY 2018

16-08B

REPORT SUMMARY

The Public Employees' Retirement Board administers eight defined benefit plans, two defined contribution plans and an Other Post Employment Benefit Plan. The Montana Constitution requires the public retirement systems be funded on an actuarially sound basis. A system is actuarially sound if contributions are sufficient to pay the normal costs of providing benefits as they accrue in the future and the cost of amortizing unfunded liabilities over a scheduled period of no more than 30 years. The June 30, 2017, actuarial valuations indicate the Game Wardens' and Peace Officers' and the Highway Patrol Officers' retirement systems are not actuarially sound.

Context

The Public Employees' Retirement Board (board) oversees ten retirement plans, an Other Post Employment Benefit (OPEB) plan, and the related member education funds. The retirement plans include eight defined benefit plans and two defined contribution plans. The defined benefit plans are the Public Employees' Retirement System, 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 retirement plans are the Public Employees' Retirement System and the Deferred Compensation Plan.

For the defined benefit plans, total contributions collected during the fiscal year totaled approximately \$322 million and total benefits paid to members totaled approximately \$452 million. Net Investment Income for defined benefit systems totaled approximately \$756 million. This activity resulted in Net Position of approximately \$7 billion for fiscal year 2017.

For the defined contribution plans, the total contributions collected during the fiscal year totaled approximately \$47 million. Net Investment Income for defined contribution plans totaled approximately \$58 million. This activity resulted in Net Position of approximately \$674 million for fiscal year 2017.

Results

The report does not include recommendations to the board and we issued an unmodified opinion on the board's financial statements for fiscal year 2017. This means the reader may rely upon the information presented in the financial statements. This report contains updated information on the actuarial soundness of the retirement systems. In the fiscal year 2013 audit report, a recommendation was made to the board to continue working with the legislature to ensure all defined benefit pension plans are actuarially sound. We have continued to monitor and communicate actuarial soundness of the retirement systems.

For a complete copy of the report (16-08B) 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
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