A Report
to the
Montana
Legislature

Financial Audit

Public Employees' Retirement Board

For the Fiscal Year Ended June 30, 2021

February 2022

Legislative Audit
Division

20-08B

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Financial Audits

Financial audits are conducted by the Legislative Audit Division to determine if the financial statements included in this report are presented fairly and the agency has complied with laws and regulations having a direct and material effect on the financial statements. In performing the audit work, the audit staff uses standards set forth by the American Institute of Certified Public Accountants and the United States Government Accountability Office. Financial audit staff members hold degrees with an emphasis in accounting and many staff members hold Certified Public Accountant (CPA) certificates.

The Single Audit Act Amendments of 1996 and the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards require the auditor to issue certain financial, internal control, and compliance reports in addition to those reports required by *Government Auditing Standards*. This individual agency audit report is not intended to comply with these reporting requirements and is therefore not intended for distribution to federal grantor agencies. The Legislative Audit Division issues a statewide biennial Single Audit Report which complies with the above reporting requirements. The Single Audit Report for the two fiscal years ended June 30, 2019, was issued March 30, 2020. The Single Audit Report for the two fiscal years ended June 30, 2021, will be issued by September 30, 2022.

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LEGISLATIVE AUDIT DIVISION

Angus Maciver, Legislative Auditor
Deborah F. Butler, Legal Counsel

Deputy Legislative Auditors:
Cindy Jorgenson
William Soller

February 2022

The Legislative Audit Committee
of the Montana State Legislature:

This is our financial audit report on the Public Employees' Retirement Board, a component unit of the State of Montana, for the fiscal year ended June 30, 2021. This report contains our Independent Auditor's Report which includes an unmodified opinion, meaning the reader can rely on the information presented.

The report also includes the board-prepared financial statements, related notes to the financial statements, required supplementary information, and supplementary information. Additional information about each retirement system's total and net pension liability, investments, contributions, and expense data is included in the required supplementary information and supplementary information.

The board's written response to the audit is included in the audit report at page C-1. We thank the Executive Director and his staff for their cooperation and assistance throughout the audit.

Respectfully submitted,

/s/ Angus Maciver

Angus Maciver
Legislative Auditor

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Appointed and Administrative Officials

	Name	City	Term Expires
Public Employees' Retirement Board	Sheena Wilson, President	Helena	April 2023
	Maggie Peterson, Vice President	Anaconda	April 2024
	Robyn Driscoll	Billings	April 2023
	Richard Hickel	Kalispell	March 2026
	Sonya Woods	Miles City	March 2022
	Terry Halpin	Billings	March 2025
	Jason Strouf	Billings	March 2024

Administrative Officials

Dore Schwinden, Executive Director

Bill Holahan, Deputy Director / Information Systems Bureau Chief

Patricia Davis, Member Services Bureau

Hollie Resler, Fiscal Services Bureau Chief

Nick Domitrovich, Chief Legal Counsel

For additional information concerning the Montana Public Employees' Retirement Board, contact:

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Financial Audit 20-08B February 2022

Montana Legislative Audit Division

Public Employees' Retirement Board

For the Fiscal Year Ended June 30, 2021

Background

The Public Employees' Retirement Board (board) administers eight defined benefit pension plans, two defined contribution pension plans, and one other post employment benefits plan. The board is a fiduciary component unit of the State of Montana.

The Montana Constitution requires the defined benefit pension plans to be funded on an actuarially sound basis. According to state law, a defined benefit retirement plan is considered actuarially sound when contributions are sufficient to pay benefit obligations as they come due in the future and the unfunded liabilities can be amortized over a time period that does not exceed 30 years. The most recent actuarial valuations, performed as of June 30, 2021, found the unfunded liability of seven of the systems amortizes within 30 years, while GWPORS does not.

Public Employees' Retirement Board President: Sheena Wilson

Executive Director: Dore Schwinden

The defined benefit pension plan investments earned approximately $2 billion and the defined contribution pension plans earned approximately $200 million in fiscal year 2021 because of the approximately 27 percent return on the plan investments. This resulted in an increase of just over $2 billion in the fiduciary net positions for all plans administered by the board, in total.

AUDITOR'S OPINION (page A-1): UNMODIFIED

We found the board's financial statements and note disclosures presented fairly the activity of the systems in all material respects and we issued an unmodified opinion. This means a reader can rely on the information presented and the underlying financial records.

For the full context of the board's financial activity, see the financial statements and notes beginning on page A-5.

RECOMMENDATIONS:

In this report, we issued the following recommendations:
To the board: 0
To the legislature: 0

In this report, we determined the implementation status of recommendations in the prior audit:
Fully Implemented: 0
Partially Implemented: 1
Not Implemented: 0

SUMMARY OF AUDIT WORK:

Our audit work included reviewing support for contribution receipts and benefit payments and determining the reasonableness of investment balances and associated net investment income. We considered the board's control systems throughout the audit, including the computer system used by the board to electronically process contributions and benefits. We also performed testing to determine the accuracy of the data in this system. We reviewed the financial statements and note disclosures to determine if they were supported by the underlying accounting records and the actuarial valuations as of June 30, 2021.

(continued on back)

For the full report or more information, contact the Legislative Audit Division.

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We also hired an independent actuary to provide expertise during the audit. This includes reviewing each system's actuarial valuation and assumptions underlying the calculation of the total pension liability for reasonableness.

REPORT ON INTERNAL CONTROL AND COMPLIANCE (page B-1):

In this report, we identified the following:
Material Weaknesses in Internal Control: 0
Significant Deficiencies in Internal Control: 0
Material Non-Compliance: 1
Other Matters: 0

For the full context of this information, including the distinction between the types of items reported, see the report beginning on page B-1.

Chapter I – Introduction and Background

Audit Scope

We performed a financial audit of the Public Employees' Retirement Board (board) for the fiscal year ended June 30, 2021. The objectives of our audit were to:

1. Determine whether the board's financial statements present fairly the board's fiduciary net position and changes in fiduciary net position.
2. Determine the board's compliance with direct and material laws and regulations.
3. Obtain an understanding of the board's internal control systems to the extent necessary to support our audit of the board's financial statements, and if appropriate, make recommendations for improvement in internal controls.
4. Perform the work necessary over the supplemental information to determine whether that information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.
5. Follow up on and determine the implementation status of the prior audit recommendation.

Our audit work included reviewing support for contribution receipts and benefit payments and determining the reasonableness of investment balances and associated net investment income. We considered the board's control systems throughout the audit, including the computer system used by the board to electronically process contributions and benefits. We also performed testing to determine the accuracy of the data in this system. We reviewed the financial statements and note disclosures to determine if they were supported by the underlying accounting records and the actuarial valuation as of June 30, 2021.

We also hired an independent actuary to provide expertise during the audit. This includes reviewing the system's actuarial valuation and assumptions underlying the calculation of the total pension liability for reasonableness.

Background

The board is a fiduciary component unit of the State of Montana. The board consists of seven members appointed by the governor to five-year terms. The executive director and his staff perform daily administrative functions as directed by the board. The board administers ten retirement plans and an Other Post Employment Benefit (OPEB) plan. The board manages the following defined benefit plans:

- Public Employees' Retirement System–Defined Benefit Retirement Plan (PERS-DBRP)
- Judges' Retirement System (JRS)
- Highway Patrol Officers' Retirement System (HPORS)
- Sheriffs' Retirement System (SRS)
- Game Wardens' and Peace Officers' Retirement System (GWPORS)
- Municipal Police Officers' Retirement System (MPORS)
- Firefighters' Unified Retirement System (FURS)
- Volunteer Firefighter's Compensation Act (VFCA).

These defined benefit funds provide pension, disability, and death benefits to eligible members and survivors. For all plans, except for the Volunteer Firefighters' Compensation Act, the monthly benefits are based on eligibility, years of service, and salary while employed. The Volunteer Firefighters' Compensation Act monthly benefits are based only on eligibility and years of service.

The two defined contribution plans managed by the board are: the Public Employees' Retirement System–Defined Contribution Retirement Plan (PERS-DCRP) and the Deferred Compensation (457) Plan. The PERS-DCRP provides retirement and death benefits for plan members. The OPEB plan mentioned above provides disability benefits for the members of the PERS-DCRP. The 457 Plan is a voluntary supplemental retirement savings plan for employees of the state, the Montana University System, or political subdivisions that contract with the plan. Members contribute a portion of their compensation to the plan.

Actuarial Soundness

Article VIII, Section 15 of the Montana Constitution requires the public retirement systems to be funded on an actuarially sound basis. According to state law, a defined benefit retirement system is considered actuarially sound when contributions and investments are sufficient to pay benefit obligations as they come due in the future. The unfunded liabilities can be amortized over a time period not exceeding 30 years. Table 1 shows the amortization periods for each defined benefit retirement system at June 30, 2021, and June 30, 2020.

Table 1
Defined Benefit Plan Amortization Periods
(in years)

System	Amortization Period at June 30, 2021	Amortization Period at June 30, 2020
Public Employees' - Defined Benefit	28	35
Judges'	0*	0*
Highway Patrol Officers'	26	39
Sheriffs'	18	21
Game Wardens' and Peace Officers'	35	40
Municipal Police Officers'	15	16
Firefighters' Unified	6	8
Volunteer Firefighters' Compensation Act	1	4

Source: Compiled by the Legislative Audit Division from Public Employees' Retirement Board actuarial information.

*These systems were fully funded for the year.

The actuarial valuations as of June 30, 2021, indicate the Game Wardens' and Peace Officers' Retirement System is not actuarially sound.

Pension Liability

The notes to the financial statements disclose the total pension liability and net pension liability for each defined benefit system. The total pension liability is the actuarial present value of projected benefit payments attributable to past periods of member service. The net pension liability is the total pension liability less the plan fiduciary net position. A net pension asset occurs when the plan's fiduciary net

position is larger than the total pension liability. Table 2 below shows the Net Pension Liability/(Asset) for the defined benefit plans at June 30, 2021, and 2020.

Table 2
Net Pension Liability/(Asset) by Defined Benefit Plan

System	June 30, 2021	June 30, 2020	Increase/(Decrease)
Public Employees' - Defined Benefit	$1,813,221,704	$2,638,211,389	($824,989,685)
Judges'	($59,201,926)	($36,544,558)	$22,657,368
Highway Patrol Officers'	$85,069,531	$233,831,374	($148,761,843)
Sheriffs'	$72,840,168	$121,885,990	($49,045,822)
Game Wardens' and Peace Officers'	$32,457,945	$135,159,982	($102,702,037)
Municipal Police Officers'	$181,787,856	$244,586,402	($62,798,546)
Firefighters' Unified	$85,575,694	$156,477,151	($70,901,457)
Volunteer Firefighters' Compensation Act	$1,322,884	$9,106,029	($7,783,145)

Source: Compiled by the Legislative Audit Division from board actuarial information.

The decreases in the net pension liability/(asset) in the table above resulted from the approximately 27 percent investment returns being significantly more than the 7.65 percent assumed rate of return for each plan.

Crossover Tests

An important part of calculating the total pension liability (TPL) is the crossover test. This calculation projects the benefits for current plan members only and compares those payments to the plan's fiduciary net position for each future year. If a plan's fiduciary net position is projected to not be able to pay the future benefits for current plan members, the assumed rate of return is blended with the lower, municipal bond rate. This results in a lower discount rate used to calculate the total pension liability and thus a higher dollar amount.

As part of our initial audit work over the pension information provided by the board, we noticed the liabilities for PERS-DBRP, GWPORS, HPORS, and SRS were significantly higher than expected, especially given the high investment returns for the year. All of these systems had failed the crossover test, resulting in lower, blended discount rates.

Our contracted actuary reviewed these crossover tests and determined the methodology used by the board's actuary was not reasonable because it used a mixture of current and prior year information as the starting point. While this is the same methodology used in previous years, we did not take issue with it before because it did not result in material differences in the TPL calculation.

The liability has significant and real world implications for employers in the plans when they report their share of the net pension liability (NPL). For the state of Montana, using these initial amounts would have resulted in the state reporting over $2.1 billion more than they should for these four plans in the state's Annual Comprehensive Financial Report. One potential consequence is a lower bond rating; which would result in taxpayers having to pay a higher interest rate on bonds issued by the state. For other employers, these extra liabilities could inflate the rates citizens have to pay for services such as water and sewer as those programs are allocated their portions of that inflated liability.

After we discussed the issue with board staff and their actuary, they decided to make a change in the methodology. The actuary recalculated the crossover tests with this new approach, which resulted in PERS-DBRP, GWPORS, HPORS, and SRS all passing and being able to use the 7.06 percent discount rate. Table 3 below details the NPL amounts from the initial and updated analysis:

Table 3
Initial vs Updated Net Pension Liability Calculations

	Initial	Updated	Difference
PERS-DBRP	5,306,580,782	1,813,221,704	3,493,359,078
GWPORS	213,974,570	32,457,945	181,516,625
HPORS	256,442,855	85,069,531	171,373,324
SRS	205,263,287	72,840,168	132,423,119

Source: Compiled by the Legislative Audit Division from board actuarial information.

Funding Valuation Versus Financial Reporting Calculations

The actuarial soundness and pension liability sections above discuss the liabilities each system owes to its members. To determine the amortization period discussed in the actuarial soundness section above, the board's actuary calculates an actuarially accrued liability (AAL), which is the actuarial present value of projected pension plan benefits and expenses. The actuarial value of the system's assets is then subtracted from this amount to determine the unfunded actuarial accrued liability (UAAL).

To determine the TPL and the NPL reported in the system's financial statement notes and required supplementary information, the board's actuary calculates the actuarial present value of projected benefit payments attributable to past periods of member service. The system's net position is then subtracted from this amount to determine the net pension liability.

These calculations sound very similar, but have a few important differences:

Table 4
Actuarial Accrued Liability and Total Pension Liability Calculation Elements

	Actuarial Accrued Liability	Total Pension Liability
Actuarial value of assets is used by smoothing gains and losses over 4 years	✓	
Market value of assets is used		✓
Rate of return is selected by the board	✓	
Rate of return must include a municipal bond rate if future assets are projected to be less than benefits		✓
Rate of return is net of investment expenses	✓	✓
Rate of return is net of administrative expenses	✓	

Source: Compiled by the Legislative Audit Division based on Generally Accepted Accounting Principles and Actuarial Standards of Practice.

The use of the market value of assets in the TPL versus the actuarial value in the AAL and the smoothing of gains and losses will cause the NPL to be more volatile than the UAAL. Additionally, the amount that the UAAL recognizes is offset by portions of losses from prior years. For instance, the NPL will realize approximately 27 percent return on investments for fiscal year 2021 while the UAAL will only recognize a portion of that. Table 5 below compares each plan's market and the actuarial value of assets.

Table 5
Actuarial Asset Values vs Market Asset Values
(as of June 30, 2021)

System	Actuarial Value	Market Value	Difference
Public Employees' - Defined Benefit	$6,514,976,330	$7,210,026,882	($695,050,552)
Judges'	$120,864,685	$133,609,633	($12,744,948)
Highway Patrol Officers'	$168,056,413	$185,979,057	($17,922,644)
Sheriffs'	$438,035,779	$484,711,071	($46,675,292)
Game Wardens' and Peace Officers'	$247,392,056	$273,392,048	($25,999,992)
Municipal Police Officers'	$516,143,647	$568,215,062	($52,071,415)
Firefighters' Unified	$555,517,311	$611,281,874	($55,764,563)
Volunteer Firefighters' Compensation Act	$45,130,521	$49,641,458	($4,510,937)

Source: Compiled by the Legislative Audit Division from board actuarial information.

In addition to the differences above, the board actuary's assumptions for each analysis are not required to be the same; but they were until fiscal year 2020. The board approves the funding valuation assumptions as part of the experience study process. While these assumptions can be updated between experience studies based on recommendations from the actuary, this has not happened recently, and they were last updated in June 2017. In contrast, the assumptions for financial reporting are analyzed and justified by the actuary yearly and may change before the funding assumptions. As a result, the assumptions used in the financial report analysis represent the more current outlook for the system. They are an early indicator of what will happen in future funding valuations. Essentially, the actuary has determined the assumptions needed to change to reasonably reflect the systems' current position in the financial report, as required by Generally Accepted Accounting Principles (GAAP).

We summarized the assumption differences in the table below:

Table 6
Actuarial Accrued Liability and Total Pension Liability Assumption Differences
(at June 30, 2021)

	Actuarial Accrued Liability	Total Pension Liability
Investment rate of return	7.65%	7.06%
Inflation	2.75%	2.40%
Real wage growth	0.75%	1.10%

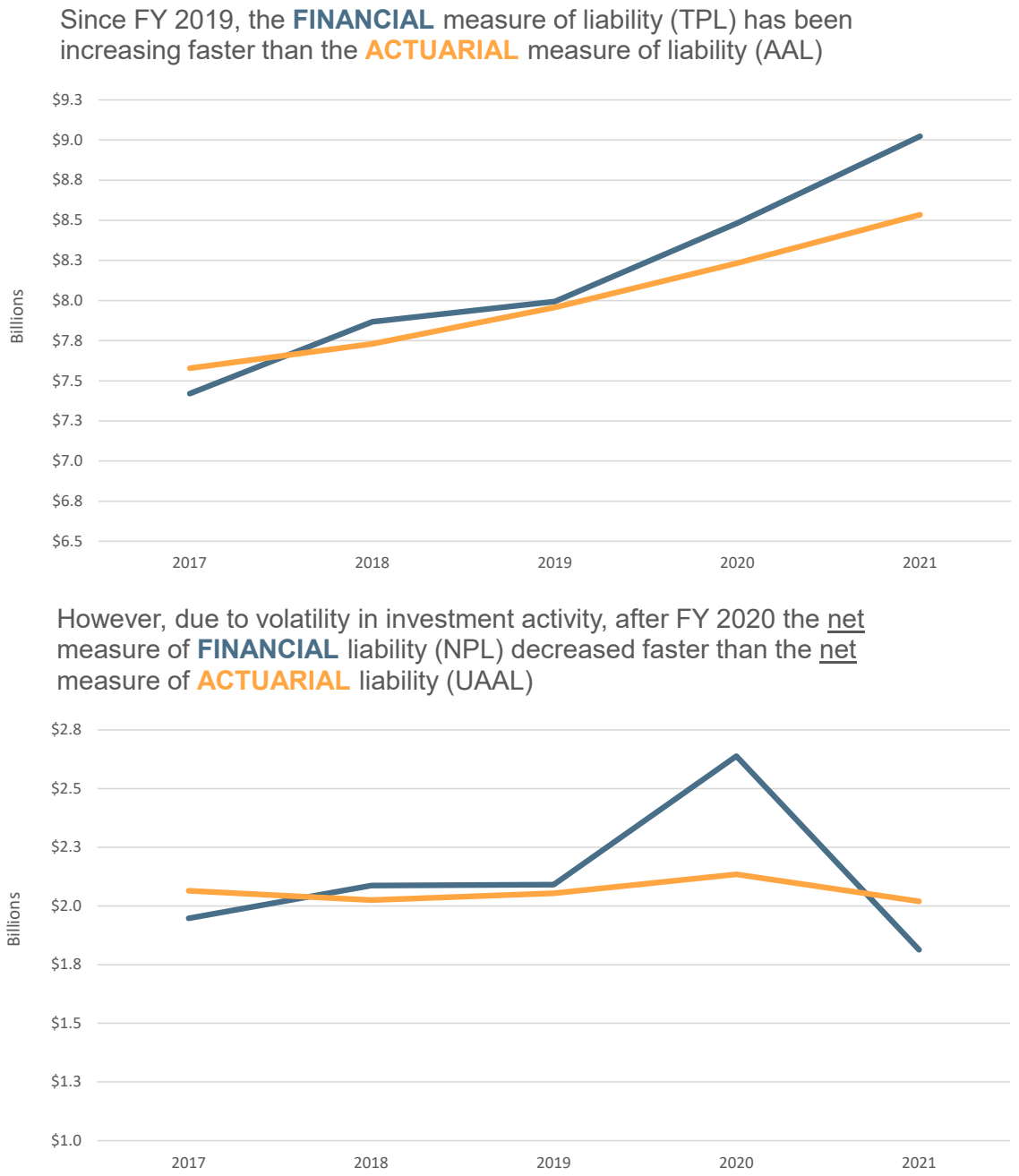
Source: Compiled by the Legislative Audit Division from board actuarial information.

Essentially, these differences in assumptions will drive the total liability calculations apart between the two measures, with the TPL larger and increasing faster than the AAL.

While these two measures are different, they are often confused as the same calculation and used interchangeably; but they shouldn't be. The figure below shows how the total and net measures have moved over the last five fiscal years, illustrating how the differences discussed above have affected the PERS-DBRP.

Figure 1

Total and Net Measures Over Time



Source: Compiled by the Legislative Audit Division from board actuarial information.

Prior Audit Recommendation

The prior audit report for the fiscal year ended June 30, 2020, included a recommendation to the board and legislature to restore the actuarial soundness of GWPORS, HPORS, and PERS-DBRP. This recommendation has been partially implemented. The HPORS and PERS-DBRP are now actuarially sound due to the increase in investment returns during the year and the passage of Chapter 472, Laws of 2021, to increase the state contributions to HPORS beginning in fiscal year 2022. While the increase in investment returns did decrease the amortization period for GWPORS, it is still not actuarially sound. The funding changes requested by the board as part of House Bill 44 were not passed during the 2021 Legislative Session. However, the legislature created an interim study of all pension systems, which is currently underway in the State Administration and Veterans' Affairs Interim Committee. We will continue to monitor the amortization period of all systems as part of future financial statement audits and make no further recommendations at this time.

Independent Auditor's Report and Board Financial Statements

LEGISLATIVE AUDIT DIVISION

Angus Maciver, Legislative Auditor
Deborah F. Butler, Legal Counsel

Deputy Legislative Auditors:
Cindy Jorgenson
William Soller

Independent Auditor's Report

The Legislative Audit Committee
of the Montana State Legislature:

Introduction

We have audited the accompanying Statement of Fiduciary Net Position - Pension (And Other Employee Benefit) Trust Funds of the Public Employees' Retirement Board, a fiduciary component unit of the State of Montana as of June 30, 2021, and the related Changes in Fiduciary Net Position - Pension (And Other Employee Benefit) Trust Funds for the fiscal year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this responsibility includes designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the board's preparation and fair presentation of the financial statements 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 board's internal control, and accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as the overall presentation of the financial statements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Public Employees' Retirement Board as of June 30, 2021, and the respective changes in fiduciary net position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the following be presented to supplement the basic financial statements:

- Management's Discussion & Analysis
- Schedule of Changes of Multiple-Employers Plans Net Pension Liability/(Asset)
- Schedule of Changes in Single Employer Plans Net Pension Liability/(Asset)
- Schedule of Net Pension Liability/(Asset) for Multiple-Employer Plans
- Schedule of Net Pension Liability/(Asset) for Single-Employer Plans
- Schedule of Employer and Non-Employer (State) Contributions for Cost-Sharing Multiple-Employer Plans
- Schedule of Employer Contributions for Single-Employer Plans
- Schedule of Investment Returns for Multiple-Employer Plans
- Schedule of Investment Returns for Single-Employer Plans
- Schedule of Total OPEB (Healthcare) Liability and Related Ratios, Last Ten Fiscal Years
- Related notes

Such information, 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 auditing standards generally accepted in the United States of America, 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.

Supplementary Information
Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The following are presented for purposes of additional analysis and are not a required part of the financial statements:

- Schedule of Administrative Expenses
- Schedule of Investment Expenses
- Detail of Fiduciary Net Position (PERS-DBRP and PERS-DBEd)
- Detail of Changes in Fiduciary Net Position (PERS-DBRP and PERS-DBEd)
- Detail of Fiduciary Net Position (PERS-DCRP, PERS-DCEd)
- Detail of Changes in Fiduciary Net Position (PERS-DCRP, PERS-DCEd)

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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 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 December 17, 2021, on our consideration of the board's 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 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 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 board's internal control over financial reporting and compliance.

Respectfully submitted,

/s/ Cindy Jorgenson

Cindy Jorgenson, CPA
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Public Employees' Retirement Board

A Component Unit of the State of Montana

Management's Discussion and Analysis

This section presents management's discussion and analysis of the Montana Public Employees' Retirement Board's (PERB) financial presentation and performance of the plans administered by the PERB for the fiscal year ending June 30, 2021. Throughout this discussion and analysis, the units of measure (i.e., billions, millions, thousands) are approximate, being rounded up or down to the nearest tenth of the respective unit value.

Financial Highlights

Summary Statement of Fiduciary Net Position - All PERB Plans

(in thousands)	Defined Benefit Total		Change		Defined Contribution & 457 Total		Change	
	2021	2020	Amount	Percent	2021	2020	Amount	Percent
Total Assets	$ 9,583,521	$ 7,719,731	$1,863,790	24.1 %	$1,078,223	$ 859,494	$ 218,729	25.4 %
Deferred Outflow of Resources	370	63	307	487.3 %	50	8	42	525.0 %
Total Liabilities	57,831	42,410	15,421	36.4 %	820	585	235	40.2 %
Deferred Inflow of Resources	48	53	(5)	(9.4) %	7	7	0	0.0 %
Total Fiduciary Net Position Restricted	**$ 9,526,012**	**$ 7,677,331**	**$1,848,681**	**24.1 %**	**$1,077,446**	**$ 858,910**	**$ 218,536**	**25.4 %**

The PERB's defined benefit plans combined total fiduciary net position increase of $1.8 billion, or 24.1%, in fiscal year 2021 was primarily attributed to an increase in total investments of $1.8 billion.

The PERB's defined contribution plans combined total fiduciary net position increase of $218.5 million, or 25.4%, in fiscal year 2021 was primarily attributed to the increase in total investments of $216.8 million. Investments in members' defined contribution assets are self-directed, as participants direct their investment allocation to the various investment options. Therefore, the impact to net investment income is a result of the members' investment choices with varying degrees of risk and return potential.

Summary Statement of Changes in Fiduciary Net Position - All PERB Plans								
(in thousands)	Defined Benefit Total		Change		Defined Contribution & 457 Total		Change	
	2021	2020	Amount	Percent	2021	2020	Amount	Percent
Total Additions	$2,472,299	$ 565,093	$1,907,206	337.5 %	$ 268,637	$ 110,488	$158,149	143.1 %
Total Deductions	623,743	580,659	43,084	7.4 %	49,676	47,790	1,886	3.9 %
Net Increase / (Decrease) in Fiduciary Net Position	**$1,848,556**	**$ (15,566)**	**$1,864,122**	**11975.6 %**	**$ 218,961**	**$ 62,698**	**$156,263**	**249.2 %**
Prior Period Adjustment	$ 125	$ 112	$ 13	12.3 %	$ (425)	$ 14	$ (439)	(3135.7) %

Below is a breakdown of the Additions and Deductions in the above *Summary Statement of Changes in Fiduciary Net Positions - All PERB Plans.*

(in thousands)	Defined Benefit Total		Change		Defined Contribution & 457 Total		Change	
	2021	2020	Amount	Percent	2021	2020	Amount	Percent
Additions (Major Source)								
Contributions	$ 380,213	$ 359,230	$ 20,983	5.8 %	$ 64,687	$ 62,689	$ 1,998	3.2 %
Net Investment Income (Loss)	2,092,086	205,863	1,886,223	916.3 %	203,950	47,799	156,151	326.7 %
Deductions by Type								
Benefits and Refunds	613,163	571,630	41,533	7.3 %	46,824	45,449	1,375	3.0 %
Administrative Expenses and Net Other Addition/ Deductions	10,580	9,029	1,551	17.2 %	2,852	2,341	511	21.8 %
Net Increase / (Decrease) in Fiduciary Net Position	**$1,848,556**	**$ (15,566)**	**$1,864,122**	**11975.6 %**	**$ 218,961**	**$ 62,698**	**$156,263**	**249.2 %**

Defined benefit plan revenues (additions to plan net position) and expenses (deductions to plan net position) for the PERB's fiscal year 2021.

- The total contributions increased from the prior year by $21.0 million primarily due to:
  - increases in state contributions;
  - increases in member contributions as a result of a slight increase in the active membership in most defined benefit plans and a result of an increase in compensation for new members; and,
  - increases in employer contributions as a result of the temporary increase of 0.1% yearly in the PERS-DBRP.
- The total net investment income increased from the prior year by $1.9 billion, or 916.3%. The increase is a result of the money-weighted rate of return for fiscal year 2021 being 27.75% compared to 2.71% in fiscal year 2020. The 27.75% was above the actuarial assumed rate of return of 7.65% for fiscal year 2021.
- Total benefits and refunds increased by $41.5 million, or 7.3%, due to an increase in retirees and an increase in refunds processed this year.
- The total net other additions and deductions, which includes administrative expenses, increased by $1.6 million, or 17.2%, primarily due to litigation settlement payments.

Defined contribution plan revenues (additions to plan net position) and expenses (deductions to plan net position) for the PERB's fiscal year 2021.

- Total contributions increased by $2.0 million primarily due to:
  - an increase in PERS-DCRP member contributions as a result of an increase in active members, and
  - an increase in the employer contributions as a result of the temporary increase of 0.1% yearly in the PERS-DCRP.
- The total net investment income increased from the prior year by $156.2 million as a result of an increase in investment returns.
- Total distributions increased by $1.4 million due to an increase in members taking distributions.
- The total net other additions and deductions, which includes administrative expenses and miscellaneous expenses, increased by $511 thousand due to an increase of miscellaneous expenses as a result of increased administrative fees charged by the vendors for the participant account balances.

Actuarial Funding Valuations

The PERB's defined benefit plans' funding objective is to meet long-term benefit obligations. As of June 30, 2021, the date of the latest actuarial valuation, six of the plans amortize the Unfunded Actuarial Liability (UAL) in 30 years or less:

- Public Employees' Retirement System (PERS)
- Highway Patrol Officers' Retirement System (HPORS)
- Sheriffs' Retirement System (SRS),
- Municipal Police Officers' Retirement System (MPORS),
- Firefighters' Unified Retirement System (FURS), and
- Volunteer Firefighters' Compensation Act (VFCA).

The plan that does not amortize the Unfunded Actuarial Liability in 30 years or less is:

- Game Wardens' and Peace Officers' Retirement System (GWPORS).

The Judges' Retirement System (JRS) has an actuarial surplus. This means there are more assets than liabilities in the plan.

It is important to understand that this measure reflects the Actuarial Value of Assets for each defined benefit plan, which is currently less than the actual fair value published in the financial statements. Investment earnings are critical to the defined benefit plans. The actuary uses a four-year smoothing method to determine the Actuarial Value of Assets. This method is used to reduce the impact of market volatility. Due to smoothing losses in 2018, 2019 and 2020, and smoothing gains in 2021, return on actuarial value ranged from 10.44% to 10.81% for all systems. These ranges were more than the 7.65% actuarial assumed rate of return on investments, thus creating actuarial experience gains.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the PERB's financial reporting which is comprised of the following components:

(1) Basic Financial Statements
(2) Notes to the Basic Financial Statements
(3) Required Supplementary Information
(4) Other Supplementary Schedules

Collectively, this information presents the combined net position restricted for pension benefits for each of the plans administered by the PERB as of June 30, 2021. This financial information also summarizes the combined changes in net position restricted for pension benefits for the year then ended. The information in each of these components is briefly summarized as follows:

(1) Basic Financial Statements

For the fiscal year ended June 30, 2021, basic financial statements are presented for the fiduciary funds administered by MPERA, staff of the PERB. Fiduciary funds are used to pay for pension benefits and expenses. The fiduciary funds are comprised of 11 trust funds that consist of ten pension and one other post-employment benefit (OPEB).

- The Statement of Fiduciary Net Position is a point-in-time snapshot of the assets and liabilities and the resulting restricted fiduciary net position. This financial statement reflects the resources available to pay benefits to retirees and beneficiaries at the end of the fiscal year reported.

- The Statement of Changes in Fiduciary Net Position presents the changes in the restricted fiduciary net position during the fiscal year. Additions are primarily contributions from employers, members, and a nonemployer contributing entity, which includes state appropriations, as well as net investment income. Deductions include pension, disability, survivor and death benefit disbursements, distributions of contributions and interest, and administrative expenses.

(2) Notes to the Basic Financial Statements

The Notes to the Basic Financial Statements are an integral part of the financial statements and provide additional information that is essential for a comprehensive understanding of the data provided in the financial statements. The information in the Notes to the Financial Statements is described as follows on the next page:

- **Note A** provides a summary of significant accounting policies including:

  A1. Basis of Presentation and Basis of Accounting;

A2. Capital Assets and Equipment Used in Operations;
A3. Operating Lease;
A4. Net Pension Liability of Employers;
A5. Other Post-Employment Benefits (OPEB for Healthcare);
A6. Method used to Value Investments.

- **Note B** provides information about litigation.

- **Note C** describes the membership and descriptions of each of the plans administered by the PERB. Summaries of benefit and contribution information are also provided.

(3) Required Supplementary Information

The required supplementary information (RSI) consists of:

- Schedule of Changes in the Multiple-Employer and Single-Employer Plans Net Pension Liability / (Asset);
- Schedule of Net Pension Liability / (Asset) for Multiple-Employer and Single-Employer Plans;
- Schedule of Employer Contributions for Multiple-Employer and Single-Employer Plans;
- Schedule of Investment Returns.

These schedules are intended to show information for the most recent 10 years. However, for all the schedules, only the information for current year and the past seven years is presented. Additional yearly data will be displayed as it becomes available.

The RSI also contains related notes concerning actuarial information of the defined benefit pension plans; Other Post-Employment Benefits (OPEB) for the State Healthcare Benefits and related notes to the OPEB plan.

(4) Other Supplementary Schedules

- Schedule of Administrative Expenses; and
- Schedule of Investment Expenses.

Financial Analysis of the Systems – Defined Benefit Plans

Investments

The State of Montana Board of Investments (BOI), as authorized by state law, invests the defined benefit plans' assets in the *Consolidated Asset Pension Pool (CAPP)* and the *Montana Short Term Investment Pool (STIP)*. Each plan owns an equity position in the pools and receives proportionate investment income from the pools in accordance with respective ownership. Each plan's allocated share of the investment in the pool is shown in the *Statement of Fiduciary Net Position* of the plan. Investment gains and losses are reported in the *Statement of Changes in Fiduciary Net Position*.

Economic Conditions

The Board of Investments' Chief Investment Officer, Jon Putnam, had the following remarks on fiscal year 2021 economic conditions:

"The 2021 fiscal year net return of 27.72% marks the twelfth consecutive year of positive returns for the Public Employees' Retirement System (PERS). Net return performance for PERS since inception was 8.16% annualized. Returns over the five, seven and ten-year time frames ranked in the top third versus a public fund, peer universe. Similar returns were realized for all other MPERA retirement systems."

"The asset allocation approved by the Montana Board of Investments (MBOI) is designed to reach the pension funds strategic objective while minimizing risk. It provides a framework to capture gains over the long-term while protecting against unmanageable losses during periodic economic declines."

"Returns across asset classes were strong in fiscal year 2021 as risk assets rebounded from the impact of the pandemic driven by global central bank support and government stimulus. Domestic Equity (45.71%), Private Investments (41.55%), International Equity (37.65%), Real Assets (20.42%), Non-Core Fixed Income (13.19%), Real Estate (8.62%) and Cash (0.19%) all posted positive returns. Core Fixed Income (-0.15%) was the only asset class to post slightly negative returns as low yields suppressed returns during the fiscal year."

"Going forward, some of the challenges facing the markets include: the ongoing global pandemic, domestic and geopolitical tensions, historically low interest rates, and uncertain inflation expectations."

"Despite the challenges, MBOI continues to pursue attractive opportunities in the market that are additive to the portfolio over an extended time frame. We expect periods of extreme market volatility and continually mitigate risks in order to meet the liquidity needs of the pension plans. MBOI believes that disciplined execution of our investment process will help us achieve the long-term objectives of the pension plans." (From Investment Letter written September 14, 2021)

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Fiduciary Net Position - Defined Benefit Plans

As of June 30, 2021 *- and comparative totals for June 30, 2020*

(dollars in thousands)

	PERS		PERS-DCRP DISABILITY OPEB		JRS		HPORS		SRS	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Assets:										
Cash and Receivables	$ 89,181	72,267	555	482	1,589	1,224	2,637	2,324	5,790	4,868
Securities Lending Collateral	41,245	30,813			763	558	1,062	797	2,777	2,024
Investments	7,122,360	5,775,148	7,246	5,271	131,800	104,563	183,390	149,444	479,632	379,310
Property and Equipment[1]	73	11								
Intangible Assets	846	1,030			249	303	211	257	249	303
Total Assets	7,253,705	5,879,269	7,801	5,753	134,401	106,648	187,300	152,822	488,448	386,505
Deferred Outflow of Resources	370	63								
Liabilities:										
Securities Lending Liability	41,245	30,813			763	558	1,062	797	2,777	2,024
Other Payables	1,393	1,122	8		28	24	259	57	960	186
Total Liabilities	42,638	31,935	8		791	582	1,321	854	3,737	2,210
Deferred Inflow of Resources	$ 48	53								
Total Net Position - restricted for pension benefits	$ 7,211,389	5,847,344	7,793	5,753	133,610	106,066	185,979	151,968	484,711	384,295

[1] Due to rounding to thousands instead of hundreds on this Comparative Statement, the 2021 figures may not tie to the figures on the Statement of Fiduciary Net Position.

Changes In Fiduciary Net Position - Defined Benefit Plans

For the year ended June 30, 2021 *- and comparative totals for June 30, 2020*

(dollars in thousands)

	PERS		PERS-DCRP DISABILITY OPEB		JRS		HPORS		SRS	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Additions:										
Contributions	$ 268,319	252,518	583	511	2,729	2,548	8,853	8,399	21,581	20,290
Investment Income (Loss)	1,593,113	158,013	1,578	206	29,150	2,827	41,277	4,101	105,980	10,182
Total Additions	1,861,432	410,531	2,161	717	31,879	5,375	50,130	12,500	127,561	30,472
Deductions:										
Benefits	476,443	449,602	121	101	4,205	4,038	13,710	12,684	24,709	21,481
Refunds	12,935	12,097					2,026	361	1,515	1,631
OPEB Expenses	35	10								
Administrative Expenses	5,445	5,021			126	157	342	163	1,049	295
Miscellaneous Expenses[1]	2,591	2,252								
Total Deductions	497,449	468,982	121	101	4,331	4,195	16,078	13,208	27,273	23,407
Incr/(Decr) in Net Position	$ 1,363,983	(58,451)	2,040	616	27,548	1,180	34,052	(708)	100,288	7,065
Prior Period[2]	63	211			(3)		(40)	(102)	127	7

[1]Miscellaneous Expenses includes transfers to all other plans.

[1] Due to rounding to thousands instead of hundreds on this Comparative Statement, the 2021 figures may not tie to the figures on the Statement of Changes in Fiduciary Net Position.

GWPORS		MPORS		FURS		VFCA		TOTAL		Total Change	Total % of Change
2021	2020	2021	2020	2021	2020	2021	2020	2021	2020		
$ 3,588	2,659	23,464	21,789	24,862	23,040	3,154	869	154,820	129,522	25,298	19.5 %
1,562	1,121	3,156	2,291	3,395	2,426	270	209	54,230	40,239	13,991	34.8 %
269,698	210,059	544,954	429,318	586,301	454,769	46,570	39,098	9,371,951	7,546,980	1,824,971	24.2 %
								73	11	62	563.6 %
248	302	222	271	220	267	202	246	2,447	2,979	(532)	(17.9)%
275,096	214,141	571,796	453,669	614,778	480,502	50,196	40,422	9,583,521	7,719,731	1,863,790	24.1 %
								370	63	307	487.3 %
1,562	1,121	3,156	2,291	3,395	2,426	270	209	54,230	40,239	13,991	34.8 %
142	110	425	228	101	139	285	305	3,601	2,171	1,430	65.9 %
1,704	1,231	3,581	2,519	3,496	2,565	555	514	57,831	42,410	15,421	36.4 %
								48	53	(5)	(9.4)%
$ 273,392	212,910	568,215	451,150	611,282	477,937	49,641	39,908	9,526,012	7,677,331	1,848,681	24.1 %

GWPORS		MPORS		FURS		VFCA		TOTAL		Total Change	Total % of Change
2021	2020	2021	2020	2021	2020	2021	2020	2021	2020		
$ 11,804	10,672	31,335	30,172	32,417	31,633	2,592	2,487	380,213	359,230	20,983	5.8 %
59,128	5,583	121,594	11,658	129,638	12,247	10,628	1,046	2,092,086	205,863	1,886,223	916.3 %
70,932	16,255	152,929	41,830	162,055	43,880	13,220	3,533	2,472,299	565,093	1,907,206	337.5 %
9,283	8,247	29,791	27,866	28,530	26,839	3,116	3,065	589,908	553,923	35,985	6.5 %
887	1,205	5,799	2,351	93	62			23,255	17,707	5,548	31.3 %
								35	10	25	235.7 %
234	240	205	241	181	224	358	414	7,940	6,755	1,185	17.5 %
						14	12	2,605	2,264	341	15.1 %
10,404	9,692	35,795	30,458	28,804	27,125	3,488	3,491	623,743	580,659	43,084	7.4 %
$ 60,528	6,563	117,134	11,372	133,251	16,755	9,732	42	1,848,556	(15,566)	1,864,122	11975.6 %
(46)	1	(70)	1	94	(7)		1	125	112	13	12.3 %

Analysis of the Individual Defined Benefit Plans

The schedules of *Fiduciary Net Position* and *Changes in Fiduciary Net Position* for the defined benefit plans, including comparative totals from fiscal year 2020, are shown on the previous pages.

PERS-DBRP and Education

The PERS-DBRP fiduciary net position restricted for pension benefits, the largest PERB defined benefit retirement fund, increased to $7.2 billion at June 30, 2021, an increase of $1.4 billion, or 23.3%, from the prior fiscal year.

Additions to the PERS-DBRP net position restricted for pension benefits include contributions from employer, member, and the state; a statutorily-appropriated contribution from the general fund; and investment income. For the fiscal year ended at June 30, 2021:

- Contributions increased from the prior fiscal year by $15.8 million, or 6.3%. Contributions increased due to an increased employer contribution rate and member compensation.
- The plan's total net investment income increased from the prior fiscal year by $1.4 billion, or 908.2%. The increase is a result of a 27.72% market rate of return for the current fiscal year compared to 2.71% for fiscal year 2020. The 27.72% return is higher than the actuarial assumed rate of return of 7.65%.
- The statutorily-appropriated contribution from the State's general fund received for fiscal year 2021 was $34.3 million. This is recorded as *State Appropriations* on the financial statements.

Deductions from the PERS-DBRP net position restricted for pension benefits include retirement benefits, refunds, and administrative expenses. For fiscal year 2021:

- Benefits increased from the prior fiscal year by $26.8 million, or 6.0%. This is due to the increase in benefit recipients and the increase in the average recipient’s benefit resulting from the guaranteed annual benefit adjustment (GABA).
- Refunds increased from the prior fiscal year by $837.9 thousand, or 6.9%. The increase is due to the increased number of members taking a refund.
- The costs of administering the plan’s benefits increased from the prior fiscal year by $424.1 thousand, or 8.5%. The increase is due to the costs increasing in administering the plan.

PERS-DCRP DISABILITY OPEB

The DCRP Disability OPEB net position restricted for pension benefits at June 30, 2021 amounted to $7.8 million, an increase of $2.0 million, or 35.4%, from the prior fiscal year.

Additions to the DCRP Disability OPEB net position restricted for pension benefits include employer contributions and investment income. For fiscal year ended at June 30, 2021:

- Employer contributions increased from the prior fiscal year by $71.8 thousand or 14.1%. The increase is due to an increase in PERS-DCRP participants.
- The plan's total net investment income increased from the prior fiscal year by $1.4 million, or 665.4%. The increase is a result of the strong investment returns rebounding from the impact of the pandemic driven by global central bank support and government stimulus.

Deductions from the DCRP Disability OPEB net position restricted for pension benefits are disability retirement benefits. For fiscal year 2021, benefits had an increase of $19.6 thousand, or 19.3%, from the prior fiscal year. This is due to an increase of one benefit recipient.

JRS

The JRS net position restricted for pensions at June 30, 2021 amounted to $133.6 million, an increase of $27.5 million, or 26.0%, from the prior fiscal year.

Additions to the JRS net position restricted for pension benefits include member and employer contributions, and investment income. For the fiscal year ended at June 30, 2021:

- Contributions increased from the prior fiscal year by $180.3 thousand, or 7.1%. The increase is due to an increase in active member compensation.
- The plan's total net investment income increased from the prior fiscal year by $26.3 million, or 931.1%. The increase is a result of a 27.73% market rate of return for the current fiscal year compared to 2.71% for fiscal year 2020. The 27.73% return is higher than the assumed rate of return of 7.65%.

Deductions from the JRS net position restricted for pension benefits include retirement benefits and administrative expenses. For fiscal year 2021:

- Benefits increased from the prior fiscal year by $166.2 thousand, or 4.1%. The increase is due to an increase in the average recipient's benefit resulting from the guaranteed annual benefit adjustment (GABA) or the minimum benefit adjustment for non-GABA recipients.
- Administrative expenses decreased from the prior fiscal year by $30.7 thousand, or 19.6%. The decrease is primarily due to the costs in consulting and professional services pertaining to the computer system project decreasing.

HPORS

The HPORS net position restricted for pensions at June 30, 2021 amounted to $186.0 million, an increase of $34.0 million, or 22.4%, from the prior fiscal year.

Additions to the HPORS net position restricted for pension benefits include employer and member contributions, a statutory appropriation from the general fund, and investment income. For the fiscal year ended at June 30, 2021:

- Contributions increased from the prior fiscal year by $454.2 thousand, or 5.4%. The increase in contributions is due to an extra payroll during fiscal year 2021.
- The plan's total net investment income increased from the prior fiscal year by $37.2 million, or 906.6%. The increase is a result of a 27.72% market rate of return for the current fiscal year compared to 2.72% for fiscal year 2020. The 27.72% return is higher than the assumed rate of return of 7.65%.

Deductions from the HPORS net position restricted for pension benefits include retirement benefits, refunds, and administrative expenses. For fiscal year 2021:

- Benefits increased from the prior fiscal year by $1.0 million, or 8.1%. The increase is due to an increase in benefit recipients and the increase in the average recipient's benefit resulting from the guaranteed annual benefit adjustment (GABA) or the minimum monthly benefit for non-GABA recipients.

- Refunds increased from the prior fiscal year by $1.7 million, or 462.1%. The increase is due to an increase of refund requests from members at higher dollar amounts.
- Administrative expenses increased from the prior fiscal year by $178.9 thousand, or 109.5%. The increase is primarily due to the Tadman litigation settlement.

SRS

The SRS net position restricted for pension benefits at June 30, 2021 amounted to $484.7 million, an increase of $100.4 million, or 26.1%, from the prior fiscal year.

Additions to the SRS net position restricted for pension benefits include member and employer contributions, and investment income. For fiscal year ended at June 30, 2021:

- Contributions increased from the prior fiscal year by $1.3 million, or 6.4%. The increase is due to an increase in member compensation.
- The plan's total net investment income increased from the prior fiscal year by $95.8 million, or 940.9%. The increase is a result of a 27.72% market rate of return for the current fiscal year compared to 2.70% for fiscal year 2020. The 27.72% return is higher than the assumed rate of return of 7.65%.

Deductions from the SRS net position restricted for pension benefits include retirement benefits, refunds, and administrative expenses. For fiscal year 2021:

- Benefits increased from the prior fiscal year by $3.2 million, or 15.0%. The increase is due to an increase in benefit recipients and the average recipient's benefit resulting from the guaranteed annual benefit adjustment (GABA).
- Refunds decreased from the prior fiscal year by $116.0 thousand, or 7.1%. The decrease was due to refunds being processed for smaller dollar amounts.
- Administrative expenses increased from the prior fiscal year by $753.7 thousand, or 255.5%. The increase is primarily due to the Tadman litigation settlement.

GWPORS

The GWPORS net position restricted for pension benefits at June 30, 2021, amounted to $273.4 million, an increase of $60.5 million, or 28.4%, from the prior fiscal year.

Additions to the GWPORS net position restricted for pension benefits include member and employer contributions, and investment income. For the fiscal year ended at June 30, 2021:

- Contributions increased from the prior fiscal year by $1.1 million, or 10.6%. The increase is due to an increase in member compensation.
- The plan's total net investment income increased from the prior fiscal year by $53.5 million, or 959.1%. The increase is a result of a 27.71% market rate of return for the current fiscal year compared to 2.69% for fiscal year 2020. The 27.71% return is higher than the assumed rate of return of 7.65%.

Deductions from the GWPORS net position restricted for pensions include retirement benefits, refunds, and administrative expenses. For fiscal year 2021:

- Benefits increased from the prior fiscal year by $1.0 million, 12.6%. The increase is due to the increase in benefit recipients and the increase in the average recipient's benefit due to the guaranteed annual benefit adjustment (GABA).

- Refunds decreased from the prior fiscal year by $317.9 thousand, or 26.4%. The decrease is due to a decrease in refund requests from members and at smaller dollar amounts.
- Administrative expenses decreased from the prior fiscal year by $6.1 thousand, or 2.5%. The decrease is primarily due to the costs in consulting and professional services pertaining to the computer system project decreasing.

MPORS

The MPORS net position restricted for pension benefits at June 30, 2021 amounted to $568.2 million, an increase of $117.1 million, or 25.9%, from the prior fiscal year.

Additions to the MPORS net position restricted for pension benefits include employer, member, and state contributions, and investment income. For the fiscal year ended June 30, 2021:

- Contributions increased from the prior fiscal year by $1.2 million, or 3.9%. Contributions increased due to an increase in member compensation.
- The plan's total net investment income increased from the prior fiscal year by $109.9 million, or 943.0%. The increase is a result of a 27.73% market rate of return for current fiscal year compared to 2.74% for fiscal year 2020. The 27.73% return is higher than the assumed rate of return of 7.65%.

Deductions from the MPORS net position restricted for pension benefits include retirement benefits, refunds, and administrative expenses. For fiscal year 2021:

- Benefits increased from the prior fiscal year by $1.9 million, or 6.9%. The increase is due to the increase in benefit recipients and the increase in the average recipient's benefit resulting from the guaranteed annual benefit adjustment (GABA) or the minimum benefit adjustment for non-GABA recipients.
- Refunds increased from the prior fiscal year by $3.4 million, or 146.69%. The increase is due to an increase of refund requests from members at higher dollar amounts.
- Administrative expenses decreased from the prior fiscal year by $36.1 thousand, or 15.0%. The decrease is primarily due to the costs in consulting and professional services pertaining to the computer system project decreasing.

FURS

The FURS net position restricted for pension benefits at June 30, 2021, amounted to $611.3 million, an increase of $133.3 million, or 27.9% from the prior fiscal year.

Additions to the FURS net position restricted for pension benefits include employer, member, and state contributions, and investment income. For the fiscal year ended June 30, 2021:

- Contributions increased from the prior fiscal year by $784.1 thousand, or 2.5%. Contributions increased due to an increase member compensation.
- The plan's total net investment income increased from the prior fiscal year by $117.4 million, or 958.6%. The increase is a result of a 27.73% market rate of return for current fiscal year compared to 2.73% for fiscal year 2020. The 27.73% return is higher than the assumed rate of return of 7.65%.

Deductions from the FURS net position restricted for pension benefits include retirement benefits, refunds, and administrative expenses. For fiscal year 2021:

- Benefits increased from the prior fiscal year by $1.7 million, or 6.3%. The increase is due to the increase in benefit recipients and the increase in the average recipient's benefit resulting from the guaranteed annual benefit adjustment (GABA) or the minimum benefit adjustment for non-GABA recipients.
- Refunds increased from the prior fiscal year by $31.5 thousand, or 50.9%. The increase is due to an increase in refund requests from members.
- Administrative expenses decreased from the prior fiscal year by $43.3 thousand, or 19.3%. The decrease is primarily due to the costs in consulting and professional services pertaining to the computer system project decreasing.

VFCA

The VFCA net position restricted for pension benefits at June 30, 2021 amounted to $49.6 million, an increase of $9.7 million, or 24.4%, from the prior fiscal year.

Additions to the VFCA net position restricted for pension benefits include state contributions and investment income. For the fiscal year ended June 30, 2021:

- Contributions increased from the prior fiscal year by $105.0 thousand, or 4.2%. The increase is due to increased fire insurance premium taxes distributed to the VFCA from the general fund.
- The plan's total net investment income increased from the prior year by $9.6 million, or 916.2%. The increase is a result of a 27.74% market rate of return for current fiscal year compared to 2.73% for fiscal year 2020. The 27.74% return is higher than the assumed rate of return of 7.65%.

Deductions from the VFCA net position restricted for pension benefits include retirement benefits, administrative expenses, and supplemental insurance payments. For fiscal year 2021:

- Benefits increased from the prior fiscal year by $50.7 thousand, or 1.7%. The increase is due to the increase in benefit recipients.
- Administrative expenses decreased from the prior fiscal year by $56.3 thousand, or 13.6%. The decrease is primarily due to the costs in consulting and professional services pertaining to the computer system project decreasing.
- Supplemental insurance payments increased from the prior fiscal year by $1.5 thousand. The increase is due to an increase of supplemental insurance claims by VFCA companies.

Fiduciary Net Position - Defined Contribution Plans

As of June 30, 2021 *- and comparative totals for June 30, 2020*
(dollars in thousands)

	PERS-DCRP		457-PLAN		TOTAL		Total Change	Total % of Change
	2021	2020	2021	2020	2021	2020		
Assets:								
Cash and Receivables	$ 3,908	2,675	1,716	924	5,624	3,599	2,025	56.3 %
Securities Lending Collateral								
Investments	409,279	294,649	662,866	560,706	1,072,145	855,355	216,790	25.3 %
Property and Equipment	8	1	4	1	12	2	10	500.0 %
Intangible Assets	202	246	240	292	442	538	(96)	(17.8)%
Total Assets	413,397	297,571	664,826	561,923	1,078,223	859,494	218,729	25.4 %
Deferred Outflow of Resources	35	6	15	2	50	8	42	525.0 %
Liabilities:								
Other Payables	475	280	345	305	820	585	235	40.2 %
Total Liabilities	475	280	345	305	820	585	235	40.2 %
Deferred Inflow of Resources	$ 5	5	2	2	7	7	0	0.0 %
Total Net Position - restricted for pension benefits	$ 412,952	297,292	664,494	561,618	1,077,446	858,910	218,536	25.4 %

[1] Due to rounding to thousands instead of hundreds on this Comparative Statement, the 2021 figures may not tie to the figures on the Statement of Fiduciary Net Position.

Changes in Fiduciary Net Position - Defined Contribution Plans

For the year ended June 30, 2021 *- and comparative totals for June 30, 2020*
(dollars in thousands)

	PERS-DCRP		457-PLAN		TOTAL		Total Change	Total % of Change
	2021	2020	2021	2020	2021	2020		
Additions:								
Contributions	$ 34,997	29,571	29,690	33,118	64,687	62,689	1,998	3.2 %
Investment Income (Loss)	94,984	15,374	108,966	32,425	203,950	47,799	156,151	326.7 %
Total Additions	129,981	44,945	138,656	65,543	268,637	110,488	158,149	143.1 %
Deductions:								
Benefits								
Distributions	13,293	9,859	33,531	35,590	46,824	45,449	1,375	3.0 %
OPEB Expenses	3	1	2		5	1	4	400.0 %
Administrative Expenses	917	678	425	457	1,342	1,135	207	18.2 %
Miscellaneous Expenses	109	330	1,396	875	1,505	1,205	300	24.9 %
Total Deductions	14,322	10,868	35,354	36,922	49,676	47,790	1,886	3.9 %
Incr/(Decr) in Net Position[1]	$ 115,659	34,077	103,302	28,621	218,961	62,698	156,263	249.2 %
Prior Period	$ 2	7	(427)	7	(425)	14	(439)	(3135.7)%

[1] Due to rounding to thousands instead of hundreds on this Comparative Statement, the 2021 figures may not tie to the figures on the Statement of Changes in Fiduciary Net Position.

Analysis of the Defined Contribution Plans

The PERB administers two defined contribution plans: *The Public Employees' Retirement System-Defined Contribution Retirement Plan (PERS-DCRP)* and the *Deferred Compensation (457) Plan.* The schedules of *Fiduciary Net Position* and *Changes in Fiduciary Net Position* for the two defined contribution plans, including comparative totals from fiscal year 2020, are presented above.

PERS-DCRP

The PERS-DCRP net position restricted for pension benefits at June 30, 2021, amounted to $413.0 million, an increase of $115.7 million, or 38.9%, from the prior fiscal year.

Additions to the PERS-DCRP net position restricted for pension benefits include contributions and investment income. For the fiscal year ended June 30, 2021:

- Contributions increased from the prior fiscal year by $5.4 million, or 18.4%. Total compensation increased as a result of an increase in active participants and an increase in employer contribution rates.
- The plan's net investment income increased from the prior fiscal year by $79.6 million, or 517.8%. The increase is a result of the strong investment returns rebounding from the impact of the pandemic driven by global central bank support and government stimulus.

Deductions from the PERS-DCRP net position restricted for pension benefits include member and beneficiary distributions, administrative expenses, and miscellaneous expenses. For fiscal year 2021:

- Distributions increased from the prior fiscal year by $3.4 million, or 34.8%. The increase in distributions was due to an increase in defined contribution members taking IRS permitted rollovers and periodic or lump sum distributions.
- The costs of administering the plan increased from the prior fiscal year by $240 thousand, or 35.4%. To decrease the balance of the administrative expenses, a suspension of plan participant fees collected by the recordkeeper Empower Retirement™ was put into place for three quarters of fiscal year 2021. With this suspension of fees, MPERA paid the recordkeeping fees out of the administrative expenses.

Miscellaneous expenses are the PERB's administrative fees assessed by the vendors based on account balances. Miscellaneous expenses decreased from the prior fiscal year by $222 thousand, or 67.1%.

Deferred Compensation (457(b)) Plan

The Deferred Compensation net position restricted for pension benefits at June 30, 2021 amounted to $664.5 million, an increase of $102.9 million, or 18.3%, from the prior fiscal year.

Additions to the Deferred Compensation Plan net position restricted for pension benefits include contributions and investment income. For fiscal year ended June 30, 2021:

- Contributions decreased from the prior fiscal year by $3.4 million, or 10.4%. The decrease is due to a decrease in participants contributing to the plan.
- The plan's net investment income increased from prior fiscal year by $76.5 million, or 236.1%. The increase is a result of the strong investment returns rebounding from the impact of the pandemic driven by global central bank support and government stimulus.

Deductions from the Deferred Compensation Plan net position restricted for pension benefits include member and beneficiary distributions, administrative expenses, and miscellaneous expenses. For fiscal year 2021:

- Distributions decreased from the prior fiscal year by $2.1 million, or 5.8%. The decrease is due to less deferred compensation participants taking distributions.

- The administrative expenses decreased from the prior fiscal year by $31 thousand, or 6.9%. The decrease is primarily due to the costs in consulting and professional services pertaining to the computer system project decreasing.

Miscellaneous expenses are the PERB's administrative fees assessed by the vendors based on account balances. Miscellaneous expenses increased from the prior fiscal year by $521 thousand, or 59.5%. The increase is due to an increase in participant account balances because of less distributions being taken by participants.

Actuarial Valuations and Funding Progress

The PERB's consulting actuary conducts two actuarial valuations on an annual basis for each of the PERB defined benefit retirement plans and the DC Disability OPEB plan: one for GASB-compliant "financial reporting" purposes, and the other for "traditional funding" purposes. Results of each are highlighted in the following paragraphs.

GASB Statements No. 67 and No. 68 Actuarial Valuations

This is the eighth year since the PERB implemented pension accounting and financial reporting standards authorized by the Governmental Accounting Standards Board (GASB). To comply with GASB Statement No. 67, *Financial Reporting for Pensions, an amendment of GASB Statement No. 25*, the PERB relied upon its consulting actuary to compute the total pension liability, net pension liability, pension income or expense, and deferred outflows and deferred inflows of resources for each of its defined benefit retirement funds as of June 30, 2021. The PERB's participating governmental employers are required to report their respective shares of these amounts in their financial statements in compliance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27.*

For PERB's largest cost-sharing, multiple-employer defined benefit plan, the Public Employees Retirement System (PERS), the June 30, 2021, GASB-compliant actuarial valuation report revealed a net pension liability of $1.8 billion. This is a decrease from the fiscal year 2020 net pension liability of $2.6 billion. As a result of this June 30, 2021 actuarial valuation, the plan's fiduciary net position as a percentage of the total pension liability was 79.91%, increasing 11.01% from the ratio of 68.90% reported as of June 30, 2020.

Additional information on the GASB-compliant actuarial valuation results for PERB's defined benefit retirement plans may be found in the *Financial Section* of this report in: *Note A4. Net Pension Liability of Employers* and in the *Required Supplementary Information (RSI)*.

Funding Actuarial Valuations

A traditional funding actuarial valuation of each of the defined benefit plans and the DCRP Disability OPEB plan is performed annually. The purpose of the traditional funding actuarial valuation is to measure funding progress, and to ascertain the actuarial determined contribution, contribution sufficiency or deficiency, and other actuarial information necessary for monitoring funding position. The most recent actuarial valuation was performed for fiscal year ending June 30, 2021.

The experience study performed during fiscal year 2017 for the six-year period of July 1, 2010 to June 30, 2016 resulted in changes to the demographic and economic actuarial assumptions and implementation of new actuarial factors. These were used in the June 30, 2021 actuarial valuation.

The PERB's funding objective is to meet long-term benefit obligations through investment income and contributions. Employer and member contributions and other contributions for some systems, and the income from investments provide the cash flow needed to finance future retirement benefits. The Actuarial Determined Contribution (ADC) is a critical component of funding for defined benefit plans. The ADC, as defined by GASB, is a target or recommended contribution to a defined benefit pension plan for the reporting period.

Investment earnings are also critical to the defined benefit plans' funding; investment losses deteriorate the plans' funding. The asset smoothing methods utilized by the plans limits the impacts to four years. The funding status in the lastest valuation, increased for all plans.

As required by Article VIII, section 15, of the Montana Constitution and section 19-2-409, MCA, the public retirement plans are to be funded on an actuarially sound basis. Public pension plans are considered actuarially sound if the unfunded actuarial accrued liability amortization period is 30 years or less. According to the PERB's June 30, 2021 actuarial valuations, the unfunded liability of GWPORS does not amortize within 30 years.

Overall, funding ratios range from a high of 176.55% (JRS) to a low of 66.67% (HPORS). The *Schedule of Funding Progress*, in the *Actuarial Section* of this report, shows the funding for the last ten fiscal years. The table also shows the amount by which actuarial assets exceeded or fell short of actuarial liabilities. The actuary performs a smoothing of investment gains or losses over a period of four years. At June 30, 2021, the actuarial value of assets of all plans was less than the market value of assets by $910.7 million due to an average positive 27.48% market return in fiscal year 2021.

The changes in the unfunded actuarial accrued liability is shown in the table on the top of the following page. Additional information about the actuarial valuation funding results for each defined benefit fund can be found in the *Actuarial Section* of this report.

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Changes in the Unfunded Actuarial Accrued Liability (UAAL)				
System	**June 30, 2020 Valuation UAAL**	**June 30, 2021 Expected UAAL**	**Total UAAL (Gain)/Loss[1]**	**June 30, 2021 Valuation UAAL**
PERS-DBRP	$ 2,134,604,821	$ 2,146,275,092	$ (126,622,711)	$ 2,019,652,381
PERS-OPEB[2]	(550,706)	(695,350)	(1,318,513)	(2,013,863)
JRS	(42,704,843)	(46,869,244)	(5,534,987)	(52,404,231)
HPORS	87,257,096	88,380,887	(4,355,726)	84,025,161
SRS	92,521,797	91,539,363	(4,336,319)	87,203,044
GWPORS	42,796,099	42,194,484	1,269,340	43,463,824
MPORS	194,770,345	190,577,772	(12,110,758)	178,467,014
FURS	113,114,015	102,185,216	(11,529,231)	90,655,985
VFCA	6,151,656	4,435,992	(4,428,836)	7,156

[1]Asset gains decrease the UAAL and losses increase the UAAL.
[2]PERS-DCRP Disability OPEB.

An analysis of actuarial gains or losses is performed by the PERB's consulting actuary in conjunction with all regularly scheduled valuations. Each gain or loss represents the actuary's estimate of how much the given type of experience caused the Unfunded Actuarial Liability (UAL) or Funding Reserve to change in the period since the previous actuarial valuation. Demographic sources are approximate and the demographic experience is analyzed in greater detail in the actuary's periodic experience studies, with the last one performed during fiscal year 2017. Non-recurring gains and losses result from changes in the actuarial assumptions and benefit improvements. Asset gains decrease the expected UAL and asset losses increase the expected UAL. Refer to the *Summary of Actuarial (Gain)/Loss by Source* schedule in the Actuarial Section for a breakdown of the liabilities.

Additional information about the funding actuarial valuation results for each defined benefit fund may be found in the *Actuarial Section* of this report.

Request for Information

This financial report is intended to provide a general overview of the PERB's financial position as of June 30, 2021, and the results of the financial activities for fiscal year 2021. If you have any questions or comments concerning the contents of this report, please contact Montana Public Employee Retirement Administration:

- By mail at 100 N. Park, Suite 200, PO Box 200131, Helena, Montana 59620-0131,
- By telephone 1-406-444-3154 or toll-free 1-877-275-7372, or
- Via e-mail at mpera@mt.gov.

Public Employees' Retirement Board

A Component Unit of the State of Montana

Statement of Fiduciary Net Position - Pension (And Other Employee Benefit) Trust Funds

as of June 30, 2021

	PERS-DBRP	PERS-DCRP DISABILITY OPEB	JRS	HPORS	SRS	GWPORS
Assets						
Cash and Short-term Investments	$ 84,710,509	551,680	1,579,269	2,618,351	5,498,380	3,555,338
Securities Lending Collateral (Note A6)	41,244,577		763,236	1,061,986	2,777,481	1,561,782
Receivables						
Interest	6,315	55	111	164	460	245
Accounts Receivable	2,722,132	3,183	9,628	18,252	291,382	32,245
Due from Other Funds (Note A1)	1,734,326					
Due from Primary Government						
Notes Receivable	7,558					
Total Receivables	4,470,331	3,238	9,739	18,416	291,842	32,490
Investments, at fair value (Note A6)						
Commingled Equity Securities		7,245,950				
CAPP Investment Pool	7,122,359,943		131,800,105	183,390,047	479,632,037	269,697,879
Defined Contributions Fixed Investments						
Defined Contributions Variable Investments						
Deferred Compensation Life Insurance						
Total Investments	7,122,359,943	7,245,950	131,800,105	183,390,047	479,632,037	269,697,879
Capital Assets						
Property and Equipment, at cost, net of Accumulated Depreciation (Note A2)	73,114		366	311	366	366
Intangible Assets at cost, *net of amortization expense*	846,416		248,436	210,882	248,436	248,436
Total Capital Assets	919,530		248,802	211,193	248,802	248,802
Total Assets	7,253,704,890	7,800,868	134,401,151	187,299,993	488,448,542	275,096,291
Deferred Outflow of Resources - OPEB	370,343					
Liabilities						
Securities Lending Liability	41,244,577		763,236	1,061,986	2,777,481	1,561,782
Accounts Payable	471,476		20,007	16,983	20,007	24,822
Unearned Revenue	51,708	34			9,354	1,508
Due to Other Funds (Note A1)			8,275	241,967	930,629	116,131
Due to Primary Government		8,115				
Compensated Absences	419,967					
OPEB Implicit Rate Subsidy LT	450,432					
Total Liabilities	42,638,160	8,149	791,518	1,320,936	3,737,471	1,704,243
Deferred Inflow of Resources - OPEB	48,043					
Net Position - Restricted for Pension Benefits	$ 7,211,389,030	7,792,719	133,609,633	185,979,057	484,711,071	273,392,048

The notes to the financial statements are an integral part of this statement.

			Defined Benefit Pension Plans			Defined Contribution Plans	
MPORS	FURS	VFCA	Total Defined Benefit Pension Plans	PERS-DCRP	457 Plan	Total Defined Contribution Plans	Total Pension Trust Funds
5,826,240	6,304,028	3,148,243	113,792,038	3,710,247	1,288,961	4,999,208	118,791,246
3,155,754	3,395,186	269,681	54,229,683				54,229,683
397	506	58	8,311	187	62	249	8,560
249,370	119,578	5,445	3,451,215	197,588	427,049	624,637	4,075,852
			1,734,326				1,734,326
17,387,352	18,437,718		35,825,070				35,825,070
			7,558				7,558
17,637,119	18,557,802	5,503	41,026,480	197,775	427,111	624,886	41,651,366
			7,245,950				7,245,950
544,954,485	586,300,947	46,570,205	9,364,705,648				9,364,705,648
				24,223,132	248,101,537	272,324,669	272,324,669
				385,056,074	414,758,128	799,814,202	799,814,202
					6,617	6,617	6,617
544,954,485	586,300,947	46,570,205	9,371,951,598	409,279,206	662,866,282	1,072,145,488	10,444,097,086
328	324	298	75,473	7,801	3,924	11,725	87,198
222,437	219,548	202,216	2,446,807	202,216	239,770	441,986	2,888,793
222,765	219,872	202,514	2,522,280	210,017	243,694	453,711	2,975,991
571,796,363	614,777,835	50,196,146	9,583,522,079	413,397,245	664,826,048	1,078,223,293	10,661,745,372
			370,343	34,891	14,711	49,602	419,945
3,155,754	3,395,186	269,681	54,229,683				54,229,683
317,706	20,926	23,285	915,212	378,149	293,664	671,813	1,587,025
8,723	3,365		74,692	1,815	5,856	7,671	82,363
99,118	76,484	261,722	1,734,326				1,734,326
			8,115				8,115
			419,967	52,357	27,665	80,022	499,989
			450,432	42,437	17,892	60,329	510,761
3,581,301	3,495,961	554,688	57,832,427	474,758	345,077	819,835	58,652,262
			48,043	4,526	1,908	6,434	54,477
568,215,062	611,281,874	49,641,458	9,526,011,952	412,952,852	664,493,774	1,077,446,626	10,603,458,578

Public Employees' Retirement Board

A Component Unit of the State of Montana

Statement of Changes in Fiduciary Net Position - Pension (And Other Employee Benefit) Trust Funds

for the year ended June 30, 2021

	PERS-DBRP	PERS-DCRP DISABILITY OPEB	JRS	HPORS	SRS	GWPORS
Additions						
Contributions (Note C)						
Employer	$ 121,506,994	582,826	2,137,482	6,422,940	11,895,237	5,408,847
Plan Member	110,935,532		589,463	2,205,931	9,680,926	6,389,166
Interest Reserve Buyback	311,192			97	3,484	3,732
Retirement Incentive Program	707					
Miscellaneous Revenue	175,124		1,669	103	1,748	2,428
State Contributions	1,098,345			224,258		
State Appropriations	34,290,660					
Nonvested Member Forfeitures						
Total Contributions	268,318,554	582,826	2,728,614	8,853,329	21,581,395	11,804,173
Investments (Note A6)						
Net Appreciation (Depreciation) in Fair Value of Investments	1,633,349,179	1,624,702	29,887,167	42,319,021	108,661,211	60,625,368
Interest	184,516	1,254	3,143	4,742	12,396	6,950
Dividends						
Investment Expense	(40,822,219)	(48,163)	(748,068)	(1,057,464)	(2,720,045)	(1,519,363)
Net Investment Income	1,592,711,476	1,577,793	29,142,242	41,266,299	105,953,562	59,112,955
Securities Lending Income						
Securities Lending Income	499,975		9,154	12,958	33,282	18,580
Securities Lending Rebate and Fees	(98,134)		(1,797)	(2,543)	(6,533)	(3,647)
Net Securities Lending Income	401,841		7,357	10,415	26,749	14,933
Total Net Investment Income	1,593,113,317	1,577,793	29,149,599	41,276,714	105,980,311	59,127,888
Total Additions	1,861,431,871	2,160,619	31,878,213	50,130,043	127,561,706	70,932,061
Deductions (Note C)						
Benefits	476,443,132	121,015	4,204,547	13,710,171	24,708,608	9,282,705
Refunds/Distributions	12,712,759			2,026,383	1,505,592	870,457
Refunds to Other Plans	221,765				9,281	16,918
Transfers to MUS-RP	263,455					
Transfers to DCRP	2,328,041					
Supplemental Insurance Payments						
OPEB Expenses	34,965					
Administrative Expenses	5,445,433		126,331	342,178	1,048,685	234,188
Miscellaneous Expenses						
Total Deductions	497,449,550	121,015	4,330,878	16,078,732	27,272,166	10,404,268
Net Increase (Decrease)	1,363,982,321	2,039,604	27,547,335	34,051,311	100,289,540	60,527,793
Net Position Restricted for Pension Benefits						
Beginning of Year	5,847,343,663	5,753,289	106,065,672	151,967,709	384,294,754	212,910,191
Prior Period Adjustments (Note A1)	63,046	(174)	(3,374)	(39,963)	126,777	(45,936)
End of Year	$ 7,211,389,030	7,792,719	133,609,633	185,979,057	484,711,071	273,392,048

The notes to the financial statements are an integral part of this statement.

			Defined Benefit Pension Plans			Defined Contribution Plans	
MPORS	FURS	VFCA	Total Defined Benefit Pension Plans	PERS-DCRP	457 Plan	Total Defined Contribution Plans	Total Pension Trust Funds
8,528,443	8,050,686		164,533,455	16,644,680	138,103	16,782,783	181,316,238
5,450,714	6,089,527		141,341,259	17,099,325	28,850,520	45,949,845	187,291,104
2,991	1,517		323,013				323,013
			707				707
6,175	936		188,183	43,551	701,565	745,116	933,299
17,347,097	18,274,536	2,591,791	39,536,027	105,110		105,110	39,641,137
			34,290,660				34,290,660
				1,103,889		1,103,889	1,103,889
31,335,420	32,417,202	2,591,791	380,213,304	34,996,555	29,690,188	64,686,743	444,900,047
124,656,947	132,906,640	10,896,059	2,144,926,294	85,148,234	96,213,992	181,362,226	2,326,288,520
12,971	14,330	1,171	241,473	9,919,913	13,635,757	23,555,670	23,797,143
(3,106,950)	(3,315,773)	(271,618)	(53,609,663)	(83,878)	(883,442)	(967,320)	(54,576,983)
121,562,968	129,605,197	10,625,612	2,091,558,104	94,984,269	108,966,307	203,950,576	2,295,508,680
38,036	40,562	3,332	655,879				655,879
(7,466)	(7,961)	(654)	(128,735)				(128,735)
30,570	32,601	2,678	527,144				527,144
121,593,538	129,637,798	10,628,290	2,092,085,248	94,984,269	108,966,307	203,950,576	2,296,035,824
152,928,958	162,055,000	13,220,081	2,472,298,552	129,980,824	138,656,495	268,637,319	2,740,935,871
29,790,973	28,529,988	3,115,695	589,906,834				589,906,834
5,797,580	93,251		23,006,022	13,293,389	33,530,727	46,824,116	69,830,138
1,497			249,461				249,461
			263,455				263,455
			2,328,041				2,328,041
		13,650	13,650				13,650
			34,965	3,298	1,375	4,673	39,638
204,819	180,813	357,814	7,940,261	916,458	425,379	1,341,837	9,282,098
				108,689	1,396,478	1,505,167	1,505,167
35,794,869	28,804,052	3,487,159	623,742,689	14,321,834	35,353,959	49,675,793	673,418,482
117,134,089	133,250,948	9,732,922	1,848,555,863	115,658,990	103,302,536	218,961,526	2,067,517,389
451,150,482	477,936,941	39,908,236	7,677,330,937	297,292,049	561,618,051	858,910,100	8,536,241,037
(69,509)	93,985	300	125,152	1,813	(426,813)	(425,000)	(299,848)
568,215,062	611,281,874	49,641,458	9,526,011,952	412,952,852	664,493,774	1,077,446,626	10,603,458,578

Public Employees' Retirement Board

A Component Unit of the State of Montana

Notes to the Financial Statements

for the Fiscal Year Ended June 30, 2021

The Public Employees' Retirement Board (PERB) is an independent, seven-member board, appointed by the Governor. The members are assigned five-year, staggered terms. The PERB consists of:

- two members at large,
- two active defined benefit public employees,
- one active defined contribution public employee,
- one member experienced in investments, and
- one retired public employee.

The PERB approves the annual operating budget, developed by the Montana Public Employee Retirement Administration (MPERA) management, before the beginning of the fiscal year. As governed by statute, the PERB's defined benefit administrative expenses may not exceed 1.5 percent of total defined benefit plan retirement benefits paid. In addition, the PERB decides its legislative priorities, hires the executive director, establishes the policies and procedures that govern operations at MPERA, and hears and rules on appeal matters of disabilities, retirees, and members. Board members do not receive compensation for their service to MPERA, but are reimbursed for necessary expenses incurred while serving.

The PERB oversees ten retirement plans, an OPEB, and the related member education funds. The Public Employees' Retirement System Defined Contribution Disability Other Post-Employment Benefit (PERS-DCRP Disability OPEB) is a trust fund providing a defined benefit for disabled members of the PERS-DCRP. The retirement plans are eight defined benefit plans and two defined contribution plans. The defined benefit retirement plans are:

- Public Employees' Retirement System (PERS-DBRP),
- Judges' Retirement System (JRS),
- Highway Patrol Officers' Retirement System (HPORS),
- Sheriffs' Retirement System (SRS),
- Game Wardens' and Peace Officers' Retirement System (GWPORS),
- Municipal Police Officers' Retirement System (MPORS),
- Firefighters' Unified Retirement System (FURS), and
- Volunteer Firefighters' Compensation Act (VFCA).

The defined contribution retirement plans are:

- Public Employees' Retirement System (PERS- DCRP), and
- Deferred Compensation (457(b)) Plan, governed by IRC § 457.

The PERS-DCRP was implemented July 1, 2002. All new PERS members have a 12-month window to file an irrevocable plan choice election. PERS members are provided education

regarding their decision to participate in the Defined Benefit Retirement Plan (PERS-DBRP) or the Defined Contribution Retirement Plan (PERS-DCRP). If members are employees of the university system they have a third choice, the Montana University System Retirement Program (MUS-RP). Further education is provided for the members who choose the PERS-DCRP, including information on investment choices.

The PERB began oversight of the Deferred Compensation (457(b)) Plan on July 1, 1999. The Deferred Compensation Plan is available to all employees of the State, the Montana University System and contracting political subdivisions.

The MPERA, as a state agency, participates as an employer in the PERS-DBRP, PERS-DCRP and the Deferred Compensation Plan.

The assets of each plan are maintained separately, including member education funds. The assets may be used only for the payment of benefits to the members and administrative expenses of the appropriate plan, in accordance with the terms of each plan as prescribed in Title 19 of the Montana Code Annotated (MCA). The financial statements are presented by combining the PERS-DBRP and the DBRP Education Fund and by combining the PERS-DCRP and the DCRP Education Fund. A presentation of the individual funds is shown at the end of the financial section.

NOTE A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A1. BASIS OF PRESENTATION AND BASIS OF ACCOUNTING

Basis of Presentation

The PERB is a fiduciary component unit Pension and Other Employee Benefit Trust Fund of the State of Montana financial reporting entity. The accompanying financial statements were prepared by MPERA, staff of the PERB, in accordance with generally accepted accounting principles (GAAP). In doing so, MPERA adheres to accounting and financial reporting standards established by the Governmental Accounting Standards Board (GASB). GASB is the independent, not-for-profit, standards-setting organization and the official source of GAAP for state and local governmental entities in the United States of America.

PERB's accounts are organized and presented on the basis of funds. All of the funds presented in the financial statements are fiduciary funds. These funds are classified as pension and other employee benefit trust funds, and are maintained for the exclusive benefit of the members and their beneficiaries.

Basis of Accounting

The basis of accounting indicates the timing of transactions or events for recognition in the financial statements. The PERB's financial statements are reported using fund accounting principles and the accrual basis of accounting. Plan member contributions, employer contributions, and related receivables are recognized as revenues in the accounting period in which they are earned and become measurable, pursuant to formal commitments and statutory requirements. Benefit payments and refunds/distributions are recognized in the accounting period in which they

are due and payable in accordance with the terms of each plan. Administrative and other expenses, and the associated liabilities, are recognized in the period the liability is incurred. Administrative expenses are financed through investment earnings on the pension trust fund for the defined benefit plans. Interfund receivables and payables exist at year-end for defined benefit administrative expenses that are accounted for within PERS-DBRP and allocated to the other defined benefit funds at year-end.

Prior Period Adjustments

Prior period adjustments relate to corrections of errors and changes in accounting policy from prior periods. The prior period adjustments for fiscal year 2021 were immaterial to the financial statements but related to writing off benefit receivables due to the new PERB *Policy OP07 - Correction of Benefit Payment Errors* for our defined benefit plans. For the defined contribution plans, the majority of the prior period adjustments were due to revenue that was earned and recognized on our financial statements last year but recorded in current fiscal year.

Significant Accounting Changes

Significant accounting policies are specific accounting principles and methods used and considered to be the most appropriate to use in current circumstances in order to fairly present the financial statements. There were no significant accounting changes during fiscal year 2021.

A2. Capital Assets and Equipment Used in Operations

Assets under $5,000 are expensed in the year purchased. Assets (equipment) valued at $5,000 or more are recorded at cost less straight-line depreciation over the estimated useful life of five to ten years. Assets (other intangibles) valued at $100,000 or more are recorded at cost less straight-line depreciation over the estimated useful life of five to ten years. Equipment consists of a ScanPro 3000 fiche film reader and a keyless door entry system. Property consists of a remodel of the front office area.

The $2,888,793 *Intangible Assets at Cost* on the Statement of Fiduciary Net Position consists of the PERIS computer system. This is an intangible asset and the intangible asset is amortized over 10 years.

A3. Operating Lease

Operating leases are rental agreements where the payments are chargeable as rent and recorded as administrative expenses. MPERA negotiated a 10-year lease for office space in June 2020, effective July 1, 2020 through June 30, 2030 unless earlier terminated, at the location of 100 North Park Avenue, Helena, MT. The lease is payable monthly and includes inflationary adjustments over the period of the lease.

The annual amount of the rent is $311,305.02, payable in monthly installments of $25,942.08 (Base Rent). The Base Rent rate will increase by 3% on each July 1, beginning July 1, 2021.

The following table reflects the annual rent MPERA shall pay under this lease:

Fiscal Year	Amount	Fiscal Year	Amount
July 1, 2020 - June 30 2021	$311,305.02	July 1, 2025 - June 30, 2026	$360,887.85
July 1, 2021 - June 30, 2022	$320.644.17	July 1, 2026 - June 30, 2027	$371,714.49
July 1, 2022 - June 30, 2023	$330,263.50	July 1, 2027 - June 30, 2028	$382,865.92
July 1, 2023 - June 30, 2024	$340,171.41	July 1, 2028 - June 30, 2029	$394,351.90
July 1, 2024 - June 30, 2025	$350,376.55	July 1, 2029 - June 30, 2030	$406,182.46

A4. Net Pension Liability of Employers

The net pension liability (the retirement systems' total pension liability determined in accordance with GASB Statement No. 67 less the fiduciary net position at fair value) as of June 30, 2021, is shown on the following page in the *Schedule of Employers' Net Pension Liability (NPL)*.

Actuarial valuations of the ongoing systems involve estimates of the reported amounts and assumptions about probability of occurrence of events far into the future. The information used includes, but is not limited to, the plan provisions, employee data, and financial information provided by the PERB. Amounts determined regarding the NPL are subject to revision with each valuation as actual results are compared with past expectations and new estimates are made about the future. The last experience study was performed in 2017 using June 30, 2016 valuation data.

The reporting date for the retirement systems is June 30, 2021. Measurements as of the reporting date are based on the fair value of assets as of June 30, 2021 and the Total Pension Liability (TPL) is based on the results of an actuarial valuation date of June 30, 2020, and rolled forward to June 30, 2021 using generally accepted actuarial procedures.

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The *Schedule of Employers' Net Pension Liability,* presented as Required Supplementary Information (RSI) following the Notes to the statements, displays multi-year trend information about whether the plan fiduciary net positions are increasing or decreasing over time relative to the TPL.

Employers' Net Pension Liability / (Asset)
as of June 30, 2021
(dollar amounts are in thousands)

System	Total Pension Liability (a)	Plan Fiduciary Net Position[1] (b)	Employers' Net Pension Liability / (Asset) (a-b)	Plan Fiduciary Net Position as a % of the Total Pension Liability (b/a)	Covered Payroll (c)	Net Pension Liability / (Asset) as a % of Covered Payroll ((a-b)/c)
PERS-DBRP	$ 9,023,249	$ 7,210,027	$ 1,813,222	79.91 %	$ 1,361,590	133.17 %
JRS	74,408	133,610	(59,202)	179.56 %	8,282	(714.86)%
HPORS	271,049	185,979	85,070	68.61 %	16,631	511.52 %
SRS	557,551	484,711	72,840	86.94 %	90,869	80.16 %
GWPORS	305,850	273,392	32,458	89.39 %	60,023	54.08 %
MPORS	750,003	568,215	181,788	75.76 %	59,217	306.99 %
FURS	696,858	611,282	85,576	87.72 %	56,282	152.05 %
VFCA	50,964	49,641	1,323	97.40 %	N/A[2]	N/A[2]

[1]The PERS-DB Education Fund balance is not included in the GASB 67 reporting for fiscal year ending June 30, 2021.
[2]Covered payroll is not applicable to VFCA because members are unpaid volunteers.

Below are the changes to the actuarial assumptions used in the measurement of the Total Pension Liability (TPL) for June 30, 2021.

1. The discount rate was lowered from 7.34% to 7.06% for all systems except HPORS and GWPORS. The discount rates were increased from 4.43% to 7.06% for HPORS and 5.65% to 7.06% for GWPORS due to not needing to use a blended discount rate that included a low-risk bond rate.
2. The investment rate of return was lowered from 7.34% to 7.06%.

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A summary of the actuarial assumptions for the retirement plan's GASB No. 67 reporting as of the latest actuarial valuation on June 30, 2021 is shown in the table below and is shown in the *Notes to the RSI*.

Summary of Key Actuarial Methods and Assumptions

	PERS	JRS	HPORS	SRS	GWPORS	MPORS	FURS	VFCA[1]
Valuation date	6/30/2021	6/30/2021	6/30/2021	6/30/2021	6/30/2021	6/30/2021	6/30/2021	6/30/2021
Actuarial Cost Method	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age
Amortization method	Level percentage of payroll, open	Level percentage of payroll, open	Level percentage of payroll, open	Level percentage of payroll, open	Level percentage of payroll, open	Level percentage of payroll, open	Level percentage of payroll, open	Level dollar, open
Amortization period for Actuarial Contribution	30	30	30	30	30	30	30	20
Asset valuation method	4-year smoothed, market	4-year smoothed, market	4-year smoothed, market	4-year smoothed, market	4-year smoothed, market	4-year smoothed, market	4-year smoothed, market	4-year smoothed, market
Actuarial assumptions:[2]								
Investment rate of return compounded annually (net of investment expenses)	7.06%	7.06%	7.06%	7.06%	7.06%	7.06%	7.06%	7.06%
Projected salary increases:								
General Wage Growth*	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	N/A
Merit	0% - 4.8%	None	0% - 6.3%	0% - 6.3%	0% - 6.3%	0% - 6.6%	0% - 6.3%	N/A
*Includes inflation at	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%
Administrative Expenses as a Percentage of Payroll	0.28%	0.11%	0.23%	0.17%	0.17%	0.18%	0.17%	$293,470
Mortality (healthy): RP-2000 Combined Mortality projected to 2020 using Scale BB and Mortality (disabled): RP-2000 Combined Mortality with no projections.								
Benefit Adjustments								
GABA	3% for pre-July 1, 2007 hires, 1.5% for post July 2007 and pre- June 30, 2013; and 1.5% to 0% for new hires on or after July 1,2013; all after 1 year	3% after 1 year	3% for pre-July 1, 1997 hires after 1 yr or 1.5% after 3 years if hired on or after July 1, 2013	3% for pre-July 1, 2007 hires or 1.5% for new hires on or after July 1, 2007, after 1 year	3% for pre-July 1, 2007 hires or 1.5% for new hires on or after July 1, 2007, after 1 year	3% after 1 year	3% after 1 year	N/A
Non-GABA	N/A	Biennial increase to salary of active member in like position	2% per yr service, not to exceed 60% of probationary officer's base pay; and increase not to exceed 5% of previous benefit.	N/A	N/A	Benefit may not be less than one-half of the compensation paid to a newly confirmed police officer	Benefit may not be less than one-half of the compensation paid to a newly confirmed firefighter	N/A

[1] Covered payroll for VFCA is not applicable, members are unpaid volunteers and do not contribute to the fund.
[2] Most of the Actuarial Assumptions are based on 2017 Experience Study, except for the changes in investment rate of return from 7.34% to 7.06% and inflation rate from 2.75% to 2.40% used in this years' reports for the measurement of the Total Pension Liability.

Long-Term Expected Rate of Return on Investments

The average long-term capital market assumptions published in the *Survey of Capital Assumptions 2021 Edition* by Horizon Actuarial Service, LLC, yield a median real return of 4.66%. Assumed inflation is based on the intermediate inflation assumption of 2.4% in the *2021 OASDI Trustees Report* used by the Chief Actuary for Social Security to produce 75 year cost projections. Combining these two results yields a nominal return of 7.06%.

Best estimates of arithmetic real rates of return for each major asset class included in the Plans target asset allocation as of June 30, 2021, are summarized in the following Target Allocations table.

Target Allocations as of June 30, 2021

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return Arithmetic Basis
Cash	3.0 %	(0.33)%
Domestic equities	30.0 %	5.90 %
International equities	17.0 %	7.14 %
Private investments	15.0 %	9.13 %
Real assets*	5.0 %	4.03 %
Core fixed income	15.0 %	1.14 %
Non-core fixed income	6.0 %	3.02 %
Real estate	9.0 %	5.41 %
Totals	100.0 %	

*Real assets replaced Natural resources listed in the fiscal year 2020 report.

Single Discount Rate

The discount rate used to measure the TPL for all Plans was 7.06% which is the assumed long-term expected rate of return on investments. The projection of cash flows used to determine the discount rate assumed that member, employer, and state contributions will be made at the contribution rates specified in the applicable Montana statutes, which can only be changed by the Legislature. Based on those assumptions, the fiduciary net position of all the Plans, was projected to be available to make all the projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

If, however, the fiduciary net position is projected to be depleted, the discount rate is determined as the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by discounting all projected benefit payments through the date of depletion by the long term expected rate of return, and the present value determined by discounting those benefits after the date of depletion by a 20-year tax-exempt municipal bond (rating AA/Aa or higher) rate. The rate used, if necessary, for this purpose is the monthly average of the Bond Buyers General Obligation 20-year Municipal Bond Index Rate published weekly by the Bond Buyer (www.bondbuyer.com). The Municipal Bond Index Rate as of the measurement date is 2.13%. The discount rate determined does not use the municipal bond rate.

Sensitivity Analysis

In accordance with GASB No. 67 regarding the disclosure of the sensitivity of the NPL to changes in the discount rate, the NPL of the participating employers is presented as using the discount rate of 7.06%, as well as what the employers' NPL would be if it were calculated using a discount rate that is 1.00% lower (6.06%) or 1.00% higher (8.06%) than the current rate. The table that follows presents the sensitivity disclosures for each plan.

Sensitivity of NPL / (Asset) based on Changes in Discount Rate as of June 30, 2021
(dollar amounts are in thousands)

System	1% Decrease 6.06%	Current Discount Rate 7.06%	1% Increase 8.06%
PERS-DBRP	$ 2,878,207	$ 1,813,222	$ 919,946
JRS	(51,840)	(59,202)	(65,538)
HPORS	123,699	85,070	54,050
SRS	153,851	72,840	6,727
GWPORS	78,999	32,458	(5,419)
MPORS	297,427	181,788	89,863
FURS	194,161	85,576	(1,403)
VFCA	6,460	1,323	(3,005)

As can be seen from the table, changes in the discount rate affect the measurement of the TPL. Lower discount rates produce a higher TPL and higher discount rates produce a lower TPL. Because the discount rate does not affect the measurement of assets, the percentage change in the NPL can be very significant for a relatively small change in the discount rate.

Annual Money-Weighted Rate of Return

The annual money-weighted rate of return on plan investments shows investment performance, net of pension plan investment expense, adjusted for the changing amounts actually invested. A schedule of the annual money-weighted rate of return for all Plans is presented below and in the RSI.

Annual Money-Weighted Rate of Return as of June 30, 2021

PERS-DBRP	27.72 %	GWPORS	27.70 %
JRS	27.73 %	MPORS	27.81 %
HPORS	27.73 %	FURS	27.79 %
SRS	27.71 %	VFCA	27.78 %

A5. Other Post-Employment Benefits (OPEB for Healthcare)

General Information

The State of Montana provides optional post-employment health care benefits in accordance with Section 2-18-704, MCA to the following employees and dependents who elect to continue coverage and pay administratively established contributions: (1) employees and dependents who

retire under applicable retirement provisions and (2) surviving dependents of deceased employees. Medical, dental, and vision benefits are available through this plan. The State of Montana offers an OPEB plan that is not administered through a trust; as such, there are no plan assets accumulated to offset the total OPEB liability.

The State of Montana pays for post-employment healthcare benefits on a pay-as-you-go basis. Section 2-18-812, MCA gives the Department of Administration authority to establish and amend the funding policy for the State group health insurance plan.

Plan Description

The State of Montana Employee Group Benefits Plan, administered by the Montana Department of Administration, is considered a single-employer plan and MPERA is considered to be a participating employer in the plan. In accordance with GASB Statement No. 75, MPERA is required to recognize and report certain amounts associated with their employees and dependents that are eligible to receive health care through the State of Montana Employee Group Benefits Plan. This includes requirements to record and report each employers' proportionate share of the collective Total OPEB Liability, OPEB Expense, and Deferred Outflows and Deferred Inflows of Resources associated to OPEB.

In addition to the employee benefits, the following post-employment benefits are provided. The Montana Department of Administration established retiree medical premiums varying between $457 and $2,172 per month for calendar year 2021 depending on the medical plan selected, family coverage, and Medicare eligibility. Retirees pay 100% of the premiums for medical, dental, and vision. Depending on the coverage selected, administratively-established monthly dental and vision premiums vary between $41.10 and $70.00 and $7.64 and $22.26, respectively. The plan provides different coinsurance amounts and deductibles depending on whether members use in-network or out-of-network providers. Once retiree members become Medicare eligible, the plan automatically processes claim reimbursement as the secondary insurer, even if the members is not enrolled in Medicare.

Employees covered by benefit terms

At December 31, 2020, MPERA had 51 active employees and one retired employee/spouse/ surviving spouse covered by the benefit terms for a total of 52 covered employees.

The estimates were prepared based on an actuarial valuation as of the year ending December 31, 2020, rolled forward to the measurement date of March 31, 2021, for the Department of Administration. The resulting State of Montana Actuarial Valuation of Other Post-Employment Benefits (OPEB) contains the MPERA data and is available through the following address: Montana Department of Administration, State Accounting Division, Room 255, Mitchell Bldg, 125 N Roberts Street, PO Box 200102, Helena, MT 59620-0102.

Schedule of Changes in Total OPEB Liability

At June 30, 2021, MPERA reported a liability of $510,761 for its 0.34625% proportionate share of the total OPEB Liability. At June 30, 2020, MPERA reported a liability of $122,276 for its 0.25924% proportionate share of the total OPEB Liability. MPERA's proportion of the total OPEB liability measurement is based upon MPERA's actuarially determined OPEB liability in

comparison to the collective OPEB liability for the State's healthcare plan. MPERA's change in proportion is 0.08701%.

The following table presents the Other Items Related to and Changes in the Total OPEB Liability.

Schedule of Changes in Total OPEB Liability	
Balances at 6/30/2020	$ 122,726
Changes for the year:	
Service Cost	6,461
Interest	3,503
Difference between Expected and Actual Experience	64,160
Changes of assumptions or other inputs	317,547
Benefit Payments (Contributions)	(3,636)
Net Changes	388,035
Balances as of 6/30/2021	$ 510,761

Actuarial assumptions and other inputs

The total OPEB liability in the December 31, 2020 actuarial valuation, rolled forward to March 31, 2021, was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

Contributions:	$ (3,636)
Actuarial valuation date	December 31, 2020
Actuarial measurement date[1]	March 31, 2021
Experience study period	January 1, 2018 through December 31, 2020
Actuarial cost method	Entry age normal funding method
Amortization method	Open basis
Remaining amortization period	20 years
Asset valuation method	Not applicable since no assets meet the definition of plan assets under GASB 75
Actuarial Assumptions:	
Discount rate	2.23%
Projected payroll increases	2.50%
Participation:	
Future retirees	40.00%
Future eligible spouses	70.00%
Marital status at retirement	70.00%

[1] Updated procedures were used to roll forward the total OPEB liability to the measurement date.

Mortality - Healthy: Healthy mortality is assumed to follow the RP2000 Combined Mortality Table with improvements projected by Scale BB to 2020, set back one year for males.

Mortality - Disabled: Disabled mortality is assumed to follow the RP2000 Combined Mortality Table with no projections.

Changes in actuarial assumptions and methods since last measurement date

- The interest/discount rate was based on the average of multiple March 31, 2021 municipal bond rate sources.

Changes in benefit terms since last measurement date

- There were no changes in benefit terms since the last measurement date.

Sensitivity Analysis

Sensitivity of the total OPEB liability to changes in the discount rate:

The following presents the total OPEB liability of MPERA, as well as MPERA's total OPEB liability calculated using a discount rate that is 1.00% lower (1.23%) or 1.00% higher (3.23%) than the current discount rate:

Discount Rate 3/31/2021	1% Decrease (1.23%)	Discount Rate (2.23%)	1% Increase (3.23%)
Total OPEB Liability	$ 653,161	$ 510,761	$ 403,424

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates:

The following presents the total OPEB liability of MPERA, as well as MPERA's total OPEB liability calculated using healthcare cost trend rates that are 1.00% lower (5.0%) or 1.00% higher (7.0%) than the current healthcare cost trend rates:

Healthcare Rate 3/31/2021	1% Decrease (5.0%)	Current Rate (6.0%)	1% Increase (7.0%)
Total OPEB Liability	$ 395,122	$ 510,761	$ 669,721

OPEB Expense

For the year ended June 30, 2021, MPERA recognized OPEB expense of $39,638.

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Deferred Outflows and Deferred Inflows of Resources Related to OPEB

At June 30, 2021, MPERA recorded deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	$ 77,985	$ 9,618
Changes of assumptions or other inputs	339,497	44,860
*Benefit Payments associated with transactions subsequent to the measurement date of the total OPEB liability	2,463	
Total	$ 419,945	$ 54,478

*Amounts reported as deferred outflows of resources related to OPEB resulting from MPERA's benefit payments in FY2021 (April 1, 2021 through June 30, 2021) subsequent to the measurement date.

Amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in future years as an increase or (decrease) to OPEB expense as follows:

Year ended June 30, 2021	Amount recognized as an Increase or (Decrease) to OPEB Expense
2022	$ 29,674
2023	$ 29,674
2024	$ 29,674
2025	$ 29,674
2026	$ 29,674
Thereafter	$ 214,634

A6. Method Used to Value Investments

According to Article VIII, section 13 of the Montana Constitution and section 19-2-504, MCA, the Montana Board of Investments (MBOI) has a fiduciary responsibility for investing the defined benefit plan assets on behalf of the defined benefit plan members. Investments are determined in accordance with the statutorily and constitutionally mandated "prudent expert principle." Pursuant to Article VIII, section 15 of the Montana Constitution and sections 19-2-502 and 19-2-503, MCA, the PERB has a fiduciary responsibility for the administration of the pension trust funds. For the defined benefit pools, the PERB relies on the Investment Policy Statements (IPS) that are drafted and approved by the MBOI. The MBOI utilizes RVK, Inc., the investment consultant. Investments administered by the MBOI for the PERB are subject to MBOI's investment risk policies. The PERB does not have an investment policy of its own to address risks. MBOI's stand-alone financial statements and information on investment policies, investment activity, investment management fees, investment risks, and a listing of specific investments owned by the pooled asset accounts can be obtained from the Montana Board of Investments, 2401 Colonial Drive, 3rd Floor, P.O. Box 200126, Helena, MT 59620-0126 or MBOI's website http://investmentmt.com.

Defined benefit investments are reported on the PERB's financial statements at fair value as of June 30, 2021.

The PERS-DCRP and deferred compensation plan's Montana Fixed Fund is a stable value investment option administered and monitored by the PERB with input from the Employee Investment Advisory Committee and the investment consultant. The PERB has established an investment policy for the Montana Fixed Fund to identify objectives, investment guidelines, and outline the responsibility of the outside vendors; Pacific Investment Management Company, LLC (PIMCO) the stable value manager, State Street Bank and Trust Company (State Street) the custodial bank, and third party synthetic Guaranteed Interest Contract (GIC) providers, Transamerica Premier Life Insurance Company (Transamerica), Prudential Insurance Company of America (Prudential), and Voya Retirement Insurance and Annuity Company (Voya). All money invested in the Montana Fixed Fund investment option of the PERS-DCRP and deferred compensation plan money is in a Pooled Trust.

For both the PERS-DCRP and deferred compensation plan, the third party recordkeeper, Empower Retirement™, tracks and reports the daily trading and valuations of all investment options including the assets held by the individual mutual fund companies.

In addition to the laws cited previously, the PERS-DCRP investments are also governed by section 19-3-2122, MCA and the deferred compensation plan investments are governed by section 19-50-102, MCA.

The PERB has separate investment policy statements for the PERS-DCRP and deferred compensation plans. The investment policies are reviewed and revised, if necessary, by the PERB annually. The investment options are reviewed quarterly for compliance with the established investment policy statement. The PERS-DCRP and deferred compensation plan investments are reported at fair value as of June 30, 2021.

The following are the summaries of: a) MBOI's fiscal year-end statements; b) the Stable Value Group Trust contracts; and c) a statement about the variable investments.

BOI Pooled Investments

As of June 30, 2021, MBOI managed two major diversified pools for the retirement funds, Montana Short Term Investment Pool (STIP) and Montana Consolidated Asset Pension Pool (CAPP). The MBOI also manages the PERS-DCRP Disability OPEB trust fund, which consists of a portfolio of commingled funds that are recorded under *Commingled Equity Securities* in the financial statements.

Short-Term Investment Pool (STIP)

The Montana Public Retirement Plans investment in the Short-Term Investment Pool (STIP) will provide the Plans with exposure to Cash related investments. STIP will be managed internally by MBOI utilizing an active investment strategy. STIP invests primarily in short-term, high quality, fixed income securities with a maximum maturity of 397 days or less. Variable securities shall have a maximum maturity of 2 years. STIP shall maintain a dollar-weighted average portfolio maturity of 120 days or less. This Pool is managed to preserve principal while providing 24-hour liquidity for state agency and local government participants.

Consolidated Asset Pension Pool (CAPP) – The Consolidated Asset Pension Pool (CAPP) invests directly in the underlying Pension Asset Classes (PACs) on behalf of the Montana Public Retirement Plans within the MBOI Board-approved asset allocation ranges. Each PAC has an underlying set of MBOI Board-approved investment objectives and investment guidelines. For liquidity purposes, each PAC and external manager has a limited amount of cash/cash equivalents. With the exception of the Cash PAC, it is invested in the State Street Short Term Investment Fund (STIF), which invests in high quality short-term securities. For external managers, it is invested per MBOI established guidelines.

CAPP's Underlying Asset Classes

Domestic Equities	Real Estate
International Equities	Core Fixed Income
Private Investments	Non-Core Fixed Income
Real Assets	Cash

As part of the asset allocation approved by Board in November 2020, the Private Equity PAC was renamed the Private Investments PAC and the Natural Resource PAC was renamed the Real Assets PAC. The Private Investments PAC holds Private Equity and Private Credit portfolios. The Real Assets PAC holds Commodities, Infrastructure and TIPS portfolios. These changes were effective in January 2021. The changes did not have an impact on the underlying values of securities within CAPP.

Domestic Equities PAC – Invests primarily in U.S. traded equity securities such as common stock. The type of portfolio structures include separately managed accounts, commingled accounts, limited partnerships, or limited liability companies, and exchange traded funds.

International Equities PAC – Invests primarily in international equity securities that trade on foreign exchanges in developed and emerging markets. The type of portfolio structures include separately managed accounts, commingled accounts, limited partnerships, or limited liability companies, and exchange traded funds.

Private Investments PAC – Invests in the entire capital structure of private companies. The type of portfolio structures include private partnership interests, separate accounts, commingled funds and exchange traded funds. The investments typically have well-defined strategies such as buyout, venture, or distressed debt. Private investments are considered long-term. Exchange traded funds are utilized to minimize the cash position.

Real Assets PAC – Invests in inflation linked bonds, infrastructure, energy, timber, agriculture investments or other commodity related assets. The type of portfolio structures include private partnership interests, separate accounts, commingled funds and exchange traded funds. Real Assets investments generally require a long-time horizon to realize the value of the asset.

Real Estate PAC – Invests primarily in real estate properties. The type of portfolio structures include private investment partnership interests, real estate investment trusts (REITs), separate accounts, commingled funds and exchange traded funds. The funds typically have well-defined

strategies such as core, value-add, or opportunistic. Real Estate investments generally require long-time horizon to realize the value of the assets.

Core Fixed Income PAC - Invests primarily in marketable, publicly traded, investment grade fixed income securities denominated in U.S. dollars. The type of portfolio structures include internally managed portfolios or externally managed separate accounts, commingled funds and limited partnerships.

Non-Core Fixed Income PAC – Invests primarily in marketable, publicly traded, high yield corporate debt, emerging market debt, convertible debt and preferred securities. The type of portfolio structures include separately managed accounts, commingled accounts, and limited partnerships.

Cash PAC – Invests primarily in highly liquid, money-market type securities. The type of portfolio structures include the internally managed Short Term Investment Pool (STIP) or cash vehicles managed through MBOI's custodian or other Security Exchange Commission registered U.S. government money market funds.

PERB Cash Equivalent and Investment Portfolio
June 30, 2021

Investment Pools		Fair Value		Net Asset Value (NAV)
Short-term Investment Pool	$	102,217,220	$	102,217,220
CAPP Investment Pool		9,364,705,648		9,364,705,648
Commingled Equity Securities[1]		7,245,950		
Total	$	9,474,168,818	$	9,466,922,868

[1] DC Disability OPEB is invested by the manager Blackrock in commingled equity index funds.

Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical method are not classified in the fair value hierarchy. This is the case of the Consolidated Asset Pension Pool (CAPP) and the Short-Term Investment Pool (STIP).

The Consolidated Asset Pension Pool, CAPP, is a commingled internal investment pool managed and administered under the direction of MBOI as statutorily authorized by the Unified Investment Program. Only the retirement systems can participate in CAPP. On a monthly basis, redemptions are processed by MBOI in order to maintain required asset allocations and to provide liquidity for retirement benefits. The fair values of the investments in this category have been determined using the Net Asset Value (NAV) per share (or its equivalent) of the investment.

STIP is an external investment pool managed and administered under the direction of MBOI as statutorily authorized by the Unified Investment Program. It is a commingled pool for investment purposes and participant requested redemptions from the pool are redeemed the next business day. The fair values of the investments in this category have been determined using the NAV per share (or its equivalent) of the investment.

At June 30, 2021, the PERB's portion of the defined benefit investment pools is presented in the table below.

PERB Portions of MBOI Pools at June 30, 2021			
Investment		Fair Value June 30, 2021	PERB Portion June 30, 2021
STIP	$	102,217,220	0.69%
CAPP	$	9,364,705,648	64.36%

Fair Value Measurement

The MBOI categorizes their fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and give the highest priority to unadjusted quoted prices in active markets for identical assets of liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

Level 1: Quoted prices for identical assets or liabilities in active markets that MBOI can access as of June 30.

Level 2: Prices are determined using inputs, other than quoted prices included within Level 1, which are observable for an asset or liability, either directly or indirectly. These inputs can include quoted prices for similar assets or liabilities in active or inactive markets, or market-corroborated inputs.

Level 3: Prices determined using unobservable inputs, which generally results in MBOI using the best information available and may include the MBOI's own data.

MBOI has cash and cash equivalents measured at cost. Other investments are measured at cost or net asset value (NAV) by MBOI.

The PERS-DCRP Disability OPEB trust fund invests in commingled equity index funds through the manager Blackrock Institutional Trust Co., N.A (Blackrock), recorded under *Commingled Equity Securities* in the financial statements. During the fiscal year, the MBOI determined it to be more appropriate to report the investments in commingled equity index funds with the level 1 category due to there being a sufficient level of observable activity with this type of fund investments being valued using a daily published price. Fixed income and equity investments classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. These investments were disclosed at NAV in years prior to 2019.

The **Investment Risks** for the pooled investments in which the PERB participates in are described in the following paragraphs. Investments are administered by MBOI, for the PERB, as part of the State of Montana's Unified Investment Program. The MBOI Board approves all Investment Policy Statements (IPS) and is responsible for setting investment risk policies. MBOI's stand-alone financial statements detail the investment risks associated with the securities held by the pools.

The CAPP as an internal investment pool, and STIP as an external investment pool, are subject to an element of risk in all risk categories, with the exception of CAPP having the only risk in foreign currency.

Custodial Credit Risk - Custodial credit risk is the risk that, in the event of the failure of the counter-party to a transaction, the MBOI will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. Per policy, the Board's custodial bank must be rated at a minimum at the sixth highest investment grade rating by at least two Nationally Recognized Rating Organization (NRSROs) on an annual basis. As of June 30, 2021, all investments were recorded under the MBOI's name at their custodial bank.

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributable to the magnitude of any single investment per issuer name. Investments explicitly guaranteed by the U.S. Government are excluded from the concentration of credit risk requirement. Concentration of credit risk is addressed within all IPS's as set by the MBOI.

The STIP IPS limits concentration to credit risk exposure by limiting portfolio investment types to 3% in any issuer except for U.S. Treasury and U.S. Agency securities as well as any repurchase agreements with a financial institution.

Credit Risk - Credit risk is defined as the risk that an issuer or other counter-party to an investment will not fulfill its obligation. With the exception of U.S. Government securities, the fixed income instruments in the investment pools have credit risk as measured by major credit rating services.

Foreign Currency Risk - Foreign currency risk is the risk that changes in the exchange rates will adversely affect the fair value of an investment. Per MBOI policy, there are maximum restrictions that can be held on non-U.S. securities in a foreign currency and only CAPP is allowed to have foreign currency exposure.

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with GASB Statement No. 40, the MBOI uses for CAPP the effective duration as a measure of interest rate risk for all fixed income portfolios and STIP uses the weighted average maturity (WAM).

According to the STIP investment policy “the STIP portfolio will minimize interest rate risk by:

- structuring the investment portfolio so securities mature to meet cash requirements for ongoing operations thereby normally avoiding the need to sell securities on the open market prior to maturity;
- maintaining a dollar-weighted average portfolio maturity (WAM) of 120 days or less (for this purpose, the date to the next coupon reset date will be used for all floating or variable rate securities), and
- STIP will maintain a reserve account.”

The PERB's investments subject to credit and interest rate risk at June 30, 2021 are categorized in the table below. Credit risk is disclosed using the weighted credit quality rating by investment type. Interest rate risk is disclosed using weighted effective duration.

Investment	Fair Value 6/30/2021	Credit Quality Rating[1] 6/30/2021	Effective Duration 6/30/2021
CAPP	$ 9,364,705,648	N/R	N/A
STIP	$ 102,217,220	N/R	115 days WAM[2]

[1]CAPP has eight security investment types that are rated for credit and interest rate risk as of June 30, 2021, refer to MBOI's UIP Financial Statements and IPSs for the investment types that are involved.
[2]Weighted Average Maturity (WAM).

Although CAPP and STIP investments have been rated by investment security type, CAPP, as an internal investment pool, and STIP, as an external investment pool, have not been rated.

Securities Lending Collateral, governed under the provisions of state statutes, MBOI authorized the custodial bank, State Street Bank, to lend MBOI's securities to broker-dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. The custodial bank is required to maintain collateral equal to 102% of the fair value of domestic securities and 105% of the fair value of international securities while the securities are on loan. On any day, including June 30th, the markets may move in a positive or negative direction resulting in under or over collateralization. The custodial bank compensates for market movement by recalculating on the following business day to meet the collateralization requirements. MBOI and the custodial bank split the earnings, 80% and 20% respectively, on security lending activities. MBOI retains all rights and risks of ownership during the loan period. The custodial bank indemnifies the MBOI's credit risk exposures to the borrowers. For PERB, only CAPP participates in the security lending. There were no failures by any borrowers to return loaned securities or pay distributions thereon during the period that resulted in a declaration and notice of default of the borrower. As of June 30, 2021, no securities were recalled and not yet returned.

Stable Value - Montana Fixed Fund

The Montana Fixed Fund is a stable value investment option of the PERS-DCRP and the deferred compensation plan. It is administered through outside vendors, the stable value manager Pacific Investment Management Company LLC (PIMCO); the custodial bank, State Street Bank and Trust Company (State Street); and third-party synthetic Guaranteed Interest Contract (GIC) providers - Transamerica Premier Life Insurance Company (Transamerica), Prudential Insurance Company of America (Prudential) and Voya Retirement Insurance and Annuity Company (Voya). The Montana Fixed Fund employs a synthetic stable value strategy in which the stable value manager, PIMCO, manages a diversified bond portfolio and third party insurers, Transamerica, Prudential, and Voya promise to repay participants' principal investments, plus earnings in accordance with terms of the respective synthetic GIC contracts issued to the Fund. Transamerica, Prudential, and Voya calculate a rate of interest to be applied to the contract value of the synthetic GIC for each calendar quarter called the "crediting rate", which helps smooth participants' earnings over time. The crediting rates are based on the investment manager's portfolio market value, yield, and duration in accordance with the terms of the respective contracts with the GIC providers. The Montana Fixed Fund's structure incorporates a money market-like liquidity strategy and the custodial bank

calculates a blended return of the individual crediting rates and liquidity strategy for member investments. The custodial bank also calculates a Net Asset Value (NAV) that is based on the value invested in the GIC contracts, plus earning, and the liquidity strategy.

The PERS-DCRP and deferred compensation plans' stable value investments are synthetic guaranteed investment contracts (GIC) that are fully benefit responsive, measured at contract value, and do not participate in fair value changes.

All money invested in the Montana Fixed Fund of the PERS-DCRP and deferred compensation plan are held in a Pooled Trust. The Pooled Trust qualifies as a group trust under sections 401(a), including section 401(a)(24) and 501(a), of the Internal Revenue Code (IRC) of 1986, as amended. The Pooled Trust assets are invested by PIMCO and are held under a custodial agreement with State Street. The Pooled Trust assets are invested by PIMCO based on an investment guideline schedule described in the Montana Fixed Fund investment policy established by the PERB. Additional investment constraints are contained in the investment management agreement between PERB and PIMCO, and within the respective contracts issued by each GIC provider to the Pooled Trust.

The Montana Fixed Fund is subject to investment risks associated with synthetic GIC contracts and with the bond portfolio managed by PIMCO. These risks may include, but are not limited to, the following:

Credit Risk: Credit risk is the chance that bond issuer will fail to pay interest and principal in a timely manner or that negative perceptions of the issuer's ability to make such payments will cause the price of the bond to decline. With the exception of the U.S. Government securities, fixed income instruments have credit risk as measured by major credit rating services. Obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government are not considered to have credit risk and do not require disclosure of credit quality. The total investments credit quality rating for Montana Fixed Fund is AA.

Interest Rate Risk: Interest rate risk is the chance that bond prices overall will decline because of rising interest rates. The bond account has low to moderate interest rate risk as it invests primarily in short-term and intermediate-term bonds, whose prices are less sensitive to interest rate changes than are the prices of long-term bonds. As of June 30, 2021, in accordance with GASB Statement No. 40, PIMCO has selected the effective duration method to disclose interest rate risk. The total effective duration for Montana Fixed Funds fixed income investments, as of June 30, 2021, is 4.02 years.

Foreign Currency Risk: Currency risk is the chance that the value of a foreign investment, measured in U.S. dollars, will decrease because of unfavorable changes in currency exchange rates. The Montana Fixed Fund may include securities subject to foreign currency risk.

Default Risk: Default risk is the chance that companies or individuals will be unable to make the required payments on their debt obligations.

Derivative Risk: Derivative risk arises when the underlying fund invests in derivatives, which may involve risks different from, and possibly greater than, those of investments directly in the underlying securities or assets.

GIC Contract Risk: GICs are issued by insurance companies, banks, and other financial institutions and are intended to help reduce the volatility of any associated fixed income investments. These investment contracts include terms and conditions that can cause withdrawals or transfers from the investment contracts to occur at the lower of the contract's value or the value of the associated fixed income investments. Examples of these terms include, but are not limited to: (1) a withdrawal from the contract or plan not in accordance with its stated withdrawal provisions; (2) the plan fails to be administered in accordance with the plan documents; (3) an event or condition such as the plan's change of control, termination, insolvency, loss of its tax-exempt status, change in laws or accounting rules applicable to plan; or (4) other events resulting in a material and adverse financial impact on the contract issuer as may be set out in the specific contract, such as changes in the tax code or applicable laws or regulations. Also, the contract counter-party could default, become insolvent, file for bankruptcy protection, or otherwise be deemed by the plan's auditor to no longer be financially responsible. There are a limited number of investment contract providers and, due to market conditions or other factors, enough contracts may not be available to obtain the desired amount of coverage.

Variable Investments for the PERS-DCRP and deferred compensation plan are held and managed in a selection of retail and institutional mutual funds, which cover all standard asset classes and categories. The selection of offered mutual funds is designed to provide participants with the ability to diversify investments and meet their individual investment goals and strategies. With advice from an independent investment analyst and assistance from the statutorily-created Employee Investment Advisory Council (EIAC), the PERB conducts annual reviews of the offered mutual funds. The goal of the reviews is to ensure that the offered mutual funds meet standards established in the Investment Policy Statements adopted by the PERB. Each investment alternative is compared to its peers and an appropriate benchmark. *Concentration of Credit Risk* is not addressed in the investment policy statements and investments in mutual funds are not required to be disclosed.

Life Insurance Investment Option

Deferred compensation plan participants previously had the option to direct a portion of their deferrals to a term life insurance policy provided through Allianz Life Insurance. The ability to invest in life insurance is allowed under the IRC and was offered to plan participants prior to life insurance being offered as a standard component of health insurance benefit packages. This investment option has been discontinued; however, plan participants who had previously elected this option may continue.

Available investment options in the PERS-DCRP and deferred compensation plan are listed in this section. A current listing may also be obtained by contacting MPERA.

The valuation method for investments measured at the net asset value (NAV) per share (or its equivalent) is presented in the table at the top of the following pages for the defined benefit investments and for the defined contribution investments.

PERB Defined Benefit Investments Measured at Fair Value

		Fair Value Measurements Using		
	June 30, 2021	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable (Level 3)
Investments by fair value level				
Commingled Equity Securities[1]	$ 7,245,950	$ 7,245,950		
Total Investments by fair value level	$ 7,245,950	$ 7,245,950		
Investments measured at the net asset value (NAV)				
CAPP Investment Pool[2]	$ 9,364,705,648			
Short Term Investment Pool (STIP)	102,217,220			
Total investments measured at the NAV	9,466,922,868			
Total investments measured at fair value	$ 9,474,168,818			

[1] The DC Disability OPEB trust fund is invested by the manager Blackrock in commingled equity index funds measured at the Level 1 category in the fair value hierarchy.

[2] CAPP Investment Pool replaces five investment pools that have been previously reported prior to fiscal year 2017.

PERB Defined Benefit Investments Measured at Net Asset Value (NAV)

	June 30, 2021			
	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
CAPP Investment Pool[1]	$ 9,364,705,648		Monthly, quarterly	45-90 days
Short Term Investment Pool (STIP)	102,217,220		Daily	1 - 3 days
Total investments measured at the NAV	$ 9,466,922,868			

[1] CAPP Investment Pool replaces five investment pools that have been previously reported prior to fiscal year 2017.

PERB Defined Contribution and Deferred Compensation Investments

		Fair Value Measurements Using		
	June 30, 2021	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable (Level 3)
Investments by fair value level				
Total Investments by fair value level[1]				
Investments measured at the net asset value (NAV)				
Montana Fixed Fund (Stable Value Pool)[2]	$ 272,324,669			
Variable Pooled Investments[3]	799,814,202			
Short Term Investment Pool[4]	2,983,420			
Allianz Life Insurance Investment[5]	6,617			
Total investments measured at the NAV	$ 1,075,128,908			
Total investments measured at fair value	$ 1,075,128,908			

[1] All investments are pooled and measured at net asset value (NAV) and not within the fair value level hierarchy.

[2] The Montana Fixed Fund is a stable value option that invests in cash, other liquid investments, and synthetic Guaranteed Investment Contract (GICs) that are fully benefit-responsive and is reported at contract value.

[3] The Variable Pooled Investments are all mutual funds measured at Net Asset Value (NAV).

[4] Short Term Investment Pool (STIP) is an external investment pool managed and administered through Montana Board of Investments (MBOI) and fair values are determined using the Net Asset Value (NAV) per share for the investment.

[5] Term life insurance policy investment option provided through Allianz Life Insurance. This option was offered to deferred compensation plan participants prior to life insurance being offered as a standard component of health insurance benefit packages. This investment option has been discontinued; however plan participants who had previously elected this option may continue.

PERB Defined Contribution and Deferred Compensation
Investments Measured at Net Asset Value

	June 30, 2021			
	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Montana Fixed Fund (Stable Value Pool)[1]	$ 272,324,669		Daily	None
Variable Pooled Investments[2]	799,814,202		Daily	None
Short Term Investment Pool[3]	2,983,420		Daily	1 - 3 days
Allianz Life Insurance Investment[4]	6,617		Daily	None
Total investments measured at the NAV	$ 1,075,128,908			

[1] The Montana Fixed Fund is a stable value option that invests in cash, other liquid investments, and synthetic Guaranteed Investment Contract (GICs) that are fully benefit-responsive and are reported at contract value.

[2] The Variable Pooled Investments are all mutual funds measured at Net Asset Value (NAV).

[3] Short Term Investment Pool (STIP) is an external investment pool managed and administered through Montana Board of Investments (MBOI).

[4] Term life insurance policy investment option provided through Allianz Life Insurance. This option was offered to deferred compensation plan participants prior to life insurance being offered as a standard component of health insurance benefit packages. This investment option has been discontinued; however plan participants who had previously elected this option may continue.

The fair values are determined using the Net Asset Value (NAV) per share for the investment.

NOTE B. LITIGATION

Each of the plans administered by the PERB may be involved in various claims and legal actions arising in the ordinary course of business. In the opinion of management and legal counsel, the disposition of the Tadman matter below had a material, adverse effect on the plans implicated in the litigation. In the opinion of management and legal counsel, the disposition of unfunded actuarial accrued liabilities owed to PERS in the Lewis and Clark County case and the Montana Association of Counties case, will have a material, adverse effect on the PERS plan's financial position as a whole should the Court rule against MPERA and the MPERB. An estimate of the potential liability for the Lewis and Clark County and Montana Association of Counties (MACo) cases cannot be made.

Tadman, et al. v. State of Montana. A retired member of the Sheriffs' Retirement System filed a class action in the 8th Judicial District of Montana against the State of Montana on October 6, 2015, alleging the inappropriate advising, reporting, and withholding of state and federal income taxes on certain line-of-duty disability benefits before conversion to a normal retirement benefit. The State was served with the Complaint on November 25, 2015, and is represented by Jean Faure and Jason Holden of the Faure Holden law firm in Great Falls, Montana. On June 11, 2019 the Court issued an Order granting Plaintiff's Motion to Certify Class. The Court has defined the prospective class of plaintiffs in this matter and the parties were instructed by the Court to meet and confer to agree on the class form of notice and notice plan concerning the matter. Counsel representing the class are Lawrence A. Anderson from Great Falls, Montana and Tom and Sean Morrison from Helena, Montana. This matter was settled between the parties and approved by the Court as of March 22, 2021.

Tadman,et al. v. State of Montana	**JRS**	**HPORS**	**SRS**	**GWPORS**	**TOTALS**
Benefits	$ 3,235.25	$ 420,586.60	$1,549,329.20	$ 26,848.95	**$2,000,000.00**
Administrative Expenses (legal costs)	1,600.00	210,300.00	774,700.00	13,400.00	**1,000,000.00**
TOTALS	**$ 4,835.25**	**$ 630,886.60**	**$2,324,029.20**	**$ 40,248.95**	**$3,000,000.00**

MPERB v. Lewis and Clark County. On May 1, 2020, the MPERB filed a Complaint for Declaratory Relief in the First Judicial District against Lewis and Clark County. This complaint asks the District Court to rule that Article VIII, § 15 of the Montana Constitution vests the Montana Public Employees' Retirement Board with the authority to: 1) actuarially determine the amount of the unfunded pension liabilities attributable to a component unit of the Lewis and Clark County that has terminated its participation in a MPERB administered defined benefit plan; and 2) compel the payment of and collect this unfunded pension liability upon this component unit's termination. On May 13, 2020, Lewis and Clark County filed a motion to dismiss the Complaint. This motion has been fully briefed by both parties and the MPERB awaits a ruling from the District Court. On June 1, the MPERB filed its First Amended Complaint amending its original pleading to add a claim for breach of contract against Lewis and Clark County. On June 18, 2020, Lewis and Clark County filed a motion to dismiss MPERB's 1st Amended Complaint. This motion has been fully briefed and the MPERB awaits a ruling from the District Court. This matter was consolidated with *Montana Association of Counties, Lewis and Clark County, and Cascade County v. MPERB and MPERA* by the Court on February 22, 2021.

Montana Association of Counties (MACo), Lewis and Clark County, and Cascade County v. MPERB and MPERA. On May 1, 2020, the Montana Association of Counties (MACo) filed a Complaint for Declaratory Judgment, Injunctive Relief, and a Writ of Prohibition against the MPERB and MPERA in the First Judicial District Court of Lewis and Clark County. This Complaint asked the District Court to rule that: 1) Article VIII, § 15 of the Montana Constitution does not vest the MPERB with the authority to determine and collect unfunded pension liabilities owed to the PERS trust as a result of partial withdrawals of employees or reductions in force; 2) the 1947 Contract between the MPERB and Lewis and Clark County and Cascade County, as well as other similar agreements between the MPERB and all other Montana counties, does not vest the MPERB with the authority to determine and collect unfunded pension liabilities owed to the PERS trust as a result of partial withdrawals of employees or reductions in force; 3) MACo is entitled to a preliminary and permanent injunction enjoining the MPERB from assessing withdrawal penalties against Montana counties; and 4) MACo is entitled to a Writ of Prohibition arresting the MPERB from assessing withdrawal penalties against Montana counties. On May 15, 2020, MACo amended its original pleading by filing its First Amended Complaint. This amendment added the additional parties of Lewis and Clark County and Cascade County to this action as plaintiffs as well as additional claims for breach of express and implied contract. On June 25, 2020, the MPERB filed a Motion to Dismiss, or in the Alternative, Partial Summary Judgment with regard to the Plaintiffs' Count II, IV, V, and VI. This motion has been fully briefed by all parties and the MPERB awaits a ruling from the District Court. This matter was consolidated with *MPERB v. Lewis and Clark County* by the Court on February 22, 2021.

NOTE C. PLAN DESCRIPTIONS, MEMBERSHIP CONTRIBUTION INFORMATION

The plans are established and amended statutorily by the Legislature. In all defined benefit plans (except VFCA), if a member leaves covered employment before retirement, the member contributions plus accrued interest (accumulated contributions) may be refunded to the member. If a member returns to service and repays the withdrawn accumulated contributions plus the interest the accumulated contributions would have earned had they remained on deposit, service credit is restored.

DEFINED BENEFIT RETIREMENT PLANS

PLAN DESCRIPTIONS

Public Employees' Retirement System-DBRP (PERS-DBRP)

The PERS-Defined Benefit Retirement Plan (DBRP) is a multiple-employer, cost-sharing plan established July 1, 1945, and governed by Title 19, chapters 2 & 3, Montana Code Annotated (MCA). This plan covers the State, local governments, certain employees of the Montana University System and school districts.

All new members are initially members of the PERS-DBRP and have a 12-month window during which they may choose to remain in the PERS-DBRP or join the PERS-DCRP by filing an irrevocable election. Members may not be members of both the defined benefit and defined

contribution retirement plans. All new members from the universities also have a third option to join the university system's Montana University System Retirement Program (MUS-RP).

The PERS-DBRP provides retirement, disability, and death benefits to plan members and their beneficiaries. Benefits are established by state law and can only be amended by the Legislature. Benefits are based on eligibility, years of service, and highest average compensation. Member rights are vested after five years of service.

Public Employees' Retirement System-DBRP Education Fund: Education is provided to all members of the PERS regardless of plan choice as governed by section 19-3-112, MCA. The education must be presented with impartial and balanced information about plan choices, investments and retirement planning.

The education program consists of ongoing transfer education for new members and investment/ retirement planning education for all active members.

Plan Membership Elections: MPERA has included in the financial statements $2,328,041 in *Transfers to DCRP* and $263,455 in *Transfers to MUS-RP*. These transfers reflect the DCRP and MUS-RP contributions of participants that filed elections at or near the June 30 cutoff date. The contributions were transferred in early fiscal year 2022.

Public Employees' Retirement System - DCRP Disability OPEB (DCRP Disability OPEB)

The DCRP Disability OPEB is considered a cost-sharing multiple-employer plan that provides an other post-employment defined benefit for the PERS-DCRP members.

All new PERS members are initially members of the PERS-DBRP and have a 12-month window during which they may choose to remain in the PERS-DBRP or join the PERS-DCRP by filing an irrevocable election. Members may not be members of both the defined benefit and defined contribution retirement plans. The PERS-DCRP provides disability benefits to eligible members who elect the PERS-DCRP.

The DCRP Disability OPEB Trust Fund was established on July 1, 2002, and is governed by section 19-3-2141, MCA. Benefits of this long-term disability plan are established by state law and can only be amended by the Legislature. This benefit is based on eligibility, years of service, and compensation. Member rights are vested after five years of service.

As of June 30, 2021, there are ten members receiving a benefit from the disability plan, one more than as of June 30, 2020.

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* will not be implemented at this time due to the liability being immaterial to the plan as a whole.

Judges' Retirement System (JRS)

The JRS is a single-employer defined benefit plan established in 1967, and governed by Title 19, chapters 2 & 5 of the MCA. This plan provides benefits for all Montana judges of the district courts, justices of the Supreme Court, the Chief Water Judge and the Associate Water Judge. Benefits are established by state law and can only be amended by the Legislature. The JRS provides retirement, disability, and death benefits to plan members and their beneficiaries. Benefits are based on eligibility, years of service, and compensation. Member rights are vested after five years of service.

Highway Patrol Officers' Retirement System (HPORS)

The HPORS is a single-employer, defined benefit plan established July 1, 1945, and governed by Title 19, chapters 2 & 6 of the MCA. This plan provides retirement benefits to all members of the Montana Highway Patrol, including supervisory personnel. Benefits are established by state law and can only be amended by the Legislature. The HPORS provides retirement, disability, and death benefits to plan members and their statutory beneficiaries. Benefits are based on eligibility, years of service, and highest average compensation. Member rights for death and disability are vested immediately. All other rights are vested after five or ten years of service.

Deferred Retirement Option Program (DROP): Eligible members of HPORS can participate in the DROP by filing a one-time irrevocable election with the PERB. The DROP is governed by Title 19, chapter 6, part 10. A member must have completed at least twenty years of membership service to be eligible. The member may elect to participate in the DROP for a minimum of one month and a maximum of 60 months and may participate in the DROP only once. A participant remains a member of the HPORS, but will not receive membership service or service credit in the system for the duration of the member's DROP period. During participation in the DROP, all mandatory contributions continue to the retirement system, except the member contribution which goes to the member's DROP account. A monthly benefit is calculated based on salary and years of service to date as of the beginning of the DROP period. The monthly benefit is paid into the member's DROP account until the end of the DROP period. At the end of the DROP period, the participant may receive the balance of the DROP account in a lump-sum payment or in a direct rollover to another eligible plan, as allowed by the IRS. If the participant continues employment after the DROP period ends, they will again accrue membership service and service credit. The DROP account cannot be distributed until the employment is formally terminated. As of June 30, 2021, there were 18 DROP participants. Since program inception, a total of 32 members have participated in the DROP. The balance of the DROP accounts is $4.8 million.

Sheriffs' Retirement System (SRS)

The SRS is a multiple-employer, cost-sharing defined benefit plan established July 1, 1974, and governed by Title 19, chapters 2 & 7, MCA. This plan provides retirement benefits to all Department of Justice criminal and gambling investigators hired after July 1, 1993, all detention officers hired after July 1, 2005, and to all Montana sheriffs. Benefits are established by state law and can only be amended by the Legislature. The SRS provides retirement, disability, and death benefits to plan members and their beneficiaries. Benefits are based on eligibility, years of service, and highest average compensation. Member rights are vested after five years of service.

Game Wardens' and Peace Officers' Retirement System (GWPORS)

The GWPORS is a multiple-employer, cost-sharing defined benefit plan established in 1963 and governed by Title 19, chapters 2 & 8, MCA. This plan provides retirement benefits to all persons employed as a game warden, warden supervisory personnel, or state peace officer. Benefits are established by state law and can only be amended by the Legislature. The GWPORS provides retirement, disability, and death benefits to plan members and their beneficiaries. Benefits are based on eligibility, years of service, and highest average compensation. Member rights are vested after five years of service.

Municipal Police Officers' Retirement System (MPORS)

The MPORS is a multiple-employer, cost-sharing defined benefit plan established in 1974 and is governed by Title 19, chapters 2 & 9 of the MCA. This plan covers all municipal police officers employed by first- and second-class cities and other cities that adopt the plan. Benefits are established by state law and can only be amended by the Legislature. The MPORS provides retirement, disability, and death benefits to plan members and their statutory beneficiaries. Benefits are based on eligibility, years of service, and compensation. Member rights for death and disability are vested immediately. All other rights are vested after five years of service.

Deferred Retirement Option Plan (DROP): Eligible members of MPORS can participate in the DROP by filing a one-time irrevocable election with the PERB. The DROP is governed by Title 19, chapter 9, part 12, MCA. A member must have completed at least twenty years of membership service to be eligible. They may elect to participate in the DROP for a minimum of one month up to a maximum of 60 months and may participate in the DROP only once. A participant remains a member of the MPORS, but will not receive membership service or service credit in the system for the duration of the member's DROP period. During participation in the DROP, all mandatory contributions continue to the retirement system. A monthly benefit is calculated based on salary and years of service as of the beginning of the DROP period. The monthly benefit is paid into the member's DROP account until the end of the DROP period. At the end of the DROP period, the participant may receive the balance of the DROP account in a lump-sum payment or in a direct rollover to another eligible plan, as allowed by the IRS. If the participant continues employment after the DROP period ends, they will again accrue membership service and service credit. The DROP account cannot be distributed until employment is formally terminated. As of June 30, 2021, there were 54 DROP participants. Since program inception, a total of 200 members have participated in the DROP. The balance of the DROP accounts is $8.7 million.

Firefighters' Unified Retirement System (FURS)

The FURS is a multiple-employer, cost-sharing defined benefit plan established in 1981, and governed by Title 19, chapters 2 & 13, MCA. This plan provides retirement benefits to firefighters employed by first- and second-class cities or by other cities and rural fire district departments that adopt the plan; and to firefighters hired by the Montana Air National Guard (MANG) on or after October 1, 2001. Benefits are established by state law and can only be amended by the Legislature. The FURS provides retirement, disability, and death benefits to plan members and their

beneficiaries. Benefits are based on eligibility, years of service, and compensation. Member rights for death and disability are vested immediately. All other member rights are vested after five years of service.

Volunteer Firefighters' Compensation Act (VFCA)

The VFCA is a multiple-employer, cost-sharing defined benefit plan. This compensation plan was established in 1965 and is governed by Title 19, chapter 17, MCA. All members are unpaid volunteers and the State of Montana is the only contributor to the plan. Benefits are established by state law and can only be amended by the Legislature. The VFCA provides pension, disability, and survivorship benefits for all eligible volunteer firefighters who are members of qualified volunteer fire companies in unincorporated areas, towns or villages and includes volunteer fire departments, fire districts, and fire service areas under the laws of the State of Montana. Benefits are based on eligibility and years of service. Member rights are vested after ten years of credited service. VFCA also provides limited benefits for death or injuries incurred in the line of duty.

A member who chooses to retire and draw a pension benefit may return to service with a volunteer fire department without loss of benefits. However, a returning retired member may not be considered an active member accruing credit for service.

VFCA is a qualified Length of Service Award Plan (LOSAP) under 457(e)(11)(B) of the Internal Revenue Service tax code. This is only for tax reporting purposes. This does not change any requirements of the program.

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Members and Employers

Membership in each plan as of June 30, 2021 is detailed in the following chart.

Plan Membership as of Fiscal Year End June 30, 2021

Type of Plan for Reporting Purposes as of Fiscal Year End June 30, 2021	Single-Employer Defined Benefit		Multi-Employer Defined Benefit						Multi-Employer Defined Contribution	
Plan Designation	JRS	HPORS[1]	PERS-DBRP[2]	SRS	GWPORS	MPORS[1]	FURS	VFCA	PERS-DCRP	457
Classification of Member										
Active	57	244	29,028	1,495	1,023	823	734	2,031	3,311	5,507
Inactive: entitled to, but not yet receiving benefits or a refund:										
Vested	2	18	4,390	178	148	107	43	890	776	4,392
Non-Vested	2	30	21,760	805	524	199	81		1,005	
Inactive members and beneficiaries currently receiving benefits:										
Service Retirements	68	343	23,742	752	407	857	661	1,525	152	
Disability Retirements		3	127	30	2	24	13	1	10	
Survivor benefits	5	10	534	23	11	29	18	6		
Total Membership	**134**	**648**	**79,581**	**3,283**	**2,115**	**2,039**	**1,550**	**4,453**	**5,254**	**9,899**

[1] Includes DROP in the Active count.
[2] The PERS-DBRP Inactive Non-Vested count includes dormant accounts that were previously not counted.

Active Defined Benefit Membership by Employer Type[1]

Employer Type	PERS-DBRP		SRS		GWPORS	
As of Fiscal Year End June 30,	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
State Agencies[2]	10,150	10,240				
Department of Justice			68	59		
Department of Corrections					751	761
Department Fish, Wildlife & Parks					108	107
Department of Livestock					44	40
Department of Transportation					81	84
Counties	5,531	5,525	1,427	1,443		
Cities and Towns	3,588	3,527				
Colleges and Universities	2,649	2,743			39	41
School Districts	5,807	5,705				
High Schools	66	70				
Other Agencies	1,237	1,229				
Total	**29,028**	**29,039**	**1,495**	**1,502**	**1,023**	**1,033**

[1] Defined benefit plans that have more than one employer and do not have a minimum benefit adjustment for their retirees, only a Guaranteed Annual Benefit Adjustment (GABA) at retirement.
[2] For the purposes of this schedule, "State Agencies" for PERS-DBRP includes all 33 agencies for the State of Montana.

Active Defined Benefit Membership by Employee Type[1]

Employee Type	JRS		HPORS[2]		MPORS[2]		FURS	
As of Fiscal Year End June 30,	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
GABA	55	56	244	233	819	825	732	733
Non-GABA	2	2	0	0	4	4	2	2
Total	**57**	**58**	**244**	**233**	**823**	**829**	**734**	**735**

[1]Retirees are eligible for a Guaranteed Annual Benefit Adjustment (GABA) or a minimum benefit adjustment depending on their election of GABA or Non-GABA at time of hire.
[2]Includes DROP in the count.

Participating Defined Benefit Employers										
Employer Type	PERS-DBRP		SRS[1]		GWPORS[2]		MPORS		FURS[3]	
As of Fiscal Year End June 30,	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
State Agencies	33	33	1	1	4	4			1	1
Counties	55	55	56	56						
Cities and Towns	98	97					34	33	15	15
Colleges and Universities	5	5			3	3				
School Districts	242	241								
High Schools	5	5								
Other Agencies	115	112								
Rural Fire Districts									11	11
Total	**553**	**548**	**57**	**57**	**7**	**7**	**34**	**33**	**27**	**27**

[1] The State Agency for SRS is the Department of Justice.
[2] The State Agencies for GWPORS are Department of Corrections, Department of Fish, Wildlife & Parks, Department of Livestock, and Department of Transportation.
[3] The State Agency for FURS is the Department of Military Affairs.

Not listed are JRS and HPORS, both with one employer each. JRS has the State Agency - Supreme Court and HPORS has the State Agency - Department of Justice.

HPORS DROP Participation		
As of June 30,	2021	2020
Participants Beginning of Year	22	18
Participants Added	3	7
Completed DROP	7	3
Participants End of Year	18	22
DROP Distributions	$1,690,916	$364,778

MPORS DROP Participation		
As of June 30,	2021	2020
Participants Beginning of Year	67	64
Participants Added	10	12
Completed DROP	23	9
Participants End of Year	54	67
DROP Distributions	$5,400,486	$1,876,643

The active membership and participating employers for PERS-DCRP Disability OPEB are represented in the following tables:

PERS-DCRP PARTICIPATING EMPLOYERS		
Employers	June 30, 2021	June 30, 2020
State Agencies	33	32
Counties	53	53
Cities and Towns	59	60
Universities	5	5
School Districts	136	125
High Schools	3	4
Other Agencies	51	50
Total	**340**	**329**

PERS-DCRP Active Membership by Employer Type		
Employer Type	June 30, 2021	June 30, 2020
State Agencies	1,626	1,526
Counties	536	479
Cities	375	354
Universities	158	152
High Schools	4	5
School Districts	374	363
Other Agencies	238	221
Total	**3,311**	**3,100**

FY 2021 Schedule of Contribution Rates

System	Member	Employer	State
PERS-DBRP[1]	**7.9%** [19-3-315(1)(a), MCA]	**8.87%** State & University **8.77%** Local Governments **8.5%** School Districts (K-12) [19-3-316, MCA]	**0.1%** of Local Government payroll – paid from the General Fund **0.37%** School Districts (K-12) payroll – paid from the General Fund [19-3-319, MCA]
PERS-DCRP[1]	**7.9%** [19-3-315(1)(a), MCA]	**8.87%** State & University **8.77%** Local Governments **8.5%** School Districts (K-12) [19-3-316, MCA]	**0.1%** of Local government payroll – paid from the General Fund **0.37%** School Districts (K-12) payroll – paid from the General Fund [19-3-319, MCA]
PERS-DCRP Disability OPEB		**0.3%** - an allocation of the DCRP employer contribution [19-3-2117, MCA]	
JRS[2]	**7.0%** [19-5-402, MCA]	**25.81%** [19-5-404, MCA]	
HPORS	**13.0%** - hired prior to 7/01/97 & not electing GABA **13.05%** - hired after 6/30/97 & members electing GABA [19-6-402, MCA]	**28.15%** [19-6-404(1), MCA]	**10.18%** of salaries – paid from the General Fund [19-6-404(2), MCA]
SRS	**10.495%** [19-7-403, MCA]	**13.115%** [19-7-404, MCA]	
GWPORS	**10.56%** [19-8-502, MCA]	**9.0%** [19-8-504, MCA]	
MPORS	**7.0%** - hired after 6/30/75 & prior to 7/1/79 & not electing GABA [19-9-710(1)(a), MCA] **8.5%** - hired after 6/30/79 and prior to 7/1/97 & not electing GABA [19-9-710(1)(b), MCA] **9.0%** - hired after 6/30/97 & members electing GABA [19-9-710(1)(c), MCA & 19-9-710(2), MCA]	**14.41%** [19-9-703, MCA]	**29.37%** of salaries – paid from the General Fund [19-9-702, MCA]
FURS	**9.5%** - hired prior to 7/1/97 & not electing GABA [19-13-601(2)(a), MCA] **10.7%** - hired after 06/30/97 & members electing GABA [19-13-601(2)(b), MCA]	**14.36%** [19-13-605, MCA]	**32.61%** of salaries – paid from the General Fund [19-13-604, MCA]
VFCA			**5.0%** of fire insurance premium tax, paid from the General Fund [19-17-301, MCA]

[1] The employer and/or member contribution rates increase on July 1, 2021 for PERS-DBRP and PERS-DCRP.

[2] Employer contributions are temporarily suspended for JRS beginning the first full pay period occurring in July 2021 through the last full pay period occurring in June 2023. Beginning July 1, 2023, employer contributions will then resume at a rate of 14% down from current 25.81%. If funded ratio of JRS drops below 120%, the employer contribution rate will return to 25.81%.

Contributions

Member and employer contribution rates are established by state law and may be amended only by the Legislature.

Member contributions are deducted from each member's salary and remitted by participating employers. An individual account is established for each member's contributions and interest allocations until a request for retirement or refund is processed.

- For PERS-DBRP, the 7.9% member contributions will be decreased to 6.9% on January 1 following actuary valuation results that show the amortization period has dropped below 25 years and would remain below 25 years following the reduction of both the additional employer and additional member contribution rates. There will be no reduction to the member contributions on January 1, 2022 due to the amortization period being 28 years at June 30, 2021.

- The PERS-DBRP employee education program is funded by 0.04% of the employer's contributions.

- For HPORS, MPORS and FURS, member contribution rates are dependent upon date of hire as a highway patrol officer, police officer, and firefighter, respectively.

Employer contributions for PERS-DBRP temporarily increased 1.0%, effective July 1, 2013. Further, employer contributions increase an additional 0.1% a year over 10 years beginning July 1, 2014, through 2024. The employer additional contributions, including the 0.27% added in 2007 and 2009, terminate on January 1 following actuary valuation results that show the amortization period has dropped below 25 years and would remain below 25 years following the reduction of both the additional employer and member contribution rates. Based on the June 30, 2021 actuarial valuation, the additional contributions will not be terminated on January 1, 2022.

- For PERS-DBRP (§19-3-1106, MCA), SRS (§19-7-1101, MCA), and FURS (§19-13-1101, MCA), employer contributions are required to be paid on working retiree compensation. Member contributions are not required for working retirees.

- Under section 19-3-2117, MCA the employers are the only contributors to the DCRP Disability OPEB. The employer contribution rate is 0.30% of a DCRP member's compensation, which is allocated to the long-term disability plan trust fund to provide disability benefits to eligible DCRP members.

- For the JRS, during the 2021 Legislative Session, Senate Bill 175 was passed temporarily suspending the employer contributions beginning the first full pay period occurring in July 2021 through the last full pay period occurring in June 2023. Beginning July 1, 2023 employer contributions will then resume at a reduced rate of 14.00% down from the current statutory rate of 25.81%. If the funded ratio of the JRS system drops below 120%, the employer contribution rate will return to 25.81%.

- For the SRS, during the 2017 Legislative Session, House Bill 383 was passed temporarily increasing both the employee and employer contributions. Effective July 1, 2017, the employee contributions increased from 9.245% to 10.495%. The employer had an additional contribution increase of 3%, from 0.58% to 3.58%, for a total employer contribution rate of 13.115%. The employee contributions will return to 9.245% and the employer contributions will return to 9.535% when reducing the employee contribution and terminating the additional employer contributions will not cause the amortization period to exceed 25 years.

State contributions and appropriations

- PERS-DBRP receives a supplemental state appropriation from the general fund of the State of Montana. The total amount received for fiscal year 2021 was $34.3 million. These are recorded as *State Appropriations* on the financial statements.

- For the HPORS, during the 2021 Legislative Session, House Bill 72 was passed for an additional funding source for the HPORS system from the Highway Patrol state special revenue account for recruitment and retention of HPORS members. Under provisions of this bill, it will transfer from the HPORS retention fund to the HPORS trust fund $4 million by August 15, 2021, $2 million by August 15, 2022 and $500 thousand by August 15 for each fiscal year until the system is 100% funded.

- The State contributions for MPORS and FURS, are requested at the beginning of the fiscal year based on the previous fiscal year compensation and are due no later than November 1.

- The State is the only contributor to the VFCA. Contributions are 5% of fire insurance premium taxes collected on certain fire risks. The State Auditor makes annual payments from the general fund to the Volunteer Firefighters' Compensation Act fund.

Additional Service Purchase Due to a Reduction in Force

Section 19-2-706, MCA allows state and university system active employees of PERS-DBRP, HPORS, SRS, GWPORS, and FURS who are eligible for a service retirement and whose positions have been eliminated due to a reduction in force, to have their employer pay a portion of the total cost of purchasing up to three years of "1-for-5" additional service. The employer has up to ten years to complete payment for the service purchases and is charged the actuarially required rate of return as established by the PERB on the unpaid balance.

- The PERS-DBRP employees participating under section 19-2-706, MCA increased from 261 in fiscal year 2020 to 269 in fiscal year 2021. The contributions received (including interest) during fiscal year 2021 totaled $171,434. These are recorded in the *Accounts Receivable* on the financial statements. The outstanding balance at June 30, 2021, totaled $7,558. This is recorded as *Notes Receivable* on the financial statements.

- Three SRS employees have taken advantage of this provision to date. All purchases are paid in full.

- No HPORS, GWPORS, or FURS employees have taken advantage of this provision to date.

Supplemental Payments

- *Supplemental Benefit for Retirees:* Section 19-6-709, MCA provides eligible Montana highway patrol officers retired prior to July 1, 1991, or their survivors, an annual supplemental lump-sum payment distributed each September. This lump-sum payment is funded by a statutory appropriation requested by the PERB from the general fund. Factors impacting eligibility include the number of years the recipient has received a service retirement benefit or disability benefit, the recipient's age, and whether the recipient is employed in a position covered by a retirement system under Title 19.

- *VFCA Group Insurance Payments:* Supplemental payments are available to qualified volunteer fire companies that provide additional group medical insurance for their members in case of death or injury incurred while in the line of duty. The payment is made to the volunteer fire companies and is equal to $75 per year for each mobile firefighting unit owned by the volunteer fire company, up to a maximum of two units.

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Defined Benefit Plan Provisions

System	Common provisions and terms			
	Compensation period for benefit calculation	Vesting	Eligibility	Benefit Multiplier
PERS-DBRP	**Member's highest average compensation (HAC):** * **Pre-7/01/2011** - consecutive 36 months; * **7/01/2011** - consecutive 60 months; * **7/01/2013** - 110% annual cap on HAC compensation.	5 years	**Pre-7/01/2011** * 30 years service, any age or * 5 years, age 60 or * any years, age 65 **7/01/2011** * 5 years, age 65, or * any years, age 70	**Pre-7/01/2011** * < 25 years: 1.78571% * 25 years or more: 2% **7/01/11** * < 10 years: 1.5% * 10-29 years: 1.78571% * 30 years or more: 2%
JRS	**Member's current salary or highest average compensation (HAC):** * **Pre-7/01/1997 and non-GABA** - monthly compensation at retirement; * **7/01/1997 or electing GABA** - consecutive 36 months; * **7/01/2013** - 110% annual cap on HAC compensation.	5 years	5 years, age 60	* Up to 15 years: 3.33% * 15 years or more: 1.785% for each year > 15 years
HPORS	**Member's highest average compensation (HAC):** * Consecutive 36 months; * **7/01/2013** - 110% annual cap on HAC compensation.	**Pre-7/01/2013** 5 years **7/01/2013** 10 years	20 years, any age	2.6% per year
SRS	**Member's highest average compensation (HAC):** * **Pre-7/01/2011** - consecutive 36 months; * **7/01/2011** - consecutive 60 months; * **7/01/2013** - 110% annual cap on HAC compensation.	5 years	20 years, any age	2.5% per year
GWPORS	**Member's highest average compensation (HAC):** * **Pre-7/01/2011** - consecutive 36 months; * **7/01/2011** - consecutive 60 months; * **7/01/2013** - 110% annual cap on HAC compensation.	5 years	* 20 years, age 50 or * 5 years, age 55	2.5% per year

System	Compensation period for benefit calculation	Vesting	Eligibility	Benefit Multiplier
MPORS	**Member's final average compensation (FAC):** * **Pre-7/01/1977** - average monthly compensation at retirement. * **7/01/1977** - FAC last consecutive 36 months. * **7/1/2013** - 110% annual cap on FAC compensation.	5 years	* 20 years, any age or * 5 years, age 50	2.5% per year
FURS	**Member's compensation:** * **Pre-7/01/1981 and no GABA** - highest monthly compensation (HMC); * **7/01/1981 and GABA** - HAC instead of HMC consecutive 36 months. * **7/1/2013** - 110% annual cap on HAC compensation.	5 years	* 20 years, any age or * 5 years, age 50	* Pre-7/1/1981 and no GABA: 2% per year if less than 20 years, and * 50% + 2% per year if greater or equal to 20 years *Post 7/1/1981 and GABA: 2.5% per year
VFCA	No compensation	10 years	* 20 years, age 55 or * 10 years, age 60	* 10 - 20 years: $8.75 per credited year * 20 years or more: $7.50 per credited year * Post 7/01/2011, actuarially sound, and 30 years or more: $7.50 per credited year

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System	Common provisions and terms	
	Working Retiree Limitations	Retirement Benefits - Form of Payment
PERS-DBRP	**(1) Pre-7/1/2011 and < 65 years of age** * $1 reduced for $1 earned over 960 hours **(2) > 65 years of age and less than 70 1/2 retiree** $1 reduced for $1 earned in excess of: * 960 hour limit above; or * sum of benefit + PERS earnings that exceeds HAC adjusted for inflation.	• **Option 1**, single life annuity, balance to beneficiary • **Option 2**, 100% joint and survivor benefit • **Option 3**, 50% joint and survivor benefit • **Option 4**, a life annuity with period certain. Within 18 months of the death of or divorce from the contingent annuitant (CA), retiree can choose Option 1 or select new CA and/or a different option. * Trusts, estates, and charitable organizations as beneficiaries can only receive a lump-sum payment.
JRS	N/A	
HPORS	**Return on or after 7/1/2017:** **(1) < 480 hours in a calendar year:** • $1 reduced for each $3 > $5 thousand in year. **(2) 480 or more hours in a calendar year:** • become active member of the system; • retirement benefit stops. * Employer and state contributions are paid on working retirees.	* Life annuity, 100% continuation to surviving spouse or dependent children.
GWPORS		• **Option 1**, single life annuity, balance to beneficiary • **Option 2**, 100% joint and survivor benefit • **Option 3**, 50% joint and survivor benefit • **Option 4**, a life annuity with period certain. Within 18 months of the death of or divorce from the contingent annuitant (CA), retiree can choose Option 1 or select new CA and/or a different option. * Trusts, estates, and charitable organizations as beneficiaries can only receive a lump-sum payment.
SRS		
MPORS		* Life annuity, 100% continuation to surviving spouse or dependent children.
FURS		* Life annuity, 100% continuation to surviving spouse or dependent children.
VFCA	N/A	N/A

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System	Working Retiree Limitations	Retirement Benefits - Form of Payment
HPORS DROP	N/A	**During DROP employment:** * Monthly DROP accruals, including GABA for MPORS only; plus * interest at assumed rate of return. **Post DROP employment:** * no retirement or DROP payment; * DROP account accrues interest. **Termination of Post DROP employment:** * retirement benefit; * Additional benefit based on member's service credit and HAC after DROP; * DROP benefit.
MPORS DROP	N/A	

System	Common provisions and terms	
	Service Credit	Membership Service
PERS-DBRP JRS HPORS SRS GWPORS MPORS FURS	* **Service credit** determines benefit. * **1 month** of service credit = 160 compensated hours. This includes certain transferred and purchased service. * Eligible active members may purchase 1 for 5 service credit.	* **Membership service** determines vesting and benefits. * **1 month** of membership service = any month member contributions are reported. * Eligible member may purchase membership service.
VFCA	**1 year of credit for service:** • serve with same fire company entire fiscal year, and • minimum 30 hours training. * Fractional years are not credited.	N/A

System	Common provisions and terms	
	Compensation	Withdrawal of member contributions
PERS-DBRP JRS HPORS SRS GWPORS MPORS FURS	**Compensation generally means:** * all remuneration paid; * excluding certain allowances, benefits, and lump sum payments; * specifically defined in law and differs amongst the systems. * **7/1/2013** - Bonuses paid are not compensation or pensionable.	**Upon termination, a member is eligible to:** * forfeit right to monthly benefit. * withdraw member contributions + interest. * rollover >$200 refunds within 90 days.
VFCA	N/A	N/A

System	Common provisions and terms	
	Contributions	Member contributions interest credited
PERS-DBRP JRS HPORS SRS GWPORS MPORS FURS	* Member contributions are made through an "employer pickup" pretax arrangement.	* Interest is credited to member accounts at the rates determined by the Board. * The fiscal year 2021 interest rate credited to member accounts was 0.55%.
PERS-DCRP Disability OPEB	* Member contributions: **None** * Employer contributions: 0.30% of member compensation	
VFCA	N/A	N/A

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System	Early Retirement Benefit	Second Retirement Benefit
PERS-DBRP	Actuarially reduced: * **Pre-7/01/2011:** • 5 years membership service, age 50 or • 25 years membership service, any age * **7/01/2011:** • 5 years membership service, age 55	**Requires returning to PERS-covered employment:** **Retire before 1/01/2016** **< 2 years** additional service credit: * refunded member contributions plus interest; * no service credit; * same benefit previously paid to the member; and * GABA immediately in January. **At least 2 years** additional service credit**:** * recalculated retirement benefit based on provisions in effect at second retirement; and * GABA on the recalculated benefit in January after receipt of new benefit for 12 months. **Retire on or after 1/01/2016:** **< 5 years** additional service credit * refunded member contributions plus interest; * no service credit; * same benefit previously paid to the member; and * GABA immediately in January. **At least 5 years** of additional service credit**:** * same retirement benefit prior to the return; * second retirement benefit for post return to based on rehired date laws in effect; and * GABA starts on both benefits in January after receipt for 12 months.
JRS	N/A	N/A
MPORS	* 5 years membership service, age 50	**MPORS Initial Second Retirement:** Age 50, re-employed in a MPORS position. **Return prior to 7/01/2017:** * < 20 years of membership service: • repay benefits; and • new benefit based on total service. * > 20 years of membership service: • receives initial benefit; and • new retirement benefit based on new service credit and FAC.

Continued on next page

System	Early Retirement Benefit	Second Retirement Benefit
HPORS	**Actuarially reduced from age 60:** * **Pre-7/01/2013** - 5 years of membership service * **7/01/2013** - 10 years of membership service	**Return on or after July 1, 2017:** * **> 480 hours in a calendar year and < 5 years service credit:** • no service credit; • refunded member contributions; • same retirement benefit previously paid, and • GABA immediately in January. * **> 480 hours in a calendar year and at least 5 years of service credit:** • is awarded service credit for period of reemployment; • same retirement benefit previously paid; • a second retirement benefit for post return calculated based on rehired date laws in effect; • GABA starts on the initial benefit in January and second one 12 months later. * **No** eligibility for a disability benefit.
SRS	**Actuarially reduced from age 60 or 20 years of membership service:** * 5 years membership service, age 50	
GWPORS	* 5 years of membership service, age 55	
MPORS	* 5 years membership service, age 50	
FURS	* 5 years of membership service, age 50	
VFCA	N/A	N/A

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System	Post Retirement Benefit Increases		
	Guaranteed Annual Benefit Adjustment (GABA)	GABA Waiting Period	Minimum Benefit Adjustment
PERS-DBRP	• **Pre-7/01/2007** - 3.0% • **7/01/2007 through 6/30/2013** - 1.5% • **7/01/2013** - (a) 1.5% for each year if PERS is funded at or above 90%; (b) 1.5% is reduced by 0.1% for each 2% PERS is funded below 90%; and, (c) 0% whenever the amortization period for PERS is 40 years or more.	1 year	N/A
JRS	**7/01/1997 or elected GABA** - 3%	1 year	**Pre-7/01/1997 and did not elect GABA:** Benefits increase same as salary of sitting judge.
HPORS	**7/01/1997 or elected GABA** - 3.0% **7/01/2013** - 1.5%	**Pre-7/01/2013** - 1 year **7/01/2013** - 3 years	**Pre-7/01/1997 and did not elect GABA:** 2% x service credits x base salary of probationary officer. Limited to 5.0% over current benefit and may not exceed 60% of base salary of probationary officer.
SRS	**Pre-7/01/2007** - 3% **7/01/2007** - 1.5%	1 year	N/A
GWPORS	**Pre-7/01/2007** - 3.0% **7/01/2007** - 1.5%	1 year	N/A
MPORS	**7/01/1997 or elected GABA** - 3.0%	1 year	**Pre-7/01/1997 and did not elect GABA** - 1/2 of monthly salary of new officer
FURS	**7/01/1997 or elected GABA** - 3.0%	1 year	**Pre-7/01/1997 and did not elect GABA** - 1/2 of monthly salary of new firefighter
VFCA	N/A	N/A	N/A

System	Disability Eligibility & Benefit Formula	Survivor Eligibility & Benefit Formula
PERS-DBRP	* 5 years of membership service **Pre-2/24/1991 and did not make a contrary election -** Greater of: • (90% of 1.785% of HAC) x service credit, or • 25% of HAC **2/24/1991 to 7/01/2011 -** • **< 25 years membership service**: 1.758% of HAC x service credit, or • **At least 25 years membership service:** 2% of HAC x service credit **7/01/2011 -** • **< 10 years membership service:** 1.5% of HAC x years of service credit • **Between 10 and 30 years membership service:** 1.785% of HAC x service credit • **> 30 years membership service:** 2% of HAC x service credit	**Vested member's status at time of death:** • active; • receiving disability benefit for less than six months; • continuously disabled without receiving a disability benefit; or • inactive. **Hired prior to 7/01/2011 -** **Age 50 or 25 years membership service** • actuarial equivalent of accrued benefit at death; or, **< Age 50 and < 25 years membership service** • actuarial equivalent of the accrued early benefit paid at age 50. **Hired on or after 7/01/2011 -** **Age 55** • actuarial equivalent of accrued benefit at death; or **< Age 55** • actuarial equivalent of accrued early benefit paid at age 55.
PERS-DCRP Disability OPEB	* Any age 5 years of membership service **Hired prior to 7/1/2011, or hired prior to 2/24/1991 -** • **< 25 years membership service:** 1.785% of HAC x service credit, or • **Least 25 years of membership service:** 2% of HAC x service credit; and • Benefit payable to later of age 65 or for five years. **Hired on or after July 1, 2011 -** • **Between 5 and 10 years membership service:** 1.5% of HAC x years of service credit; • **Between 10 and 30 years membership service:** 1.785% of HAC x years service credit; • **30 or more years membership service:** 2% of HAC x years of service credit; • Benefit payable to age 70 for disabilities occurring prior to age 65, or < five years for disabilities occurring after age 65. • **No** distributions from individual defined contribution account while being paid from the PERS-DCRP Disability OPEB. • Participants may choose to receive a distribution from their individual account instead of applying for and receiving a disability benefit.	**Survivor's benefit:** Disability benefits cease after death of a member, and their beneficiary is entitled to the member's vested defined contribution account balance. **Form of payment:** • Normal form of payment is an annuity. • No other forms of payment are available

	Disability	Survivor
System	Eligibility & Benefit Formula	Eligibility & Benefit Formula
JRS	**Duty-related disability:** • Any amount of membership service • Greater of 50% of salary or 50% of HAC **Non-duty-related disability:** • 5 years membership service • Actuarial equivalent of normal retirement at disability	**Duty-related death:** • service retirement benefit on date of death. **Non-duty-related death:** • vested member; • refund of member's contributions, **or** • actuarial equivalent of service retirement at death. • Retired members without contingent annuitant, payment made to member's designated beneficiary = accumulated contributions reduced by any retirement benefits already paid.
HPORS	**Duty-related disability:** • Any active member • **< 20 years membership service:** 50% of HAC, or • **> 20 years membership service:** 2.6% of HAC x years of service credit **Regular disability:** • Any vested member • Actuarial equivalent of service retirement benefit at age 60.	**Duty-related deaths:** • active member; • 50% HAC to spouse or dependent child. **Non-duty-related death:** • active or inactive member; • actuarial equivalent of early retirement benefit to spouse or dependent child. * Retired members without spouse or dependent child, payment made to member's designated beneficiary will be = accumulated contributions reduced by any retirement benefits already paid.
HPORS DROP	N/A	**Death Before the End of DROP Period:** * DROP and regular benefit to spouse or dependent child. * If no surviving spouse or dependent children, member's designated beneficiary receives balance of member's retirement account and a lump-sum payment of the member's DROP Benefit.

System	Disability Eligibility & Benefit Formula	Survivor Eligibility & Benefit Formula
SRS	**Duty-related disability:** • Any active member with any membership service • **< 20 years membership service:** 50% of HAC, or • **> 20 years membership service:** 2.5% of HAC x years of service credit **Non-duty-related disability:** • Any vested member with 5 years membership service • Actuarial equivalent of the normal retirement benefit at disability.	**Duty-related death:** • any active member • lump-sum payment of member contributions; **or** • benefit to the designated beneficiary that is **greater of:** • 50% of HAC; **or** • > 20 years = 2.5% x HAC x service credit **Non-duty-related death:** • any member • lump-sum refund of member contributions; **or** • benefit = 2.5% of HAC x service credit; • actuarially reduced from age 60 or 20 years membership service, whichever provides the greater benefit. • Retired members without contingent annuitant, payment made to designated beneficiary = accumulated contributions reduced by any retirement benefits already paid.
GWPORS	**Duty-related disability:** • Vested active member • **< 20 years** of membership service 50% of HAC; **or** • **> 20 years** of membership service: 2.5% of HAC x years of service credit **Regular disability:** • vested member • actuarial equivalent of normal retirement benefit disability.	**Duty-related death:** * active member * benefit to designated beneficiary • **< 25 years** membership service: 50% of HAC, **or** • **> 25 years** membership service: 2.5% x HAC x service credit **Non-duty-related death:** • any member • lump-sum refund of member contributions; **or** • actuarial equivalent of service benefit at death. • Effective July 1, 2017, beneficiaries of GWPORS members who die prior to retirement are eligible for either a lump-sum benefit or a monthly survivor benefit. The monthly survivor benefit may be paid out as an option 1, 2, 3, or 4, at the survivor's discretion. Previously, statute provided for lump-sum payments only.

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System	Disability Eligibility & Benefit Formula	Survivor Eligibility & Benefit Formula
MPORS	• Any active member • < 20 years of membership service: 50 % of FAC • > 20 years of membership service: 2.5% of FAC x years of service credit	• Any active member; • benefit to spouse of dependent child: • < 20 years of membership service: 50 % of FAC • > 20 years of membership service: 2.5% of member's FAC x years of service credit • In absence of a spouse or child, accumulated contributions minus any benefits already paid will be paid to member's designated beneficiary.
MPORS DROP	• If a member becomes disabled during DROP Period, member will not be eligible for MPORS disability benefits.	**Death Before the End of DROP Period:** • DROP and regular benefit to spouse or dependent child. • In absence of surviving spouse or dependent children, then member's designated beneficiary receives balance of member's retirement account and a lump-sum payment of the member's DROP Benefit.
FURS	• Any active member • **The greater of:** • 50% of HAC, **or** • 2.5% of HAC x years of service credit	• Any active or inactive member; • benefit to spouse or dependent child: • **< 20 years** of membership service • 50% of HAC. • **> 20 years** of membership service retirement benefit at date of death.
VFCA	**Duty-related disability:** • Any current member on a fire company's roster • Monthly benefit **greater of**: • $87.50 per month, **or** • ($8.75 per month x years of credited service up to 20 years) + ($7.50 per month x years of credit service from 21 years up to 30 years) • **Post 7/01/2011, actuarially sound, and 30 years or more:** • Additional $7.50 per month per year	• 10 years credited service or a retired member • Benefit to surviving spouse or dependent child for total of 40 months includes payments to retired member prior to death.

GASB Statement No. 67 Reporting

The membership data, method and assumptions used in calculations of the actuarially determined contributions, and plan provisions are the same as were described in the June 30, 2020 Actuarial Valuation Report for all defined benefit plans.

Projections of the fiduciary net position have indicated that it is expected to be sufficient to make projected benefit payments for current plan members. Therefore, the discount rate used to measure the Total Pension Liability as of June 30, 2021 is 7.06% for all plans. This was decreased from 7.34% for all plans except was increased for HPORS (7.06% from 4.43%) and GWPORS (7.06% from 5.65%). The 7.06% is the assumed long-term expected rate of return on the PERB's investments.

Changes in the discount rate affect the measurement of the TPL. At June 30, 2021, the sensitivity of the NPL to the changes in discount rate in all defined benefit plans are as follows.

PERS-DBRP As of June 30, 2021	1% Decrease 6.06%	Discount Rate 7.06%	1% Increase 8.06%
Total Pension Liability	$10,088,233,615	$ 9,023,248,586	$ 8,129,973,361
Fiduciary Net Position	7,210,026,882	7,210,026,882	7,210,026,882
Net Pension Liability	$ 2,878,206,733	$ 1,813,221,704	$ 919,946,479
Fiduciary Net Position as a % of the TPL	71.47%	79.91%	88.68%

GWPORS As of June 30, 2021	1% Decrease 6.06%	Discount Rate 7.06%	1% Increase 8.00%
Total Pension Liability	$ 352,390,878	$ 305,849,993	$ 267,973,498
Fiduciary Net Position	273,392,048	273,392,048	273,392,048
Net Pension Liability	$ 78,998,830	$ 32,457,945	$ (5,418,550)
Fiduciary Net Position as a % of the TPL	77.58%	89.39%	102.02%

JRS As of June 30, 2021	1% Decrease 6.06%	Discount Rate 7.06%	1% Increase 8.06%
Total Pension Liability	$ 81,769,492	$ 74,407,707	$ 68,071,296
Fiduciary Net Position	133,609,633	133,609,633	133,609,633
Net Pension Asset	$ (51,840,141)	$ (59,201,926)	$ (65,538,337)
Fiduciary Net Position as a % of the TPL	163.40%	179.56%	196.28%

MPORS As of June 30, 2021	1% Decrease 6.06%	Discount Rate 7.06%	1% Increase 8.06%
Total Pension Liability	$ 865,642,173	$ 750,002,918	$ 658,078,317
Fiduciary Net Position	568,215,062	568,215,062	568,215,062
Net Pension Liability	$ 297,427,111	$ 181,787,856	$ 89,863,255
Fiduciary Net Position as a % of the TPL	65.64%	75.76%	86.34%

HPORS As of June 30, 2021	1% Decrease 6.06%	Discount Rate 7.06%	1% Increase 8.06%
Total Pension Liability	$ 309,678,021	$ 271,048,588	$ 240,028,912
Fiduciary Net Position	185,979,057	185,979,057	185,979,057
Net Pension Liability	$ 123,698,964	$ 85,069,531	$ 54,049,855
Fiduciary Net Position as a % of TPL	60.06%	68.61%	77.48%

FURS As of June 30, 2021	1% Decrease 6.06%	Discount Rate 7.06%	1% Increase 8.06%
Total Pension Liability	$ 805,442,733	$ 696,857,568	$ 609,879,219
Fiduciary Net Position	611,281,874	611,281,874	611,281,874
Net Pension Liability	$ 194,160,859	$ 85,575,694	$ (1,402,655)
Fiduciary Net Position as a % of the TPL	75.89%	87.72%	100.23%

SRS As of June 30, 2021	1% Decrease 6.06%	Discount Rate 7.06%	1% Increase 8.06%
Total Pension Liability	$ 638,562,113	$ 557,551,239	$ 491,438,415
Fiduciary Net Position	484,711,071	484,711,071	484,711,071
Net Pension Liability	$ 153,851,042	$ 72,840,168	$ 6,727,344
Fiduciary Net Position as a % of the TPL	75.91%	86.94%	98.63%

VFCA At June 30, 2021	1% Decrease 6.06%	Discount Rate 7.06%	1% Increase 8.06%
Total Pension Liability	$ 56,101,758	$ 50,964,342	$ 46,636,068
Fiduciary Net Position	49,641,458	49,641,458	49,641,458
Net Pension Liability	$ 6,460,300	$ 1,322,884	$ (3,005,390)
Fiduciary Net Position as a % of the TPL	88.48%	97.40%	106.44%

During the measurement year there were changes to the actuarial assumptions for all plans.

- The discount rate was lowered from 7.34% to 7.06% for PERS, JRS, SRS, MPORS, FURS, and VFCA. The discount rate was increased from 4.43% to 7.06% for HPORS and from 5.65% to 7.06% for GWPORS.
- The investment rate of return was lowered from 7.34% to 7.06%.

Actuarial Status of the Plans

The Montana Constitution, Article VIII, Section 15, states that public retirement systems shall be funded on an actuarially sound basis. To maintain a fund on an actuarially sound basis, the statutory funding rate is tested in the valuation to determine if it is sufficient to cover the Normal Cost Rate plus an amortization payment of the Unfunded Actuarial Liability, if any, over no more than 30 years. As of June 30, 2021 and June 30, 2020:

	Amortization in years		Funded Ratio	
Fiscal Year	2021	2020	2021	2020
PERS-DBRP	28	35	76.34 %	74.08 %
JRS	0	0	176.55 %	162.86 %
HPORS	26	39	66.67 %	64.52 %
SRS	18	21	83.40 %	81.24 %
GWPORS	35	40	85.06 %	83.83 %
MPORS	15	16	74.31 %	70.76 %
FURS	6	8	85.97 %	81.53 %
VFCA	1	4	99.98 %	87.15 %

- As of June 30, 2021, the statutory contribution rates for the GWPORS is not sufficient to amortize the unfunded actuarial liability within 30 years.
- As of June 30, 2021, the JRS amortizes in 0 years, meaning it is fully funded.
- As of June 30, 2021, the most recent actuarial valuation, the statutory contribution rates are sufficient to amortize the unfunded actuarial liability for the DCRP Disability OPEB. The DCRP Disability OPEB assets gained 26.36% on an annualized market value basis during the year ended June 30, 2021. This return was above the assumed rate of return of 3.50%, resulting in an investment gain of about $1.4 million. The actuarial value of assets is set equal to the market value of assets. The DCRP Disability OPEB unfunded actuarial liability was a gain of $2.0 million and the funded ratio was 134.85%. Compared to the June 30, 2020 actuarial valuation, the Plan's unfunded actuarial liability was a gain of $0.55 million, and the funded ratio was 110.59%.
- The actuarial contribution decreased to $351,815 at the June 30, 2021 VFCA valuation from $913,824 at the June 30, 2020 valuation. The actuarial contribution is determined as the normal cost, administrative expense, and a 20-year open amortization of the unfunded actuarial liability.

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Defined Contribution Retirement Plans

Plan Descriptions

Public Employees' Retirement System-DCRP (PERS-DCRP)

The PERS-Defined Contribution Retirement Plan (DCRP) is a multiple-employer plan established July 1, 2002 and governed by Title 19, chapters 2 & 3, MCA. This plan is available to eligible employees of the State, Montana University System, local governments, and school districts. All new PERS members are initially members of the PERS-DBRP and have a 12-month window during which they may choose to transfer to the PERS-DCRP or remain in the PERS-DBRP by filing an irrevocable election. If an election is not filed, the member remains in the PERS-DBRP. Members may not be members of both the defined contribution and defined benefit retirement plans. The PERS-DCRP provides retirement, disability, and death benefits to plan members and their beneficiaries.

DCRP Education Fund: The DCRP Education Fund (DCEd), as governed by section 19-3-112, MCA, was established to provide funding for the required education programs for members who have joined the PERS-DCRP. The DCEd was funded by 0.04% of the employers' contributions in fiscal year 2021.

DCRP Disability Fund: The DCRP Disability Fund (DC Disability), as governed by section 19-3-2141, MCA, provides disability benefits to eligible members who elect the PERS-DCRP. The DCRP Disability Fund received 0.3% of the employers' contribution in fiscal year 2021. The DC Disability OPEB is reported on the financial statements under the column heading *PERS-DCRP Disability OPEB.*

Plan Membership Elections: The financial statements reflect employer and employee contribution transfers of DCRP participants that filed elections at or near the June 30 cutoff date. The contributions will not be moved until early fiscal year 2022. At fiscal year end June 30, 2021, there were ongoing transfers of $219.4 thousand.

Deferred Compensation Plan (457(b))

The Deferred Compensation (457(b)) Plan is a voluntary supplemental retirement savings plan established in 1974. The Deferred Compensation Plan is governed by Title 19, chapter 50, MCA, in accordance with Internal Revenue Code (IRC) §457. This plan is available to all employees of the State, Montana University System, and contracting political subdivisions.

Assets of the Deferred Compensation Plan are required to be held in trusts, custodial accounts or insurance company contracts for the exclusive benefit of participants and their beneficiaries. Empower Retirement™ is the recordkeeper for the plan. Participants elect to defer a portion of their salary, within IRC limits, into the Plan. Distribution of deferred salary is not allowed to employees until separation from service, retirement, or death. Unforeseen hardship distributions may be allowed while a participant is still employed, provided IRS-specified criteria are met.

Membership and Employers

Plan Membership as of Fiscal Year End June 30, 2021

Type of Plan for Reporting Purposes as of Fiscal Year End June 30, 2021	Multi-Employer Defined Contribution	
Plan Designation	**PERS-DCRP**	**Deferred Compensation (457)**
Classification of Member		
Active	3,311	5,507
Inactive: entitled to, but not yet receiving benefits or a refund:		
Vested	776	4,392
Non-Vested	1,005	
Inactive members and beneficiaries currently receiving benefits:		
Service Retirements	152	
Disability Retirements	10	
Survivor benefits		
Total Membership	**5,254**	**9,899**

Participating Defined Contribution Employers

Employer Type	PERS-DCRP		Deferred Compensation (457)	
As of Fiscal Year End June 30,	**2021**	**2020**	**2021**	**2020**
State Agencies*	33	32	1	1
Counties	53	53	7	7
Cities and Towns	59	60	20	19
Colleges and Universities	5	5	5	5
School Districts	136	125	15	15
High Schools	3	4		
Other Agencies	51	50	15	14
Total	**340**	**329**	**63**	**61**

* The State Agencies count as one employer for the 457 plan. The State of Montana includes 33 agencies; however, due to the nature of the reporting for the 457 plan we are unable to specifically determine which agencies have participating employees.

PERS-DCRP Active Membership by Employer Type

Employer Type	June 30, 2021	June 30, 2020
State Agencies	1,626	1,526
Counties	536	479
Cities	375	354
Universities	158	152
High Schools	4	5
School Districts	374	363
Other Agencies	238	221
Total	3,311	3,100

Contributions

Public Employees' Retirement System-DCRP (PERS-DCRP)

Assets of the PERS-DCRP are required to be held in trusts, custodial accounts or insurance company contracts for the exclusive benefit of participants and their beneficiaries. Empower Retirement™ is the recordkeeper for the plan.

Member and employer contribution rates are established by state law and may be amended only by the Legislature.

Member contributions are deducted from each member's salary and remitted by participating employers. The entire amount of the member's contribution is credited to the individual account and maintained by the recordkeeper.

The 7.9% member contributions will be decreased to 6.9% on January 1 following actuary valuation results for the PERS-DBRP that show the amortization period has dropped below 25 years and would remain below 25 years following the reduction of both the additional employer and additional member contribution rates. There is no reduction to the member contributions on January 1, 2022.

The total employer contribution rate of 8.87% is allocated as follows: 8.53% to the member's retirement account, 0.04% to the defined contribution education fund, 0.3% to the long term disability plan.

Employer contributions temporarily increased 1.0%, effective July 1, 2013. Further, employer contributions increase an additional 0.1% a year over 10 years beginning July 1, 2014, through 2024. The employer additional contributions, including the 0.27% added in 2007 and 2009, terminate on January 1 following actuary valuation results that show the amortization period of the PERS-DBRP has dropped below 25 years and would remain below 25 years following the reduction of both the additional employer and member contribution rates. Based on the June 30, 2021 actuarial valuation, the additional contributions will not be terminated on January 1, 2022.

Deferred Compensation (457(b)) Plan

The Deferred Compensation (457(b)) Plan is a voluntary retirement plan designed to supplement retirement savings. Participants designate the amount to contribute within IRC limitations; either pre-tax deferral or designated Roth contribution. Most employers do not contribute to this plan on behalf of their employees.

Defined Contribution and Deferred Compensation Summary of Benefits

	PERS-DCRP	Deferred Compensation
Eligibility for benefit	• Termination of Service	• Not available to participant until separation from service, retirement, or death. • Unforeseen hardship distributions may be allowed while a participant is still employed, provided IRS-specified criteria are met.
Vesting	• Immediate for participant's contributions and attributable income; • 5 years of membership service for the employer's contributions to individual accounts and attributable income.	• Participant's are fully vested in their accounts immediately.

Benefit	• Depends upon eligibility and individual account balance;
	• Various payout options are available, including:
	  • taxable lump sums,
	  • periodic payments per participant direction; and
	  • IRS-permitted rollovers.
		• Lump sum or periodic benefit payment, at the option of the participant.
		• Based on individual account balances and plan provisions.
		• IRS permitted rollovers are also possible.

Investments

Among the offered investment options, the participants of the:

- PERS-DCRP direct their contributions and their portion of employer's contributions.
- Deferred Compensation Plan direct their deferred salary.

Participants may invest in any or all of the offered options and transfer between options on a daily basis, if desired. The investment options offered are selected by the PERB in compliance with the PERS-DCRP or Deferred Compensation Investment Policy Statements, the advice of an independent investment consultant, and assistance from the statutorily-created Employee Investment Advisory Council.

The offered investment options fall into two primary types: (1) the variable investment options and (2) the fixed investment option.

Variable investments: The variable investment options include a variety of Large, Mid and Small Cap mutual funds, as well as a fixed income bond fund and Target Date Retirement Funds. Options range from conservative to aggressive. The mutual funds cover all standard asset classes and categories.

PERS-DCRP Investment Options as of June 30, 2021	Deferred Compensation (457) Plan Investment Options as of June 30, 2021
International Stock Funds • American Funds New Perspective R6 • Oakmark International I • Vanguard Total International Stock Index Adm • Invesco Developing Markets Y	**International Stock Funds** • Vanguard Total Intl Stock Index - Adm • Artisan International Inv • Dodge & Cox International Stock • American Funds New Perspective R6 • Invesco Developing Markets Y
Small Company Stock Funds • Vanguard Small Cap Growth Index Instl • Vanguard Small Cap Index Signal Instl • BlackRock Advantage Small Cap Core K	**Small Company Stock Funds** • Vanguard Small Cap Growth Index Instl • Vanguard Small Cap Index Instl • Neuberger Berman Genesis-Trust
Mid-Sized Company Stock Funds • Janus Henderson Enterprise - N • MFS Mid-Cap Value R6 • Vanguard Mid-Cap Index - Adm	**Mid Cap Company Stock Funds** • Janus Henderson Enterprise - N • MFS Mid Cap Value R6 • Vanguard Mid Cap Index Adm
Large Company Stock Funds • Alger Capital Appreciation Z • Black Rock Equity Index - Collective F • Vanguard Equity Income - Adm • JP Morgan US Equity R5	**Large Cap Stock Funds** • Vanguard Equity Income Adm • Fidelity Contrafund • Vanguard Institutional Index I • Parnassus Core Equity Inst
Balanced Funds • Vanguard Balanced Index - I	**Balanced Funds** • Vanguard Balanced Index I
Bond Funds • PGIM Total Return Bond R6 • Neuberger Berman High Income Bond - I • Vanguard Total Bond Market Index - Adm	**Bond Funds** • Vanguard Total Bond Market Index - Adm • Neuberger Berman High Income Bond Inv • PGIM Total Return Bond R6
Target Date Funds • T. Rowe Price Retirement - Balanced and 2005 through 2060	**Target Date Funds** • T. Rowe Price Retirement - Balanced and 2005 through 2060
Fixed Investment Options • Montana Fixed Fund	**Fixed Investment Options** • Montana Fixed Fund

In addition to the investments listed, Deferred Compensation plan participants previously had the option to direct a portion of their deferrals to a term life insurance policy provided through Allianz Life Insurance. The ability to invest in life insurance is allowed under the IRC and was offered to plan participants prior to life insurance being offered as a standard component of health insurance benefit packages. This investment option has been discontinued; however, plan participants who had previously elected this option may continue.

Fixed Investment: Montana Fixed Fund. The Montana Fixed Fund is a stable value investment option, administered and managed by outside vendors:

- Pacific Investment Management Company LLC (PIMCO), Stable Value Manager;
- State Street Bank and Trust Company (State Street), Custodial Bank; and
- Third-party synthetic Guaranteed Interest Contract (GIC) providers
    - Transamerica Premier Life Insurance Company (Transamerica),
    - The Prudential Insurance Company of America (Prudential), and
    - Voya Retirement Insurance and Annuity Company (Voya).

When participants invest in the Montana Fixed Fund option, they are guaranteed a fixed rate of return, which is adjusted in accordance with the terms of the respective GIC provider contracts.

The Montana Fixed Fund employs a synthetic stable value strategy where the stable value manager, PIMCO, manages a diversified bond portfolio and third party insurers, Transamerica, Prudential, and Voya, guarantee the participants' principal investments and earnings in accordance with the respective contracts with the GIC providers. The third party insurers set a fixed quarterly rate of return based on the stable value manager's portfolio yield, duration, market value and the contracts provide assurance that future credited income will not be below zero.

All money invested in the Montana Fixed Fund from the PERS-DCRP and Deferred Compensation Plan are held in a Pooled Trust. The Pooled Trust qualifies as a group trust under sections 401(a), including section 401(a)(24) and 501(a), of the IRC of 1986, as amended. The Pooled Trust assets are invested by PIMCO and are held under a custodial agreement with State Street. The Pooled Trust assets are invested by PIMCO based on an investment guideline schedule described in the Montana Fixed Fund investment policy established by the PERB. Additional investment constraints are contained in the investment management agreement between PIMCO and the PERB, and in the respective contracts issued by the Pooled Trust by each GIC provider.

Administrative expenses and revenues: Expenses for the PERS-DCRP and Deferred Compensation Plan can generally be classified as 1) administrative, including miscellaneous or 2) investment management. Following is a summary of revenues and expenses.

Administrative funding: The PERB charges PERS-DCRP and Deferred Compensation participants an administrative fee on participants' account balances to fund each plan's expenses. On a quarterly basis, the recordkeeper withholds the fee from each plan participant's account. Empower Retirement™ withholds a portion of the fee collected from the participant to pay their recordkeeping fee and submits the remainder to the PERB. The PERB records this as *Miscellaneous Revenue* for each plan in the financial statements. During fiscal year 2021, to decrease the administrative expenses, there was a suspension of the fees withheld from the PERS-DCRP participants.

Recordkeeping fees: The recordkeeper, Empower Retirement™ , charges a set fee to the PERB for all PERS-DCRP and Deferred Compensation plan participants. These amounts are recorded as *Miscellaneous Expense* in the financial statements. During three quarters of fiscal year 2021, as a result of the suspension of the fees withheld from the PERS-DCRP participants, MPERA paid the recordkeeping fees out the administrative expenses.

Montana Fixed Fund fees: The Montana Fixed Fund's crediting rate is declared net of expenses. Fees on the fund are charged by each of the five providers, PIMCO, State Street, Transamerica, Prudential, and Voya. The fees are defined under each contract for specific services. The fees charged by PIMCO and State Street for the externally managed fixed investments are classified as *Investment Expense*. The fees charged by Transamerica, Prudential and Voya are classified as *Miscellaneous Expense.*

Mutual funds/variable investments fees: The variable investments have investment management fees and some may have additional administrative fees. These fees are not presented in the financial statements. Mutual fund earnings are declared net of expenses, both investment

management and administrative expenses, in accordance with the Securities and Exchange Commission and other regulatory authorities. Current reporting standards for mutual fund companies do not require costs be made available in the detailed cost reports.

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Public Employees' Retirement Board

A Component Unit of the State of Montana

Required Supplementary Information

Schedule of Changes in Multiple-Employer Plans Net Pension Liability / (Asset)

as of June 30, 2021

Last 10 Fiscal Years[1]

Fiscal Year	2021	2020	2019
PERS-DBRP			
Total pension liability			
Service cost (Beginning of year)	**$ 129,099,681**	$ 123,083,106	$ 123,618,712
Interest (includes interest on service cost)	**604,750,489**	593,858,382	585,204,569
Changes of benefit terms			
Differences between expected and actual experience	**29,025,581**	(39,377,503)	(147,536,263)
Changes of assumptions[8]	**265,843,313**	274,029,096	
Benefit payments[2]	**(476,443,132)**	(449,601,997)	(422,444,896)
Refunds of Contributions[3]	**(12,712,759)**	(11,922,673)	(12,360,997)
Net change in total pension liability	**$ 539,563,173**	$ 490,068,411	$ 126,481,125
Total pension liability-beginning	**8,483,685,413**	7,993,617,002	7,867,135,877
Total pension liability-ending (a)	**$ 9,023,248,586**	$ 8,483,685,413	$ 7,993,617,002
Plan fiduciary net position			
Contributions - employer[4, 9]	**$ 121,135,718**	$ 111,991,380	$ 107,257,974
Contributions - non-employer	**35,389,005**	35,008,859	34,641,994
Contributions - member[5]	**111,246,724**	105,009,017	101,713,235
Net investment income[6]	**1,593,110,118**	157,977,027	320,879,899
Benefit payments[2]	**(476,443,132)**	(449,601,997)	(422,444,896)
Administrative expense	**(4,397,338)**	(4,059,627)	(3,806,945)
Refunds of Contributions[3]	**(12,712,759)**	(11,922,673)	(12,360,997)
Other[7]	**(2,775,478)**	(2,234,266)	(2,567,968)
Net change in plan fiduciary net position	**$ 1,364,552,858**	$ (57,832,280)	$ 123,312,296
Plan fiduciary net position - beginning	**5,845,474,024**	5,903,306,304	5,779,994,008
Beginning of Year Adjustment			
Plan fiduciary net position - ending (b)[6,9]	**$ 7,210,026,882**	$ 5,845,474,024	$ 5,903,306,304
Net pension liability / (asset) - ending (a-b)	**$ 1,813,221,704**	$ 2,638,211,389	$ 2,090,310,698
SRS			
Total pension liability			
Service cost (Beginning of year)	**$ 14,037,982**	$ 12,507,758	$ 12,249,276
Interest (includes interest on service cost)	**36,191,606**	34,355,938	32,403,605
Changes of benefit terms			
Differences between expected and actual experience	**7,498,812**	2,236,018	2,866,788
Changes of assumptions[8]	**19,856,295**	19,507,195	
Benefit payments[2]	**(24,708,608)**	(21,481,264)	(19,512,312)
Refunds of Contributions[3]	**(1,505,592)**	(1,565,536)	(1,438,814)
Net change in total pension liability	**$ 51,370,495**	$ 45,560,109	$ 26,568,543
Total pension liability-beginning	**506,180,744**	460,620,635	434,052,092
Total pension liability-ending (a)	**$ 557,551,239**	$ 506,180,744	$ 460,620,635
Plan fiduciary net position			
Contributions - employer[4]	**$ 11,896,985**	$ 11,175,181	$ 10,572,559
Contributions - non-employer			
Contributions - member[5]	**9,684,410**	9,114,615	8,615,935
Net investment income[6]	**105,980,311**	10,181,906	20,396,435
Benefit payments[2]	**(24,708,608)**	(21,481,264)	(19,512,312)
Administrative expense	**(1,048,685)**	(294,988)	(246,523)
Refunds of Contributions[3]	**(1,505,592)**	(1,565,536)	(1,438,814)
Other[7]	**117,496**	(58,008)	(44,792)
Net change in plan fiduciary net position	**$ 100,416,317**	$ 7,071,906	$ 18,342,488
Plan fiduciary net position - beginning	**384,294,754**	377,222,848	358,880,360
Plan fiduciary net position - ending (b)[6]	**$ 484,711,071**	$ 384,294,754	$ 377,222,848
Net pension liability / (asset) - ending (a-b)	**$ 72,840,168**	$ 121,885,990	$ 83,397,787

[1] *This Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.*
[2] *For fiscal year 2016 forward, Benefit Payments are only benefit payments. In fiscal years 2014 and 2015 the benefit payments include refunds of contribution and transfers.*
[3] *For fiscal year 2016 forward, the Refunds of Contributions includes Refunds and Distributions, Refunds to other plans and Transfers.*
[4] *The Contributions - employer consists of the Employer, Membership Fees, Reduction in Force Program, and Miscellaneous Revenue.*
[5] *The Contributions - member consists of the Plan Member and Interest Reserve Buyback.*
[6] *The fiscal year 2017 Net Investment Income and Plan Fiduciary Net Position - ending are different in this schedule from what is presented in the FY17 financial statements due to late entries from Board of Investments.*
[7] *Other consists of the expense for Other Post Employment Benefits (OPEB). For PERS it also includes Refunds to other plans, and Transfers to DCRP and MUS-RP.*
[8] *For Fiscal Year 2021 the Changes of assumptions for PERS and SRS is the change in discount rate from 7.34% to 7.06%. The Changes of assumptions for PERS and SRS at June 30,2020 is the change in the discount rate from 7.65% to 7.34%. The Changes of assumption for SRS at June 30, 2015 and at June 30, 2016 is the adjustment in the discount rate from 7.75% to 6.68% and to 5.93%, respectively.*
[9] *The PERS-DBRP amounts will not tie to the financial statements due to the exclusion of the PERS-DB Education (DB Ed) amount on this schedule and adjustments for OPEB made after fiscal year end close.*

2018	2017	2016	2015	2014
$ 132,567,233	$ 144,475,909	$ 132,620,813	$ 138,049,956	$ 137,452,701
552,036,737	507,380,846	486,830,869	476,777,225	456,406,491
170,344,495	55,782,342	12,254,313	(11,276,266)	
	354,960,213			
(395,338,673)	(366,354,719)	(344,103,875)	(333,401,463)	(307,741,308)
(12,619,498)	(12,252,007)	(10,379,388)		
$ 446,990,294	$ 683,992,584	$ 277,222,732	$ 270,149,452	$ 286,117,884
7,420,145,583	6,736,152,999	6,458,930,267	6,188,780,815	5,902,662,931
$ 7,867,135,877	$ 7,420,145,583	$ 6,736,152,999	$ 6,458,930,267	$ 6,188,780,815
$ 106,650,985	$ 103,537,059	$ 102,327,838	$ 100,175,856	$ 95,820,397
34,659,174	28,757,463	30,800,371	34,466,719	34,561,721
102,075,271	100,768,139	97,342,719	95,424,031	92,160,048
478,690,356	591,434,954	101,199,856	225,106,692	732,253,062
(395,338,673)	(366,354,719)	(344,103,875)	(333,401,463)	(307,741,308)
(4,168,771)	(4,472,084)	(3,858,330)	(3,483,531)	(3,522,346)
(12,619,498)	(12,252,007)	(10,379,388)		
(2,474,018)	(1,706,733)	(1,580,302)		
$ 307,474,826	$ 439,712,072	$ (28,251,111)	$ 118,288,304	$ 643,531,574
5,472,519,182	5,032,807,110	5,061,058,221	4,942,769,917	4,299,238,343
$ 5,779,994,008	$ 5,472,519,182	$ 5,032,807,110	$ 5,061,058,221	$ 4,942,769,917
$ 2,087,141,869	$ 1,947,626,401	$ 1,703,345,889	$ 1,397,872,046	$ 1,246,010,898
$ 11,484,473	$ 19,186,527	$ 18,802,901	$ 12,574,185	$ 15,117,708
30,388,560	27,621,242	22,900,429	25,664,435	23,976,049
	(1,494,604)			
4,714,268	(170,781)	749,213	(194,994)	
	(94,881,687)	56,788,521	43,058,238	(49,542,278)
(18,052,544)	(16,700,117)	(15,476,437)	(15,280,070)	(13,943,335)
(1,490,014)	(1,383,061)	(1,028,890)		
$ 27,044,743	$ (67,822,481)	$ 82,735,737	$ 65,821,794	$ (24,391,856)
407,007,349	474,829,830	392,094,093	326,272,299	350,664,155
$ 434,052,092	$ 407,007,349	$ 474,829,830	$ 392,094,093	$ 326,272,299
$ 10,366,141	$ 7,562,105	$ 7,316,674	$ 6,902,448	$ 6,689,311
8,469,282	7,188,857	6,982,217	6,623,175	6,447,179
29,157,838	35,511,246	6,063,591	13,041,786	41,789,437
(18,052,544)	(16,700,117)	(15,476,437)	(15,280,070)	(13,943,335)
(432,091)	(387,378)	(322,584)	(247,405)	(203,493)
(1,490,014)	(1,383,061)	(1,028,890)		
(48,421)	(33,489)	(77,778)		
$ 27,970,191	$ 31,758,163	$ 3,456,793	$ 11,039,934	$ 40,779,099
330,910,169	299,152,006	295,695,213	284,655,279	243,876,180
$ 358,880,360	$ 330,910,169	$ 299,152,006	$ 295,695,213	$ 284,655,279
$ 75,171,732	$ 76,097,180	$ 175,677,824	$ 96,398,880	$ 41,617,020

Public Employees' Retirement Board
A Component Unit of the State of Montana
Required Supplementary Information
Schedule of Changes in Multiple-Employer Plans Net Pension Liability / (Asset)
as of June 30, 2021
Last 10 Fiscal Years[1]

Fiscal Year	2021	2020	2019
GWPORS			
Total pension liability			
Service cost (Beginning of year)	**$ 12,315,331**	$ 8,029,455	$ 8,004,271
Interest (includes interest on service cost)	**19,379,138**	18,535,089	17,617,514
Changes of benefit terms			
Differences between expected and actual experience	**4,926,763**	(2,026,639)	(4,728,366)
Changes of assumptions[8]	**(68,688,250)**	85,967,147	
Benefit payments[2]	**(9,282,705)**	(8,247,117)	(7,349,795)
Refunds of Contributions[3]	**(870,457)**	(1,200,125)	(1,000,919)
Net change in total pension liability	**$ (42,220,180)**	$ 101,057,810	$ 12,542,705
Total pension liability / (asset) - beginning	**348,070,173**	247,012,363	234,469,658
Total pension liability / (asset) - ending (a)	**$ 305,849,993**	$ 348,070,173	$ 247,012,363
Plan fiduciary net position			
Contributions - employer[4]	**$ 5,411,275**	$ 4,868,538	$ 4,686,260
Contributions - non-employer			
Contributions - member[5]	**6,392,898**	5,803,119	5,565,627
Net investment income[6]	**59,127,888**	5,583,071	11,124,693
Benefit payments[2]	**(9,282,705)**	(8,247,117)	(7,349,795)
Administrative expense	**(234,188)**	(240,254)	(202,040)
Refunds of Contributions[3]	**(870,457)**	(1,200,125)	(1,000,919)
Other[7]	**(62,854)**	(4,006)	611
Net change in plan fiduciary net position	**$ 60,481,857**	$ 6,563,226	$ 12,824,437
Plan fiduciary net position - beginning	**212,910,191**	206,346,965	193,522,528
Plan fiduciary net position - ending (b)	**$ 273,392,048**	$ 212,910,191	$ 206,346,965
Net pension liability / (asset) - ending (a-b)	**$ 32,457,945**	$ 135,159,982	$ 40,665,398
MPORS			
Total pension liability			
Service cost (Beginning of year)	**$ 14,219,088**	$ 12,709,957	$ 12,020,270
Interest (includes interest on service cost)	**49,760,988**	47,714,970	43,960,204
Changes of benefit terms			
Differences between expected and actual experience	**(1,960,505)**	(1,029,413)	23,127,175
Changes of assumptions[8]	**27,835,016**	27,713,282	
Benefit payments[2]	**(29,790,973)**	(27,866,365)	(26,220,684)
Refunds of Contributions[3]	**(5,797,580)**	(2,327,658)	(3,636,764)
Net change in total pension liability	**$ 54,266,034**	$ 56,914,773	$ 49,250,201
Total pension liability / (asset) - beginning	**695,736,884**	638,822,111	589,571,910
Total pension liability / (asset) - ending (a)	**$ 750,002,918**	$ 695,736,884	$ 638,822,111
Plan fiduciary net position			
Contributions - employer[4]	**$ 8,534,618**	$ 8,272,676	$ 7,853,234
Contributions - non-employer	**17,347,097**	16,685,125	15,990,599
Contributions - member[5]	**5,453,705**	5,214,262	5,037,799
Net investment income[6]	**121,593,538**	11,657,780	22,635,730
Benefit payments[2]	**(29,790,973)**	(27,866,365)	(26,220,684)
Administrative expense	**(204,819)**	(240,967)	(189,981)
Refunds of Contributions[3]	**(5,797,580)**	(2,327,658)	(3,636,764)
Other[7]	**(71,006)**	(22,301)	(6,299)
Net change in plan fiduciary net position	**$ 117,064,580**	$ 11,372,552	$ 21,463,634
Plan fiduciary net position - beginning	**451,150,482**	439,777,930	418,314,296
Plan fiduciary net position - ending (b)[6]	**$ 568,215,062**	$ 451,150,482	$ 439,777,930
Net pension liability / (asset) - ending (a-b)	**$ 181,787,856**	$ 244,586,402	$ 199,044,181

[1] This Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.
[2] For fiscal year 2016, Benefit Payments are only benefit payments. In fiscal years 2014 and 2015, the benefit payments include refunds of contributions and transfers.
[3] For fiscal year 2016, the Refunds of Contributions includes Refunds and Distributions, Refunds to other plans and transfers.
[4] The Contributions - employer consists of the Employer, Membership Fees, Reduction in Force Program, and Miscellaneous Revenue.
[5] The Contributions - member consists of the Plan Member and Interest Reserve Buyback.
[6] The fiscal year 2017 Net Investment Income and Plan Fiduciary Net Position - ending are different in this schedule from what is presented in the FY17 financial statements due to late entries from Board of Investments.
[7] Other consists of the expense for Other Post Employment Benefits (OPEB).
[8] The Changes of assumptions for June 30, 2021 for GWPORS and MPORS is the change in the discount rate from 5.65% to 7.06% and 7.34% to 7.06% respectivley. The Changes of assumptions for GWPORS at June 30, 2020 is the adjustment in the discount rate from 7.65% to 5.65%. The Changes of assumptions for MPORS at June 30, 2020 is the change in the discount rate from 7.65% to 7.34%.

2018	2017	2016	2015	2014
$ 8,097,630	$ 8,624,297	$ 8,403,076	$ 8,008,155	$ 7,849,828
16,018,113	14,268,596	12,910,129	12,398,209	11,258,354
4,780,923	3,742,704	2,705,238	730,818	
	5,877,594			
(6,522,921)	(5,809,910)	(5,068,318)	(5,351,847)	(5,229,489)
(1,105,281)	(1,035,917)	(1,065,541)		
$ 21,268,464	$ 25,667,364	$ 17,884,584	$ 15,785,335	$ 13,878,693
213,201,194	187,533,830	169,649,246	153,863,911	139,985,218
$ 234,469,658	$ 213,201,194	$ 187,533,830	$ 169,649,246	$ 153,863,911
$ 4,613,066	$ 4,463,631	$ 4,278,385	$ 4,088,117	$ 3,762,217
5,512,148	5,278,141	5,035,648	4,924,265	4,461,889
15,573,117	18,589,670	3,166,704	6,434,871	20,069,398
(6,522,921)	(5,809,910)	(5,068,318)	(5,351,847)	(5,229,489)
(369,184)	(328,699)	(269,496)	(200,745)	(161,663)
(1,105,281)	(1,035,917)	(1,065,541)		
(19,293)	(549)	(30,640)		
$ 17,681,652	$ 21,156,367	$ 6,046,742	$ 9,894,661	$ 22,902,352
175,840,876	154,684,509	148,637,767	138,743,106	115,840,754
$ 193,522,528	$ 175,840,876	$ 154,684,509	$ 148,637,767	$ 138,743,106
$ 40,947,130	$ 37,360,318	$ 32,849,321	$ 21,011,479	$ 15,120,805
$ 12,248,910	$ 12,267,430	$ 12,022,841	$ 12,083,166	$ 11,794,994
41,949,138	39,632,065	37,887,975	36,830,426	35,011,854
640,064	(5,057,920)	(3,546,948)	(2,014,310)	
	16,011,685			
(24,566,646)	(23,474,602)	(21,960,690)	(22,743,995)	(20,527,874)
(2,675,247)	(1,043,487)	(1,240,208)		
$ 27,596,219	$ 38,335,171	$ 23,162,970	$ 24,155,287	$ 26,278,974
561,975,691	523,640,520	500,477,550	476,322,263	450,043,289
$ 589,571,910	$ 561,975,691	$ 523,640,520	$ 500,477,550	$ 476,322,263
$ 7,757,950	$ 7,091,246	$ 6,927,587	$ 6,629,915	$ 6,459,488
15,840,158	13,960,572	13,751,561	13,432,838	13,048,938
5,046,352	4,465,630	4,384,573	4,291,826	4,133,021
33,237,702	39,775,778	7,112,851	14,471,898	45,230,427
(24,566,646)	(23,474,602)	(21,960,690)	(22,743,995)	(20,527,874)
(350,328)	(339,344)	(273,951)	(212,017)	(166,807)
(2,675,247)	(1,043,487)	(1,240,208)		
(37,861)	(491)	(131,634)		
$ 34,252,080	$ 40,435,302	$ 8,570,089	$ 15,870,465	$ 48,177,193
384,062,216	343,626,914	335,056,825	319,186,360	271,009,167
$ 418,314,296	$ 384,062,216	$ 343,626,914	$ 335,056,825	$ 319,186,360
$ 171,257,614	$ 177,913,475	$ 180,013,606	$ 165,420,725	$ 157,135,903

Public Employees' Retirement Board
A Component Unit of the State of Montana
Required Supplementary Information
Schedule of Changes in Multiple-Employer Plans Net Pension Liability / (Asset)
as of June 30, 2021
Last 10 Fiscal Years[1]

Fiscal Year	2021	2020	2019
FURS			
Total pension liability			
Service cost (Beginning of year)	**$ 15,001,370**	$ 13,086,953	$ 12,421,310
Interest (includes interest on service cost)	**45,515,522**	43,027,646	41,022,969
Changes of benefit terms			
Differences between expected and actual experience	**4,272,499**	3,445,064	(931,198)
Changes of assumptions[8]	**26,277,324**	25,851,699	
Benefit payments[2]	**(28,529,988)**	(26,838,506)	(25,626,191)
Refunds of Contributions[3]	**(93,251)**	(61,799)	(89,824)
Net change in total pension liability	**$ 62,443,476**	$ 58,511,057	$ 26,797,066
Total pension liability / (asset) - beginning	**634,414,092**	575,903,035	549,105,969
Total pension liability / (asset) - ending (a)	**$ 696,857,568**	$ 634,414,092	$ 575,903,035
Plan fiduciary net position			
Contributions - employer[4]	**$ 8,051,622**	$ 7,887,237	$ 7,323,532
Contributions - non-employer	**18,274,536**	17,807,526	16,566,861
Contributions - member[5]	**6,091,044**	5,938,345	5,527,363
Net investment income[6]	**129,637,798**	12,246,535	23,722,343
Benefit payments[2]	**(28,529,988)**	(26,838,506)	(25,626,191)
Administrative expense	**(180,813)**	(224,096)	(170,851)
Refunds of Contributions[3]	**(93,251)**	(61,799)	(89,824)
Other[7]	**93,985**	(7,444)	1,405
Net change in plan fiduciary net position	**$ 133,344,933**	$ 16,747,798	$ 27,254,638
Plan fiduciary net position - beginning	**477,936,941**	461,189,143	433,934,505
Plan fiduciary net position - ending (b)[6]	**$ 611,281,874**	$ 477,936,941	$ 461,189,143
Net pension liability / (asset) - ending (a-b)	**$ 85,575,694**	$ 156,477,151	$ 114,713,892
VFCA			
Total pension liability			
Service cost (Beginning of year)	**$ 153,567**	$ 125,315	$ 112,527
Interest (includes interest on service cost)	**3,483,301**	3,460,874	3,434,677
Changes of benefit terms			
Differences between expected and actual experience	**143,313**	375,549	(173,854)
Changes of assumptions[8]	**1,285,591**	1,344,856	
Benefit payments[2]	**(3,115,695)**	(3,065,017)	(2,996,808)
Refunds of Contributions[3]			
Net change in total pension liability	**$ 1,950,077**	$ 2,241,577	$ 376,542
Total pension liability / (asset) - beginning	**49,014,265**	46,772,688	46,396,146
Total pension liability / (asset) - ending (a)	**$ 50,964,342**	$ 49,014,265	$ 46,772,688
Plan fiduciary net position			
Contributions - employer[4]			
Contributions - non-employer	**$ 2,591,791**	$ 2,486,772	$ 2,370,454
Contributions - member[5]			
Net investment income[6]	**10,628,290**	1,045,894	2,070,508
Benefit payments[2]	**(3,115,695)**	(3,065,017)	(2,996,808)
Administrative expense	**(357,814)**	(414,114)	(296,866)
Refunds of Contributions[3]			
Other[7]	**(13,350)**	(11,337)	(10,875)
Net change in plan fiduciary net position	**$ 9,733,222**	$ 42,198	$ 1,136,413
Plan fiduciary net position - beginning	**39,908,236**	39,866,038	38,729,625
Plan fiduciary net position - ending (b)[6]	**$ 49,641,458**	$ 39,908,236	$ 39,866,038
Net pension liability / (asset) - ending (a-b)	**$ 1,322,884**	$ 9,106,029	$ 6,906,650

[1] This Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.
[2] For fiscal year 2016, Benefit Payments are only benefit payments. In fiscal years 2014 and 2015, the benefit payments include refunds of contribution and transfers.
[3] For fiscal year 2016, the Refunds of Contributions includes Refunds and Distributions, Refunds to other plans and Transfers. Refunds are not applicable to VFCA.
[4] The Contributions - employer consists of the Employer, Membership Fees, Reduction in Force Program, and Miscellaneous Revenue.
[5] The Contributions - member consists of the Plan Member and Interest Reserve Buyback.
[6] The fiscal year 2017 Net Investment Income and Plan Fiduciary Net Position - ending are different in this schedule from what is presented in the FY17 financial statements due to late entries from Board of Investments.
[7] Other consists of the expense for Other Post Employment Benefits (OPEB).
[8] The Changes of assumptions for FURS and VFCA at June 30, 2021 is the change in the discount rate from 7.34% to 7.06%. The Changes of assumptions for FURS and VFCA at June 30, 2020 is the change in the discount rate from 7.65% to 7.34%.

2018	2017	2016	2015	2014
$ 11,819,193	$ 12,162,734	$ 11,519,465	$ 11,066,391	$ 10,608,895
37,983,963	35,230,726	33,514,243	32,580,262	30,847,306
14,798,655	893,628	(1,162,342)	(159,885)	
	16,915,553			
(23,863,193)	(22,335,636)	(20,896,200)	(19,747,008)	(19,052,130)
(173,278)	(168,422)	(46,128)		
$ 40,565,340	$ 42,698,583	$ 22,929,038	$ 23,739,760	$ 22,404,071
508,540,629	465,842,046	442,913,008	419,173,248	396,769,177
$ 549,105,969	$ 508,540,629	$ 465,842,046	$ 442,913,008	$ 419,173,248
$ 7,053,165	$ 6,499,776	$ 6,163,464	$ 6,100,252	$ 6,006,863
16,127,433	14,438,412	13,969,719	13,572,990	12,767,624
5,314,833	4,925,425	4,751,806	4,710,082	4,697,333
34,284,721	40,838,569	7,311,946	14,640,156	45,464,858
(23,863,193)	(22,335,636)	(20,896,200)	(19,747,008)	(19,052,130)
(329,234)	(320,213)	(259,560)	(197,110)	(153,622)
(173,278)	(168,422)	(46,128)		
13,978	(485)	(2,424)		
$ 38,428,425	$ 43,877,426	$ 10,992,623	$ 19,079,362	$ 49,730,926
395,506,080	351,628,654	340,636,031	321,556,669	271,825,743
$ 433,934,505	$ 395,506,080	$ 351,628,654	$ 340,636,031	$ 321,556,669
$ 115,171,464	$ 113,034,549	$ 114,213,392	$ 102,276,977	$ 97,616,579
$ 92,294	$ 267,843	$ 282,498	$ 221,969	$ 237,639
3,461,285	3,336,579	3,355,483	2,851,618	2,843,095
			6,173,245	
(930,963)	(791,792)	(1,141,179)	(618,854)	
	2,281,533			
(2,944,046)	(2,858,443)	(2,623,011)	(2,379,353)	(2,294,676)
$ (321,430)	$ 2,235,720	$ (126,209)	$ 6,248,625	$ 786,058
46,717,576	44,481,856	44,608,065	38,359,440	37,573,382
$ 46,396,146	$ 46,717,576	$ 44,481,856	$ 44,608,065	$ 38,359,440
$ 2,212,113	$ 2,064,561	$ 2,036,297	$ 1,913,482	$ 1,818,237
3,126,746	3,836,835	622,331	1,479,954	4,815,491
(2,944,046)	(2,858,443)	(2,623,011)	(2,379,353)	(2,294,676)
(293,142)	(288,897)	(241,726)	(180,466)	(136,079)
(2,478)	(6,897)	(14,436)		
$ 2,099,193	$ 2,747,159	$ (220,545)	$ 833,617	$ 4,202,973
36,630,432	33,883,273	34,103,818	33,270,201	29,067,228
$ 38,729,625	$ 36,630,432	$ 33,883,273	$ 34,103,818	$ 33,270,201
$ 7,666,521	$ 10,087,144	$ 10,598,583	$ 10,504,247	$ 5,089,239

Public Employees' Retirement Board
A Component Unit of the State of Montana
Required Supplementary Information
Schedule of Changes in Single-Employer Plans Net Pension Liability / (Asset)
as of June 30, 2021
Last 10 Fiscal Years[1]

Fiscal Year	2021	2020	2019
JRS			
Total pension liability			
Service Cost - Beginning of year	**$ 1,896,963**	$ 1,748,288	$ 1,771,629
Interest (includes interest on service cost)	**4,948,543**	4,842,414	4,457,587
Changes of benefit terms			
Differences between expected and actual experience	**376,265**	(261,841)	2,743,465
Changes of assumptions[10]	**1,869,369**	1,911,905	
Benefit payments[2]	**(4,204,547)**	(4,038,362)	(3,846,157)
Net change in total pension liability	**$ 4,886,593**	$ 4,202,404	$ 5,126,524
Total pension liability / (asset) - beginning	**69,521,114**	65,318,710	60,192,186
Total pension liability / (asset) - ending (a)	**$ 74,407,707**	$ 69,521,114	$ 65,318,710
Plan fiduciary net position			
Contributions - employer[9]	**$ 2,139,151**	$ 1,988,166	$ (281)
Contributions - non-employer			
Contributions - member[5]	**589,463**	560,108	516,777
Net investment income[8]	**29,149,599**	2,827,148	5,687,228
Benefit payments[2]	**(4,204,547)**	(4,038,362)	(3,846,157)
Administrative expense	**(126,331)**	(157,040)	(122,618)
Other[3]	**(3,374)**	15	
Net change in plan fiduciary net position	**$ 27,543,961**	$ 1,180,035	$ 2,234,949
Plan fiduciary net position - beginning	**106,065,672**	104,885,637	102,650,688
Plan fiduciary net position - ending (b)[8]	**$ 133,609,633**	$ 106,065,672	$ 104,885,637
Net pension liability / (asset) - ending (a-b)	**$ (59,201,926)**	$ (36,544,558)	$ (39,566,927)
HPORS			
Total pension liability			
Service Cost - Beginning of year	**$ 7,578,028**	$ 3,336,846	$ 3,453,066
Interest (includes interest on service cost)	**16,742,334**	17,688,311	16,926,240
Changes of benefit terms[4]			
Differences between expected and actual experience	**1,912,795**	(993,030)	2,412,675
Changes of assumptions[10]	**(125,247,098)**	141,054,951	
Benefit payments[2]	**(13,710,171)**	(12,684,315)	(12,062,607)
Refund of Contributions[5]	**(2,026,383)**	(331,169)	(582,438)
Net change in total pension liability	**$ (114,750,495)**	$ 148,071,594	$ 10,146,936
Total pension liability / (asset) - beginning	**385,799,083**	237,727,489	227,580,553
Total pension liability / (asset) - ending (a)	**$ 271,048,588**	$ 385,799,083	$ 237,727,489
Plan fiduciary net position			
Contributions - employer[6]	**$ 6,423,043**	$ 6,002,897	$ 5,844,909
Contributions - non-employer[6]	**224,258**	226,239	233,139
Contributions - member[7]	**2,206,028**	2,169,955	2,002,319
Net investment income[8]	**41,276,714**	4,100,741	8,268,830
Benefit payments[2]	**(13,710,171)**	(12,684,315)	(12,062,607)
Administrative expense	**(342,178)**	(163,315)	(127,400)
Refund of Contributions[5]	**(2,026,383)**	(331,169)	(582,438)
Other[3]	**(39,963)**	(130,951)	2,007
Net change in plan fiduciary net position	**$ 34,011,348**	$ (809,918)	$ 3,578,759
Plan fiduciary net position - beginning	**151,967,709**	152,777,627	149,198,868
Plan fiduciary net position - ending (b)[8]	**$ 185,979,057**	$ 151,967,709	$ 152,777,627
Net pension liability / (asset) - ending (a-b)	**$ 85,069,531**	$ 233,831,374	$ 84,949,862

[1] This Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.
[2] For fiscal year 2016, Benefit Payments are only benefit payments. In fiscal years 2014 ,2015 and 2018, the benefit payments include refunds of contributions and transfers.
[3] Other consists of the expense for Other Post Employment Benefits (OPEB).
[4] For fiscal year 2015, the HPORS Changes of benefit terms was the addition of the DROP.
[5] For fiscal year 2016, the Refunds of Contributions includes refunds of member contributions.
[6] The fiscal year 2014 and 2015, HPORS employer and non-employer contribution differences are due to considering all non-employer contributions as employer.
[7] The HPORS Contributions - member consists of Plan Member and Interest Reserve Buyback on the financial statements.
[8] The fiscal year 2017 Net Investment Income and Plan Fiduciary Net Position - ending are different in this schedule from what is presented in the FY17 financial statements due to late entries from Board of Investments.
[9] For fiscal years 2018 and 2019, the JRS employer contributions decreased due to Senate Bill 1 temporarily suspending employer contributions.
[10] For fiscal year 2021, the Changes of assumptions for JRS and HPORS is the change in the discount rate from 7.34% to 7.06% and 4.43% to 7.06%, respectively. For fiscal year 2020, the Changes of assumptions for JRS is the change in the discount rate from 7.65% to 7.34% and for HPORS is 7.65% to 4.43%.

2018	2017	2016	2015	2014
$ 1,664,039	$ 1,628,290	$ 1,578,705	$ 1,652,926	$ 1,593,854
4,502,928	4,043,662	3,986,420	3,933,947	3,824,389
(2,900,423)	862,189	(1,341,333)	(1,032,091)	
(3,872,322)	3,864,700 (3,554,335)	(3,416,023)	(3,040,988)	(3,022,512)
$ (605,778)	$ 6,844,506	$ 807,769	$ 1,513,794	$ 2,395,731
60,797,964	53,953,458	53,145,689	51,631,895	49,236,164
$ 60,192,186	$ 60,797,964	$ 53,953,458	$ 53,145,689	$ 51,631,895
$ 1,084,880	$ 1,800,105	$ 1,807,493	$ 1,683,990	$ 1,651,483
575,050	488,208	729,180	534,091	481,461
8,467,204	10,368,402	1,778,748	3,842,387	12,420,597
(3,872,322)	(3,554,335)	(3,416,023)	(3,040,988)	(3,022,512)
(264,496)	(253,789)	(197,445)	(135,815)	(100,567)
6,737	(674)	(2,742)		
$ 5,997,053	$ 8,847,917	$ 699,211	$ 2,883,665	$ 11,430,462
96,653,635	87,805,718	87,106,507	84,222,842	72,792,380
$ 102,650,688	$ 96,653,635	$ 87,805,718	$ 87,106,507	$ 84,222,842
$ (42,458,502)	$ (35,855,671)	$ (33,852,260)	$ (33,960,818)	$ (32,590,947)
$ 3,643,015	$ 3,664,857	$ 3,798,553	$ 3,598,464	$ 3,464,399
16,293,615	15,121,088	14,545,022	14,112,116	13,517,924
			1,855,618	
589,270	2,773,680	18,339	267,336	
(11,545,732)	7,892,479 (11,036,794)	(10,482,414)	(10,000,856)	(9,443,007)
(321,840)	(244,597)	(93,811)		
$ 8,658,328	$ 18,170,713	$ 7,785,689	$ 9,832,678	$ 7,539,316
218,922,225	200,751,512	192,965,823	183,133,145	175,593,829
$ 227,580,553	$ 218,922,225	$ 200,751,512	$ 192,965,823	$ 183,133,145
$ 5,858,493	$ 5,782,258	$ 5,915,644	$ 5,839,336	$ 5,735,507
250,150	262,884	242,749		
2,386,526	1,949,795	1,917,487	1,624,327	1,458,042
12,282,824	15,098,813	2,605,256	5,738,373	18,678,284
(11,545,732)	(11,036,794)	(10,482,414)	(10,000,856)	(9,443,007)
(256,309)	(248,124)	(197,034)	(144,253)	(109,140)
(321,840)	(244,597)	(93,811)		
8,067	(466)	(2,276)		
$ 8,662,179	$ 11,563,769	$ (94,399)	$ 3,056,927	$ 16,319,686
140,536,689	128,972,920	129,067,319	126,010,392	109,690,706
$ 149,198,868	$ 140,536,689	$ 128,972,920	$ 129,067,319	$ 126,010,392
$ 78,381,685	$ 78,385,536	$ 71,778,592	$ 63,898,504	$ 57,122,753

Public Employees' Retirement Board
A Component Unit of the State of Montana
Required Supplementary Information
Schedule of Net Pension Liability / (Asset) for Multiple-Employer Plans
as of June 30, 2021
Last 10 Fiscal Years[1]

Fiscal Year	2021	2020	2019
PERS-DBRP			
Total Pension Liability	**$9,023,248,586**	$ 8,483,685,413	$ 7,993,617,002
Plan Fiduciary Net Position[2,4]	**7,210,026,882**	5,845,474,024	5,903,306,304
Multiple-Employers' Net Pension Liability / (Asset)	**$1,813,221,704**	$ 2,638,211,389	$ 2,090,310,698
Plan fiduciary net position as a percentage of the total pension liability	**79.91%**	68.90%	73.85%
Covered Payroll[3]	**$1,361,589,739**	$ 1,280,557,497	$ 1,247,343,733
Net pension liability / (asset) as a percentage of covered payroll[2]	**133.17%**	206.02%	167.58%
SRS			
Total Pension Liability	**$ 557,551,239**	$ 506,180,744	$ 460,620,635
Plan Fiduciary Net Position[2]	**484,711,071**	384,294,754	377,222,848
Multiple-Employers' Net Pension Liability / (Asset)	**$ 72,840,168**	$ 121,885,990	$ 83,397,787
Plan fiduciary net position as a percentage of the total pension liability	**86.94%**	75.92%	81.89%
Covered Payroll	**$ 90,869,369**	$ 84,942,848	$ 80,461,048
Net pension liability / (asset) as a percentage of covered payroll	**80.16%**	143.49%	103.65%
GWPORS			
Total Pension Liability	**$ 305,849,993**	$ 348,070,173	$ 247,012,363
Plan Fiduciary Net Position[2]	**273,392,048**	212,910,191	206,346,965
Multiple-Employers' Net Pension Liability / (Asset)	**$ 32,457,945**	$ 135,159,982	$ 40,665,398
Plan fiduciary net position as a percentage of the total pension liability	**89.39%**	61.17%	83.54%
Covered Payroll	**$ 60,022,906**	$ 53,825,163	$ 51,676,963
Net pension liability / (asset) as a percentage of covered payroll	**54.08%**	251.11%	78.69%

[1] This Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

[2] The fiscal year 2017 Plan Fiduciary Net Position is different in this schedule from what was presented in the FY17 Statement of Fiduciary Net Position due to late entries from Board of Investments.

[3] The fiscal year 2014 covered payroll for PERS-DBRP has been re-stated due to the transfer of compensation from the PERS-DBRP to the PERS-DCRP. This also affected the dollar amount of the Actuarially Determined Contribution because it was determined as a percent of payroll.

[4] The PERS-DBRP amounts will not tie to the financial statements due to the exclusion of the PERS-DB Education (DB Ed) amount on this schedule.

2018	2017	2016	2015	2014
$ 7,867,135,877	$ 7,420,145,583	$ 6,736,152,999	$ 6,458,930,267	$ 6,188,780,815
5,779,994,008	5,472,519,182	5,032,807,110	5,061,058,221	4,942,769,917
$ 2,087,141,869	$ 1,947,626,401	$ 1,703,345,889	$ 1,397,872,046	$ 1,246,010,898
73.47%	73.75%	74.71%	78.36%	79.87%
$ 1,230,105,350	$ 1,232,066,537	$ 1,185,646,179	$ 1,154,866,605	$ 1,120,266,025
169.67%	158.08%	143.66%	121.04%	111.22%
$ 434,052,092	$ 407,007,349	$ 474,829,830	$ 392,094,093	$ 326,272,299
358,880,360	330,910,169	299,152,006	295,695,213	284,655,279
$ 75,171,732	$ 76,097,180	$ 175,677,824	$ 96,398,880	$ 41,617,020
82.68%	81.30%	63.00%	75.41%	87.24%
$ 77,587,294	$ 74,581,258	$ 70,593,304	$ 68,045,517	$ 64,672,635
96.89%	102.03%	248.86%	141.67%	64.35%
$ 234,469,658	$ 213,201,194	$ 187,533,830	$ 169,649,246	$ 153,863,911
193,522,528	175,840,876	154,684,509	148,637,767	138,743,106
$ 40,947,130	$ 37,360,318	$ 32,849,321	$ 21,011,479	$ 15,120,805
82.54%	82.48%	82.48%	87.61%	90.17%
$ 50,823,150	$ 49,381,004	$ 47,108,310	$ 44,884,739	$ 41,636,566
80.57%	75.66%	69.73%	46.81%	36.32%

Public Employees' Retirement Board
A Component Unit of the State of Montana
Required Supplementary Information
Schedule of Net Pension Liability / (Asset) for Multiple-Employer Plans
as of June 30, 2021
Last 10 Fiscal Years[1]

Fiscal Year	2021	2020	2019
MPORS			
Total Pension Liability	**$ 750,002,918**	$ 695,736,884	$ 638,822,111
Plan Fiduciary Net Position[2]	**568,215,062**	451,150,482	439,777,930
Multiple-Employers' Net Pension Liability / (Asset)	**$ 181,787,856**	$ 244,586,402	$ 199,044,181
Plan fiduciary net position as a percentage of the total pension liability	**75.76%**	64.84%	68.84%
Covered Payroll	**$ 59,216,593**	$ 56,783,680	$ 54,282,431
Net pension liability / (asset) as a percentage of covered payroll	**306.99%**	430.73%	366.68%
FURS			
Total Pension Liability	**$ 696,857,568**	$ 634,414,092	$ 575,903,035
Plan Fiduciary Net Position[2]	**611,281,874**	477,936,941	461,189,143
Multiple-Employers' Net Pension Liability / (Asset)	**$ 85,575,694**	$ 156,477,151	$ 114,713,892
Plan fiduciary net position as a percentage of the total pension liability	**87.72%**	75.34%	80.08%
Covered Payroll	**$ 56,281,681**	$ 53,858,929	$ 50,756,445
Net pension liability / (asset) as a percentage of covered payroll	**152.05%**	290.53%	226.01%
VFCA			
Total Pension Liability	**$ 50,964,342**	$ 49,014,265	$ 46,772,688
Plan Fiduciary Net Position[2]	**49,641,458**	39,908,236	39,866,038
Multiple-Employers' Net Pension Liability / (Asset)	**$ 1,322,884**	$ 9,106,029	$ 6,906,650
Plan fiduciary net position as a percentage of the total pension liability	**97.40%**	81.42%	85.23%
Covered Payroll	**N/A**	N/A	N/A
Net pension liability / (asset) as a percentage of covered payroll	**N/A**	N/A	N/A

[1] This Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

[2] The fiscal year 2017 Plan Fiduciary Net Position is different in this schedule from what was presented in the FY17 Statement of Fiduciary Net Position due to late entries from Board of Investments.

2018	2017	2016	2015	2014
$ 589,571,910	$ 561,975,691	$ 523,640,520	$ 500,477,550	$ 476,322,263
418,314,296	384,062,216	343,626,914	335,056,825	319,186,360
$ 171,257,614	$ 177,913,475	$ 180,013,606	$ 165,420,725	$ 157,135,903
70.95%	68.34%	65.62%	66.95%	67.01%
$ 52,035,958	$ 48,603,580	$ 47,233,801	$ 45,736,127	$ 44,426,617
329.11%	366.05%	381.11%	361.69%	353.70%
$ 549,105,969	$ 508,540,629	$ 465,842,046	$ 442,913,008	$ 419,173,248
433,934,505	395,506,080	351,628,654	340,636,031	321,556,669
$ 115,171,464	$ 113,034,549	$ 114,213,392	$ 102,276,977	$ 97,616,579
79.03%	77.77%	75.48%	76.91%	76.71%
$ 47,934,517	$ 45,208,091	$ 43,118,925	$ 41,627,233	$ 39,891,869
240.27%	250.03%	264.88%	245.70%	244.70%
$ 46,396,146	$ 46,717,576	$ 44,481,856	$ 44,608,065	$ 38,359,440
38,729,625	36,630,432	33,883,273	34,103,818	33,270,201
$ 7,666,521	$ 10,087,144	$ 10,598,583	$ 10,504,247	$ 5,089,239
83.48%	78.41%	76.17%	76.45%	86.73%
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A

Public Employees' Retirement Board

A Component Unit of the State of Montana

Required Supplementary Information

Schedule of Net Pension Liability / (Asset) for Single-Employer Plans

as of June 30, 2021

Last 10 Fiscal Years[1]

Fiscal Year	2021	2020	2019
JRS			
Total Pension Liability	**$ 74,407,707**	$ 69,521,114	$ 65,318,710
Plan Fiduciary Net Position[2]	**133,609,633**	106,065,672	104,885,637
Single-Employers' Net Pension Liability / (Asset)	**$ (59,201,926)**	$ (36,544,558)	$ (39,566,927)
Plan fiduciary net position as a percentage of the total pension liability	**179.56%**	152.57%	160.58%
Covered Payroll	**$ 8,281,631**	$ 8,001,462	$ 7,382,476
Net pension liability / (asset) as a percentage of covered payroll	**(714.86)%**	(456.72)%	(535.96)%
HPORS			
Total Pension Liability	**$ 271,048,588**	$ 385,799,083	$ 237,727,489
Plan Fiduciary Net Position[2]	**185,979,057**	151,967,709	152,777,627
Single-Employers' Net Pension Liability / (Asset)	**$ 85,069,531**	$ 233,831,374	$ 84,949,862
Plan fiduciary net position as a percentage of the total pension liability	**68.61%**	39.39%	64.27%
Covered Payroll	**$ 16,630,576**	$ 15,607,832	$ 15,177,612
Net pension liability / (asset) as a percentage of covered payroll	**511.52%**	1,498.17%	559.71%

[1] This Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

[2] The fiscal year 2017 Plan Fiduciary Net Position is different in this schedule from what was presented in the FY17 Statement of Fiduciary Net Position due to late entries from Board of Investments.

2018	2017	2016	2015	2014
$ 60,192,186	$ 60,797,964	$ 53,953,458	$ 53,145,689	$ 51,631,895
102,650,688	96,653,635	87,805,718	87,106,507	84,222,842
$ (42,458,502)	$ (35,855,671)	$ (33,852,260)	$ (33,960,818)	$ (32,590,947)
170.54%	158.98%	162.74%	163.90%	163.12%
$ 7,290,904	$ 6,974,470	$ 6,920,367	$ 6,524,569	$ 6,354,763
(582.35)%	(514.10)%	(489.17)%	(520.51)%	(512.86)%
$ 227,580,553	$ 218,922,225	$ 200,751,512	$ 192,965,823	$ 183,133,145
149,198,868	140,536,689	128,972,920	129,067,319	126,010,392
$ 78,381,685	$ 78,385,536	$ 71,778,592	$ 63,898,504	$ 57,122,753
65.56%	64.19%	64.25%	66.89%	68.81%
$ 15,251,339	$ 14,778,975	$ 15,275,964	$ 14,549,378	$ 14,149,269
513.93%	530.39%	469.88%	439.18%	403.72%

Public Employees' Retirement Board

A Component Unit of the State of Montana

Required Supplementary Information

Schedule of Employer and Non-Employer (State) Contributions

for Cost-Sharing Multiple-Employer Plans

as of June 30, 2021

(in thousands)

Last 10 Fiscal Years[1]

Fiscal Year	2021	2020	2019
PERS-DBRP			
Actuarially Determined Contribution	**$ 164,931**	$ 156,152	$ 152,663
Actual Contributions in Relation to the Actuarially Determined Contribution			
Employer Contributions[2, 4]	**121,136**	111,991	107,258
Non-Employer Contributions (State)	**35,389**	35,009	34,642
Total Contributions	**$ 156,525**	$ 147,000	$ 141,900
Contribution Deficiency / (Excess)	**$ 8,406**	$ 9,152	$ 10,763
Covered Payroll[3]	**$ 1,361,590**	$ 1,280,557	$ 1,247,344
Contributions as a Percentage of Covered Payroll[3]	**11.50%**	11.48%	11.38%
SRS			
Actuarially Determined Contribution	**$ 11,897**	$ 11,175	$ 10,573
Actual Contributions in Relation to the Actuarially Determined Contribution			
Employer Contributions[2]	**11,897**	11,175	10,573
Non-Employer Contributions (State)			
Total Contributions	**$ 11,897**	$ 11,175	$ 10,573
Contribution Deficiency / (Excess)	**$ 0**	$ 0	$ 0
Covered Payroll	**$ 90,869**	$ 84,943	$ 80,461
Contributions as a Percentage of Covered Payroll	**13.09%**	13.16%	13.14%

[1] *This Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.*

[2] *Employer consists of the Employer, Membership Fees, Reduction in Force Program and Miscellaneous Revenue.*

[3] *The fiscal year 2014 covered payroll of PERS-DBRP has been re-stated due to the transfer of compensation from the PERS-DBRP to the PERS-DCRP. This also affected the dollar amount of the Actuarially Determined Contribution (ADC) because it was determined as a percentage of payroll.*

[4] *The PERS-DBRP amounts will not tie to the financial statements due to the exclusion of the PERS-DB Education (DB Ed) amount on this schedule.*

2018	2017	2016	2015	2014
$ 141,310	$ 132,295	$ 133,128	$ 131,424	$ 137,681
106,651	103,537	102,328	100,176	95,820
34,659	28,758	30,800	34,467	34,562
$ 141,310	$ 132,295	$ 133,128	$ 134,643	$ 130,382
$ 0	$ 0	$ 0	$ (3,219)	$ 7,299
$ 1,230,105	$ 1,232,067	$ 1,185,646	$ 1,154,867	$ 1,120,266
11.49%	10.74%	11.23%	11.66%	11.64%
$ 10,366	$ 10,095	$ 8,640	$ 9,737	$ 9,779
10,366	7,562	7,317	6,902	6,689
$ 10,366	$ 7,562	$ 7,317	$ 6,902	$ 6,689
$ 0	$ 2,533	$ 1,323	$ 2,835	$ 3,090
$ 77,587	$ 74,581	$ 70,593	$ 68,046	$ 64,673
13.36%	10.14%	10.36%	10.14%	10.34%

Public Employees' Retirement Board

A Component Unit of the State of Montana

Required Supplementary Information

Schedule of Employer and Non-Employer (State) Contributions

for Cost-Sharing Multiple-Employer Plans

as of June 30, 2021

(in thousands)

Last 10 Fiscal Years[1]

Fiscal Year	2021	2020	2019
GWPORS			
Actuarially Determined Contribution	**$ 5,754**	$ 5,350	$ 5,285
Actual Contributions in Relation to the Actuarially Determined Contribution			
Employer Contributions[2]	**5,411**	4,869	4,686
Non-Employer Contributions (State)			
Total Contributions	**$ 5,411**	$ 4,869	$ 4,686
Contribution Deficiency / (Excess)	**$ 343**	$ 481	$ 599
Covered Payroll	**$ 60,023**	$ 53,825	$ 51,677
Contributions as a Percentage of Covered Payroll	**9.02%**	9.05%	9.07%
MPORS			
Actuarially Determined Contribution	**$ 25,882**	$ 24,958	$ 23,844
Actual Contributions in Relation to the Actuarially Determined Contribution			
Employer Contributions[2]	**8,535**	8,273	7,853
Non-Employer Contributions (State)	**17,347**	16,685	15,991
Total Contributions	**$ 25,882**	$ 24,958	$ 23,844
Contribution Deficiency / (Excess)	**$ 0**	$ 0	$ 0
Covered Payroll	**$ 59,217**	$ 56,784	$ 54,282
Contributions as a Percentage of Covered Payroll	**43.71%**	43.95%	43.93%

[1] *This Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.*
[2] *Employer consists of the Employer, Membership Fees, Reduction in Force Program and Miscellaneous Revenue.*

2018	2017	2016	2015	2014
$ 5,213	$ 5,495	$ 4,707	$ 5,256	$ 4,976
4,613	4,464	4,278	4,088	3,762
$ 4,613	$ 4,464	$ 4,278	$ 4,088	$ 3,762
$ 600	$ 1,031	$ 429	$ 1,168	$ 1,214
$ 50,823	$ 49,381	$ 47,108	$ 44,885	$ 41,637
9.08%	9.04%	9.08%	9.11%	9.04%
$ 23,598	$ 21,052	$ 20,679	$ 17,229	$ 17,922
7,758	7,091	6,928	6,630	6,459
15,840	13,961	13,751	13,433	13,049
$ 23,598	$ 21,052	$ 20,679	$ 20,063	$ 19,508
$ 0	$ 0	$ 0	$ (2,834)	$ (1,586)
$ 52,036	$ 48,604	$ 47,234	$ 45,736	$ 44,427
45.35%	43.31%	43.78%	43.87%	43.91%

Public Employees' Retirement Board

A Component Unit of the State of Montana

Required Supplementary Information

Schedule of Employer and Non-Employer (State) Contributions

for Cost-Sharing Multiple-Employer Plans

as of June 30, 2021

(in thousands)

Last 10 Fiscal Years[1]

Fiscal Year	2021	2020	2019
FURS			
Actuarially Determined Contribution	**$ 26,326**	$ 25,695	$ 23,890
Actual Contributions in Relation to the Actuarially Determined Contribution			
Employer Contributions[2]	**8,052**	7,887	7,323
Non-Employer Contributions (State)	**18,274**	17,808	16,567
Total Contributions	**$ 26,326**	$ 25,695	$ 23,890
Contribution Deficiency / (Excess)	**$ 0**	$ 0	$ 0
Covered Payroll	**$ 56,282**	$ 53,859	$ 50,756
Contributions as a Percentage of Covered Payroll	**46.78%**	47.71%	47.07%
VFCA			
Actuarially Determined Contribution	**$ 2,592**	$ 2,487	$ 2,370
Actual Contributions in Relation to the Actuarially Determined Contribution			
Employer Contributions			
Non-Employer Contributions (State)	**2,592**	2,487	2,370
Total Contributions	**$ 2,592**	$ 2,487	$ 2,370
Contribution Deficiency / (Excess)	**$ 0**	$ 0	$ 0
Covered Payroll	**N/A**	N/A	N/A
Contributions as a Percentage of Covered Payroll	**N/A**	N/A	N/A

[1] *This Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.*

[2] *Employer consists of the Employer, Membership Fees, Reduction in Force Program and Miscellaneous Revenue.*

2018	2017	2016	2015	2014
$ 23,181	$ 20,938	$ 20,133	$ 13,279	$ 13,699
7,053	6,500	6,163	6,100	6,007
16,128	14,438	13,970	13,573	12,767
$ 23,181	$ 20,938	$ 20,133	$ 19,673	$ 18,774
$ 0	$ 0	$ 0	$ (6,394)	$ (5,075)
$ 47,935	$ 45,208	$ 43,119	$ 41,627	$ 39,892
48.36%	46.32%	46.69%	47.26%	47.06%
$ 2,212	$ 2,065	$ 2,037	$ 890	$ 1,116
2,212	2,065	2,036	1,913	1,818
$ 2,212	$ 2,065	$ 2,036	$ 1,913	$ 1,818
$ 0	$ 0	$ 1	$ (1,023)	$ (702)
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A

Public Employees' Retirement Board

A Component Unit of the State of Montana

Notes to the Required Supplementary Information

The information presented in the **GASB Statement No. 67** required supplementary schedules was determined as part of the actuarial valuations for accounting purposes at the dates indicated.

Valuation date: June 30, 2020

Key Methods and Assumptions Used to Determine the Actuarially Determined Contribution (ADC) for fiscal year end 2021:

Timing	ADC are determined on the valuation date payable in the fiscal year beginning immediately following the valuation date
Actuarial cost method	Entry age Normal
Amortization method	Level percentage of payroll, open
Remaining amortization period	30 years
Asset valuation method	4-year smoothed market
Wage Inflation	3.50%
Inflation	2.75%
Salary increases	3.50%, including inflation
Investment rate of return	7.65%, net of pension plan investment expense, including inflation
Mortality (Healthy)	RP 2000 Combined Employee and Annuitant Mortality Table Projected to 2020 using Scale BB, set back one year for males.
Mortality (Disabled)	RP-2000 Combined Employee and Annuitant Mortality Table with no projections.

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Public Employees' Retirement Board

A Component Unit of the State of Montana

Required Supplementary Information

Schedule of Employer Contributions

for Single-Employer Plans

as of June 30, 2021

(in thousands)

Last 10 Fiscal Years[1]

Fiscal Year	2021	2020	2019
JRS[2]			
Actuarially Determined Contribution			
Actual Contributions in Relation to the Actuarially Determined Contribution:			
Employer Contributions[3, 5]	**$ 2,139**	$ 1,988	
Total Contributions	**$ 2,139**	$ 1,988	
Contribution Deficiency / (Excess)	**$ (2,139)**	$ (1,988)	
Covered Payroll	**$ 8,282**	$ 8,001	$ 7,382
Contributions as a Percentage of Covered Payroll	**25.83%**	24.85%	0.00%
HPORS[2]			
Actuarially Determined Contribution	**$ 7,273**	$ 6,934	$ 6,668
Actual Contributions in Relation to the Actuarially Determined Contribution:			
Employer Contributions[3, 4]	**6,647**	6,229	6,078
Total Contributions	**$ 6,647**	$ 6,229	$ 6,078
Contribution Deficiency / (Excess)	**$ 626**	$ 705	$ 590
Covered Payroll	**$ 16,631**	$ 15,608	$ 15,178
Contributions as a Percentage of Covered Payroll	**39.97%**	39.91%	40.05%

[1] *This Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.*

[2] **Notes to Schedule**

Valuation date: June 30, 2020

Key Methods and Assumptions Used to Determine the Actuarially Determined Contribution (ADC) for fiscal year end 2021.

Timing	ADC is determined on the actuarial valuation date payable in the fiscal year beginning immediately following the valuation date
Actuarial cost method	Entry age Normal
Amortization method	Level percentage of payroll, open
Remaining amortization period	30 years
Asset valuation method	4-year smoothed market
Wage Inflation	3.50%
Inflation	2.75%
Salary increases	3.50%, including inflation
Investment rate of return	7.65%, net of pension plan investment expense, including inflation
Mortality (Healthy)	RP-2000 Combined Employee and Annuitant Mortality Tables Projected to 2020 using Scale BB, set back one year for males
Mortality (Disabled)	RP-2000 Combined Employee and Annuitant Mortality Table

[3] Employer consists of the Employer, Membership Fees, Reduction in Force Program and Miscellaneous Revenue.

[4] For fiscal year 2014, the HPORS contributions for the supplemental benefit payment were classified as a non-employer contribution. It has been determined that the supplemental contribution should be classified as an employer contribution.

[5] For FY2019, the JRS employer contributions were temporarily suspended due to the November 2017 Special Legislation Session, Senate Bill 1.

2018	2017	2016	2015	2014
$ 1,085	$ 1,800	$ 1,807	$ 1,684	$ 1,651
$ 1,085	$ 1,800	$ 1,807	$ 1,684	$ 1,651
$ (1,085)	$ (1,800)	$ (1,807)	$ (1,684)	$ (1,651)
$ 7,291	$ 6,974	$ 6,920	$ 6,525	$ 6,355
14.88%	25.81%	26.11%	25.81%	25.98%
$ 6,530	$ 6,045	$ 6,158	$ 5,706	$ 6,121
6,109	6,045	6,158	5,839	5,736
$ 6,109	$ 6,045	$ 6,158	$ 5,839	$ 5,736
$ 421	$ 0	$ 0	$ (133)	$ 385
$ 15,251	$ 14,779	$ 15,276	$ 14,549	$ 14,149
40.05%	40.90%	40.31%	40.13%	40.54%

Public Employees' Retirement Board

A Component Unit of the State of Montana

Required Supplementary Information

Schedule of Investment Returns for Multiple-Employer Plans

as of June 30, 2021

Last 10 Fiscal Years[1]

	Year Ended June 30	PERS-DBRP	SRS	GWPORS
Annual money-weighted rate of return, net investment expense				
	2021	**27.72 %**	**27.71 %**	**27.70 %**
	2020	2.71 %	2.70 %	2.69 %
	2019	5.64 %	5.70 %	5.73 %
	2018	8.88 %	8.83 %	8.82 %
	2017	11.94 %	11.96 %	11.97 %
	2016	2.04 %	2.05 %	2.09 %
	2015	4.60 %	4.59 %	4.59 %
	2014	17.18 %	17.15 %	17.12 %

	Year Ended June 30	MPORS	FURS	VFCA
Annual money-weighted rate of return, net investment expense				
	2021	**27.81 %**	**27.79 %**	**27.78 %**
	2020	2.72 %	2.71 %	2.73 %
	2019	5.56 %	5.59 %	5.59 %
	2018	8.86 %	8.85 %	8.97 %
	2017	11.92 %	11.93 %	11.89 %
	2016	2.18 %	2.19 %	1.85 %
	2015	4.66 %	4.66 %	4.63 %
	2014	17.16 %	17.15 %	17.23 %

[1] This Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Public Employees' Retirement Board

A Component Unit of the State of Montana

Required Supplementary Information

Schedule of Investment Returns for Single-Employer Plans

as of June 30, 2021

Last 10 Fiscal Years[1]

	Year Ended June 30	JRS	HPORS
Annual money-weighted rate of return, net investment expense			
	2021	**27.73 %**	**27.73 %**
	2020	2.72 %	2.73 %
	2019	5.65 %	5.64 %
	2018	8.87 %	8.89 %
	2017	11.96 %	11.92 %
	2016	2.03 %	2.02 %
	2015	4.60 %	4.61 %
	2014	17.17 %	17.19 %

[1] This Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Public Employees' Retirement Board

A Component Unit of the State of Montana

Required Supplementary Information

Schedule of Total OPEB (Healthcare) Liability and Related Ratios, Last Ten Fiscal Years[1]

Fiscal Year	2021	2020	2019	2018
Total OPEB Liability				
Service cost	$ 6,461	$ 4,763	$ 6,271	$ 27,891
Interest	3,503	2,892	6,096	29,728
Changes of benefit terms				
Difference between expected and actual experience	64,160	22,201		(69,725)
Changes of assumptions or other inputs	317,547	(5,706)	8,460	(4,363)
Benefit payments	(3,636)	(1,826)	(5,220)	25,170
Net change in total OPEB liability	388,035	22,324	$ 15,607	$ 8,701
Total OPEB liability - Beginning	122,726	100,402	84,795	76,094
Total OPEB liability - Ending	$ 510,761	$ 122,726	$ 100,402	$ 84,795
Proportionate Share of Total OPEB Liability	0.34625 %	0.25924 %	0.18026 %	0.16805 %
Covered employee payroll	$ 4,283,180	$ 4,151,855	$ 3,909,710	$ 3,703,606
Total OPEB liability as a percentage of covered employee payroll	11.92 %	2.96 %	2.57 %	2.29 %

[1] Schedules are intended to present information for 10 years. Additional years will be displayed as they become available.

In accordance with GASB Statement No. 75, the above information is presented to reflect the funding progress of the Healthcare OPEB Plan for MPERA as a State of Montana employer and is determined by the State of Montana. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Factors that significantly affect trends in the amounts reported:
There were no changes in assumptions or other inputs that affected the measurement date that have been made since the prior measurement date.

At June 30, 2021 (reporting date), the most recent actuarial valuation available was performed by the State of Montana for current year 2021 as of December 31, 2020. The measurement date is March 31, 2021. This actuarial valuation is performed every two years with the next valuation to be performed as of January 1, 2023 for the calendar year ending December 31, 2023. The State of Montana finances claims on a pay-as-you-go basis and does not advance fund the OPEB liability. This is the OPEB obligation for MPERA as a State of Montana employer and is determined by the State of Montana.

Public Employees' Retirement Board

A Component Unit of the State of Montana

Notes to Required Supplementary Information for OPEB (Healthcare)

Actuarial valuation date	December 31, 2020
Actuarial measurement date[1]	March 31, 2021
Experience study period	January 1, 2018 through December 31, 2020
Actuarial cost method	Entry age normal funding method
Amortization method	Open basis
Remaining amortization period	20 years
Asset valuation method	Not applicable because no assets meeting the definition of plan assets under GASB 75
Actuarial assumptions:	
Discount rate	2.23%
Projected payroll increases	2.50%
Participation:	
Future retirees	40.00%
Future eligible spouses	70.00%
Marital status at retirement	70.00%

[1] Update procedures were used to roll forward the total OPEB liability to the measurement date.

Public Employees' Retirement Board

A Component Unit of the State of Montana

Notes to the Required Supplementary Information

The information presented in the required supplementary schedules was determined as part of the actuarial valuations for ***funding*** purposes at the dates indicated. Additional information as of latest actuarial valuation follows:

	PERS-DBRP	JRS	HPORS
Valuation date	June 30, 2021	June 30, 2021	June 30, 2021
Actuarial cost method	Entry Age	Entry Age	Entry Age
Amortization method	Level percentage of payroll, open	Level percentage of payroll, open	Level percentage of payroll, open
Remaining amortization period in years:			
Unfunded Liability[1]	28		26
Unfunded Credit [2]		0	
Asset valuation method	4-Year smoothed market	4-Year smoothed market	4-Year smoothed market
Actuarial assumptions:			
Investment rate of return compounded annually (net of investment expense)	7.65%	7.65%	7.65%
Projected salary increases			
General Wage Growth*	3.50%	3.50%	3.50%
Merit	0% - 4.8%	None	0% - 6.3%
*Includes inflation at	2.75%	2.75%	2.75%
Administrative Expenses as a Percentage of Payroll[3]	0.29%	0.08%	0.19%
Benefit Adjustments			
GABA	3% if hired prior to July 1, 2007; or 1.5% if hired between July 1, 2007 and June 30, 2013; or 0% to 1.5% if hired on or after July 1, 2013; after 1 year	3% after 1 yr	3% after 1 year or 1.5% after 3 years if hired on or after July 1, 2013
Non-GABA	N/A	Biennial increase to salary of active member in like position	2% per yr service, not to exceed 5% of current benefit, for probationary officer's base pay

[1] The unfunded actuarial liability in the GWPORS does not amortize in 30 years.
[2] Assets are larger than the past service liability – creating an unfunded credit; the credit is amortized over future costs.
[3] The administrative expenses are recognized by an additional amount added to the normal cost contribution rate for the System. This amount varies from year to year based on the prior year's actual administrative expenses.

SRS	GWPORS	MPORS	FURS	VFCA
June 30, 2021	June 30, 2021	June 30, 2021	June 30, 2021	June 30, 2021
Entry Age	Entry Age	Entry Age	Entry Age	Entry Age
Level percentage of payroll, open	Level percentage of payroll, open	Level percentage of payroll, open	Level percentage of payroll, open	Level percent of inflation, open
18	35	15	6	1
				Based on Current Revenue
4-Year smoothed market	4-Year smoothed market	4-Year smoothed market	4-Year smoothed market	4-Year smoothed market
7.65%	7.65%	7.65%	7.65%	7.65%
3.50%	3.50%	3.50%	3.50%	N/A
0% - 6.3%	0% - 6.3%	0% - 6.6%	0% - 6.3%	N/A
2.75%	2.75%	2.75%	2.75%	N/A
0.17%	0.17%	0.17%	0.13%	$261,722
3% or 1.5% for new hires on or after July 1, 2007, after 1 year	3% or 1.5% for new hires on or after July 1, 2007, after 1 year	3% after 1 yr	3% after 1 yr	N/A
N/A	N/A	50% newly confirmed officer	50% newly confirmed firefighter	N/A

Public Employees' Retirement Board

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Schedule of Administrative Expenses

Year Ended June 30, 2021

	Defined Benefit Plans	PERS-DBRP Education Fund	Defined Contribution PERS-DCRP	Deferred Compensation (457) Plan
Personal Services				
Salaries	$ 2,138,630	$ 584,593	$ 289,371	$ 129,904
Board Members' Per Diem	1,958		180	113
Employee Benefits	759,653	238,465	99,904	42,660
Total Personal Services	2,900,241	823,058	389,455	172,677
Other Services				
Consulting and Professional Services	559,228	34,197	300,208	68,463
IT Consulting and Professional Services	630,859		52,137	61,820
Legal Fees and Court Costs	1,074,103		168	81
Audit Fees	79,390		4,978	3,112
Medical Services	5,323		222	
Records Storage	4,161		383	239
Computer Processing	118,941	33,233	15,742	6,997
Printing and Photocopy Charges	18,102	3,142	744	1,829
Warrant Writing Services	53,942		4,960	3,100
Other	227,954	4,743	21,648	13,123
Total Other Services	2,772,003	75,315	401,189	158,764
Communications				
Postage and Mailing	68,805	753	707	2,244
Telephone	48,648	13,591	6,439	2,863
Total Communications	117,453	14,344	7,146	5,107
Other Expenses				
Supplies and Materials	167,645	46,300	22,097	10,426
Travel	2,963		263	160
Rent	225,477	63,001	29,843	13,263
Repairs and Maintenance	260		24	16
Compensated Absences	34,410	14,822	7,664	4,300
OPEB Expenses	25,231	9,734	3,299	1,375
Miscellaneous	671,714	11,255	58,776	60,666
Total Other Expenses	1,127,700	145,112	121,966	90,206
Total Administrative Expenses	**$ 6,917,397**	**$ 1,057,829**	**$ 919,756**	**$ 426,754**

Public Employees' Retirement Board

A Component Unit of the State of Montana

Schedule of Investment Expenses

Year Ended June 30, 2021

Plan	Investment Manager	Fees	
PERS-DBRP	Board of Investments	$	40,822,219
PERS-DCRP	Board of Investments		48,163
DISABILITY OPEB			
JRS	Board of Investments		748,068
HPORS	Board of Investments		1,057,464
SRS	Board of Investments		2,720,045
GWPORS	Board of Investments		1,519,363
MPORS	Board of Investments		3,106,950
FURS	Board of Investments		3,315,773
VFCA	Board of Investments		271,618
DC	PIMCO		44,846
	State Street Bank		3,378
	Transamerica		11,559
	Prudential		12,043
	Voya		12,052
457	PIMCO		472,262
	State Street Bank		35,543
	Transamerica		121,954
	Prudential		126,796
	Voya		126,887
Total Investment Expense		**$**	**54,576,983**

Public Employees' Retirement Board

A Component Unit of the State of Montana

Detail of Fiduciary Net Position (PERS-DBRP and PERS-DBEd)

as of June 30, 2021

	PERS-DBRP	PERS-DBEd	TOTAL
Assets			
Cash and Short-term Investments	$ 83,221,651	$ 1,488,858	$ 84,710,509
Securities Lending Collateral	41,244,577		41,244,577
Receivables			
Interest	6,196	119	6,315
Accounts Receivables	2,718,591	3,541	2,722,132
Due from Other Funds	1,734,326		1,734,326
Due from Primary Government			
Notes Receivable	7,558		7,558
Total Receivables	4,466,671	3,660	4,470,331
Investments, at fair value			
CAPP Participant Pool	7,122,359,943		7,122,359,943
Total Investments	7,122,359,943		7,122,359,943
Capital Assets			
Property and Equipment, at cost,			
net of Accumulated Depreciation	58,251	14,863	73,114
Intangible Assets at cost,			
net of amortization expense	846,416		846,416
Total Capital Assets	904,667	14,863	919,530
Total Assets	7,252,197,509	1,507,381	7,253,704,890
Deferred Outflow of Resources - OPEB	274,933	95,410	370,343
Liabilities			
Securities Lending Liability	41,244,577		41,244,577
Accounts Payable	429,351	42,125	471,476
Unearned Revenue	51,620	88	51,708
Due to Other Funds			
Compensated Absences	349,957	70,010	419,967
OPEB Implicit Rate Subsidy LT	334,389	116,043	450,432
Total Liabilities	42,409,894	228,266	42,638,160
Deferred Inflow of Resources - OPEB	35,666	12,377	48,043
Net Position Restricted for Pension Benefits	**$ 7,210,026,882**	**$ 1,362,148**	**$ 7,211,389,030**

Public Employees' Retirement Board

A Component Unit of the State of Montana

Detail of Changes in Fiduciary Net Position (PERS-DBRP and PERS-DBEd)

for the Fiscal Year Ended June 30, 2021

	PERS-DBRP	PERS-DBEd	TOTAL
Additions			
Contributions			
Employer	$ 120,968,411	$ 538,583	$ 121,506,994
Plan Member	110,935,532		110,935,532
Interest Reserve Buyback	311,192		311,192
Retirement Incentive Program	707		707
Miscellaneous Revenue	166,600	8,524	175,124
State Contributions	1,098,345		1,098,345
State Appropriations	34,290,660		34,290,660
Total Contributions	267,771,447	547,107	268,318,554
Investment Income			
Net Appreciation (Depreciation) in Fair Value of Investments	1,633,349,863	(684)	1,633,349,179
Interest	180,633	3,883	184,516
Dividends			
Investment Expense	(40,822,219)		(40,822,219)
Net Investment Income	1,592,708,277	3,199	1,592,711,476
Securities Lending Income			
Securities Lending Income	499,975		499,975
Securities Lending Rebate and Fees	(98,134)		(98,134)
Net Securities Lending Income	401,841		401,841
Total Net Investment Income	1,593,110,118	3,199	1,593,113,317
Total Additions	1,860,881,565	550,306	1,861,431,871
Deductions			
Benefits	476,443,132		476,443,132
Refunds/Distributions	12,712,759		12,712,759
Refunds to Other Plans	221,765		221,765
Transfers to MUS-RP	263,455		263,455
Transfers to DCRP	2,328,041		2,328,041
OPEB Expenses	25,231	9,734	34,965
Administrative Expenses	4,397,338	1,048,095	5,445,433
Total Deductions	496,391,721	1,057,829	497,449,550
Net Increase (Decrease)	1,364,489,844	(507,523)	1,363,982,321
Net Position Restricted for Pension Benefits			
Beginning of Year	**5,845,474,024**	**1,869,639**	**5,847,343,663**
Prior Year Adjustments	**63,014**	**32**	**63,046**
End of Year	**$ 7,210,026,882**	**$ 1,362,148**	**$ 7,211,389,030**

Public Employees' Retirement Board

A Component Unit of the State of Montana

Detail of Fiduciary Net Position (PERS-DCRP, PERS-DCEd)

as of June 30, 2021

	PERS-DCRP	PERS-DCEd	TOTAL
Assets			
Cash and Short-term Investments	$ 3,589,496	$ 120,751	$ 3,710,247
Securities Lending Collateral			
Receivables			
Interest	177	10	187
Accounts Receivables	196,781	807	197,588
Due from Other Funds			
Total Receivables	196,958	817	197,775
Investments, at fair value			
Defined Contributions Fixed Investments	24,223,132		24,223,132
Defined Contributions Variable Investments	385,056,074		385,056,074
Total Investments	409,279,206		409,279,206
Property and Equipment, at cost,			
net of Accumulated Depreciation (Note A2)	6,219	1,582	7,801
Intangible Assets at cost,			
net of amortization expense	202,216		202,216
Total Capital Assets	208,435	1,582	210,017
Total Assets	413,274,095	123,150	413,397,245
Deferred Outflow of Resources - OPEB	25,078	9,813	34,891
Liabilities			
Securities Lending Liability			
Accounts Payable	373,702	4,447	378,149
Unearned Revenue	1,811	4	1,815
Compensated Absences	45,281	7,076	52,357
OPEB Implicit Rate Subsidy LT	30,501	11,936	42,437
Total Liabilities	451,295	23,463	474,758
Deferred Inflow of Resources - OPEB	3,253	1,273	4,526
Net Position Restricted for Pension Benefits	**$ 412,844,625**	**$ 108,227**	**$ 412,952,852**

Public Employees' Retirement Board

A Component Unit of the State of Montana

Detail of Changes in Fiduciary Net Position (PERS-DCRP, PERS-DCEd)

for the Fiscal Year Ended June 30, 2021

	PERS-DCRP	PERS-DCEd	TOTAL
Additions			
Contributions			
Employer[1]	$ 16,663,250	$ 86,540	$ 16,749,790
Plan Member	17,099,325		17,099,325
Miscellaneous Revenue	42,654	897	43,551
Nonvested Member Forfeitures	1,103,889		1,103,889
Total Contributions	34,909,118	87,437	34,996,555
Investment Income			
Net Appreciation (Depreciation)			
in Fair Value of Investments	85,148,282	(48)	85,148,234
Interest	9,919,620	293	9,919,913
Investment Expense	(83,878)		(83,878)
Net Investment Income	94,984,024	245	94,984,269
Securities Lending Income			
Securities Lending Income			
Securities Lending Rebate and Fees			
Net Securities Lending Income			
Total Net Investment Income	94,984,024	245	94,984,269
Total Additions	129,893,142	87,682	129,980,824
Deductions			
Distributions	13,293,389		13,293,389
OPEB Expenses	2,240	1,058	3,298
Administrative Expenses	801,897	114,561	916,458
Miscellaneous Expenses	108,689		108,689
Total Deductions	14,206,215	115,619	14,321,834
Net Increase (Decrease)	115,686,927	(27,937)	115,658,990
Net Position Restricted for Pension Benefits			
Beginning of Year	**297,155,892**	**136,157**	**297,292,049**
Prior Year Adjustments	**1,806**	**7**	**1,813**
End of Year	**$ 412,844,625**	**$ 108,227**	**$ 412,952,852**

[1]Employer contributions include State contributions that are listed separately on the main financial statements of this section.

Report on Internal Control and Compliance

LEGISLATIVE AUDIT DIVISION

Angus Maciver, Legislative Auditor
Deborah F. Butler, Legal Counsel

Deputy Legislative Auditors:
Cindy Jorgenson
William Soller

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*

The Legislative Audit Committee
of the Montana State Legislature:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Public Employees' Retirement Board, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the board's basic financial statements, and have issued our report thereon dated December 17, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the board's internal control over financial reporting 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 board's internal control. Accordingly, we do not express an opinion on the effectiveness of the board's 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 entity'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 controls 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 may exist that have not been identified.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the board'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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. The identified instances of noncompliance are described below:

The board administers eight defined benefit retirement plans. The Montana Constitution and state law require these retirement systems to be actuarially sound, meaning the retirement system must amortize in 30 years or less. The actuarial valuation as of June 30, 2021, indicates the Games Wardens' and Peace Officers' Retirement System is not actuarially sound as it amortizes in 35 years.

Public Employee's Retirement Board Response to Findings

The board's response to the findings identified in our audit are described on page C-1 of this report. The board's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 board'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 board's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

/s/ Cindy Jorgenson

Cindy Jorgenson, CPA
Deputy Legislative Auditor
Helena, MT

December 17, 2021

Public Employees' Retirement Board

Board Response

MONTANA PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION

GREG GIANFORTE
GOVERNOR

DORE SCHWINDEN
EXECUTIVE DIRECTOR

STATE OF MONTANA

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February 3, 2022,

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LEGISLATIVE AUDIT DIV.

Angus Maciver, Legislative Auditor
Legislative Audit Division
State Capitol, Room 160
Helena, MT 59620

Dear Mr. Maciver:

The Montana Public Employee Retirement Administration (MPERA) has reviewed the financial audit report for fiscal year 2021. We understand the report has no current recommendations; however, it does address the actuarial soundness of GWPORS.

As constitutionally required by Article VIII § 15 of the Montana Constitution, the Public Employees' Retirement Board (PERB) confronts all defined benefit plan funding shortfalls and recommends funding increases when plans do not amortize within 30 years. In line with previous audit recommendations regarding the funding status of specific defined benefit plans administered by MPERA, the PERB and MPERA have taken the following actions to address the funding shortfall for the defined benefit plan listed below.

Game Wardens' and Peace Officers' Retirement System (GWPORS)

MPERA introduced House Bill 44 during the 67th Legislative Session to increase the funding status and overall actuarial soundness of the Game Wardens' and Peace Officers' Retirement System (GWPORS). This bill was tabled. As required by law, MPERA will continue to monitor the funding of GWPORS and based on the FY2022 valuation if the system does not amortize under 30 years, the PERB and MPERA will propose a separate funding bill for GWPORS during the 68th Legislature's 2023 Session.

Regards,

Dore Schwinden
Executive Director