



A REPORT
TO THE
MONTANA
LEGISLATURE

LEGISLATIVE AUDIT
DIVISION

23-08

FINANCIAL AUDIT

*Public Employees'
Retirement Board*

*For the Fiscal Year Ended
June 30, 2023*

FEBRUARY 2024

FINANCIAL AUDITS

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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, 2021, was issued June 21, 2022. The submission deadline for the Single Audit Report for the two fiscal years ended June 30, 2023, is March 31, 2024.

AUDIT STAFF

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LEGISLATIVE AUDIT DIVISION

Angus Maciver, Legislative Auditor
Kenneth E. Varns, Legal Counsel



Deputy Legislative Auditors:
Cindy Jorgenson
William Soller
Miki Cestnik

February 2024

The Legislative Audit Committee
of the Montana State Legislature:

It is a pleasure to provide our financial audit report on the Public Employees' Retirement Board (board), a component unit of the State of Montana, for the fiscal year ended June 30, 2023. The board administers the state's public employee retirement systems, which are:

- ◆ Eight defined benefit pension plans,
- ◆ A defined contribution pension plan,
- ◆ An other post-employment benefit plan, and
- ◆ An other employee benefit plan.

The report also includes the board-prepared financial statements and related notes. The required supplementary information provides additional information about each retirement plan's total and net pension liability, investments, contributions, and expense data. The supplementary information includes detailed information on investment expenses and the other postemployment benefit plan. The Public Employees' Retirement defined benefit, defined contribution, and deferred compensation plans, and the education fund also have detailed administrative expenses, assets, liabilities, and related information included in the supplementary information. This report contains our Independent Auditor's Report, which includes an unmodified opinion, meaning the reader can rely on the information presented.

The board's written response to the audit is included in the audit report on 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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Public Employees' Retirement Board	C-1
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APPOINTED AND ADMINISTRATIVE OFFICIALS

	<u>Name</u>	<u>Position</u>	<u>City</u>	<u>Term Expires</u>
Public Employees' Retirement Board	Maggie Peterson	President, Experience in Investment Management, Counseling, or Financial Planning or Other Similar Experience	Anaconda	4/1/2024
	Richard Hickel	Vice President, Member At-Large	Kalispell	3/31/2026
	Dave Galt	Retired Public Employee, Member of Public Employees' Retirement System	Helena	4/1/2028
	Terry Halpin	Active Member of Public Retirement System	Billings	3/31/2025
	Doug Kary	Member At-Large	Billings	4/1/2028
	Jason Strouf	Active Member of Public Retirement System	Miles City	3/31/2024
	Sonya Woods	Active Member of Public Retirement System, Defined Contribution Plan	Miles City	4/1/2027

Administrative Officials

Dore Schwinden, Executive Director

Bill Holahan, Deputy Director

David Swenson, Information Technology Bureau Chief

Hollie Resler, Fiscal Services Bureau Chief

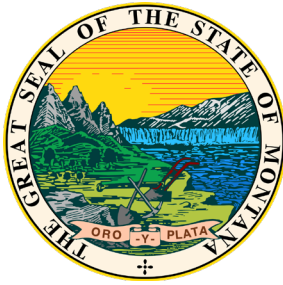
Nick Domitrovich, Chief Legal Counsel

Kyle Harste, Compliance Auditor

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

Dore Schwinden, Executive Director
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MONTANA LEGISLATIVE AUDIT DIVISION

FINANCIAL AUDIT
 Public Employees' Retirement Board
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

A report to the Montana Legislature

BACKGROUND

The Public Employees' Retirement Board (board) administers eight defined benefit pension plans, one defined contribution pension plan, one other post-employment benefit plan, and one other employee benefit 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 liability can be amortized within 30 years.

To decrease pension liabilities and improve the actuarial soundness of three defined benefit retirement plans, the 2023 Legislature enacted House Bill 569, which appropriated one-time payments from the General Fund. These payments occurred on July 1, 2023, in the amounts of \$27.6 million for the Highway Patrol Officers' Retirement System; \$26.8 million for the Sheriffs' Retirement System; and \$41.2 million for the Game Wardens' and Peace Officers' Retirement System. Although these payments were not received until fiscal year 2024, they immediately impacted the actuarial soundness of the systems.

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

We found the board's financial statements and note disclosures presented fairly the activity of the plans in all material respects. This means the 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 no recommendations to the board.

In this report, we determined the implementation status of recommendations in the prior audit:

- Fully Implemented: 2
- Partially Implemented: 0
- Not Implemented: 0

SUMMARY OF AUDIT WORK:

The objective of a financial audit is to determine if the board's financial statements are presented fairly and the board has complied with certain laws and regulations. With this in mind, we reviewed support for contributions revenue and benefit payments and determined the reasonableness of investment balances and associated net investment income. Further consideration of the board's control systems occurred throughout the

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

leg.mt.gov/lad

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audit, including the technology system used to electronically process contributions and benefits. We reviewed financial statements and note disclosures to determine if they were supported by underlying accounting records and actuarial valuations. Finally, we evaluated compliance with select laws and regulations governing investments, contribution revenues, and benefit payments.

We also tested data to determine if retiree and active member information, referred to as census information, is supported. Material errors in census information can result in inaccurate actuarial calculations. We completed six samples on new active employees across 66 employers of the various retirement systems. We tested the accuracy of the census information, such as gender, hire date, and birth date, for the employees included in the samples. We also completed analytics on the census information and did not identify any errors.

We reduced the extent of our audit work over census information, contribution revenues, and benefit payments based on the work completed by the board's internal compliance auditor, as allowed by auditing standards. We tested 11 of the 56 employer audits completed by the compliance auditor during fiscal year 2023. As required by auditing standards, we reperformed the compliance auditor's procedures as a basis for our reliance and identified no errors.

We hired an independent actuary to provide expertise during the audit. This included reviewing the plans' actuarial valuation and the assumptions underlying the calculation of the total pension liability. Our actuary determined the methodology used by the board's actuary was reasonable and consistent with actuarial standards.

The Montana Constitution requires defined benefit public retirement systems to be funded on an actuarially sound basis. The most recent actuarial valuations performed as of July 1, 2023, found the defined benefit retirement systems all amortize within 25 years. (See Table 1 on page S-3 for the amortization periods.) The one-time payments and favorable investment market conditions contributed to the improved amortization periods for the retirement systems, allowing them to amortize within 30 years.

Table 1
Defined Benefit Retirement Plan Amortization Periods
(in Fiscal Years)

Retirement Plan	2019	2020	2021	2022	2023
Public Employees'	36	35	28	32	28
Judges'	0*	0*	0*	0*	0*
Highway Patrol Officers'	42	39	26	47	25
Sheriffs'	21	21	19	33	25
Game Wardens' and Peace Officers'	53	40	35	∞	25
Municipal Police Officers'	18	16	15	24	21
Firefighters' United	9	8	6	12	10
Volunteer Firefighters' Compensation Act	5	4	1	3	1

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

*Plan was fully funded for the year.

∞Plan contributions do not amortize the unfunded liability.

Table 2 summarizes each plan's total and net pension liability. The one-time payments and investment returns also decreased the net pension liability for the three retirement systems included in the bill. The total pension liability is an actuarial estimate of future benefit payments associated with member service at June 30, 2023. The net pension liability is a measure of the extent to which the fiduciary net position of the pension plan does not cover the total pension liability. The net pension liability represents the total amount allocated to employers and non-employer contributing entities for inclusion in their financials.

Table 2
Total and Net Pension Liability
Fiscal Year Ended June 30, 2023

Defined Benefit Retirement Plan	Total Pension Liability	Net Pension Liability (Asset)
Public Employees'	\$9,361,215,642	\$2,440,353,916
Judges'	\$73,135,389	\$(57,721,700)
Highway Patrol Officers'	\$283,434,819	\$96,846,081
Sheriffs'	\$641,662,416	\$146,993,154
Game Wardens' and Peace Officers'	\$348,304,075	\$67,223,120
Municipal Police Officers'	\$817,699,290	\$231,839,708
Firefighters' United	\$794,682,254	\$150,979,983
Volunteer Firefighters' Compensation Act	\$52,197,798	\$1,590,287

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

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: 0

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.

Independent Auditor's Report and Board Financial Statements

Angus Maciver, Legislative Auditor
Kenneth E. Varns, Legal Counsel



Deputy Legislative Auditors:
Cindy Jorgenson
William Soller
Miki Cestnik

INDEPENDENT AUDITOR'S REPORT

The Legislative Audit Committee
of the Montana State Legislature:

REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of the Public Employees' Retirement Board, a fiduciary component unit of the state of Montana, which are comprised of the Statement of Fiduciary Net Position – Pension (And Other Employee Benefit) Trust Funds as of June 30, 2023, and the related Statement of 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Public Employees' Retirement Board (board) as of June 30, 2023, and the changes in net position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the board and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and for the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the board's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- ◆ Exercise professional judgment and maintain professional skepticism throughout the audit.
- ◆ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- ◆ Obtain an understanding of internal control relevant to the audit 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. Accordingly, no such opinion is expressed.
- ◆ Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- ◆ Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the board's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

- ◆ Management's Discussion and Analysis
- ◆ Schedule of Changes of Multiple-Employer 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 is the responsibility of management and, 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 the 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 consists 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 basic financial statements as a whole. The following supplementary information is presented for purposes of additional analysis and is 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 and PERS-DCEd)
- ◆ Detail of Changes in Fiduciary Net Position (PERS-DCRP and 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.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2023, 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 solely 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
Deputy Legislative Auditor
Helena, MT

December 14, 2023

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, 2023. Throughout this discussion and analysis, the units of measure (i.e., 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 Pension Plans						
(in thousands)	Defined Benefit Total		Percent Change	Defined Contribution Total		Percent Change
	2023	2022		2023	2022	
Total Assets	\$ 9,403,438	\$8,953,129	5.0 %	\$ 426,974	\$ 364,696	17.1 %
Deferred Outflow of Resources	318	339	(6.2) %	25	33	(24.2) %
Total Liabilities	99,861	96,436	3.6 %	645	677	(4.7) %
Deferred Inflow of Resources	424	156	171.8 %	33	15	120.0 %
Total Fiduciary Net Position Restricted	\$ 9,303,471	\$ 8,856,876	5.0 %	\$ 426,321	\$ 364,037	17.1 %

The Public Employees' Retirement Board's (PERB's) defined benefit plans combined total fiduciary net position increase of \$446.6 million in fiscal year 2023 was primarily attributed to an increase in the value of the investments of \$438.2 million.

The PERB's defined contribution plan combined total fiduciary net position increase of \$62.3 million in fiscal year 2023 was primarily attributed to the increase in the value of the investments of \$61.3 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 earnings is a result of the members' investment choices with varying degrees of risk and return potential and the change in the investment values due to investment performance.

Summary Statement of Changes in Fiduciary Net Position - ALL PERB Pension Plans							
(in thousands)	Defined Benefit Total		Percent Change	Defined Contribution Total		Percent Change	
	2023	2022		2023	2022		
Additions (by major source)							
Contributions	\$ 413,547	\$ 386,236	7.1 %	\$ 38,814	\$ 37,546	3.4 %	
Net Investment Earnings	733,213	(394,558)	285.8 %	46,628	(65,841)	170.8 %	
Total Additions	1,146,760	(8,322)	13879.9 %	85,442	(28,295)	402.0 %	
Deductions (by type)							
Benefits, Refunds and Transfers	693,817	653,926	6.1 %	22,208	19,635	13.1 %	
Administrative Expenses and Other Expenses	7,492	6,885	8.8 %	950	985	(3.6) %	
Total Deductions	701,309	660,811	6.1 %	23,158	20,620	12.3 %	
Increase / (Decrease) in Net Position	445,451	(669,133)	166.6 %	62,284	(48,915)	227.3 %	
Beginning of Year Net Position	\$ 8,856,876	\$ 9,526,012	(7.0)%	\$ 364,037	\$ 412,952	(11.8)%	
Prior Period Adjustments	1,144	(3)	38233.3 %				
End of Year Net Position	\$ 9,303,471	\$ 8,856,876	5.0 %	\$ 426,321	\$ 364,037	17.1 %	

The defined benefit plans combined revenues (additions to the plan net position) and expenses (deductions to plan net position) for fiscal year 2023 increased the net position \$1.11 billion, which can be primarily attributed to an increase in investment earnings of \$1.13 billion.

In analyzing the administrative expenses for all defined benefit systems, overall, the administrative expenses had an increase of \$692.9 thousand or an 11% increase. Of that increase \$569.2 thousand or 82% was personnel services for hiring of previously vacant positions. Further information on administrative expenses of the Plans may be found in the supplementary information schedules.

The defined contribution plan combined revenues and expenses for fiscal year 2023 increased the net position \$111.2 million, also primarily attributed to an increase in investment earnings of \$112.5 million.

As explained in further detail in *Note A1*, prior period adjustments were made during this fiscal year as a result of employer audits of payroll. The aggregated adjustments were \$1.1 million.

Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, as amended, took effect during the fiscal year ending June 30, 2023. No balance adjustments were required due to PERB's software arrangements being classified as either short-term or perpetually licensed per GASB standards and are under the State of Montana's \$100,000 threshold.

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*.

Investment Performance

As reported by the Montana Board of Investments (BOI) Chief Investment Officer Jon Putnam, the Public Employees' Retirement System (PERS) realized an 8.50% net return during the 2023 fiscal year. Net return performance for PERS since inception was 7.71% annualized. Returns over longer time frames compare favorably with the public fund, peer universe with 10-year returns ranked in the top decile. More importantly, long-term returns exceed the current PERS actuarial return rate of 7.30%. Similar returns were realized for all other MPERA retirement systems.

Returns across asset classes were mixed in fiscal year 2023. Some asset classes enjoyed strong returns as economic growth exceeded expectations. Conversely, a few suffered as global central banks raised interest rates to reduce inflation. Domestic Equity (18.87%), International Equity (12.48%), Real Assets (12.20%), Non-Core Fixed Income (8.03%), Cash (4.96%), and Private Investments (2.83%) posted positive returns. Real Estate (-2.10%) and Core Fixed Income (-0.83%) posted negative returns.

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

Going forward, the market faces multiple obstacles including rising geopolitical tensions, higher interest rates, demographic shifts, and slower global growth projections. Market uncertainty is elevated, thus making prudent diversification a critical pillar of the portfolio.

BOI continues to pursue attractive investment opportunities. We expect periods of extreme market volatility and continually mitigate risks to meet the liquidity needs of the pension plans. BOI believes that disciplined execution of our investment process will help us achieve the long-term objectives of the pension plans.

Analysis of the Individual Defined Benefit Plans

In analyzing the Summary Statements for the individual Defined Benefit Plans, the following PERB expectations are used based on historical data.

- Contributions to increase by 3.5% based on increasing membership and potential pay increases.

- Benefits to increase by 7% based on 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 benefit adjustment for non-GABA recipients.
- Administrative expenses to increase by 4%.
- Actuarial rate of return on investments of 7.30%.

PERS-Defined Benefit Retirement Plan (PERS-DBRP) and Education

The PERS-DBRP fiduciary net position restricted for pension benefits as of June 30, 2023, the largest PERB defined benefit retirement fund, increased \$271.7 million from the prior fiscal year, a result of strong investment returns. Below is an individual analysis of significant changes to the PERS-DBRP:

Summary of Fiduciary Net Position - PERS-DBRP			
(dollars in thousands)	2023	2022	% Change
Total Assets	\$ 6,996,405	\$ 6,722,511	4.1 %
Deferred Outflow of Resources	318	339	(6.2)%
Total Liabilities	74,797	72,874	2.6 %
Deferred Inflow of Resources	424	156	171.8 %
Total Net Position - restricted for pension benefits	\$ 6,921,502	\$ 6,649,820	4.1 %

Summary of Changes in Fiduciary Net Position - PERS-DBRP			
(dollars in thousands)	2023	2022	% Change
Additions (by major source)			
Contributions	\$ 287,834	\$ 267,426	7.6 %
Investment Earnings	549,340	(295,900)	285.7 %
Total Additions	837,174	(28,474)	3,040.1 %
Deductions (by type)			
Benefits, Refunds and Transfers	559,398	527,386	6.1 %
Administrative Expenses and Other Expenses	6,246	5,709	9.4 %
Total Deductions	565,644	533,095	6.1 %
Increase/(Decrease) in Net Position	\$ 271,530	\$ (561,569)	148.4 %
Beginning of Year Net Position	\$ 6,649,820	\$ 7,211,389	(7.8)%
Prior Period Adjustment	152		
End of Year Net Position	\$ 6,921,502	\$ 6,649,820	4.1 %

- Contributions are anticipated to grow by 3.5% yearly per our actuarial assumption as a result of raises members receive, the increase in contributions in the current fiscal year was 7.6%. In addition to the anticipated yearly increase, there was an increase of 1,114, or 3.9%, of active members in the plan.
- For investment earnings refer to the discussion in this section on the *Investment Performance* for fiscal year 2023.

PERS-Defined Contribution Retirement Plan (PERS-DBRP) DISABILITY OPEB

The DCRP Disability OPEB net position restricted for pension benefits as of June 30, 2023 increased from the prior fiscal year by \$1.4 million, a result of strong investment returns. Below is an individual analysis of the PERS-DCRP Disability OPEB:

Summary of Fiduciary Net Position - DCRP Disability OPEB			
(dollars in thousands)	2023	2022	% Change
Total Assets	\$ 8,604	\$ 7,181	19.8 %
Total Liabilities			
Total Net Position - restricted for pension benefits	\$ 8,604	\$ 7,181	19.8 %

Summary of Changes in Fiduciary Net Position - DCRP Disability OPEB			
(dollars in thousands)	2023	2022	% Change
Additions (by major source):			
Contributions	\$ 650	\$ 607	7.1 %
Investment Earnings	864	(1,090)	179.3 %
Total Additions	1,514	(483)	413.5 %
Deductions (by type):			
Benefits, Refunds and Transfers	91	129	(29.5)%
Total Deductions	91	129	(29.5)%
Increase/(Decrease) in Net Position	1,423	\$ (612)	332.5 %
Beginning of Year Net Position	\$ 7,181	\$ 7,793	(7.9)%
End of Year Net Position	\$ 8,604	\$ 7,181	19.8 %

- The employer contributions are 0.30% of the member's contributions, therefore, the increase is attributed to an increase of 20 active members contributing, as well as member salary increases.
- The plan's total net investment earnings increased from the prior fiscal year by 179.3%. The growth is because of strong returns as economic growth exceeded expectations.
- Benefits declined from the prior fiscal year, due to three members out of ten, or 30.0%, decrease in benefit recipients, a result of either death or conversion to a normal retirement.

Judges Retirement System (JRS)

The JRS net position restricted for pension benefits as of June 30, 2023, increased \$6.5 million from the prior fiscal year, a result of strong investment returns. Below is an individual analysis of the JRS:

Summary of Fiduciary Net Position - JRS			
(dollars in thousands)	2023	2022	% Change
Total Assets	\$ 132,200	\$ 125,641	5.2 %
Total Liabilities	1,343	1,283	4.7 %
Total Net Position - restricted for pension benefits	\$ 130,857	\$ 124,358	5.2 %

Summary of Changes in Fiduciary Net Position - JRS			
(dollars in thousands)	2023	2022	% Change
Additions (by major source):			
Contributions	\$ 648	\$ 708	(8.5)%
Investment Earnings	10,331	(5,547)	286.2 %
Total Additions	10,979	(4,839)	326.9 %
Deductions (by type):			
Benefits, Refunds and Transfers	4,427	4,357	1.6 %
Administrative Expenses and Other Expenses	53	56	(5.4)%
Total Deductions	4,480	4,413	1.5 %
Increase/(Decrease) in Net Position	\$ 6,499	\$ (9,252)	170.2 %
Beginning of Year Net Position	\$ 124,358	\$ 133,610	(6.9)%
End of Year Net Position	\$ 130,857	\$ 124,358	5.2 %

- Contributions decreased from the prior fiscal year by \$60.3 thousand. The decrease is due to the temporary suspension of the employer contributions for the last two fiscal years 2022 and 2023. This suspension of employer contributions will continue into the present fiscal year 2024. After July 1, 2024, the employer contribution will be actuarially determined.

Highway Patrol Officers' Retirement System (HPORS)

The HPORS net position restricted for pension benefits as of June 30, 2023, increased \$10.6 million from the prior fiscal year, a result of strong investment returns. Below is an individual analysis of the HPORS:

Summary of Fiduciary Net Position - HPORS			
(dollars in thousands)	2023	2022	% Change
Total Assets	\$ 188,542	\$ 177,792	6.0 %
Total Liabilities	1,954	1,852	5.5 %
Total Net Position - restricted for pension benefits	\$ 186,588	\$ 175,940	6.1 %

Summary of Changes in Fiduciary Net Position - HPORS			
(dollars in thousands)	2023	2022	% Change
Additions (by major source):			
Contributions	\$ 11,491	\$ 13,137	(12.5)%
Investment Earnings	14,637	(7,841)	286.7 %
Total Additions	26,128	5,296	393.4 %
Deductions (by type):			
Benefits, Refunds and Transfers	15,401	15,258	0.9 %
Administrative Expenses and Other Expenses	79	77	2.6 %
Total Deductions	15,480	15,335	0.9 %
Increase/(Decrease) in Net Position	\$ 10,648	\$ (10,039)	206.1 %
Beginning of Year Net Position	\$ 175,940	\$ 185,979	(5.4)%
End of Year Net Position	\$ 186,588	\$ 175,940	6.1 %

- The decrease in contributions is due to a decline of 17 active members contributing to the plan. The statutorily appropriated contribution from the HPORS retention fund received for fiscal year 2023 was \$2.0 million, a decrease of \$2.0 million from the prior fiscal year of \$4.0 million. This is recorded as *State Appropriations* on the financial statements.
- For investment earnings refer to the discussion in this section on the *Investment Performance* for fiscal year 2023.
- A decrease in refunds of \$730.5 thousand is a result of refunds being processed for smaller dollar amounts.
- The decrease in refunds was offset by an increase in benefits of \$873.1 thousand because of a 3.6% increase in benefit recipients.

Sheriffs' Retirement System (SRS)

The SRS net position restricted for pension benefits as of June 30, 2023, increased \$34.5 million from the prior fiscal year, a result of strong investment returns. Below is an individual analysis of the SRS:

Summary of Fiduciary Net Position - SRS			
(dollars in thousands)	2023	2022	% Change
Total Assets	\$ 500,014	\$ 465,243	7.5 %
Total Liabilities	5,345	5,048	5.9 %
Total Net Position-restricted for pension benefits	\$ 494,669	\$ 460,195	7.5 %

Summary of Changes in Fiduciary Net Position - SRS			
(dollars in thousands)	2023	2022	% Change
Additions (by major source):			
Contributions	\$ 24,669	\$ 23,404	5.4 %
Investment Earnings	38,824	(20,641)	288.1 %
Total Additions	63,493	2,763	2,198.0 %
Deductions (by type):			
Benefits, Refunds and Transfers	29,375	27,040	8.6 %
Administrative Expenses and Other Expenses	266	239	11.3 %
Total Deductions	29,641	27,279	8.7 %
Increase/(Decrease) in Net Position	\$ 33,852	\$ (24,516)	238.1 %
Beginning of Year Net Position	\$ 460,195	\$ 484,711	(5.1)%
Prior Period Adjustment	622		
End of Year Net Position	\$ 494,669	\$ 460,195	7.5 %

- The \$1.3 million increase in contributions from the prior fiscal year, is attributed to an increase of 62 active members contributing to the plan.
- For investment earnings refer to the discussion in this section on the *Investment Performance* for fiscal year 2023.
- The \$2.3 million increase in benefits from the prior fiscal year is due to an increase in benefit recipients receiving benefits, in addition to increase in the average recipient’s benefit resulting from the guaranteed annual benefit adjustment (GABA).

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

The GWPORS net position restricted for pension benefits as of June 30, 2023, increased \$20.6 million from the prior fiscal year because of strong investment returns. Below is an individual analysis of the GWPORS:

Summary of Fiduciary Net Position - GWPORS			
(dollars in thousands)	2023	2022	% Change
Total Assets	\$ 284,138	\$ 263,290	7.9 %
Total Liabilities	3,057	2,853	7.2 %
Total Net Position-restricted for pension benefits	\$ 281,081	\$ 260,437	7.9 %

Summary of Changes in Fiduciary Net Position - GWPORS			
(dollars in thousands)	2023	2022	% Change
Additions (by major source):			
Contributions	\$ 11,754	\$ 11,016	6.7 %
Investment Earnings	21,971	(11,721)	287.4 %
Total Additions	33,725	(705)	4,883.7 %
Deductions (by type):			
Benefits, Refunds and Transfers	12,942	12,081	7.1 %
Administrative Expenses and Other Expenses	184	169	8.9 %
Total Deductions	13,126	12,250	7.2 %
Increase/(Decrease) in Net Position	\$ 20,599	\$ (12,955)	259.0 %
Beginning of Year Net Position	\$ 260,437	\$ 273,392	(4.7)%
Prior Period Adjustment	45		
End of Year Net Position	\$ 281,081	\$ 260,437	7.9 %

- The \$738.8 thousand increase in contributions is due to an increase of 40 active members contributing to the plan, a 4.1% increase from the prior fiscal year.
- For investment earnings refer to the discussion in this section on the *Investment Performance* for fiscal year 2023.
- The \$1.2 million increase in benefits is a result of an increase of 45 benefit recipients, a 10.1% increase from the prior fiscal year.
- Although the number of refunds increased by 16 from the prior fiscal year, there was still a decrease of \$385.3 thousand due to refunds being processed for smaller dollar amounts.

Montana Police Officers' Retirement System (MPORS)

The MPORS net position restricted for pension benefits as of June 30, 2023, increased by \$43.2 million from the prior fiscal year because of strong investment returns. Below is an individual analysis of the MPORS:

Summary of Fiduciary Net Position - MPORS			
(dollars in thousands)	2023	2022	% Change
Total Assets	\$ 591,817	\$ 548,288	7.9 %
Total Liabilities	5,958	5,637	5.7 %
Total Net Position - restricted for pension benefits	\$ 585,859	\$ 542,651	8.0 %

Summary of Changes in Fiduciary Net Position - MPORS			
(dollars in thousands)	2023	2022	% Change
Additions (by major source):			
Contributions	\$ 35,450	\$ 32,618	8.7 %
Investment Earnings	44,606	(23,865)	286.9 %
Total Additions	80,056	8,753	814.6 %
Deductions (by type):			
Benefits, Refunds and Transfers	36,715	34,157	7.5 %
Administrative Expenses and Other Expenses	173	160	8.1 %
Total Deductions	36,888	34,317	7.5 %
Increase/(Decrease) in Net Position	\$ 43,168	\$ (25,564)	268.9 %
Beginning of Year Net Position	\$ 542,651	\$ 568,215	(4.5)%
Prior Period Adjustment	40		
End of Year Net Position	\$ 585,859	\$ 542,651	8.0 %

- Contributions increased from the prior fiscal year because of an increase of 21 active members contributing to the plan. In addition to the employer and member contributions, there is a statutorily appropriated contribution from the State's general fund and is reported as *State Appropriations* on the financial statements. This contribution increased by \$1.5 million from the prior fiscal year.
- For investment earnings refer to the discussion in this section on the *Investment Performance* for fiscal year 2023.
- The increase in benefits from the prior year is due to the increase of 22 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 because of eight more refund requests from prior fiscal year.

Firefighters' Unified Retirement System (FURS)

The FURS net position restricted for pension benefits as of June 30, 2023, increased by \$54.5 million, from the prior fiscal year, a result of strong investment returns. Below is an individual analysis of the FURS:

Summary of Fiduciary Net Position - FURS			
(dollars in thousands)	2023	2022	% Change
Total Assets	\$ 650,179	\$ 595,179	9.2 %
Total Liabilities	6,477	5,971	8.5 %
Total Net Position - restricted for pension benefits¹	\$ 643,702	\$ 589,208	9.2 %

Summary of Changes in Fiduciary Net Position - FURS			
(dollars in thousands)	2023	2022	% Change
Additions:			
Contributions	\$ 37,894	\$ 34,468	9.9 %
Investment Earnings	48,813	(25,987)	287.8 %
Total Additions	86,707	8,481	922.4 %
Deductions:			
Benefits, Refunds and Transfers	32,355	30,420	6.4 %
Administrative Expenses and Other Expenses	143	131	9.2 %
Total Deductions	32,498	30,551	6.4 %
Increase/(Decrease) in Net Position	\$ 54,209	\$ (22,070)	345.6 %
Beginning of Year Net Position	\$ 589,208	\$ 611,281	(3.6)%
Prior Period Adjustment	285	(3)	9,600.0 %
End of Year Net Position	\$ 643,702	\$ 589,208	9.2 %

- Contributions increased from the prior fiscal year because of an increase of 77, or 10.3%, in active members contributing to the plan. In addition to the employer and member contributions, there is a statutorily appropriated contribution from the State's general fund and is reported as *State Appropriations* on the financial statements. This appropriation increased by \$1.9 million from the prior fiscal year.
- For investment earnings refer to the discussion in this section on the *Investment Performance* for fiscal year 2023.

Volunteer Firefighters' Compensation Act (VFCA)

The VFCA net position restricted for pension benefits as of June 30, 2023, an increase of \$3.5 million from the prior fiscal year, a result of strong investment returns. Below is an individual analysis of the VFCA:

Summary of Fiduciary Net Position - VFCA			
(dollars in thousands)	2023	2022	% Change
Total Assets	\$ 51,538	\$ 48,004	7.4 %
Total Liabilities	931	918	1.4 %
Total Net Position-restricted for pension benefits	\$ 50,607	\$ 47,086	7.5 %

Summary of Changes in Fiduciary Net Position - VFCA			
(dollars in thousands)	2023	2022	% Change
Additions (by major source):			
Contributions	\$ 3,156	\$ 2,852	10.7 %
Investment Earnings	3,827	(1,966)	294.7 %
Total Additions	6,983	886	688.1 %
Deductions (by type):			
Benefits, Refunds and Transfers	3,114	3,098	0.5 %
Administrative Expenses and Other Expenses	348	344	1.2 %
Total Deductions	3,462	3,442	0.6 %
Increase/(Decrease) in Net Position	\$ 3,521	\$ (2,556)	237.8 %
Beginning of Year Net Position	\$ 47,086	\$ 49,642	(5.1)%
End of Year Net Position	\$ 50,607	\$ 47,086	7.5 %

- Contributions increased from the prior fiscal year due to increased fire insurance premium taxes distributed to the VFCA from the general fund. This is a statutorily appropriated contribution from the State's general fund and is reported as a *Statutory Appropriation* on the financial statements.
- For investment earnings refer to the discussion in this section on the *Investment Performance* for fiscal year 2023.

Analysis of the Defined Contribution Plan

The PERB administers a defined contribution plan the *Public Employees' Retirement System-Defined Contribution Retirement Plan (PERS-DCRP)*.

The PERS-DCRP net position restricted for pension benefits as of June 30, 2023, increased by \$62.3 million from the prior fiscal year. A defined contribution plan's net position will change annually based on individual participant's decisions on contributions, claims and the investment mix that derives the investment return. On the top of the next page is an individual analysis of the PERS-DCRP:

Summary of Fiduciary Net Position - PERS- DCRP			
(in thousands)	2023	2022	% Change
Total Assets	\$ 426,974	364,696	17.1 %
Deferred Outflow of Resources	25	33	(24.2)%
Total Liabilities	645	677	(4.7)%
Deferred Inflow of Resources	33	15	120.0 %
Total Net Position - restricted for pension benefits	\$ 426,321	\$ 364,037	17.1 %

Summary of Changes in Fiduciary Net Position - PERS-DCRP			
(in thousands)	2023	2022	% Change
Additions (by major source):			
Contributions	\$ 38,814	\$ 37,546	3.4 %
Investment Earnings	46,628	(65,841)	170.8 %
Total Additions	85,442	(28,295)	402.0 %
Deductions (by type):			
Refunds/Distributions	22,208	19,635	13.1 %
Administrative Expenses and Other Expenses	950	985	(3.6)%
Total Deductions	23,158	20,620	12.3 %
Increase/(Decrease) in Net Position	\$ 62,284	\$ (48,915)	227.3 %
Beginning of Year Net Position	\$ 364,037	\$ 412,952	(11.8)%
End of Year Net Position	\$ 426,321	\$ 364,037	17.1 %

- The plan reported a net investment earnings this fiscal year of \$46.6 million as opposed to net investment loss of \$65.8 million in the previous fiscal year. This is reflective of an increase in investment returns and members contributing to the plan.
- The number of recipients receiving distributions increased by 63 from the prior fiscal year. 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 decreased from the prior fiscal year by \$35.5 thousand. To decrease the burden of the administrative expenses, a suspension of plan participant fees collected by the recordkeeper Empower Retirement™ was initiated. Instead, MPERA paid the recordkeeping fees out of the administrative expenses.

Analysis of the Deferred Compensation (457(b)) Plan

The *Deferred Compensation (457(b))* plan is presented as an other employee benefit not a pension benefit.

The Deferred Compensation (457(b)) Plan net position available for plan benefits as of June 30, 2023, increased by \$33.9 million from prior fiscal year. This increase was primarily due to an increase in investment earnings reflective of strong investment returns. An individual analysis of the Plan is on the following page:

Summary of Fiduciary Net Position - 457(b) Plan			
(dollars in thousands)	2023	2022	% Change
Total Assets	\$ 600,839	567,532	5.9 %
Deferred Outflow of Resources	9	13	(30.8)%
Total Liabilities	419	1,057	(60.4)%
Deferred Inflow of Resources	12	6	100.0 %
Total Net Position - restricted for other employee benefits	\$ 600,417	\$ 566,482	6.0 %

Summary of Changes in Fiduciary Net Position - 457(b) Plan			
(dollars in thousands)	2023	2022	% Change
Additions:			
Contributions	\$ 26,266	\$ 29,420	(10.7)%
Investment Earnings	53,757	(84,476)	163.6 %
Total Additions	80,023	(55,056)	245.3 %
Deductions:			
Refunds/Distributions	44,752	41,539	7.7 %
Administrative Expenses and Other Expenses	1,336	1,414	(5.5)%
Total Deductions	46,088	42,953	7.3 %
Increase/(Decrease) in Net Position	\$ 33,935	\$ (98,009)	134.6 %
Beginning of the Year Net Position	566,482	\$ 664,494	(14.7)%
Prior Period Adjustment		\$ (3)	
End of Year Net Position	\$ 600,417	\$ 566,482	6.0 %

- Contributions decreased \$3.2 million from the prior fiscal year, a result of a decrease of 136 members contributing to the plan.
- Distributions increased by 114 from prior fiscal year accounting for the \$3.2 million increase in distributions.
- The costs of administering the plan decreased by \$79.1 thousand from the prior year, a result of decreased membership.

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, and
- (4) Other Supplementary Schedules.

Collectively, this information presents the combined net position restricted for pension and other employee benefits for each of the plans administered by the PERB as of June 30, 2023. This financial information also summarizes the combined changes in net position restricted for pension

and other employee 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, 2023, basic financial statements are presented for the fiduciary funds administered by Montana Public Employee Retirement Administration, staff of the PERB. Fiduciary funds are used to pay for pension and other employee benefits and expenses. The fiduciary funds are comprised of eleven trust funds that consist of nine pension, one other post-employment benefit (OPEB), and one other employee benefit (457(b)).

- 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 reported fiscal year.
- The Statement of Changes in Fiduciary Net Position presents the changes in the restricted fiduciary net position during the fiscal year. Additions are mainly contributions from employers, members, and a non-employer contributing entity, including state appropriations and net investment earnings. 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:

- **Note A** provides a summary of significant accounting policies including:
 - A1. Basis of Presentation and Basis of Accounting,
 - A2. Capital Assets,
 - A3. Net Pension Liability of Employers,
 - A4. Other Post-Employment Benefits (OPEB for Healthcare), and
 - A5. 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, and
- Schedule of Investment Returns.

These schedules are intended to show information for the most recent ten years.

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, which is administered by the State of Montana and where PERB is an employer. Finally, this discussion and analysis is also RSI in accordance with Governmental Accounting Standards Board (GASB) standards.

(4) Other Supplementary Schedules

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

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 "management" purposes. Results of each are highlighted in the following paragraphs.

GASB Statements No. 67 and No. 68 Actuarial Valuations

This is the tenth 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*, as amended (GASB-67), 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, 2023. 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*, as amended (GASB-68).

For PERB's largest cost-sharing, multiple-employer defined benefit plan, the Public Employees Retirement System (PERS), the June 30, 2023 actuarial valuation report in accordance with

GASB-67 revealed a net pension liability of \$2.44 billion. This is an increase of \$62.5 million from the fiscal year 2022 net pension liability of \$2.38 billion. As a result of this June 30, 2023 actuarial valuation, the plan's fiduciary net position as a percentage of the total pension liability was 73.93%, increasing 0.27% from the ratio of 73.66% reported as of June 30, 2022.

Additional information on the actuarial valuation results for PERB's defined benefit retirement plans may be found in: *Note A3. Net Pension Liability of Employers* and in the *Required Supplementary Information (RSI)*.

Funding Actuarial Valuations

An actuarial valuation for management purposes of each of the defined benefit plans and the DCRP Disability OPEB plan is performed annually. The purpose of this particular 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 the fiscal year ending June 30, 2023.

The experience study performed during fiscal year 2022 for the five-year period of July 1, 2016 to June 30, 2021, resulted in changes to the demographic and economic actuarial assumptions and implementation of new actuarial factors. These were used in the June 30, 2023 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 latest 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, 2023 actuarial valuations, the unfunded liability of all plans amortize within the 30 years, with JRS being fully funded.

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

Currently Known Facts, Conditions, or Decisions

The following are currently know facts, conditions, or decisions that are expected to have a significant effect on the System's financial position or results of operations.

During the 2023 Legislative Session, House Bill 569 was passed creating a layered amortization policy using closed amortization periods for legacy and contemporary unfunded liabilities in statute for the JRS beginning July 1, 2023 and the HPORS, SRS, and GWPORS systems beginning July 1, 2024.

House Bill 569 also increased the employer contribution rate in GWPORS to 10.56% from 9.00%. This is effective July 1, 2023 through July 30, 2024. Along with this rate increase for GWPORS, effective July 1, 2023, House Bill 569 provided for a one-time appropriation of State general fund dollars to SRS of \$26.8 million, HPORS of \$27.6 million, and GWPORS of \$41.2 million.

Finally, the bill also changes the retirement eligibility criteria in HPORS and SRS from 20 years at any age to age 50 and 20 years for new hires entering each system on or after July 1, 2023.

Subsequent Events

MPERA has performed an evaluation of subsequent events and there are no material events identified.

Request for Information

This financial report is intended to provide a general overview of the PERB's financial position as of June 30, 2023, and the results of the financial activities for fiscal year 2023. 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

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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, 2023

	PERS-DBRP	PERS-DCRP DISABILITY OPEB	JRS	HPORS	SRS	GWPORS
Assets						
Cash and Short-term Investments	\$ 77,325,588	736,669	1,370,142	2,366,819	5,521,378	3,268,052
Securities Lending Collateral (Note A5)	70,366,674		1,330,372	1,893,971	5,026,940	2,856,719
Receivables						
Interest	338,375	3,194	5,516	9,468	25,595	14,596
Accounts Receivable	3,264,181	4,429	4,895	2,732	503,014	70,435
Receivable from Other Systems (Note A1)	888,746					
Due from Primary Government						
Notes Receivable	4,060					
Total Receivables	4,495,362	7,623	10,411	12,200	528,609	85,031
Investments (Note A5)						
Commingled Equity Securities		7,859,807				
CAPP Investment Pool	6,840,472,784		129,327,920	184,116,428	488,677,991	277,706,916
Defined Contributions Fixed Investments						
Defined Contributions Variable Investments						
Deferred Compensation Life Insurance						
Total Investments	6,840,472,784	7,859,807	129,327,920	184,116,428	488,677,991	277,706,916
Capital Assets - Net of Accumulated Depreciation and Amortization						
Property and Equipment	48,925		366	311	366	366
Intangible Assets	533,613		156,624	132,948	156,624	156,623
Intangible Right-to-use Assets	3,161,457		4,016	19,794	101,837	64,545
Total Capital Assets	3,743,995		161,006	153,053	258,827	221,534
Total Assets	6,996,404,403	8,604,099	132,199,851	188,542,471	500,013,745	284,138,252
Deferred Outflow of Resources - OPEB	317,757					
Liabilities						
Securities Lending Liability	70,366,674		1,330,372	1,893,971	5,026,940	2,856,719
Accounts Payable	463,491					
Payable to Other Systems (Note A1)			8,053	38,541	208,237	131,155
Contributions Received in Advance	17,620	2	28			155
Compensated Absences	524,712		105	502	2,710	1,707
Lease Liability	3,309,214		4,204	20,719	106,596	67,561
OPEB Liability	115,046					
Total Liabilities	74,796,757	2	1,342,762	1,953,733	5,344,483	3,057,297
Deferred Inflow of Resources - OPEB	423,593					
Net Position - Restricted for Pensions	\$ 6,921,501,810	8,604,097	130,857,089	186,588,738	494,669,262	281,080,955
Net Position - Restricted for Benefits						
Total Fiduciary Net Position	\$ 6,921,501,810	8,604,097	130,857,089	186,588,738	494,669,262	281,080,955

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

Defined Benefit and Disability OPEB Pension Plans				Defined Contribution Plan	Other Employee Benefit		Total Pension (and Other Employee Benefit) Trust Funds
MPORS	FURS	VFCA	Total Defined Benefit and Disability OPEB Pension Plans	PERS-DCRP	Deferred Compensation (457(b)) Plan		
6,128,649	6,706,119	3,704,852	107,128,268	5,349,735	1,333,499		113,811,502
5,759,267	6,328,248	484,102	94,046,293				94,046,293
25,418	28,040	1,974	452,176	16,103	4,713		472,992
210,509	182,950	3,547	4,246,692	268,737	209,370		4,724,799
			888,746				888,746
19,621,587	21,567,679		41,189,266				41,189,266
			4,060				4,060
19,857,514	21,778,669	5,521	46,780,940	284,840	214,083		47,279,863
			7,859,807				7,859,807
559,868,876	615,180,538	47,060,410	9,142,411,863	25,084,079	197,940,611		9,142,411,863
				395,748,335	401,026,856		223,024,690
					3,617		796,775,191
							3,617
559,868,876	615,180,538	47,060,410	9,150,271,670	420,832,414	598,971,084		10,170,075,168
328	324	298	51,284	5,294	2,747		59,325
140,233	138,411	127,485	1,542,561	127,484	151,160		1,821,205
62,537	47,333	155,481	3,617,000	374,172	166,299		4,157,471
203,098	186,068	283,264	5,210,845	506,950	320,206		6,038,001
591,817,404	650,179,642	51,538,149	9,403,438,016	426,973,939	600,838,872		10,431,250,827
			317,757	24,913	8,739		351,409
5,759,267	6,328,248	484,102	94,046,293				94,046,293
4,614			468,105	195,827	221,186		885,118
125,402	97,216	280,142	888,746				888,746
1,447	1,097		20,349	151			20,500
1,632	1,265	3,646	536,279	48,057	20,502		604,838
65,460	49,545	162,748	3,786,047	391,660	174,071		4,351,778
			115,046	9,020	3,164		127,230
5,957,822	6,477,371	930,638	99,860,865	644,715	418,923		100,924,503
			423,593	33,210	11,650		468,453
585,859,582	643,702,271	50,607,511	9,303,471,315	426,320,927			9,729,792,242
					600,417,038		600,417,038
585,859,582	643,702,271	50,607,511	9,303,471,315	426,320,927	600,417,038		10,330,209,280

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, 2023

	PERS-DBRP	PERS-DCRP DISABILITY OPEB	JRS	HPORS	SRS	GWPORS
Additions						
Contributions (Note C)						
Employer	\$ 132,340,708	649,751		6,907,851	13,475,867	5,273,393
Plan Member	118,936,074		647,761	2,376,396	11,167,349	6,471,035
Interest Reserve Buyback	233,091			175	19,573	4,680
Retirement Incentive Program	455					
Miscellaneous Revenue	147,620	455	296	499	6,645	5,482
State Contributions	1,196,282			205,826		
State Appropriations	34,979,900			2,000,000		
Nonvested Member Forfeitures						
<i>Total Contributions</i>	287,834,130	650,206	648,057	11,490,747	24,669,434	11,754,590
Investments (Note A5)						
Net Appreciation (Depreciation)						
in Fair Value of Investments	583,825,386	846,968	10,987,229	15,558,441	41,239,217	23,341,237
Interest	3,052,885	21,945	49,296	83,404	222,657	122,618
Investment Expenses	(39,017,506)	(4,846)	(733,020)	(1,044,217)	(2,741,765)	(1,551,931)
<i>Net Investment Earnings</i>	547,860,765	864,067	10,303,505	14,597,628	38,720,109	21,911,924
Securities Lending Income						
Securities Lending Income	3,772,413		70,895	100,952	265,055	150,041
Securities Lending Rebate and Fees	(2,293,199)		(43,096)	(61,367)	(161,124)	(91,208)
<i>Net Securities Lending Income</i>	1,479,214		27,799	39,585	103,931	58,833
Total Net Investment Earnings	549,339,979	864,067	10,331,304	14,637,213	38,824,040	21,970,757
Total Additions	837,174,109	1,514,273	10,979,361	26,127,960	63,493,474	33,725,347
Deductions (Note C)						
Benefits	541,852,695	90,699	4,427,197	14,608,758	27,343,915	11,833,285
Refunds/Distributions	14,699,642			747,967	2,021,636	1,104,377
Transfers to Other Systems	336,442			43,799	9,324	4,609
Transfers to Montana University System Retirement Plan (MUS-RP)	328,675					
Transfers to Defined Contribution Retirement Plan (DCRP)	2,180,969					
Supplemental Insurance Payments						
OPEB Expenses	33,631					
Administrative Expenses	6,212,226		53,314	79,030	265,998	184,140
Miscellaneous Expenses						
<i>Total Deductions</i>	565,644,280	90,699	4,480,511	15,479,554	29,640,873	13,126,411
Net Increase (Decrease)	271,529,829	1,423,574	6,498,850	10,648,406	33,852,601	20,598,936
Net Position						
Beginning of Year	6,649,820,273	7,180,523	124,358,278	175,940,332	460,194,880	260,437,413
Prior Period Adjustments (Note A1)	151,708		(39)		621,781	44,606
End of Year	\$ 6,921,501,810	8,604,097	130,857,089	186,588,738	494,669,262	281,080,955

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

Defined Benefit and Disability OPEB Pension Plans				Defined Contribution Plan	Other Employee Benefit	
MPORS	FURS	VFCA	Total Defined Benefit and Disability OPEB Pension Plans	PERS-DCRP	Deferred Compensation 457(b) Plan	Total Pension (and Other Employee Benefit) Trust Funds
9,723,071	9,430,704		177,801,345	18,959,512	188,589	196,949,446
6,096,910	7,052,107		152,747,632	18,322,633	25,630,905	196,701,170
4,278	3,162		264,959			264,959
			455			455
741	1,236		162,974	1,472	446,016	610,462
			1,402,108	121,009		1,523,117
19,624,763	21,406,468	3,156,488	81,167,619			81,167,619
				1,409,309		1,409,309
35,449,763	37,893,677	3,156,488	413,547,092	38,813,935	26,265,510	478,626,537
47,415,431	51,878,732	4,069,127	779,161,768	37,554,994	37,636,615	854,353,377
232,061	255,850	19,952	4,060,668	9,174,700	16,913,982	30,149,350
(3,161,044)	(3,453,073)	(272,204)	(51,979,606)	(102,040)	(793,750)	(52,875,396)
44,486,448	48,681,509	3,816,875	731,242,830	46,627,654	53,756,847	831,627,331
305,665	333,896	26,326	5,025,243			5,025,243
(185,810)	(202,971)	(16,003)	(3,054,778)			(3,054,778)
119,855	130,925	10,323	1,970,465			1,970,465
44,606,303	48,812,434	3,827,198	733,213,295	46,627,654	53,756,847	833,597,796
80,056,066	86,706,111	6,983,686	1,146,760,387	85,441,589	80,022,357	1,312,224,333
33,957,906	32,131,050	3,113,937	669,359,442			669,359,442
2,748,037	223,760		21,545,419	22,208,021	44,752,307	88,505,747
8,754			402,928			402,928
			328,675			328,675
			2,180,969			2,180,969
		12,450	12,450			12,450
			33,631	(864)	(1,306)	31,461
173,427	142,815	335,940	7,446,890	964,499	321,549	8,732,938
				(13,988)	1,015,461	1,001,473
36,888,124	32,497,625	3,462,327	701,310,404	23,157,668	46,088,011	770,556,083
43,167,942	54,208,486	3,521,359	445,449,983	62,283,921	33,934,346	541,668,250
542,651,228	589,208,686	47,086,152	8,856,877,765	364,037,006	566,482,692	9,787,397,463
40,412	285,099		1,143,567			1,143,567
585,859,582	643,702,271	50,607,511	9,303,471,315	426,320,927	600,417,038	10,330,209,280

Public Employees' Retirement Board

A Component Unit of the State of Montana

Notes to the Basic Financial Statements

for the Fiscal Year Ended June 30, 2023

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 nine retirement plans, an OPEB, the related member education funds, and an other employee benefit plan. 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 a defined contribution plan. 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 plan is:

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

The other employee benefit plan is:

- Deferred Compensation (457(b)) Plan

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 of Montana, the Montana University System and contracting political subdivisions. This is an other employee benefit plan.

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 following the RSI and Supplementary Information (SI).

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. 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 as separate 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 (FY) 2023 were related to employer adjustments made for payroll incorrectly reported for FY1992 through FY2022 for PERS-DBRP (101 employers); and FY2018 through FY2022 for JRS (one employer), SRS (six employers), GWPORS (three employers), MPORS (eight employers), and FURS (eight employers). The reporting errors were initially reported in the employer, plan member and state contribution revenue accounts. On a monthly basis, these are adjusted out of the revenue accounts and are presented as Prior Period Adjustments on the basic *Statement of Changes in Fiduciary Net Position*.

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 to fairly present the financial statements.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITA) took effect starting with the FY ending June 30, 2023. The implementation of this standard establishes a single model for subscription accounting based on the foundational principle that long-term subscriptions are financings of the right-to-use an underlying asset. The standard requires recognition of certain right-to-use subscribed assets and liabilities for licensed software and hardware that previously were classified as inflows of resources or outflows of resources based on the payment provisions of the contract. The State of Montana has adopted a capitalization threshold of \$100,000. The software arrangements were classified as either short-term or perpetually licensed per GASB standards and are under the \$100,000 threshold.

A2. CAPITAL ASSETS

- ***Tangible Capital Assets***—MPERA has adopted a capitalization threshold used to identify whether assets purchased by MPERA are classified as capital assets or operating expenses that are expensed in the year purchased. Furniture and equipment with a cost equal to or greater than \$5,000, \$25,000 for building improvements, are recorded as tangible capital assets and depreciated based on the useful life of the asset. Equipment consists of a keyless door entry system. Building improvements consists of a remodel of the front office area.

Depreciation for tangible capital assets is computed using the straight-line method over the estimated useful life of the related assets according to the following schedule on the top of the next page:

Useful Lives of Tangible Capital Assets	
	<u>Years</u>
Building Improvements	7-20
Furniture and Equipment	3-10

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. The \$1,821,205 *Intangible Assets* in the *Total Pension (and Other Employee Benefit) Trust Funds* column on the *Statement of Fiduciary Net Position*, consists of the PERIS computer system. This intangible asset is amortized over 10 years.

- ***Intangible Right-to-use Lease Assets***—Lease liabilities represent MPERA's obligation to make lease payments arising from the contractual relationship. Lease liabilities are recognized at the lease commencement date based on the present value of the lease payments expected to be made during the lease term. The present value of the lease payments are discounted based on a borrowing rate determined by Montana Board of Investments.

MPERA has a right-to-use asset representing the building lease for MPERA's offices 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. MPERA is required to make principal and interest payments through June 30, 2030. The agreement has a discount rate of 1.65%. The right-to-use asset and related accumulated amortization for the building contract are \$4,157,471 and \$692,612, respectively as of June 30, 2023. The building lease allows for a renewal option of one to five years, that MPERA is reasonably certain to exercise. MPERA has recognized the additional five years in the measurement of the lease liability. The lease provides for increases in future minimum annual rental payments based on an escalation scale of 3% per year.

Remaining principal and interest payments on the lease agreement are as follows, assuming exercising of the extension:

Fiscal Year	Principal	Interest	Total Amount
July 1, 2023 - June 30, 2024	\$276,049	\$64,122	\$340,171
July 1, 2024 - June 30, 2025	\$284,794	\$65,582	\$350,376
July 1, 2025 - June 30, 2026	\$300,105	\$60,782	\$360,887
July 1, 2026 - June 30, 2027	\$315,988	\$55,726	\$371,714
July 1, 2027 - June 30, 2032	\$1,839,573	\$193,113	\$2,032,686
July 1, 2032 - June 30, 2035	\$1,335,322	\$36,563	\$1,371,885

A3. 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, 2023, is shown below 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 most recent experience study was performed in 2022 using June 30, 2021 valuation data.

The reporting date for the retirement systems is June 30, 2023. Measurements as of the reporting date are based on the fair value of assets as of June 30, 2023 and the Total Pension Liability (TPL) is based on the results of an actuarial valuation date of June 30, 2023. No roll forward procedures were used.

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, 2023 (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	\$ 9,361,216	\$ 6,920,862	\$ 2,440,354	73.93 %	\$ 1,453,317	167.92 %
JRS	73,135	130,857	(57,722)	178.92 %	8,561	(674.23)%
HPORS	283,435	186,589	96,846	65.83 %	18,005	537.90 %
SRS	641,662	494,669	146,993	77.09 %	102,450	143.48 %
GWPORS	348,304	281,081	67,223	80.70 %	58,393	115.12 %
MPORS	817,699	585,860	231,840	71.65 %	66,806	347.03 %
FURS	794,682	643,702	150,980	81.00 %	65,575	230.24 %
VFCA	52,198	50,608	1,590	96.95 %	N/A ²	N/A ²

¹The PERS-DB Education Fund balance is not included in the GASB 67 reporting, this is a not a pension fund.
²Covered payroll is not applicable to VFCA because members are unpaid volunteers.

Following on the top of the next page are the changes to the benefit terms used in the measurement of the TPL for June 30, 2023 as a result of House Bill 569 during the 2023 Legislative Session.

1. An unreduced retirement eligibility for HPORS was changed from 20 years of service at any age, to age 50 and 20 years of service for new hires entering the system on or after July 1, 2023. This change had no impact on the TPL.
2. Effective July 1, 2023, the retirement eligibility criteria in SRS for new hires first entering the system changes from 20 years at any age to age 50 and 20 years. This change had no impact on the TPL.

Below are the changes to the actuarial assumptions used in the measurement of the TPL for June 30, 2023.

1. The discount rate was increased from 5.55% to 7.30% for GWPORS. The municipal bond rate was not used in the measurement of the TPL for June 30, 2023. Therefore, the discount rate is the assumed long-term expected rate of return on investments.

A summary of the actuarial assumptions for the retirement plan's GASB No. 67 reporting as of the latest actuarial valuation on June 30, 2023 is shown in the *Notes to the RSI*. The assumptions and methods used in the latest actuarial valuation are based on the most recent actuarial experience study for the five-year period July 1, 2016 to June 30, 2021.

Long-Term Expected Rate of Return on Investments

The long-term expected rate of return on pension plan investments is reviewed as part of regular experience studies prepared for the Plans about every five years. The current long-term rate of return is based on analysis in the experience study report dated May 2, 2022, without consideration of the administrative expenses analysis shown in the experience study. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and an analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation), along with estimates of variability and correlations for each asset class. These ranges were combined to develop the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is intended to be a long-term assumption (30 to 50 years) and is not expected to change absent a significant change in the asset allocation, a change in the underlying inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class included in the Plans target asset allocation as of June 30, 2023, are summarized in the following Target Allocations table on the top of the next page. While not relied on to develop the long-term expected rate of return, the actuary believes that if more recent arithmetic real rates of return were used, the current long-term expected rate of return would still be reasonable.

Target Allocations as of June 30, 2023		
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 %	

Single Discount Rate

The discount rate used to measure the TPL for all Plans was 7.30%, 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 (formerly published monthly by the Board of Governors of the Federal Reserve System). The Municipal Bond Index Rate as of the measurement date is 3.66%. The discount rate determined does not use the municipal bond rate for any of the Plans.

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 7.30%, as well as what the employers' NPL would be if it were calculated using a discount rate that is 1.00% lower (6.30%) or 1.00% higher (8.30%) than the current rate. The table that follows on the top of the next page, presents the sensitivity disclosures for each plan.

Sensitivity of NPL / (Asset) based on Changes in Discount Rate as of June 30, 2023 (dollar amounts are in thousands)			
System	1% Decrease 6.30%	Current Discount Rate 7.30%	1% Increase 8.30%
PERS-DBRP	\$ 3,525,082	\$ 2,440,354	\$ 1,530,364
JRS	(50,730)	(57,722)	(63,760)
HPORS	136,375	96,846	65,100
SRS	238,788	146,993	72,294
GWPORS	119,726	67,223	24,442
MPORS	357,774	231,840	131,849
FURS	275,353	150,980	51,714
VFCA	7,220	1,590	(3,142)

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, 2023			
PERS-DBRP	8.42 %	GWPORS	8.47 %
JRS	8.44 %	MPORS	8.43 %
HPORS	8.37 %	FURS	8.45 %
SRS	8.46 %	VFCA	8.37 %

A4. OTHER POST-EMPLOYMENT BENEFITS (OPEB FOR HEALTHCARE)

General Information Non-Trust Plan

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 \$484 and \$1,511 per month for calendar year 2023, 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 dental premiums vary between \$42.37 and \$71.27 per month and vision hardware premiums vary between \$7.64 and \$22.26. The plan provides different coinsurance amounts and deductibles depending on whether members use participating or non-participating providers. Once retiree members become Medicare eligible, the plan automatically processes claim reimbursement as the secondary insurer, even if the member is not enrolled in Medicare. A basic life insurance plan on the life of the retiree is also included with a retiree's core benefits until the retiree reaches age 65 or is eligible for Medicare.

Employees covered by benefit terms

At December 31, 2022, MPERA had 47 active employees and one retired employee/spouse/surviving spouse covered by the benefit terms for a total of 48 covered employees.

The estimates were prepared based on an actuarial valuation as of the year ending December 31, 2022, rolled forward to the measurement date of March 31, 2023, 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, 2023, MPERA reported a liability of \$127,229 for its 0.410454% proportionate share of the total OPEB Liability. At June 30, 2022, MPERA reported a liability of \$428,080, for its 0.346248% 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 0.064206%.

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 6/30/2022	\$ 428,080
Changes for the year:	
Service Cost	23,058
Interest	14,804
Differences in experience	(182,312)
Changes of assumptions or other inputs	(148,566)
Benefit Payments (Contributions)	(7,835)
Net Changes	(300,851)
Balances as of 6/30/2023	\$ 127,229

Actuarial assumptions and other inputs

The total OPEB liability in the December 31, 2022 actuarial valuation, rolled forward to March 31, 2023, was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

Contributions:	\$ (7,835)
Actuarial valuation date	December 31, 2022
Actuarial measurement date ⁽¹⁾	March 31, 2023
Experience study period	January 1, 2022 through December 31, 2022
Actuarial cost method	Entry age normal funding method
Amortization method	Level percent of payroll, 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	3.98%
Projected payroll increases	3.50%
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: For general members, healthy mortality follows the PUB-2010 General Employee table, projected generationally using MP-2021. For Safety members, healthy mortality follows the PUB-2010 Safety table, projected generationally using MP-2021.

Mortality - Disabled: For general retirees, disabled mortality follows the PUB-2010 General Disabled table set forward 1 year for males and females, projected generationally using MP-2021. For Safety retirees, disabled mortality follows the PUB-2010 Safety Disabled table set forward 1 year for males, projected generationally using MP-2021.

Changes in actuarial assumptions and methods since last measurement date

- The discount rate increased from 3.31% to 3.98%.

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 (2.98%) or 1.00% higher (4.98%) than the current discount rate:

Discount Rate 3/31/2023	1% Decrease (2.98%)	Discount Rate (3.98%)	1% Increase (4.98%)
Total OPEB Liability	\$ 172,925	\$ 127,229	\$ 93,725

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 (6.5%) or 1.00% higher (9.0%) than the current healthcare cost trend rates:

Healthcare Rate 3/31/2023	1% Decrease	Current Rate (6.5% / 9.0%)	1% Increase
Total OPEB Liability	\$ 94,407	\$ 127,229	\$ 173,407

OPEB Expense

For the year ended June 30, 2023, MPERA recognized OPEB expense of \$31,461.

Deferred Outflows and Deferred Inflows of Resources Related to OPEB

At June 30, 2023, 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	\$ 86,361	\$ 196,670
Changes of assumptions or other inputs	375,492	343,366
*Benefit Payments associated with transactions subsequent to the measurement date of the total OPEB liability	2,084	
Total	\$ 463,937	\$ 540,036
*Amounts reported as deferred outflows of resources related to OPEB resulting from MPERA's benefit payments in FY2023 (April 1, 2023 through June 30, 2023) 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, 2023	Amount recognized as an Increase or (Decrease) to OPEB Expense
2024	\$ (6,401)
2025	\$ (6,401)
2026	\$ (6,401)
2027	\$ (6,401)
2028	\$ (6,401)
Thereafter	\$ (87,123)

A5. 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. 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>.

Investments are reported on the PERB's financial statements at fair value as of June 30, 2023 using quoted market prices, unless as otherwise indicated in this section.

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 an 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 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 a separate investment policy statement 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, 2023.

BOI Pooled Investments

As of June 30, 2023, MBOI managed two major diversified pools for the investments of the retirement funds, Montana Short-Term Investment Pool (STIP) and Montana Consolidated Asset Pension Pool (CAPP). The MBOI also manages the investments of the PERS-DCRP Disability OPEB trust fund. The PERS-DCRP Disability OPEB has investments in STIP and under the Separately Managed Accounts (SMA) portion of the Unified Investment Program within the MBOI, 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. Below is a short description of each PAC within the CAPP. For liquidity purposes, each PAC and external manager has a limited amount of cash/cash equivalents. Except for 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

Domestic Equities PAC – Invests primarily in U.S. traded equity securities such as common stock. The type of portfolio structures utilized are 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 utilized are 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 includes 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 structure includes 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 includes 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. Exchange traded funds are utilized to minimize the cash position.

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 includes 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 includes separately managed accounts, commingled accounts, and limited partnerships.

Cash PAC – Invests primarily in highly liquid, money-market type securities. The type of portfolio structures includes 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.

FINANCIAL SECTION

PERB Cash Equivalent and Investment Portfolio		
June 30, 2023		
<u>Investment Pools</u>	<u>Fair Value</u>	<u>Net Asset Value (NAV)</u>
Short-Term Investment Pool	\$ 94,127,284	\$ 94,127,284
CAPP Investment Pool	9,142,411,863	9,142,411,863
Commingled Equity Securities ¹	7,859,807	
Total	<u>\$ 9,244,398,954</u>	<u>\$ 9,236,539,147</u>

¹ DC Disability OPEB is invested 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), the Short-Term Investment Pool (STIP) and SMA investments.

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 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.

Accounts within *SMA* are invested primarily in investment grade, US dollar denominated fixed income securities and custodial bank interest bearing demand deposit accounts.

As of June 30, 2023, the PERB's portion of the defined benefit investment pools is presented in the table below:

PERB Portions of MBOI Pools at June 30, 2023		
<u>Investment</u>	<u>Fair Value</u> <u>June 30, 2023</u>	<u>PERB Portion</u> <u>June 30, 2023</u>
STIP	\$ 94,127,284	0.67%
CAPP	\$ 9,142,411,863	65.41%
SMA	\$ 7,859,807	0.45%

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.

Within SMA, the *PERS-DCRP Disability OPEB* trust fund invests in commingled equity index funds, recorded under *Commingled Equity Securities* in the financial statements. These SMA investment returns vary depending on the account specific investment allocations and the cash flows in and out of the account during the period.

The **Investment Risks** for the pooled investments and the SMA 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, STIP as an external investment pool, and participant SMA investments, 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 counterparty 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 Organizations (NRSROs) on an annual basis. As of June 30, 2023, all investments were recorded under the MBOI's name at their custodial bank. Therefore, MBOI is not subject to custodial credit risk.

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 of 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 and SMA have credit risk as measured by NRSRO ratings. Credit risk is contemplated for each individual portfolio in the IPS.

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. The MBOI uses for CAPP and SMA 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, 2023 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 6/30/2023	Credit Quality Rating ¹ 6/30/2023	Effective Duration 6/30/2023
CAPP	\$ 9,142,411,863	N/R	N/A
STIP	\$ 94,127,284	N/R	57 days WAM ²
SMA ³	\$ 7,859,807	N/R	N/A

¹CAPP and SMA have security investment types that are rated for credit and interest rate risk as of June 30, 2023, refer to MBOI's UIP Financial Statements and IPSs for the investment types that are involved.
²Weighted Average Maturity (WAM).
³PERS-DCRP Disability OPEB is invested in the Separately Managed Accounts (SMA).

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. The SMA investment is in a mutual fund as of June 30, 2023, as such, MBOI does not calculate a credit quality nor duration on mutual funds.

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 minimum collateral requirements based on contractual requirements. 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, 85% and 15% 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. The custodial bank cannot sell collateral securities unless the borrower defaults. For PERB, CAPP and SMA participate in the security lending.

The custodial bank loaned the MBOI's public securities and received as collateral the following instruments of cash (U.S. and foreign currency), securities issued or guaranteed by the United States government, debt, bonds, U.S. and non-U.S. equities and certificates of deposit.

There were no restrictions imposed on the number of securities available to lend during the fiscal year. There were no failures by any borrowers to return loaned securities or pay distributions thereon during the period that result in a declaration and note of default of the borrower. There were no losses during the fiscal year resulting from a borrower default. As of June 30, 2023, no securities were recalled and not yet returned.

The collateral received under securities lending agreements where the pools and SMA can spend, pledge, or sell collateral without borrower default is included in the Statement of Fiduciary Net Position. Liabilities resulting from these transactions are also included in the Statement of Fiduciary Net Position. Costs associated with the securities lending transactions, including broker commissions, and lending fees paid to custodians are reported in the Statement of Changes in Fiduciary Net Position. Securities lending income reported for the fiscal year was \$5.0 million, and expenses were \$3.1 million.

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 Life Insurance Company (Transamerica), Prudential Insurance Company of America (Prudential) and Voya Retirement Insurance and Annuity Company (Voya). The Montana Fixed Fund (the "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 ("GIC Providers") promise to repay participants' principal investments, plus earnings in accordance with terms of the respective synthetic GIC contracts issued to the PERS-DCRP and deferred compensation plan for 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. In addition to the synthetic GICs, the Fund's structure incorporates a money market-like liquidity strategy, and the custodial bank calculates a blended return of the individual crediting rates and the 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 determined by the plan accountant to be fully benefit responsive and measured at contract value. They 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. PERB's stand-alone investment policies for the Defined Contribution and Deferred Compensation (457(b)) plan, as well as the stable value options offered within each plan, may be obtained from the Public Employees' Retirement Board, 110 N. Park Avenue, 2nd Floor, P.O. Box 200131, Helena, MT 59620-0131 or PERB's website <https://mpera.mt.gov/Board/boardpolicies>.

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. Except for 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, 2023, 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, 2023, is 3.80.

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. With the Montana Fixed Fund being a separately

managed account for the benefit of MPERA participants, means that all risks in the account as well as gains and losses related to assets in the account are borne by individual participants.

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. The Montana Fixed Fund may include derivatives subject to derivative risk.

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 counterparty 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.

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 defined benefit investments, the defined contribution investments and the deferred compensation plan investments are valued as follows and on the next two pages as of June 30, 2023.

PERB Defined Benefit Investments Measured at Fair Value

	Fair Value Measurements Using			
	June 30, 2023	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	\$ 7,859,807	\$ 7,859,807		
Total Investments by fair value level	<u>\$ 7,859,807</u>	<u>\$ 7,859,807</u>		
Investments measured at the net asset value (NAV)				
CAPP Investment Pool	\$ 9,142,411,863			
Short-Term Investment Pool (STIP)	94,127,284			
Total investments measured at the NAV	<u>9,236,539,147</u>			
Total investments measured at fair value	<u>\$ 9,244,398,954</u>			

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

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

	June 30, 2023			
	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
CAPP Investment Pool	\$ 9,142,411,863		Monthly, quarterly	45-90 days
Short-Term Investment Pool (STIP)	94,127,284		Daily	1 - 3 days
Total investments measured at the NAV	<u>\$ 9,236,539,147</u>			

PERB Defined Contribution Investments

Investments measured at the net asset value (NAV) ¹	June 30, 2023
Montana Fixed Fund (Stable Value Pool) ²	\$ 25,084,079
Variable Pooled Investments ³	395,748,335
Short-Term Investment Pool ⁴	<u>3,728,172</u>
Total investments measured at the NAV	\$ 424,560,586
Total investments measured at fair value	<u>\$ 424,560,586</u>

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.

PERB Defined Contribution Investments Measured at Net Asset Value

	June 30, 2023			
	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Montana Fixed Fund (Stable Value Pool) ¹	\$ 25,084,079		Daily	None
Variable Pooled Investments ²	395,748,335		Daily	None
Short-Term Investment Pool ³	<u>3,728,172</u>		Daily	1 - 3 days
Total investments measured at the NAV	<u>\$ 424,560,586</u>			

¹ The Montana Fixed Fund is a stable value option that invests in cash, other liquid investments, and synthetic Guaranteed Investment Contracts (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).

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

PERB Deferred Compensation (457(b)) Plan Investments

Investments measured at the net asset value (NAV) ¹	June 30, 2023
Montana Fixed Fund (Stable Value Pool) ²	\$ 197,940,611
Variable Pooled Investments ³	401,026,856
Short-Term Investment Pool ⁴	1,058,528
Allianz Life Insurance Investment ⁵	3,617
Total investments measured at the NAV	\$ 600,029,612
Total investments measured at fair value	<u>\$ 600,029,612</u>

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 Deferred Compensation (457(b)) Plan Investments Measured at Net Asset Value

June 30, 2023				
	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Montana Fixed Fund (Stable Value Pool) ¹	\$ 197,940,611		Daily	None
Variable Pooled Investments ²	401,026,856		Daily	None
Short-Term Investment Pool ³	1,058,528		Daily	1 - 3 days
Allianz Life Insurance Investment ⁴	3,617			
Total investments measured at the NAV	<u>\$ 600,029,612</u>			

¹ The Montana Fixed Fund is a stable value option that invests in cash, other liquid investments, and synthetic Guaranteed Investment Contracts (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.

Consolidated MPERB v. Lewis and Clark County and Montana Association of Counties (MACo), Lewis and Clark County, and Cascade County V. MPERB and MPERA. 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 this unfunded pension liability upon this component unit's termination. On June 1, the MPERB filed its First Amended Complaint amending its original pleading to add a claim for breach of contract.

The 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 related to the same underlying issue that caused MPERA to initiate its action against 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 barring the MPERB from assessing withdrawal penalties against Montana counties. On May 15, 2020, MACo filed a First Amended Complaint and 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 May 13, 2020, Lewis and Clark County filed a motion to dismiss the MPERB's Complaint and followed that on June 18, 2020, with a motion to dismiss MPERB's 1st Amended Complaint. Likewise, on June 25, 2020, the MPERB filed a motion to dismiss, or in alternative a motion for partial summary judgement, several of the counts in the MACo suit. Both cases were subsequently consolidated into a single action by the Court on February 22, 2021.

On February 1, 2022, the district court ruled on respective motions of the parties. In the only real narrowing of the case, the District Court cited statute that the State cannot be held liable under theories of implied contract to dismiss the counties' claim against the MPERB for breach of the covenant of good faith and fair dealing. The parties filed their respective answers on February 25, 2022, and are now conducting discovery.

In the opinion of management and legal counsel, the disposition of unfunded actuarial accrued liabilities owed to PERS in the consolidated Lewis and Clark County and the Montana Association of Counties (MACo) 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 MACo case cannot presently be made.

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 \$2,180,969 in *Transfers to Defined Contribution Retirement Plan (DCRP)* and \$328,675 in *Transfers to Montana University System - Retirement Plan (MUS-RP)*. These transfers reflect the DCRP and MUS-RP contributions of participants that filed elections during fiscal year 2023.

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, 2023, there are seven members receiving a benefit from the disability plan, three less than as of June 30, 2022.

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.

HPORS 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, 2023, there were 16 DROP participants. Since program inception, a total of 39 members have participated in the DROP. The balance of the DROP accounts is \$6.9 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.

MPORS 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, 2023, there were 50 DROP participants. Since program inception, a total of 219 members have participated in the DROP. The balance of the DROP accounts is \$10.6 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, 2023 is detailed in the following table. DROPs are included in plans as applicable. For PERS-DBRP and VFCA, inactive non-vested accounts are included. Only a Guaranteed Annual Benefit Adjustment (GABA) is included for defined benefit plans that have more than one employer and do not have a minimum benefit adjustment for retirees. Retirees are eligible for a GABA or a minimum benefit adjustment, depending on their election of GABA or Non-GABA at the time of hire.

Plan Membership as of Fiscal Year End June 30, 2023								
Type of Plan for Reporting Purposes as of Fiscal Year End June 30, 2023	Single-Employer Defined Benefit		Multi-Employer Defined Benefit					
Plan Designation	JRS	HPORS	PERS-DBRP	SRS	GWPORS	MPORS	FURS	VFCA
Classification of Member								
Active	60	235	29,622	1,543	1,017	862	826	2,510
Inactive: entitled to, but not yet receiving benefits or a refund:								
Vested	2	21	4,982	220	184	134	49	832
Non-Vested	2	47	24,636	981	593	239	106	8,464
Inactive members and beneficiaries currently receiving benefits:								
Service Retirements	69	357	24,914	837	475	900	680	1,534
Disability Retirements		4	86	31	2	27	13	1
Survivor benefits	5	9	554	23	13	28	17	6
Total Membership	138	673	84,794	3,635	2,284	2,190	1,691	13,347

Active Defined Benefit Membership by Employer Type						
Employer Type	PERS-DBRP		SRS		GWPORS	
	2023	2022	2023	2022	2023	2022
State Agencies	10,045	9,709				
Department of Justice			71	69		
Department of Corrections					729	688
Department Fish, Wildlife & Parks					116	112
Department of Livestock					44	49
Department of Transportation					84	86
Counties	5,568	5,457	1,472	1,412		
Cities and Towns	3,834	3,638				
Colleges and Universities	2,897	2,638			44	42
School Districts	5,907	5,745				
High Schools	70	73				
Other Agencies	1,301	1,248				
Total	29,622	28,508	1,543	1,481	1,017	977

Active Defined Benefit Membership by Employee Type								
Employee Type	JRS		HPORS		MPORS		FURS	
	2023	2022	2023	2022	2023	2022	2023	2022
GABA	58	57	235	252	860	837	824	747
Non-GABA	2	2			2	4	2	2
Total	60	59	235	252	862	841	826	749

Participating Defined Benefit Employers										
Employer Type	PERS-DBRP		SRS		GWPORS		MPORS		FURS	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
As of Fiscal Year End June 30,										
State Agencies	33	33	1	1	4	4			1	1
Counties	55	55	56	56						
Cities and Towns	99	99					36	36	15	15
Colleges and Universities	5	5			3	3				
School Districts	242	243								
High Schools	5	5								
Other Agencies	112	113							12	11
Total	551	553	57	57	7	7	36	36	28	27

In the above table, the State Agency for SRS is the Department of Justice. The State Agencies for GWPORS are Department of Corrections, Department of Fish, Wildlife & Parks, Department of Livestock, and Department of Transportation. The State Agency for FURS is the Department of Military Affairs. JRS and HPORS are not listed as they have one employer each. JRS includes the State Agency - Supreme Court and HPORS includes the State Agency - Department of Justice.

HPORS DROP Participation		
As of June 30,	2023	2022
Participants Beginning of Year	13	18
Participants Added	5	2
Completed DROP	2	7
Participants End of Year	16	13
DROP Distributions	\$588,434	\$1,390,442

MPORS DROP Participation		
As of June 30,	2023	2022
Participants Beginning of Year	55	54
Participants Added	7	11
Completed DROP	12	10
Participants End of Year	50	55
DROP Distributions	\$2,214,839	\$2,142,204

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

PERS-DCRP PARTICIPATING EMPLOYERS		
Employers	June 30, 2023	June 30, 2022
State Agencies	33	33
Counties	53	53
Cities and Towns	62	61
Universities	5	5
School Districts	136	137
High Schools	4	4
Other Agencies	55	51
Total	348	344

PERS-DCRP Active Membership by Employer Type		
Employer Type	June 30, 2023	June 30, 2022
State Agencies	1,599	1,603
Counties	574	551
Cities and Towns	423	419
Universities	169	167
High Schools	6	5
School Districts	392	400
Other Agencies	243	241
Total	3,406	3,386

FY 2023 Schedule of Contribution Rates			
System	Member	Employer	State
PERS-DBRP	7.9% [19-3-315(1)(a), MCA]	9.07% State & University 8.97% Local Governments 8.7% 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	7.9% [19-3-315(1)(a), MCA]	9.07% State & University 8.97% Local Governments 8.7% 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	7.0% [19-5-402, MCA]	0% [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]

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, 2024, due to the amortization period being 28 years at June 30, 2023.
- 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, 2023 actuarial valuation, the additional contributions will not be terminated on January 1, 2024.

- For PERS-DBRP (§19-3-1106, MCA), HPORS (§19-6-1101, MCA), GWPORS (§19-8-1201, MCA), SRS (§19-7-1101, MCA), MPORS (§19-9-1301), 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.

During the 2023 Legislative Session, House Bill 569 was passed continuing with the 0% employer contribution for JRS through June 30, 2024.

- 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. These rates will continue through June 30, 2024.
- During the 2023 Legislative Session, House Bill 569 was passed increasing the employer contribution rate in GWPORS to 10.56% from 9.0%. This increase is effective July 1, 2023 through June 30, 2024.
- During the 2023 Legislative Session, House Bill 569 was passed creating a layered amortization policy using closed amortization periods for legacy and contemporary unfunded liabilities in statute for the JRS beginning July 1, 2023 and the SRS, GWPORS, and HPORS systems beginning July 1, 2024. Contemporary liabilities must be paid off using a closed amortization schedule of 25 years and any new contemporary liabilities accrued from year-to-year must be paid off using a closed amortization schedule of 10 years using an actuarially determined employer contribution (ADEC) rate calculated by the Board's actuary at each annual valuation. Further, any increase in ADEC rates within each of these systems is capped at 0.5% of the previous year's rate.

Summary of Changes in Contribution Rates for fiscal year 2024 and Beyond:

- The employer contribution rate increases on July 1, 2023, for PERS-DBRP and PERS-DCRP.
- Effective July 1, 2023, employer contributions will be 0% through June 30, 2024, for JRS. For July 1, 2024, and after, contribution rates will be actuarially determined.
- The employer contributions for GWPORS increase to 10.56% from 9.0% on July 1, 2023, through June 30, 2024. After July 1, 2024, the employer contributions will be actuarially determined for GWPORS, HPORS and SRS.

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 2023 was \$35.0 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 total amount received for fiscal year 2023 was \$2 million. This is recorded as *State Appropriations* on the financial statements.

- 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 total amount received for fiscal year 2023 was \$19.6 million for MPORS and \$21.4 million for FURS. These are recorded as *State Appropriations* on the financial statements.
- 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. The total amount received for fiscal year 2023 was \$3.2 million and is recorded as *State Appropriations* on the financial statements.

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 276 in fiscal year 2022 to 303 in fiscal year 2023. The contributions received (including interest) during fiscal year 2023 totaled \$630,146. These are recorded in the *Employer Contributions* on the financial statements. For the employer who chose a ten-year payment schedule before July 1, 2016, the outstanding balance at June 30, 2023, totaled \$4,060. This is recorded as *Notes Receivable* on the financial statements. For the employers who chose a ten-year payment schedule after July 1, 2016, the outstanding balance at June 30, 2023, totaled \$14,066. This is recorded as a service purchase in *Accounts 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	Pre-7/01/2023 Hires 20 years, any age New Hires after 7/01/2023 20 years, age 50	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	Pre-7/01/2023 Hires 20 years, any age New Hires after 7/01/2023 20 years, age 50	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% of HAC + 2% per additional year over 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

Changes since last valuation: Effective July 1, 2023, the retirement eligibility criteria in HPORS and SRS for new hires entering each system, changes from 20 years at any age to age 50 and 20 years.

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System	Common provisions and terms	
	Working Retiree Limitations	Retirement Benefits - Form of Payment
PERS-DBRP	<p>(1) Pre-7/1/2011 and < 65 years of age * \$1 reduced for \$1 earned over 960 hours</p> <p>(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.</p>	<ul style="list-style-type: none"> • 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. <p>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.</p> <p>* Trusts, estates, and charitable organizations as beneficiaries can only receive a lump-sum payment.</p>
JRS	N/A	
HPORS		* Life annuity, 100% continuation to surviving spouse or dependent children.
GWPORS	<p>Return on or after 7/1/2017:</p> <p>(1) < 480 hours in a calendar year:</p> <ul style="list-style-type: none"> • \$1 reduced for each \$3 > \$5 thousand in year. 	<ul style="list-style-type: none"> • 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.
SRS	<p>(2) 480 or more hours in a calendar year:</p> <ul style="list-style-type: none"> • become active member of the system; • retirement benefit stops. <p>* Employer and state contributions are paid on working retirees.</p>	<p>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.</p> <p>* Trusts, estates, and charitable organizations as beneficiaries can only receive a lump-sum payment.</p>
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	<p>During DROP employment:</p> <ul style="list-style-type: none"> * MPORS receives monthly DROP accruals, including GABA; plus * interest at assumed rate of return. * HPORS receives monthly DROP accruals, including contributions; plus * interest at assumed rate of return. <p>Post DROP employment:</p> <ul style="list-style-type: none"> * no retirement or DROP payment; * DROP account accrues interest. <p>Termination of Post DROP employment:</p> <ul style="list-style-type: none"> * retirement benefit; * Additional benefit based on member's service credit and HAC after DROP; * DROP benefit.
MPORS DROP	N/A	<p>Termination of Post DROP employment:</p> <ul style="list-style-type: none"> * retirement benefit; * Additional benefit based on member's service credit and HAC after DROP; * DROP benefit.

System	Common provisions and terms	
	Service Credit	Membership Service
PERS-DBRP	<ul style="list-style-type: none"> * 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. 	<ul style="list-style-type: none"> * Membership service determines vesting and benefits. * 1 month of membership service = any month any service reported by employer.. * Eligible member may purchase membership service.
JRS		
HPORS		
SRS		
GWPORS		
MPORS		
FURS		
VFCA	<p>1 year of credit for service:</p> <ul style="list-style-type: none"> • serve with same fire company entire fiscal year, and • minimum 30 hours training. <p>* Fractional years are not credited.</p>	N/A

Common provisions and terms		
System	Compensation	Withdrawal of member contributions
PERS-DBRP	<p>Compensation generally means:</p> <ul style="list-style-type: none"> * 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. 	<p>Upon termination, a member is eligible to:</p> <ul style="list-style-type: none"> * forfeit right to monthly benefit. * withdraw member contributions + interest. * rollover >\$200 refunds within 90 days.
JRS		
HPORS		
SRS		
GWPORS		
MPORS		
FURS		
VFCA		

Common provisions and terms		
System	Contributions	Member contributions interest credited
PERS-DBRP	<ul style="list-style-type: none"> * Member contributions are made through an "employer pickup" pretax arrangement. 	<ul style="list-style-type: none"> * Interest is credited to member accounts at the rates determined by the Board. * The fiscal year 2023 interest rate credited to member accounts was 0.32%.
JRS		
HPORS		
SRS		
GWPORS		
MPORS		
FURS		
PERS-DCRP Disability OPEB	<ul style="list-style-type: none"> * 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
<p>PERS-DBRP</p>	<p>Actuarially reduced:</p> <ul style="list-style-type: none"> * Pre-7/01/2011: <ul style="list-style-type: none"> • 5 years membership service, age 50 or • 25 years membership service, any age * 7/01/2011: <ul style="list-style-type: none"> • 5 years membership service, age 55 	<p><u>Requires returning to PERS-covered employment:</u></p> <p>Retire before 1/01/2016</p> <p>< 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.</p> <p>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.</p> <p>Retire on or after 1/01/2016:</p> <p>< 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.</p> <p>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.</p>
<p>JRS</p>	<p>N/A</p>	<p>N/A</p>
<p>MPORS</p>	<ul style="list-style-type: none"> * 5 years membership service, age 50 	<p>MPORS Initial Second Retirement: Age 50, re-employed in a MPORS position.</p> <p>Return prior to 7/01/2017:</p> <ul style="list-style-type: none"> * < 20 years of membership service: <ul style="list-style-type: none"> • repay benefits; and • new benefit based on total service. * > 20 years of membership service: <ul style="list-style-type: none"> • receives initial benefit; and • new retirement benefit based on new service credit and FAC.

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System	Early Retirement Benefit	Second Retirement Benefit
HPORS	<p>Actuarially reduced from age 60 when discontinued from service other than for cause:</p> <p>* Pre-7/01/2013 - 5 years of membership service</p> <p>* 7/01/2013 - 10 years of membership service</p>	<p>Return on or after July 1, 2017:</p> <p>* > 480 hours in a calendar year and < 5 years service credit:</p> <ul style="list-style-type: none"> • no service credit; • refunded member contributions; • same retirement benefit previously paid, and • GABA immediately in January. <p>* > 480 hours in a calendar year and at least 5 years of service credit:</p> <ul style="list-style-type: none"> • 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. <p>* No eligibility for a disability benefit.</p>
SRS	<p>Actuarially reduced from age 60 or 20 years of membership service:</p> <p>* 5 years membership service, age 50</p>	
GWPORS	<p>* 5 years of membership service, age 55</p>	
MPORS	<p>* 5 years membership service, age 50</p>	
FURS	<p>* 5 years of membership service, age 50</p>	
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	<ul style="list-style-type: none"> • Pre-7/01/2007 - 3.0% • 7/01/2007 through 6/30/2013 - 1.5% • 7/01/2013 - <ul style="list-style-type: none"> (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	<p>Pre-7/01/1997 and did not elect GABA: Benefits increase same as salary of sitting judge.</p>
HPORS	<p>7/01/1997 or elected GABA - 3.0%</p> <p>7/01/2013 - 1.5%</p>	<p>Pre-7/01/2013 - 1 year</p> <p>7/01/2013 - 3 years</p>	<p>Pre-7/01/1997 and did not elect GABA: 2% x service credits x base salary of probationary officer.</p> <p>Limited to 5.0% over current benefit and may not exceed 60% of base salary of probationary officer.</p>
SRS	<p>Pre-7/01/2007 - 3%</p> <p>7/01/2007 - 1.5%</p>	1 year	N/A
GWPORS	<p>Pre-7/01/2007 - 3.0%</p> <p>7/01/2007 - 1.5%</p>	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	Survivor
	Eligibility & Benefit Formula	Eligibility & Benefit Formula
PERS-DBRP	<p>* 5 years of membership service</p> <p>Pre-2/24/1991 and did not make a contrary election - Greater of:</p> <ul style="list-style-type: none"> • (90% of 1.785% of HAC) x service credit, or • 25% of HAC <p>2/24/1991 to 7/01/2011 -</p> <ul style="list-style-type: none"> • < 25 years membership service: 1.758% of HAC x service credit, or • At least 25 years membership service: 2% of HAC x service credit <p>7/01/2011 -</p> <ul style="list-style-type: none"> • < 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 	<p>Vested member's status at time of death:</p> <ul style="list-style-type: none"> • active; • receiving disability benefit for less than six months; • continuously disabled without receiving a disability benefit; or • inactive. <p>Hired prior to 7/01/2011 -</p> <p>Age 50 or 25 years membership service</p> <ul style="list-style-type: none"> • actuarial equivalent of accrued benefit at death; or, <p>< Age 50 and < 25 years membership service</p> <ul style="list-style-type: none"> • actuarial equivalent of the accrued early benefit paid at age 50. <p>Hired on or after 7/01/2011 -</p> <p>Age 55</p> <ul style="list-style-type: none"> • actuarial equivalent of accrued benefit at death; or <p>< Age 55</p> <ul style="list-style-type: none"> • actuarial equivalent of accrued early benefit paid at age 55.
PERS-DCRP Disability OPEB	<p>* Any age 5 years of membership service</p> <p>Hired prior to 7/1/2011, or hired prior to 2/24/1991 -</p> <ul style="list-style-type: none"> • < 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. <p>Hired on or after July 1, 2011 -</p> <ul style="list-style-type: none"> • 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; <ul style="list-style-type: none"> • 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. 	<p>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.</p> <p>Form of payment:</p> <ul style="list-style-type: none"> • Normal form of payment is an annuity. • No other forms of payment are available

	Disability	Survivor
System	Eligibility & Benefit Formula	Eligibility & Benefit Formula
JRS	<p>Duty-related disability:</p> <ul style="list-style-type: none"> • Any amount of membership service • Greater of 50% of salary or 50% of HAC <p>Non-duty-related disability:</p> <ul style="list-style-type: none"> • 5 years membership service • Actuarial equivalent of normal retirement at disability 	<p>Duty-related death:</p> <ul style="list-style-type: none"> • service retirement benefit on date of death. <p>Non-duty-related death:</p> <ul style="list-style-type: none"> • vested member; • refund of member's contributions, or • actuarial equivalent of service retirement at death. <ul style="list-style-type: none"> • Retired members without contingent annuitant, payment made to member's designated beneficiary = accumulated contributions reduced by any retirement benefits already paid.
HPORS	<p>Duty-related disability:</p> <ul style="list-style-type: none"> • Any active member • < 20 years membership service: 50% of HAC, or • > 20 years membership service: 2.6% of HAC x years of service credit <p>Regular disability:</p> <ul style="list-style-type: none"> • Any vested member • Actuarial equivalent of service retirement benefit at age 60. 	<p>Duty-related deaths:</p> <ul style="list-style-type: none"> • active member; • 50% HAC to spouse or dependent child. <p>Non-duty-related death:</p> <ul style="list-style-type: none"> • active or inactive member; • actuarial equivalent of early retirement benefit to spouse or dependent child. <ul style="list-style-type: none"> * 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	<p>Death Before the End of DROP Period:</p> <ul style="list-style-type: none"> * 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	Survivor
	Eligibility & Benefit Formula	Eligibility & Benefit Formula
SRS	<p>Duty-related disability:</p> <ul style="list-style-type: none"> 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 <p>Non-duty-related disability:</p> <ul style="list-style-type: none"> Any vested member with 5 years membership service Actuarial equivalent of the normal retirement benefit at disability. 	<p>Duty-related death:</p> <ul style="list-style-type: none"> any active member lump-sum payment of member contributions; or benefit to the designated beneficiary that is greater of: <ul style="list-style-type: none"> 50% of HAC; or > 20 years = 2.5% x HAC x service credit <p>Non-duty-related death:</p> <ul style="list-style-type: none"> 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. <ul style="list-style-type: none"> Retired members without contingent annuitant, payment made to designated beneficiary = accumulated contributions reduced by any retirement benefits already paid.
GWPORS	<p>Duty-related disability:</p> <ul style="list-style-type: none"> 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 <p>Regular disability:</p> <ul style="list-style-type: none"> vested member actuarial equivalent of normal retirement benefit disability. 	<p>Duty-related death:</p> <ul style="list-style-type: none"> * active member * benefit to designated beneficiary <ul style="list-style-type: none"> < 25 years membership service: 50% of HAC, or > 25 years membership service: 2.5% x HAC x service credit <p>Non-duty-related death:</p> <ul style="list-style-type: none"> any member lump-sum refund of member contributions; or actuarial equivalent of service benefit at death. <ul style="list-style-type: none"> 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	Survivor
	Eligibility & Benefit Formula	Eligibility & Benefit Formula
MPORS	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> Any active member; benefit to spouse of dependent child: <ul style="list-style-type: none"> < 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	<ul style="list-style-type: none"> If a member becomes disabled during DROP Period, member will not be eligible for MPORS disability benefits. 	<p>Death Before the End of DROP Period:</p> <ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Any active member The greater of: <ul style="list-style-type: none"> 50% of HAC, or 2.5% of HAC x years of service credit 	<ul style="list-style-type: none"> Any active or inactive member; benefit to spouse or dependent child: <ul style="list-style-type: none"> < 20 years of membership service <ul style="list-style-type: none"> 50% of HAC. > 20 years of membership service retirement benefit at date of death.
VFCA	<p>Duty-related disability:</p> <ul style="list-style-type: none"> Any current member on a fire company's roster Monthly benefit greater of: <ul style="list-style-type: none"> \$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: <ul style="list-style-type: none"> Additional \$7.50 per month per year 	<ul style="list-style-type: none"> 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.

DEFINED CONTRIBUTION RETIREMENT PLAN

PLAN DESCRIPTION

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 2023.

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 2023. The DC Disability OPEB is reported on the financial statements under the column heading *PERS-DCRP Disability OPEB*.

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MEMBERSHIP AND EMPLOYERS

Plan Membership as of Fiscal Year End June 30, 2023	
Type of Plan for Reporting Purposes as of Fiscal Year End June 30, 2023	Multi-Employer Defined Contribution
Plan Designation	PERS-DCRP
Classification of Member	
Active	3,406
Inactive: entitled to, but not yet receiving benefits or a refund:	
Vested	1,066
Non-Vested	1,383
Inactive members and beneficiaries currently receiving benefits:	
Service Retirements	224
Disability Retirements	7
Survivor benefits	3
Total Membership	6,089

Participating Defined Contribution Employers		
Employer Type	PERS-DCRP	
As of Fiscal Year End June 30,	2023	2022
State Agencies	33	33
Counties	53	53
Cities and Towns	62	61
Colleges and Universities	5	5
School Districts	136	137
High Schools	4	4
Other Agencies	55	51
Total	348	344

PERS-DCRP Active Membership by Employer Type		
Employer Type	June 30, 2023	June 30, 2022
State Agencies	1,599	1,603
Counties	574	551
Cities	423	419
Universities	169	167
High Schools	6	5
School Districts	392	400
Other Agencies	243	241
Total	3,406	3,386

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. (Reference Schedule of Contribution Rates in this section).

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, 2024.

The total employer contribution rate of 9.07% is allocated as follows: 8.73% 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, 2023 actuarial valuation, the additional contributions will not be terminated on January 1, 2024.

DEFINED CONTRIBUTION SUMMARY OF BENEFITS

	PERS-DCRP
Eligibility for benefit	<ul style="list-style-type: none"> Termination of Service
Vesting	<ul style="list-style-type: none"> Immediate for participant's contributions and attributable income; 5 years of membership service for the employer's contributions to individual accounts and attributable income.
Benefit	<ul style="list-style-type: none"> Depends upon eligibility and individual account balance; Various payout options are available, including: <ul style="list-style-type: none"> taxable lump sums, periodic payments per participant direction; and IRS-permitted rollovers.

OTHER EMPLOYEE BENEFIT PLAN

Deferred Compensation (457(b)) Plan

PLAN DESCRIPTION

The Deferred Compensation (457(b)) Plan is an Other Employee Benefit 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 designating the amount to be contributed, within IRC limitations, either pre-tax deferral or designated Roth contribution. Most employers do not contribute to this plan on behalf of their employees. 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. The 33 State Agencies are represented as one employer.

MEMBERSHIP AND EMPLOYERS

Plan Membership as of Fiscal Year End June 30, 2023	
Classification of Members	Number of Members
Active:	6,909
Inactive: entitled to, but not yet receiving benefits or a refund: Vested	3,008
Total Membership	9,917

Participating Other Employee Benefit Employers		
Employer Type	Deferred Compensation (457(b)) Plan	
	2023	2022
As of Fiscal Year End June 30,		
State Agencies	1	1
Counties	10	9
Cities and Towns	20	20
Colleges and Universities	5	5
School Districts	18	18
Other Agencies	19	18
Total	73	71

CONTRIBUTIONS

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

SUMMARY OF BENEFITS

	Deferred Compensation (457(b)) Plan
Eligibility for benefit	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • Participants are fully vested in their accounts immediately.
Benefit	<ul style="list-style-type: none"> • 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.

DEFINED CONTRIBUTION AND DEFERRED COMPENSATION

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 the offered options and transfer between options daily, if desired. The investment options offered are selected by the PERB in compliance with the PERS-DCRP or Deferred Compensation Investment Policy Statement, 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. These are presented on the following page.

PERS-DCRP Investment Options as of June 30, 2023	Deferred Compensation (457(b)) Plan Investment Options as of June 30, 2023
International Stock Funds <ul style="list-style-type: none"> • American Funds New Perspective R6 • Oakmark International I • Vanguard Total International Stock Index Adm • Invesco Developing Markets Y 	International Stock Funds <ul style="list-style-type: none"> • 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 <ul style="list-style-type: none"> • Vanguard Small Cap Growth Index Instl • Vanguard Small Cap Index Signal Instl • BlackRock Advantage Small Cap Core K 	Small Company Stock Funds <ul style="list-style-type: none"> • Vanguard Small Cap Growth Index Instl • Vanguard Small Cap Index Instl • Neuberger Berman Genesis-Trust
Mid-Sized Company Stock Funds <ul style="list-style-type: none"> • Janus Henderson Enterprise - N • MFS Mid-Cap Value R6 • Vanguard Mid-Cap Index - Adm 	Mid-Sized Company Stock Funds <ul style="list-style-type: none"> • Janus Henderson Enterprise - N • MFS Mid-Cap Value R6 • Vanguard Mid-Cap Index - Adm
Large Company Stock Funds <ul style="list-style-type: none"> • Alger Capital Appreciation Z • Black Rock Equity Index - Collective F • Vanguard Equity Income - Adm • JP Morgan US Equity R6 	Large Company Stock Funds <ul style="list-style-type: none"> • Vanguard Equity Income Adm • Fidelity Contrafund • Vanguard Institutional Index I • Parnassus Core Equity Inst
Balanced Funds <ul style="list-style-type: none"> • Vanguard Balanced Index - I 	Balanced Funds <ul style="list-style-type: none"> • Vanguard Balanced Index I
Bond Funds <ul style="list-style-type: none"> • PGIM Total Return Bond R6 • Neuberger Berman High Income Bond - I • Vanguard Total Bond Market Index - Adm 	Bond Funds <ul style="list-style-type: none"> • Vanguard Total Bond Market Index - Adm • Neuberger Berman High Income Bond Inv • PGIM Total Return Bond R6
Target Date Funds <ul style="list-style-type: none"> • T. Rowe Price Retirement - Balanced and 2005 through 2065 	Target Date Funds <ul style="list-style-type: none"> • T. Rowe Price Retirement - Balanced and 2005 through 2065
Fixed Investment Options <ul style="list-style-type: none"> • Montana Fixed Fund 	Fixed Investment Options <ul style="list-style-type: none"> • 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 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 is 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 the 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. Based on MPERA Board Admin Policy 13 and 14, the PERB reviews the fees every year. Due to cash balances being greater than paying 12 months of administrative fees, the PERB has suspended charging PERS-DCRP participant fees for the fiscal years 2021 through 2023.

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. Beginning in fiscal year 2021, the PERB approved a fee suspension for the PERS-DCRP participants. With the fee suspension, MPERA pays the recordkeeping fees out of 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, 2023**

Last 10 Fiscal Years

Fiscal Year	2023	2022	2021	2020
PERS-DBRP				
Total pension liability				
Service cost	\$ 116,475,831	\$ 142,664,846	\$ 129,099,681	\$ 123,083,106
Interest	647,039,932	618,424,612	604,750,489	593,858,382
Changes of benefit terms				
Differences between expected and actual experience	130,314,212	30,957,025	29,025,581	(39,377,503)
Changes of assumptions		(261,124,637)	265,843,313	274,029,096
Benefit payments	(544,698,781)	(512,042,746)	(476,443,132)	(449,601,997)
Refunds of Contributions	(14,699,642)	(15,343,596)	(12,712,759)	(11,922,673)
Net change in total pension liability	\$ 334,431,552	\$ 3,535,504	\$ 539,563,173	\$ 490,068,411
Total pension liability-beginning	9,026,784,090	9,023,248,586	8,483,685,413	7,993,617,002
Total pension liability-ending (a)	\$ 9,361,215,642	\$ 9,026,784,090	\$ 9,023,248,586	\$ 8,483,685,413
Plan fiduciary net position				
Contributions - employer	\$ 131,911,929	\$ 120,533,342	\$ 121,135,718	\$ 111,991,380
Contributions - non-employer	36,176,182	35,760,593	35,389,005	35,008,859
Contributions - member	119,169,165	110,597,557	111,246,724	105,009,017
Net investment income	549,305,530	(295,902,497)	1,593,110,118	157,977,027
Benefit payments	(544,698,781)	(512,042,746)	(476,443,132)	(449,601,997)
Administrative expense	(5,353,261)	(4,731,110)	(4,397,338)	(4,059,627)
Refunds of Contributions	(14,699,642)	(15,343,596)	(12,712,759)	(11,922,673)
Other	151,708	471	(2,775,478)	(2,234,266)
Net change in plan fiduciary net position	\$ 271,962,830	\$ (561,127,986)	\$ 1,364,552,858	\$ (57,832,280)
Plan fiduciary net position - beginning	6,648,898,896	7,210,026,882	5,845,474,024	5,903,306,304
Beginning of Year Adjustment				
Plan fiduciary net position - ending (b)	\$ 6,920,861,726	\$ 6,648,898,896	\$ 7,210,026,882	\$ 5,845,474,024
Net pension liability / (asset) - ending (a-b)	\$ 2,440,353,916	\$ 2,377,885,194	\$ 1,813,221,704	\$ 2,638,211,389
SRS				
Total pension liability				
Service cost	\$ 13,728,258	\$ 15,250,824	\$ 14,037,982	\$ 12,507,758
Interest	43,519,630	38,408,616	36,191,606	34,355,938
Changes of benefit terms				
Differences between expected and actual experience	16,670,907	17,344,637	7,498,812	2,236,018
Changes of assumptions		(4,397,121)	19,856,295	19,507,195
Benefit payments	(27,353,239)	(25,034,608)	(24,708,608)	(21,481,264)
Refunds of Contributions	(2,021,636)	(2,005,091)	(1,505,592)	(1,565,536)
Net change in total pension liability	\$ 44,543,920	\$ 39,567,257	\$ 51,370,495	\$ 45,560,109
Total pension liability-beginning	597,118,496	557,551,239	506,180,744	460,620,635
Total pension liability-ending (a)	\$ 641,662,416	\$ 597,118,496	\$ 557,551,239	\$ 506,180,744
Plan fiduciary net position				
Contributions - employer	\$ 13,482,512	\$ 12,703,407	\$ 11,896,985	\$ 11,175,181
Contributions - non-employer				
Contributions - member	11,186,922	10,700,220	9,684,410	9,114,615
Net investment income	38,824,040	(20,640,856)	105,980,311	10,181,906
Benefit payments	(27,353,239)	(25,034,608)	(24,708,608)	(21,481,264)
Administrative expense	(265,998)	(239,263)	(1,048,685)	(294,988)
Refunds of Contributions	(2,021,636)	(2,005,091)	(1,505,592)	(1,565,536)
Other	621,781	117,496	117,496	(58,008)
Net change in plan fiduciary net position	\$ 34,474,382	\$ (24,516,191)	\$ 100,416,317	\$ 7,071,906
Plan fiduciary net position - beginning	460,194,880	484,711,071	384,294,754	377,222,848
Plan fiduciary net position - ending (b)	\$ 494,669,262	\$ 460,194,880	\$ 484,711,071	\$ 384,294,754
Net pension liability / (asset) - ending (a-b)	\$ 146,993,154	\$ 136,923,616	\$ 72,840,168	\$ 121,885,990

	2019	2018	2017	2016	2015	2014
\$	123,618,712	\$ 132,567,233	\$ 144,475,909	\$ 132,620,813	\$ 138,049,956	\$ 137,452,701
	585,204,569	552,036,737	507,380,846	486,830,869	476,777,225	456,406,491
	(147,536,263)	170,344,495	55,782,342	12,254,313	(11,276,266)	
	(422,444,896)	(395,338,673)	354,960,213			
	(12,360,997)	(12,619,498)	(366,354,719)	(344,103,875)	(333,401,463)	(307,741,308)
			(12,252,007)	(10,379,388)		
\$	126,481,125	\$ 446,990,294	\$ 683,992,584	\$ 277,222,732	\$ 270,149,452	\$ 286,117,884
	7,867,135,877	7,420,145,583	6,736,152,999	6,458,930,267	6,188,780,815	5,902,662,931
\$	7,993,617,002	\$ 7,867,135,877	\$ 7,420,145,583	\$ 6,736,152,999	\$ 6,458,930,267	\$ 6,188,780,815
\$	107,257,974	\$ 106,650,985	\$ 103,537,059	\$ 102,327,838	\$ 100,175,856	\$ 95,820,397
	34,641,994	34,659,174	28,757,463	30,800,371	34,466,719	34,561,721
	101,713,235	102,075,271	100,768,139	97,342,719	95,424,031	92,160,048
	320,879,899	478,690,356	591,434,954	101,199,856	225,106,692	732,253,062
	(422,444,896)	(395,338,673)	(366,354,719)	(344,103,875)	(333,401,463)	(307,741,308)
	(3,806,945)	(4,168,771)	(4,472,084)	(3,858,330)	(3,483,531)	(3,522,346)
	(12,360,997)	(12,619,498)	(12,252,007)	(10,379,388)		
	(2,567,968)	(2,474,018)	(1,706,733)	(1,580,302)		
\$	123,312,296	\$ 307,474,826	\$ 439,712,072	\$ (28,251,111)	\$ 118,288,304	\$ 643,531,574
	5,779,994,008	5,472,519,182	5,032,807,110	5,061,058,221	4,942,769,917	4,299,238,343
\$	5,903,306,304	\$ 5,779,994,008	\$ 5,472,519,182	\$ 5,032,807,110	\$ 5,061,058,221	\$ 4,942,769,917
\$	2,090,310,698	\$ 2,087,141,869	\$ 1,947,626,401	\$ 1,703,345,889	\$ 1,397,872,046	\$ 1,246,010,898
\$	12,249,276	\$ 11,484,473	\$ 19,186,527	\$ 18,802,901	\$ 12,574,185	\$ 15,117,708
	32,403,605	30,388,560	27,621,242	22,900,429	25,664,435	23,976,049
			(1,494,604)			
	2,866,788	4,714,268	(170,781)	749,213	(194,994)	
			(94,881,687)	56,788,521	43,058,238	(49,542,278)
	(19,512,312)	(18,052,544)	(16,700,117)	(15,476,437)	(15,280,070)	(13,943,335)
	(1,438,814)	(1,490,014)	(1,383,061)	(1,028,890)		
\$	26,568,543	\$ 27,044,743	\$ (67,822,481)	\$ 82,735,737	\$ 65,821,794	\$ (24,391,856)
	434,052,092	407,007,349	474,829,830	392,094,093	326,272,299	350,664,155
\$	460,620,635	\$ 434,052,092	\$ 407,007,349	\$ 474,829,830	\$ 392,094,093	\$ 326,272,299
\$	10,572,559	\$ 10,366,141	\$ 7,562,105	\$ 7,316,674	\$ 6,902,448	\$ 6,689,311
	8,615,935	8,469,282	7,188,857	6,982,217	6,623,175	6,447,179
	20,396,435	29,157,838	35,511,246	6,063,591	13,041,786	41,789,437
	(19,512,312)	(18,052,544)	(16,700,117)	(15,476,437)	(15,280,070)	(13,943,335)
	(246,523)	(432,091)	(387,378)	(322,584)	(247,405)	(203,493)
	(1,438,814)	(1,490,014)	(1,383,061)	(1,028,890)		
	(44,792)	(48,421)	(33,489)	(77,778)		
\$	18,342,488	\$ 27,970,191	\$ 31,758,163	\$ 3,456,793	\$ 11,039,934	\$ 40,779,099
	358,880,360	330,910,169	299,152,006	295,695,213	284,655,279	243,876,180
\$	377,222,848	\$ 358,880,360	\$ 330,910,169	\$ 299,152,006	\$ 295,695,213	\$ 284,655,279
\$	83,397,787	\$ 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, 2023

Last 10 Fiscal Years

Fiscal Year	2023	2022	2021	2020
GWPORS				
Total pension liability				
Service cost	\$ 13,480,972	\$ 10,138,942	\$ 12,315,331	\$ 8,029,455
Interest	23,304,867	21,166,541	19,379,138	18,535,089
Changes of benefit terms				
Differences between expected and actual experience	11,463,147	(1,278,907)	4,926,763	(2,026,639)
Changes of assumptions	(99,900,321)	89,102,385	(68,688,250)	85,967,147
Benefit payments	(11,837,894)	(10,617,274)	(9,282,705)	(8,247,117)
Refunds of Contributions	(1,104,377)	(1,463,999)	(870,457)	(1,200,125)
Net change in total pension liability	\$ (64,593,606)	\$ 107,047,688	\$ (42,220,180)	\$ 101,057,810
Total pension liability / (asset) - beginning	412,897,681	305,849,993	348,070,173	247,012,363
Total pension liability / (asset) - ending (a)	\$ 348,304,075	\$ 412,897,681	\$ 305,849,993	\$ 348,070,173
Plan fiduciary net position				
Contributions - employer	\$ 5,278,875	\$ 4,940,955	\$ 5,411,275	\$ 4,868,538
Contributions - non-employer				
Contributions - member	6,475,715	6,074,793	6,392,898	5,803,119
Net investment income	21,970,757	(11,720,230)	59,127,888	5,583,071
Benefit payments	(11,837,894)	(10,617,274)	(9,282,705)	(8,247,117)
Administrative expense	(184,140)	(168,880)	(234,188)	(240,254)
Refunds of Contributions	(1,104,377)	(1,463,999)	(870,457)	(1,200,125)
Other	44,606		(62,854)	(4,006)
Net change in plan fiduciary net position	\$ 20,643,542	\$ (12,954,635)	\$ 60,481,857	\$ 6,563,226
Plan fiduciary net position - beginning	260,437,413	273,392,048	212,910,191	206,346,965
Plan fiduciary net position - ending (b)	\$ 281,080,955	\$ 260,437,413	\$ 273,392,048	\$ 212,910,191
Net pension liability / (asset) - ending (a-b)	\$ 67,223,120	\$ 152,460,268	\$ 32,457,945	\$ 135,159,982
MPORS				
Total pension liability				
Service cost	\$ 15,772,131	\$ 15,919,004	\$ 14,219,088	\$ 12,709,957
Interest	56,668,432	51,744,471	49,760,988	47,714,970
Changes of benefit terms				
Differences between expected and actual experience	3,108,321	1,400,754	(1,960,505)	(1,029,413)
Changes of assumptions		(6,045,237)	27,835,016	27,713,282
Benefit payments	(33,966,660)	(31,856,925)	(29,790,973)	(27,866,365)
Refunds of Contributions	(2,748,037)	(2,299,882)	(5,797,580)	(2,327,658)
Net change in total pension liability	\$ 38,834,187	\$ 28,862,185	\$ 54,266,034	\$ 56,914,773
Total pension liability / (asset) - beginning	778,865,103	750,002,918	695,736,884	638,822,111
Total pension liability / (asset) - ending (a)	\$ 817,699,290	\$ 778,865,103	\$ 750,002,918	\$ 695,736,884
Plan fiduciary net position				
Contributions - employer	\$ 9,723,812	\$ 8,916,384	\$ 8,534,618	\$ 8,272,676
Contributions - non-employer	19,624,763	18,122,207	17,347,097	16,685,125
Contributions - member	6,101,188	5,579,938	5,453,705	5,214,262
Net investment income	44,606,303	(23,865,392)	121,593,538	11,657,780
Benefit payments	(33,966,660)	(31,856,925)	(29,790,973)	(27,866,365)
Administrative expense	(173,427)	(160,164)	(204,819)	(240,967)
Refunds of Contributions	(2,748,037)	(2,299,882)	(5,797,580)	(2,327,658)
Other	40,412		(71,006)	(22,301)
Net change in plan fiduciary net position	\$ 43,208,354	\$ (25,563,834)	\$ 117,064,580	\$ 11,372,552
Plan fiduciary net position - beginning	542,651,228	568,215,062	451,150,482	439,777,930
Plan fiduciary net position - ending (b)	\$ 585,859,582	\$ 542,651,228	\$ 568,215,062	\$ 451,150,482
Net pension liability / (asset) - ending (a-b)	\$ 231,839,708	\$ 236,213,875	\$ 181,787,856	\$ 244,586,402

2019	2018	2017	2016	2015	2014
\$ 8,004,271	\$ 8,097,630	\$ 8,624,297	\$ 8,403,076	\$ 8,008,155	\$ 7,849,828
17,617,514	16,018,113	14,268,596	12,910,129	12,398,209	11,258,354
(4,728,366)	4,780,923	3,742,704	2,705,238	730,818	
(7,349,795)	(6,522,921)	(5,809,910)	(5,068,318)	(5,351,847)	(5,229,489)
(1,000,919)	(1,105,281)	(1,035,917)	(1,065,541)		
<u>\$ 12,542,705</u>	<u>\$ 21,268,464</u>	<u>\$ 25,667,364</u>	<u>\$ 17,884,584</u>	<u>\$ 15,785,335</u>	<u>\$ 13,878,693</u>
234,469,658	213,201,194	187,533,830	169,649,246	153,863,911	139,985,218
<u>\$ 247,012,363</u>	<u>\$ 234,469,658</u>	<u>\$ 213,201,194</u>	<u>\$ 187,533,830</u>	<u>\$ 169,649,246</u>	<u>\$ 153,863,911</u>
\$ 4,686,260	\$ 4,613,066	\$ 4,463,631	\$ 4,278,385	\$ 4,088,117	\$ 3,762,217
5,565,627	5,512,148	5,278,141	5,035,648	4,924,265	4,461,889
11,124,693	15,573,117	18,589,670	3,166,704	6,434,871	20,069,398
(7,349,795)	(6,522,921)	(5,809,910)	(5,068,318)	(5,351,847)	(5,229,489)
(202,040)	(369,184)	(328,699)	(269,496)	(200,745)	(161,663)
(1,000,919)	(1,105,281)	(1,035,917)	(1,065,541)		
611	(19,293)	(549)	(30,640)		
<u>\$ 12,824,437</u>	<u>\$ 17,681,652</u>	<u>\$ 21,156,367</u>	<u>\$ 6,046,742</u>	<u>\$ 9,894,661</u>	<u>\$ 22,902,352</u>
193,522,528	175,840,876	154,684,509	148,637,767	138,743,106	115,840,754
<u>\$ 206,346,965</u>	<u>\$ 193,522,528</u>	<u>\$ 175,840,876</u>	<u>\$ 154,684,509</u>	<u>\$ 148,637,767</u>	<u>\$ 138,743,106</u>
<u>\$ 40,665,398</u>	<u>\$ 40,947,130</u>	<u>\$ 37,360,318</u>	<u>\$ 32,849,321</u>	<u>\$ 21,011,479</u>	<u>\$ 15,120,805</u>
\$ 12,020,270	\$ 12,248,910	\$ 12,267,430	\$ 12,022,841	\$ 12,083,166	\$ 11,794,994
43,960,204	41,949,138	39,632,065	37,887,975	36,830,426	35,011,854
23,127,175	640,064	(5,057,920)	(3,546,948)	(2,014,310)	
(26,220,684)	(24,566,646)	16,011,685	(21,960,690)	(22,743,995)	(20,527,874)
(3,636,764)	(2,675,247)	(23,474,602)	(1,240,208)		
		(1,043,487)			
<u>\$ 49,250,201</u>	<u>\$ 27,596,219</u>	<u>\$ 38,335,171</u>	<u>\$ 23,162,970</u>	<u>\$ 24,155,287</u>	<u>\$ 26,278,974</u>
589,571,910	561,975,691	523,640,520	500,477,550	476,322,263	450,043,289
<u>\$ 638,822,111</u>	<u>\$ 589,571,910</u>	<u>\$ 561,975,691</u>	<u>\$ 523,640,520</u>	<u>\$ 500,477,550</u>	<u>\$ 476,322,263</u>
\$ 7,853,234	\$ 7,757,950	\$ 7,091,246	\$ 6,927,587	\$ 6,629,915	\$ 6,459,488
15,990,599	15,840,158	13,960,572	13,751,561	13,432,838	13,048,938
5,037,799	5,046,352	4,465,630	4,384,573	4,291,826	4,133,021
22,635,730	33,237,702	39,775,778	7,112,851	14,471,898	45,230,427
(26,220,684)	(24,566,646)	(23,474,602)	(21,960,690)	(22,743,995)	(20,527,874)
(189,981)	(350,328)	(339,344)	(273,951)	(212,017)	(166,807)
(3,636,764)	(2,675,247)	(1,043,487)	(1,240,208)		
(6,299)	(37,861)	(491)	(131,634)		
<u>\$ 21,463,634</u>	<u>\$ 34,252,080</u>	<u>\$ 40,435,302</u>	<u>\$ 8,570,089</u>	<u>\$ 15,870,465</u>	<u>\$ 48,177,193</u>
418,314,296	384,062,216	343,626,914	335,056,825	319,186,360	271,009,167
<u>\$ 439,777,930</u>	<u>\$ 418,314,296</u>	<u>\$ 384,062,216</u>	<u>\$ 343,626,914</u>	<u>\$ 335,056,825</u>	<u>\$ 319,186,360</u>
<u>\$ 199,044,181</u>	<u>\$ 171,257,614</u>	<u>\$ 177,913,475</u>	<u>\$ 180,013,606</u>	<u>\$ 165,420,725</u>	<u>\$ 157,135,903</u>

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, 2023

Last 10 Fiscal Years

Fiscal Year	2023	2022	2021	2020
FURS				
Total pension liability				
Service cost	\$ 18,266,315	\$ 16,569,879	\$ 15,001,370	\$ 13,086,953
Interest	54,760,901	48,124,314	45,515,522	43,027,646
Changes of benefit terms				
Differences between expected and actual experience	5,949,425	7,640,949	4,272,499	3,445,064
Changes of assumptions		9,287,822	26,277,324	25,851,699
Benefit payments	(32,131,050)	(30,353,865)	(28,529,988)	(26,838,506)
Refunds of Contributions	(223,760)	(66,244)	(93,251)	(61,799)
Net change in total pension liability	\$ 46,621,831	\$ 51,202,855	\$ 62,443,476	\$ 58,511,057
Total pension liability / (asset) - beginning	748,060,423	696,857,568	634,414,092	575,903,035
Total pension liability / (asset) - ending (a)	\$ 794,682,254	\$ 748,060,423	\$ 696,857,568	\$ 634,414,092
Plan fiduciary net position				
Contributions - employer	\$ 9,431,940	\$ 8,590,809	\$ 8,051,622	\$ 7,887,237
Contributions - non-employer	21,406,468	19,436,204	18,274,536	17,807,526
Contributions - member	7,055,269	6,440,593	6,091,044	5,938,345
Net investment income	48,812,434	(25,986,717)	129,637,798	12,246,535
Benefit payments	(32,131,050)	(30,353,865)	(28,529,988)	(26,838,506)
Administrative expense	(142,815)	(130,922)	(180,813)	(224,096)
Refunds of Contributions	(223,760)	(66,244)	(93,251)	(61,799)
Other	285,099	(3,046)	93,985	(7,444)
Net change in plan fiduciary net position	\$ 54,493,585	\$ (22,073,188)	\$ 133,344,933	\$ 16,747,798
Plan fiduciary net position - beginning	589,208,686	611,281,874	477,936,941	461,189,143
Plan fiduciary net position - ending (b)	\$ 643,702,271	\$ 589,208,686	\$ 611,281,874	\$ 477,936,941
Net pension liability / (asset) - ending (a-b)	\$ 150,979,983	\$ 158,851,737	\$ 85,575,694	\$ 156,477,151
VFCA				
Total pension liability				
Service cost	\$ 740,838	\$ 129,066	\$ 153,567	\$ 125,315
Interest	3,758,541	3,488,300	3,483,301	3,460,874
Changes of benefit terms				
Differences between expected and actual experience	(1,484,412)	(4,317,470)	143,313	375,549
Changes of assumptions		5,154,975	1,285,591	1,344,856
Benefit payments	(3,126,387)	(3,109,995)	(3,115,695)	(3,065,017)
Refunds of Contributions				
Net change in total pension liability	\$ (111,420)	\$ 1,344,876	\$ 1,950,077	\$ 2,241,577
Total pension liability / (asset) - beginning	52,309,218	50,964,342	49,014,265	46,772,688
Total pension liability / (asset) - ending (a)	\$ 52,197,798	\$ 52,309,218	\$ 50,964,342	\$ 49,014,265
Plan fiduciary net position				
Contributions - employer				
Contributions - non-employer	\$ 3,156,488	\$ 2,851,975	\$ 2,591,791	\$ 2,486,772
Contributions - member				
Net investment income	3,827,198	(1,965,536)	10,628,290	1,045,894
Benefit payments	(3,126,387)	(3,109,995)	(3,115,695)	(3,065,017)
Administrative expense	(335,940)	(331,750)	(357,814)	(414,114)
Refunds of Contributions				
Other			(13,350)	(11,337)
Net change in plan fiduciary net position	\$ 3,521,359	\$ (2,555,306)	\$ 9,733,222	\$ 42,198
Plan fiduciary net position - beginning	47,086,152	49,641,458	39,908,236	39,866,038
Plan fiduciary net position - ending (b)	\$ 50,607,511	\$ 47,086,152	\$ 49,641,458	\$ 39,908,236
Net pension liability / (asset) - ending (a-b)	\$ 1,590,287	\$ 5,223,066	\$ 1,322,884	\$ 9,106,029

2019	2018	2017	2016	2015	2014
\$ 12,421,310	\$ 11,819,193	\$ 12,162,734	\$ 11,519,465	\$ 11,066,391	\$ 10,608,895
41,022,969	37,983,963	35,230,726	33,514,243	32,580,262	30,847,306
(931,198)	14,798,655	893,628	(1,162,342)	(159,885)	
(25,626,191)	(23,863,193)	16,915,553	(20,896,200)	(19,747,008)	(19,052,130)
(89,824)	(173,278)	(22,335,636)	(46,128)		
\$ 26,797,066	\$ 40,565,340	\$ 42,698,583	\$ 22,929,038	\$ 23,739,760	\$ 22,404,071
549,105,969	508,540,629	465,842,046	442,913,008	419,173,248	396,769,177
\$ 575,903,035	\$ 549,105,969	\$ 508,540,629	\$ 465,842,046	\$ 442,913,008	\$ 419,173,248
\$ 7,323,532	\$ 7,053,165	\$ 6,499,776	\$ 6,163,464	\$ 6,100,252	\$ 6,006,863
16,566,861	16,127,433	14,438,412	13,969,719	13,572,990	12,767,624
5,527,363	5,314,833	4,925,425	4,751,806	4,710,082	4,697,333
23,722,343	34,284,721	40,838,569	7,311,946	14,640,156	45,464,858
(25,626,191)	(23,863,193)	(22,335,636)	(20,896,200)	(19,747,008)	(19,052,130)
(170,851)	(329,234)	(320,213)	(259,560)	(197,110)	(153,622)
(89,824)	(173,278)	(168,422)	(46,128)		
1,405	13,978	(485)	(2,424)		
\$ 27,254,638	\$ 38,428,425	\$ 43,877,426	\$ 10,992,623	\$ 19,079,362	\$ 49,730,926
433,934,505	395,506,080	351,628,654	340,636,031	321,556,669	271,825,743
\$ 461,189,143	\$ 433,934,505	\$ 395,506,080	\$ 351,628,654	\$ 340,636,031	\$ 321,556,669
\$ 114,713,892	\$ 115,171,464	\$ 113,034,549	\$ 114,213,392	\$ 102,276,977	\$ 97,616,579
\$ 112,527	\$ 92,294	\$ 267,843	\$ 282,498	\$ 221,969	\$ 237,639
3,434,677	3,461,285	3,336,579	3,355,483	2,851,618	2,843,095
(173,854)	(930,963)	(791,792)	(1,141,179)	6,173,245	(618,854)
(2,996,808)	(2,944,046)	2,281,533	(2,623,011)	(2,379,353)	(2,294,676)
		(2,858,443)			
\$ 376,542	\$ (321,430)	\$ 2,235,720	\$ (126,209)	\$ 6,248,625	\$ 786,058
46,396,146	46,717,576	44,481,856	44,608,065	38,359,440	37,573,382
\$ 46,772,688	\$ 46,396,146	\$ 46,717,576	\$ 44,481,856	\$ 44,608,065	\$ 38,359,440
\$ 2,370,454	\$ 2,212,113	\$ 2,064,561	\$ 2,036,297	\$ 1,913,482	\$ 1,818,237
2,070,508	3,126,746	3,836,835	622,331	1,479,954	4,815,491
(2,996,808)	(2,944,046)	(2,858,443)	(2,623,011)	(2,379,353)	(2,294,676)
(296,866)	(293,142)	(288,897)	(241,726)	(180,466)	(136,079)
(10,875)	(2,478)	(6,897)	(14,436)		
\$ 1,136,413	\$ 2,099,193	\$ 2,747,159	\$ (220,545)	\$ 833,617	\$ 4,202,973
38,729,625	36,630,432	33,883,273	34,103,818	33,270,201	29,067,228
\$ 39,866,038	\$ 38,729,625	\$ 36,630,432	\$ 33,883,273	\$ 34,103,818	\$ 33,270,201
\$ 6,906,650	\$ 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, 2023

Last 10 Fiscal Years

Fiscal Year	2023	2022	2021	2020
JRS				
Total pension liability				
Service Cost	\$ 1,908,017	\$ 2,021,754	\$ 1,896,963	\$ 1,748,288
Interest	5,301,061	5,099,382	4,948,543	4,842,414
Changes of benefit terms				
Differences between expected and actual experience	(2,569,357)	(2,781,784)	376,265	(261,841)
Changes of assumptions		(1,467,198)	1,869,369	1,911,905
Benefit payments	(4,427,197)	(4,356,996)	(4,204,547)	(4,038,362)
Net change in total pension liability	\$ 212,524	\$ (1,484,842)	\$ 4,886,593	\$ 4,202,404
Total pension liability / (asset) - beginning	72,922,865	74,407,707	69,521,114	65,318,710
Total pension liability / (asset) - ending (a)	\$ 73,135,389	\$ 72,922,865	\$ 74,407,707	\$ 69,521,114
Plan fiduciary net position				
Contributions - employer	\$ 296	\$ 79,282	\$ 2,139,151	\$ 1,988,166
Contributions - non-employer				
Contributions - member	647,761	629,033	589,463	560,108
Net investment income	10,331,304	(5,547,031)	29,149,599	2,827,148
Benefit payments	(4,427,197)	(4,356,996)	(4,204,547)	(4,038,362)
Administrative expense	(53,314)	(55,643)	(126,331)	(157,040)
Other	(39)		(3,374)	15
Net change in plan fiduciary net position	\$ 6,498,811	\$ (9,251,355)	\$ 27,543,961	\$ 1,180,035
Plan fiduciary net position - beginning	124,358,278	133,909,633	106,065,672	104,885,637
Plan fiduciary net position - ending (b) ¹	\$ 130,857,089	\$ 124,358,278	\$ 133,609,633	\$ 106,065,672
Net pension liability / (asset) - ending (a-b)	\$ (57,721,700)	\$ (51,435,413)	\$ (59,201,926)	\$ (36,544,558)
HPORS				
Total pension liability				
Service Cost	\$ 4,354,555	\$ 4,089,414	\$ 7,578,028	\$ 3,336,846
Interest	19,702,342	18,597,426	16,742,334	17,688,311
Changes of benefit terms				
Differences between expected and actual experience	1,537,638	(2,487,197)	1,912,795	(993,030)
Changes of assumptions		(2,749,503)	(125,247,098)	141,054,951
Benefit payments	(14,652,557)	(13,742,508)	(13,710,171)	(12,684,315)
Refund of Contributions	(747,967)	(1,515,412)	(2,026,383)	(331,169)
Net change in total pension liability	\$ 10,194,011	\$ 2,192,220	\$ (114,750,495)	\$ 148,071,594
Total pension liability / (asset) - beginning	273,240,808	271,048,588	385,799,083	237,727,489
Total pension liability / (asset) - ending (a)	\$ 283,434,819	\$ 273,240,808	\$ 271,048,588	\$ 385,799,083
Plan fiduciary net position				
Contributions - employer	\$ 6,908,350	\$ 6,639,274	\$ 6,423,043	\$ 6,002,897
Contributions - non-employer	2,205,826	4,213,133	224,258	226,239
Contributions - member	2,376,571	2,284,710	2,206,028	2,169,955
Net investment income	14,637,213	(7,840,616)	41,276,714	4,100,741
Benefit payments	(14,652,557)	(13,742,508)	(13,710,171)	(12,684,315)
Administrative expense	(79,030)	(77,306)	(342,178)	(163,315)
Refund of Contributions	(747,967)	(1,515,412)	(2,026,383)	(331,169)
Other			(39,963)	(130,951)
Net change in plan fiduciary net position	\$ 10,648,406	\$ (10,038,725)	\$ 34,011,348	\$ (809,918)
Plan fiduciary net position - beginning	175,940,332	185,979,057	151,967,709	152,777,627
Plan fiduciary net position - ending (b)	\$ 186,588,738	\$ 175,940,332	\$ 185,979,057	\$ 151,967,709
Net pension liability / (asset) - ending (a-b)	\$ 96,846,081	\$ 97,300,476	\$ 85,069,531	\$ 233,831,374

2019	2018	2017	2016	2015	2014
\$ 1,771,629	\$ 1,664,039	\$ 1,628,290	\$ 1,578,705	\$ 1,652,926	\$ 1,593,854
4,457,587	4,502,928	4,043,662	3,986,420	3,933,947	3,824,389
2,743,465	(2,900,423)	862,189	(1,341,333)	(1,032,091)	
(3,846,157)	(3,872,322)	3,864,700	(3,416,023)	(3,040,988)	(3,022,512)
\$ 5,126,524	\$ (605,778)	\$ 6,844,506	\$ 807,769	\$ 1,513,794	\$ 2,395,731
60,192,186	60,797,964	53,953,458	53,145,689	51,631,895	49,236,164
\$ 65,318,710	\$ 60,192,186	\$ 60,797,964	\$ 53,953,458	\$ 53,145,689	\$ 51,631,895
\$ (281)	\$ 1,084,880	\$ 1,800,105	\$ 1,807,493	\$ 1,683,990	\$ 1,651,483
516,777	575,050	488,208	729,180	534,091	481,461
5,687,228	8,467,204	10,368,402	1,778,748	3,842,387	12,420,597
(3,846,157)	(3,872,322)	(3,554,335)	(3,416,023)	(3,040,988)	(3,022,512)
(122,618)	(264,496)	(253,789)	(197,445)	(135,815)	(100,567)
	6,737	(674)	(2,742)		
\$ 2,234,949	\$ 5,997,053	\$ 8,847,917	\$ 699,211	\$ 2,883,665	\$ 11,430,462
102,650,688	96,653,635	87,805,718	87,106,507	84,222,842	72,792,380
\$ 104,885,637	\$ 102,650,688	\$ 96,653,635	\$ 87,805,718	\$ 87,106,507	\$ 84,222,842
\$ (39,566,927)	\$ (42,458,502)	\$ (35,855,671)	\$ (33,852,260)	\$ (33,960,818)	\$ (32,590,947)
\$ 3,453,066	\$ 3,643,015	\$ 3,664,857	\$ 3,798,553	\$ 3,598,464	\$ 3,464,399
16,926,240	16,293,615	15,121,088	14,545,022	14,112,116	13,517,924
2,412,675	589,270	2,773,680	18,339	1,855,618	
(12,062,607)	(11,545,732)	7,892,479	(10,482,414)	267,336	
(582,438)	(321,840)	(11,036,794)	(10,482,414)	(10,000,856)	(9,443,007)
		(244,597)	(93,811)		
\$ 10,146,936	\$ 8,658,328	\$ 18,170,713	\$ 7,785,689	\$ 9,832,678	\$ 7,539,316
227,580,553	218,922,225	200,751,512	192,965,823	183,133,145	175,593,829
\$ 237,727,489	\$ 227,580,553	\$ 218,922,225	\$ 200,751,512	\$ 192,965,823	\$ 183,133,145
\$ 5,844,909	\$ 5,858,493	\$ 5,782,258	\$ 5,915,644	\$ 5,839,336	\$ 5,735,507
233,139	250,150	262,884	242,749		
2,002,319	2,386,526	1,949,795	1,917,487	1,624,327	1,458,042
8,268,830	12,282,824	15,098,813	2,605,256	5,738,373	18,678,284
(12,062,607)	(11,545,732)	(11,036,794)	(10,482,414)	(10,000,856)	(9,443,007)
(127,400)	(256,309)	(248,124)	(197,034)	(144,253)	(109,140)
(582,438)	(321,840)	(244,597)	(93,811)		
2,007	8,067	(466)	(2,276)		
\$ 3,578,759	\$ 8,662,179	\$ 11,563,769	\$ (94,399)	\$ 3,056,927	\$ 16,319,686
149,198,868	140,536,689	128,972,920	129,067,319	126,010,392	109,690,706
\$ 152,777,627	\$ 149,198,868	\$ 140,536,689	\$ 128,972,920	\$ 129,067,319	\$ 126,010,392
\$ 84,949,862	\$ 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, 2023
 Last 10 Fiscal Years

Fiscal Year	2023	2022	2021	2020
PERS-DBRP				
Total Pension Liability	\$ 9,361,215,642	\$ 9,026,784,090	\$ 9,023,248,586	\$ 8,483,685,413
Plan Fiduciary Net Position	<u>6,920,861,726</u>	<u>6,648,898,896</u>	<u>7,210,026,882</u>	<u>5,845,474,024</u>
Multiple-Employers' Net Pension Liability / (Asset)	<u>\$ 2,440,353,916</u>	<u>\$ 2,377,885,194</u>	<u>\$ 1,813,221,704</u>	<u>\$ 2,638,211,389</u>
Plan fiduciary net position as a percentage of the total pension liability	73.93%	73.66%	79.91%	68.90%
Covered Payroll	\$ 1,453,317,132	\$ 1,349,882,543	\$ 1,361,589,739	\$ 1,280,557,497
Net pension liability / (asset) as a percentage of covered payroll ¹	167.92%	176.15%	133.17%	206.02%
SRS				
Total Pension Liability	\$ 641,662,416	\$ 597,118,496	\$ 557,551,239	\$ 506,180,744
Plan Fiduciary Net Position	<u>494,669,262</u>	<u>460,194,880</u>	<u>484,711,071</u>	<u>384,294,754</u>
Multiple-Employers' Net Pension Liability / (Asset)	<u>\$ 146,993,154</u>	<u>\$ 136,923,616</u>	<u>\$ 72,840,168</u>	<u>\$ 121,885,990</u>
Plan fiduciary net position as a percentage of the total pension liability	77.09%	77.07%	86.94%	75.92%
Covered Payroll	\$ 102,449,725	\$ 96,370,364	\$ 90,869,369	\$ 84,942,848
Net pension liability / (asset) as a percentage of covered payroll	143.48%	142.08%	80.16%	143.49%
GWPORS				
Total Pension Liability	\$ 348,304,075	\$ 412,897,681	\$ 305,849,993	\$ 348,070,173
Plan Fiduciary Net Position	<u>281,080,955</u>	<u>260,437,413</u>	<u>273,392,048</u>	<u>212,910,191</u>
Multiple-Employers' Net Pension Liability / (Asset)	<u>\$ 67,223,120</u>	<u>\$ 152,460,268</u>	<u>\$ 32,457,945</u>	<u>\$ 135,159,982</u>
Plan fiduciary net position as a percentage of the total pension liability	80.70%	63.08%	89.39%	61.17%
Covered Payroll	\$ 58,393,246	\$ 54,286,855	\$ 60,022,906	\$ 53,825,163
Net pension liability / (asset) as a percentage of covered payroll	115.12%	280.84%	54.08%	251.11%

2019	2018	2017	2016	2015	2014
\$ 7,993,617,002	\$ 7,867,135,877	\$ 7,420,145,583	\$ 6,736,152,999	\$ 6,458,930,267	\$ 6,188,780,815
<u>5,903,306,304</u>	<u>5,779,994,008</u>	<u>5,472,519,182</u>	<u>5,032,807,110</u>	<u>5,061,058,221</u>	<u>4,942,769,917</u>
<u>\$ 2,090,310,698</u>	<u>\$ 2,087,141,869</u>	<u>\$ 1,947,626,401</u>	<u>\$ 1,703,345,889</u>	<u>\$ 1,397,872,046</u>	<u>\$ 1,246,010,898</u>
73.85%	73.47%	73.75%	74.71%	78.36%	79.87%
\$ 1,247,343,733	\$ 1,230,105,350	\$ 1,232,066,537	\$ 1,185,646,179	\$ 1,154,866,605	\$ 1,120,266,025
167.58%	169.67%	158.08%	143.66%	121.04%	111.22%
\$ 460,620,635	\$ 434,052,092	\$ 407,007,349	\$ 474,829,830	\$ 392,094,093	\$ 326,272,299
<u>377,222,848</u>	<u>358,880,360</u>	<u>330,910,169</u>	<u>299,152,006</u>	<u>295,695,213</u>	<u>284,655,279</u>
<u>\$ 83,397,787</u>	<u>\$ 75,171,732</u>	<u>\$ 76,097,180</u>	<u>\$ 175,677,824</u>	<u>\$ 96,398,880</u>	<u>\$ 41,617,020</u>
81.89%	82.68%	81.30%	63.00%	75.41%	87.24%
\$ 80,461,048	\$ 77,587,294	\$ 74,581,258	\$ 70,593,304	\$ 68,045,517	\$ 64,672,635
103.65%	96.89%	102.03%	248.86%	141.67%	64.35%
\$ 247,012,363	\$ 234,469,658	\$ 213,201,194	\$ 187,533,830	\$ 169,649,246	\$ 153,863,911
<u>206,346,965</u>	<u>193,522,528</u>	<u>175,840,876</u>	<u>154,684,509</u>	<u>148,637,767</u>	<u>138,743,106</u>
<u>\$ 40,665,398</u>	<u>\$ 40,947,130</u>	<u>\$ 37,360,318</u>	<u>\$ 32,849,321</u>	<u>\$ 21,011,479</u>	<u>\$ 15,120,805</u>
83.54%	82.54%	82.48%	82.48%	87.61%	90.17%
\$ 51,676,963	\$ 50,823,150	\$ 49,381,004	\$ 47,108,310	\$ 44,884,739	\$ 41,636,566
78.69%	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, 2023
 Last 10 Fiscal Years

Fiscal Year	2023	2022	2021	2020
MPORS				
Total Pension Liability	\$ 817,699,290	\$ 778,865,103	\$ 750,002,918	\$ 695,736,884
Plan Fiduciary Net Position	585,859,582	542,651,228	568,215,062	451,150,482
Multiple-Employers' Net Pension Liability / (Asset)	<u>\$ 231,839,708</u>	<u>\$ 236,213,875</u>	<u>\$ 181,787,856</u>	<u>\$ 244,586,402</u>
Plan fiduciary net position as a percentage of the total pension liability	71.65%	69.67%	75.76%	64.84%
Covered Payroll	\$ 66,806,214	\$ 61,329,209	\$ 59,216,593	\$ 56,783,680
Net pension liability / (asset) as a percentage of covered payroll	347.03%	385.16%	306.99%	430.73%
FURS				
Total Pension Liability	\$ 794,682,254	\$ 748,060,423	\$ 696,857,568	\$ 634,414,092
Plan Fiduciary Net Position	643,702,271	589,208,686	611,281,874	477,936,941
Multiple-Employers' Net Pension Liability / (Asset)	<u>\$ 150,979,983</u>	<u>\$ 158,851,737</u>	<u>\$ 85,575,694</u>	<u>\$ 156,477,151</u>
Plan fiduciary net position as a percentage of the total pension liability	81.00%	78.76%	87.72%	75.34%
Covered Payroll	\$ 65,574,963	\$ 59,394,409	\$ 56,281,681	\$ 53,858,929
Net pension liability / (asset) as a percentage of covered payroll	230.24%	267.45%	152.05%	290.53%
VFCA				
Total Pension Liability	\$ 52,197,798	\$ 52,309,218	\$ 50,964,342	\$ 49,014,265
Plan Fiduciary Net Position	50,607,511	47,086,152	49,641,458	39,908,236
Multiple-Employers' Net Pension Liability / (Asset)	<u>\$ 1,590,287</u>	<u>\$ 5,223,066</u>	<u>\$ 1,322,884</u>	<u>\$ 9,106,029</u>
Plan fiduciary net position as a percentage of the total pension liability	96.95%	90.02%	97.40%	81.42%
Covered Payroll	N/A	N/A	N/A	N/A
Net pension liability / (asset) as a percentage of covered payroll	N/A	N/A	N/A	N/A

2019	2018	2017	2016	2015	2014
\$ 638,822,111	\$ 589,571,910	\$ 561,975,691	\$ 523,640,520	\$ 500,477,550	\$ 476,322,263
<u>439,777,930</u>	<u>418,314,296</u>	<u>384,062,216</u>	<u>343,626,914</u>	<u>335,056,825</u>	<u>319,186,360</u>
<u>\$ 199,044,181</u>	<u>\$ 171,257,614</u>	<u>\$ 177,913,475</u>	<u>\$ 180,013,606</u>	<u>\$ 165,420,725</u>	<u>\$ 157,135,903</u>
68.84%	70.95%	68.34%	65.62%	66.95%	67.01%
\$ 54,282,431	\$ 52,035,958	\$ 48,603,580	\$ 47,233,801	\$ 45,736,127	\$ 44,426,617
366.68%	329.11%	366.05%	381.11%	361.69%	353.70%
<hr/>					
\$ 575,903,035	\$ 549,105,969	\$ 508,540,629	\$ 465,842,046	\$ 442,913,008	\$ 419,173,248
<u>461,189,143</u>	<u>433,934,505</u>	<u>395,506,080</u>	<u>351,628,654</u>	<u>340,636,031</u>	<u>321,556,669</u>
<u>\$ 114,713,892</u>	<u>\$ 115,171,464</u>	<u>\$ 113,034,549</u>	<u>\$ 114,213,392</u>	<u>\$ 102,276,977</u>	<u>\$ 97,616,579</u>
80.08%	79.03%	77.77%	75.48%	76.91%	76.71%
\$ 50,756,445	\$ 47,934,517	\$ 45,208,091	\$ 43,118,925	\$ 41,627,233	\$ 39,891,869
226.01%	240.27%	250.03%	264.88%	245.70%	244.70%
<hr/>					
\$ 46,772,688	\$ 46,396,146	\$ 46,717,576	\$ 44,481,856	\$ 44,608,065	\$ 38,359,440
<u>39,866,038</u>	<u>38,729,625</u>	<u>36,630,432</u>	<u>33,883,273</u>	<u>34,103,818</u>	<u>33,270,201</u>
<u>\$ 6,906,650</u>	<u>\$ 7,666,521</u>	<u>\$ 10,087,144</u>	<u>\$ 10,598,583</u>	<u>\$ 10,504,247</u>	<u>\$ 5,089,239</u>
85.23%	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	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, 2023

Last 10 Fiscal Years

Fiscal Year	2023	2022	2021	2020
JRS				
Total Pension Liability	\$ 73,135,389	\$ 72,922,865	\$ 74,407,707	\$ 69,521,114
Plan Fiduciary Net Position	130,857,089	124,358,278	133,609,633	106,065,672
Single-Employers' Net Pension Liability / (Asset)	<u>\$ (57,721,700)</u>	<u>\$ (51,435,413)</u>	<u>\$ (59,201,926)</u>	<u>\$ (36,544,558)</u>
Plan fiduciary net position as a percentage of the total pension liability	178.92%	170.53%	179.56%	152.57%
Covered Payroll	\$ 8,561,115	\$ 8,408,166	\$ 8,281,631	\$ 8,001,462
Net pension liability / (asset) as a percentage of covered payroll	(674.23)%	(611.73)%	(714.86)%	(456.72)%
HPORS				
Total Pension Liability	\$ 283,434,819	\$ 273,240,808	\$ 271,048,588	\$ 385,799,083
Plan Fiduciary Net Position	186,588,738	175,940,332	185,979,057	151,967,709
Single-Employers' Net Pension Liability / (Asset)	<u>\$ 96,846,081</u>	<u>\$ 97,300,476</u>	<u>\$ 85,069,531</u>	<u>\$ 233,831,374</u>
Plan fiduciary net position as a percentage of the total pension liability	65.83%	64.39%	68.61%	39.39%
Covered Payroll	\$ 18,004,509	\$ 17,274,748	\$ 16,630,576	\$ 15,607,832
Net pension liability / (asset) as a percentage of covered payroll	537.90%	563.25%	511.52%	1,498.17%

2019	2018	2017	2016	2015	2014
\$ 65,318,710	\$ 60,192,186	\$ 60,797,964	\$ 53,953,458	\$ 53,145,689	\$ 51,631,895
<u>104,885,637</u>	<u>102,650,688</u>	<u>96,653,635</u>	<u>87,805,718</u>	<u>87,106,507</u>	<u>84,222,842</u>
<u>\$ (39,566,927)</u>	<u>\$ (42,458,502)</u>	<u>\$ (35,855,671)</u>	<u>\$ (33,852,260)</u>	<u>\$ (33,960,818)</u>	<u>\$ (32,590,947)</u>
160.58%	170.54%	158.98%	162.74%	163.90%	163.12%
\$ 7,382,476	\$ 7,290,904	\$ 6,974,470	\$ 6,920,367	\$ 6,524,569	\$ 6,354,763
(535.96)%	(582.35)%	(514.10)%	(489.17)%	(520.51)%	(512.86)%
\$ 237,727,489	\$ 227,580,553	\$ 218,922,225	\$ 200,751,512	\$ 192,965,823	\$ 183,133,145
<u>152,777,627</u>	<u>149,198,868</u>	<u>140,536,689</u>	<u>128,972,920</u>	<u>129,067,319</u>	<u>126,010,392</u>
<u>\$ 84,949,862</u>	<u>\$ 78,381,685</u>	<u>\$ 78,385,536</u>	<u>\$ 71,778,592</u>	<u>\$ 63,898,504</u>	<u>\$ 57,122,753</u>
64.27%	65.56%	64.19%	64.25%	66.89%	68.81%
\$ 15,177,612	\$ 15,251,339	\$ 14,778,975	\$ 15,275,964	\$ 14,549,378	\$ 14,149,269
559.71%	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, 2023

(in thousands)

Last 10 Fiscal Years

Fiscal Year	2023	2022	2021	2020
PERS-DBRP				
Actuarially Determined Contribution	\$ 171,317	\$ 156,294	\$ 164,931	\$ 156,152
Actual Contributions in Relation to the Actuarially Determined Contribution				
Employer Contributions	131,912	120,533	121,136	111,991
Non-Employer Contributions (State)	36,176	35,761	35,389	35,009
Total Contributions	\$ 168,088	\$ 156,294	\$ 156,525	\$ 147,000
Contribution Deficiency / (Excess)	\$ 3,229	\$ 0	\$ 8,406	\$ 9,152
Covered Payroll	\$ 1,453,317	\$ 1,349,883	\$ 1,361,590	\$ 1,280,557
Contributions as a Percentage of Covered Payroll	11.57%	11.58%	11.50%	11.48%
SRS				
Actuarially Determined Contribution	\$ 13,760	\$ 12,703	\$ 11,897	\$ 11,175
Actual Contributions in Relation to the Actuarially Determined Contribution				
Employer Contributions	13,482	12,703	11,897	11,175
Non-Employer Contributions (State)				
Total Contributions	\$ 13,482	\$ 12,703	\$ 11,897	\$ 11,175
Contribution Deficiency / (Excess)	\$ 278	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 102,450	\$ 96,370	\$ 90,869	\$ 84,943
Contributions as a Percentage of Covered Payroll	13.16%	13.18%	13.09%	13.16%

2019	2018	2017	2016	2015	2014
\$ 152,663	\$ 141,310	\$ 132,295	\$ 133,128	\$ 131,424	\$ 137,681
107,258	106,651	103,537	102,328	100,176	95,820
34,642	34,659	28,758	30,800	34,467	34,562
<u>\$ 141,900</u>	<u>\$ 141,310</u>	<u>\$ 132,295</u>	<u>\$ 133,128</u>	<u>\$ 134,643</u>	<u>\$ 130,382</u>
<u>\$ 10,763</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (3,219)</u>	<u>\$ 7,299</u>
\$ 1,247,344	\$ 1,230,105	\$ 1,232,067	\$ 1,185,646	\$ 1,154,867	\$ 1,120,266
11.38%	11.49%	10.74%	11.23%	11.66%	11.64%
\$ 10,573	\$ 10,366	\$ 10,095	\$ 8,640	\$ 9,737	\$ 9,779
10,573	10,366	7,562	7,317	6,902	6,689
<u>\$ 10,573</u>	<u>\$ 10,366</u>	<u>\$ 7,562</u>	<u>\$ 7,317</u>	<u>\$ 6,902</u>	<u>\$ 6,689</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,533</u>	<u>\$ 1,323</u>	<u>\$ 2,835</u>	<u>\$ 3,090</u>
\$ 80,461	\$ 77,587	\$ 74,581	\$ 70,593	\$ 68,046	\$ 64,673
13.14%	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, 2023

(in thousands)

Last 10 Fiscal Years

Fiscal Year	2023	2022	2021	2020
GWPORS				
Actuarially Determined Contribution	\$ 8,006	\$ 5,100	\$ 5,754	\$ 5,350
Actual Contributions in Relation to the Actuarially Determined Contribution				
Employer Contributions	5,279	4,941	5,411	4,869
Non-Employer Contributions (State)				
Total Contributions	\$ 5,279	\$ 4,941	\$ 5,411	\$ 4,869
Contribution Deficiency / (Excess)	\$ 2,727	\$ 159	\$ 343	\$ 481
Covered Payroll	\$ 58,393	\$ 54,287	\$ 60,023	\$ 53,825
Contributions as a Percentage of Covered Payroll	9.04%	9.10%	9.02%	9.05%
MPORS				
Actuarially Determined Contribution	\$ 29,349	\$ 27,039	\$ 25,882	\$ 24,958
Actual Contributions in Relation to the Actuarially Determined Contribution				
Employer Contributions	9,724	8,917	8,535	8,273
Non-Employer Contributions (State)	19,625	18,122	17,347	16,685
Total Contributions	\$ 29,349	\$ 27,039	\$ 25,882	\$ 24,958
Contribution Deficiency / (Excess)	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 66,806	\$ 61,329	\$ 59,217	\$ 56,784
Contributions as a Percentage of Covered Payroll	43.93%	44.09%	43.71%	43.95%

2019	2018	2017	2016	2015	2014
\$ 5,285	\$ 5,213	\$ 5,495	\$ 4,707	\$ 5,256	\$ 4,976
4,686	4,613	4,464	4,278	4,088	3,762
<u>\$ 4,686</u>	<u>\$ 4,613</u>	<u>\$ 4,464</u>	<u>\$ 4,278</u>	<u>\$ 4,088</u>	<u>\$ 3,762</u>
<u>\$ 599</u>	<u>\$ 600</u>	<u>\$ 1,031</u>	<u>\$ 429</u>	<u>\$ 1,168</u>	<u>\$ 1,214</u>
\$ 51,677	\$ 50,823	\$ 49,381	\$ 47,108	\$ 44,885	\$ 41,637
9.07%	9.08%	9.04%	9.08%	9.11%	9.04%
\$ 23,844	\$ 23,598	\$ 21,052	\$ 20,679	\$ 17,229	\$ 17,922
7,853	7,758	7,091	6,928	6,630	6,459
15,991	15,840	13,961	13,751	13,433	13,049
<u>\$ 23,844</u>	<u>\$ 23,598</u>	<u>\$ 21,052</u>	<u>\$ 20,679</u>	<u>\$ 20,063</u>	<u>\$ 19,508</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (2,834)</u>	<u>\$ (1,586)</u>
\$ 54,282	\$ 52,036	\$ 48,604	\$ 47,234	\$ 45,736	\$ 44,427
43.93%	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, 2023
(in thousands)
Last 10 Fiscal Years

Fiscal Year	2023	2022	2021	2020
FURS				
Actuarially Determined Contribution	\$ 30,838	\$ 28,027	\$ 26,326	\$ 25,695
Actual Contributions in Relation to the Actuarially Determined Contribution				
Employer Contributions	9,432	8,591	8,052	7,887
Non-Employer Contributions (State)	21,406	19,436	18,274	17,808
Total Contributions	\$ 30,838	\$ 28,027	\$ 26,326	\$ 25,695
Contribution Deficiency / (Excess)	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 65,575	\$ 59,394	\$ 56,282	\$ 53,859
Contributions as a Percentage of Covered Payroll	47.03%	47.19%	46.78%	47.71%
VFCA				
Actuarially Determined Contribution	\$ 3,156	\$ 2,852	\$ 2,592	\$ 2,487
Actual Contributions in Relation to the Actuarially Determined Contribution				
Employer Contributions				
Non-Employer Contributions (State)	3,156	2,852	2,592	2,487
Total Contributions	\$ 3,156	\$ 2,852	\$ 2,592	\$ 2,487
Contribution Deficiency / (Excess)	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	N/A	N/A	N/A	N/A
Contributions as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A

2019	2018	2017	2016	2015	2014
\$ 23,890	\$ 23,181	\$ 20,938	\$ 20,133	\$ 13,279	\$ 13,699
7,323	7,053	6,500	6,163	6,100	6,007
16,567	16,128	14,438	13,970	13,573	12,767
<u>\$ 23,890</u>	<u>\$ 23,181</u>	<u>\$ 20,938</u>	<u>\$ 20,133</u>	<u>\$ 19,673</u>	<u>\$ 18,774</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (6,394)</u>	<u>\$ (5,075)</u>
\$ 50,756	\$ 47,935	\$ 45,208	\$ 43,119	\$ 41,627	\$ 39,892
47.07%	48.36%	46.32%	46.69%	47.26%	47.06%
\$ 2,370	\$ 2,212	\$ 2,065	\$ 2,037	\$ 890	\$ 1,116
2,370	2,212	2,065	2,036	1,913	1,818
<u>\$ 2,370</u>	<u>\$ 2,212</u>	<u>\$ 2,065</u>	<u>\$ 2,036</u>	<u>\$ 1,913</u>	<u>\$ 1,818</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1</u>	<u>\$ (1,023)</u>	<u>\$ (702)</u>
N/A	N/A	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 Employer Contributions

for Single-Employer Plans

as of June 30, 2023

(in thousands)

Last 10 Fiscal Years

Fiscal Year	2023	2022	2021	2020
JRS				
Actuarially Determined Contribution				
Actual Contributions in Relation to the Actuarially Determined Contribution:				
Employer Contributions	\$ 0	\$ 79	\$ 2,139	\$ 1,988
Total Contributions	\$ 0	\$ 79	\$ 2,139	\$ 1,988
Contribution Deficiency / (Excess)	\$ 0	\$ (79)	\$ (2,139)	\$ (1,988)
Covered Payroll	\$ 8,561	\$ 8,408	\$ 8,282	\$ 8,001
Contributions as a Percentage of Covered Payroll	0.00%	0.94%	25.83%	24.85%
HPORS				
Actuarially Determined Contribution	\$ 10,070	\$ 10,852	\$ 7,273	\$ 6,934
Actual Contributions in Relation to the Actuarially Determined Contribution:				
Employer Contributions	9,114	10,852	6,647	6,229
Total Contributions	\$ 9,114	\$ 10,852	\$ 6,647	\$ 6,229
Contribution Deficiency / (Excess)	\$ 956	\$ 0	\$ 626	\$ 705
Covered Payroll	\$ 18,005	\$ 17,275	\$ 16,631	\$ 15,608
Contributions as a Percentage of Covered Payroll	50.62%	62.82%	39.97%	39.91%

2019	2018	2017	2016	2015	2014
\$ 0	\$ 1,085	\$ 1,800	\$ 1,807	\$ 1,684	\$ 1,651
\$ 0	\$ 1,085	\$ 1,800	\$ 1,807	\$ 1,684	\$ 1,651
\$ 0	\$ (1,085)	\$ (1,800)	\$ (1,807)	\$ (1,684)	\$ (1,651)
\$ 7,382	\$ 7,291	\$ 6,974	\$ 6,920	\$ 6,525	\$ 6,355
0.00%	14.88%	25.81%	26.11%	25.81%	25.98%
\$ 6,668	\$ 6,530	\$ 6,045	\$ 6,158	\$ 5,706	\$ 6,121
6,078	6,109	6,045	6,158	5,839	5,736
\$ 6,078	\$ 6,109	\$ 6,045	\$ 6,158	\$ 5,839	\$ 5,736
\$ 590	\$ 421	\$ 0	\$ 0	\$ (133)	\$ 385
\$ 15,178	\$ 15,251	\$ 14,779	\$ 15,276	\$ 14,549	\$ 14,149
40.05%	40.05%	40.90%	40.31%	40.13%	40.54%

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. Certain prior year amounts were reclassified to conform to current years' presentation.

Valuation date: June 30, 2022

Key Methods and Assumptions Used to Determine the Actuarially Determined Contribution (ADC) for fiscal year end 2023:

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	7.30%, net of pension plan investment and administrative expense, including inflation
Mortality (Active Participants) - General	PUB-2010 General Amount Weighted Employee Mortality projected to 2021 for males and females. Projected generationally using MP-2021.
Mortality (Disabled Retirees) - General	PUB-2010 General Amount Weighted Disabled Retiree mortality table, projected to 2021, set forward 1 year for both males and females.
Mortality (Contingent Survivor) - General	PUB-2010 General Amount Weighted Contingent Survivor Mortality projected to 2021 with ages set forward 1 year for males and females. Projected generationally using MP-2021.
Mortality (Healthy Retiree) - General	PUB-2010 General Amount Weighted Healthy Retiree Mortality Table projected to 2021, with ages set forward one year and adjusted 104% for males and 103% for females. Projected generationally using MP-2021.
Mortality (Active) - Safety	PUB 2010 Safety Amount Weighted Employee Mortality projected to 2021 for males and females. Projected generationally using MP-2021.
Mortality (Healthy Retiree) - Safety	PUB 2010 Safety Amount Weighted Healthy Retiree Mortality Table projected to 2021, set forward one year for males and adjusted 105% for males and 100% for females. Projected generationally using MP-2021.
Mortality (Contingent Survivor) - Safety	PUB 2010 Safety Amount Weighted Contingent Survivor Mortality projected to 2021, set forward one year for males. Projected generationally using MP-2021.
Mortality (Disabled Retiree) - Safety	PUB 2010 Safety Amount Weighted Disabled Retiree Mortality projected to 2021, set forward one year for males.

Public Employees' Retirement Board

A Component Unit of the State of Montana

Notes to Required Supplementary Information

Changes of assumptions: The following changes have been made to the actuarial assumptions and methods for GASB Statement No. 67:

2015

1. PERS-DBRP assumptions related to the Guaranteed Annual Benefit Adjustment (GABA) for members hired on or after July 1, 2013 were added.
2. HPORS DROP accounts are assumed to earn the actuarial rate of return.
3. An additional 15% of HPORS active members are assumed to elect DROP for each of the first six years following DROP eligibility. These members are assumed to elect to participate in the DROP for five years or until age 60 is earlier.

2017

1. The discount rate was lowered from 7.75% to 7.65%.
2. The inflation rate was reduced from 3.00% to 2.75%.
3. The wage inflation rate was reduced from 4.00% to 3.50%.
4. The non-disabled mortality and withdrawal assumptions were updated.
5. The salary merit scale was updated.

2020

1. The discount rate was lowered from 7.65% to 7.34% for all systems except GWPORS and HPORS. The discount rate for GWPORS was lowered from 7.65% to 5.65% and HPORS discount rate was lowered from 7.65% to 4.43%.
2. The investment rate of return was lowered from 7.65% to 7.34%.
3. The inflation rate was reduced from 2.75% to 2.40%.

2021

1. The discount rate was lowered from 7.34% to 7.06% for all systems except GWPORS and HPORS. The discount rate for GWPORS was increased from 5.65% to 7.06% and HPORS' discount rate was increased from 4.43% to 7.06%.
2. The investment rate of return was lowered from 7.34% to 7.06%.

2022

1. The discount rate was raised from 7.06% to 7.30% for all systems except GWPORS. The discount rate for GWPORS was lowered from 7.06% to 5.55%.
2. The investment rate of return was raised from 7.06% to 7.30%.
3. The payroll growth rate was reduced from 3.50% to 3.25%.
4. All mortality tables were updated to the PUB 2010 tables for general employees and public safety employees.
5. Updated the rates of withdrawal, retirement, disability and merit increase scales.
6. The inflation rate was increased from 2.40% to 2.75%.

2023

1. The discount rate for GWPORS was increased from 5.55% to 7.30%.

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, 2023*

Last 10 Fiscal Years

	Year Ended June 30	PERS-DBRP	SRS	GWPORS
Annual money-weighted rate of return, net investment expense	2023	8.42 %	8.46 %	8.47 %
	2022	(4.17)%	(4.27)%	(4.30)%
	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	2023	8.43 %	8.45 %	8.37 %
	2022	(4.29)%	(4.32)%	(4.09)%
	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 %

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, 2023
 Last 10 Fiscal Years

	Year Ended June 30	JRS	HPORS
Annual money-weighted rate of return, net investment expense	2023	8.44 %	8.37 %
	2022	(4.21)%	(4.21)%
	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 %

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 Years¹**

Fiscal Year	2023	2022	2021	2020	2019	2018
Total OPEB Liability						
Service cost	\$ 23,058	\$ 35,000	\$ 6,461	\$ 4,763	\$ 6,271	\$ 27,891
Interest	14,804	12,271	3,503	2,892	6,096	29,728
Changes of benefit terms						
Difference between expected and actual experience	(182,312)		64,160	22,201		(69,725)
Changes of assumptions or other inputs	(148,566)	(139,054)	317,547	(5,706)	8,460	(4,363)
Benefit payments	(7,835)	9,102	(3,636)	(1,826)	(5,220)	25,170
Net change in total OPEB liability	\$ (300,851)	\$ (82,681)	\$ 388,035	\$ 22,324	\$ 15,607	\$ 8,701
Total OPEB liability - Beginning	428,080	510,761	122,726	100,402	84,795	76,094
Total OPEB liability - Ending	\$ 127,229	\$ 428,080	\$ 510,761	\$ 122,726	\$ 100,402	\$ 84,795
Proportionate Share of Total OPEB Liability	0.41045%	0.36426%	0.34625%	0.25924%	0.18026%	0.16805%
Covered employee payroll	\$ 4,480,616	\$4,048,080	\$4,283,180	\$4,151,855	\$3,909,710	\$3,703,606
Total OPEB liability as a percentage of covered employee payroll	2.84%	10.57%	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.

The information above presents the funding progress of the Healthcare OPEB Plan specifically for MPERA as a State of Montana employer and is determined by the State of Montana.

At June 30, 2023 (reporting date), the most recent actuarial valuation available was performed by the State of Montana for current year 2023 as of December 31, 2022. The measurement date is March 31, 2023. This actuarial valuation is performed every two years with the next valuation to be performed as of January 1, 2024 for the calendar year ending December 31, 2024. 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, 2022
Actuarial measurement date ¹	March 31, 2023
Experience study period	January 1, 2022 through December 31, 2022
Actuarial cost method	Entry age normal funding method
Amortization method	Level percent of payroll, open basis
Remaining amortization period	20 years
Asset valuation method	Not applicable because no assets meeting the definition of plan assets under GASB 75
<i>Actuarial assumptions:</i>	
Discount rate	3.98%
Projected payroll increases	3.50%
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, 2023	June 30, 2023	June 30, 2023
Actuarial cost method	Entry Age	Entry Age	Entry Age
Amortization method	Level percentage of payroll, open	Legacy Base as of June 30, 2023 over a closed 25-year period Contemporary Bases over a closed 10-year period	Legacy Base as of June 30, 2023 over a closed 25-year period Contemporary Bases over a closed 10-year period
Remaining amortization period in years:			
Unfunded Liability	28	25	25
Unfunded Credit			
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)	7.30%	7.30%	7.30%
Projected salary increases			
General Wage Growth*	3.50%	3.50%	3.50%
Merit	0% - 4.8%	None	1.0% - 6.4%
*Includes inflation at	2.75%	2.75%	2.75%
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

SRS	GWPORS	MPORS	FURS	VFCA
June 30, 2023	June 30, 2023	June 30, 2023	June 30, 2023	June 30, 2023
Entry Age	Entry Age	Entry Age	Entry Age	Entry Age
Legacy Base as of June 30, 2023 over a closed 25-year period	Legacy Base as of June 30, 2023 over a closed 25-year period	Level percentage of payroll, open	Level percentage of payroll, open	Level percent of inflation, open
Contemporary Bases over a closed 10-year period	Contemporary Bases over a closed 10-year period			
25	25	21	10	1
				Based on Actual Contributions
4-Year smoothed market	4-Year smoothed market	4-Year smoothed market	4-Year smoothed market	4-Year smoothed market
7.30%	7.30%	7.30%	7.30%	7.30%
3.50%	3.50%	3.50%	3.50%	N/A
1.0% - 6.4%	1.0% - 6.4%	1.0% - 6.4%	1.0% - 6.4%	N/A
2.75%	2.75%	2.75%	2.75%	2.75%
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

A Component Unit of the State of Montana

Schedule of Administrative Expenses

Year Ended June 30, 2023

	Defined Benefit Plans	PERS-DBRP Education Fund	Defined Contribution PERS-DCRP	Deferred Compensation (457 (b)) Plan
Personal Services				
Salaries	\$ 2,537,636	\$ 474,476	\$ 252,596	\$ 99,061
Board Members' Per Diem	2,288	\$ 35,102	208	104
Employee Benefits	843,337	158,199	84,047	31,264
Total Personal Services	3,383,261	667,777	336,851	130,429
Other Services				
Consulting and Professional Services	610,187	4,065	374,786	52,075
IT Consulting and Professional Services	580,742		52,795	26,397
Legal Fees and Court Costs	6,225		212	70
Audit Fees	125,323		10,002	5,001
Medical Services	20,660		2,296	
Records Storage	4,426		402	201
Computer Processing	148,522	30,519	18,311	6,104
Printing and Photocopy Charges	22,256	4,284	1,648	491
Warrant Writing Services	56,016		5,092	2,546
Other	267,691	3,916	24,953	12,085
Total Other Services	1,842,048	42,784	490,497	104,970
Communications				
Postage and Mailing	46,827	24,733	6,754	5,755
Telephone	58,555	12,032	7,219	2,407
Total Communications	105,382	36,765	13,973	8,162
Other Expenses				
Supplies and Materials	240,158	48,618	29,488	9,887
Travel	24,143	3,711	2,715	1,078
Rent	14,241	2,926	1,756	585
Repairs and Maintenance				
Compensated Absences	74,868	4,738	376	(29)
OPEB Expenses	35,459	(1,828)	(863)	(1,305)
Miscellaneous	868,365	87,105	88,842	66,466
Total Other Expenses	1,257,234	145,270	122,314	76,682
Total Administrative Expenses	\$ 6,587,925	\$ 892,596	\$ 963,635	\$ 320,243

Public Employees' Retirement Board

A Component Unit of the State of Montana

Schedule of Investment Expenses

Year Ended June 30, 2023

Plan	Investment Manager	Fees
PERS-DBRP	Board of Investments	\$ 39,017,506
PERS-DCRP DISABILITY OPEB	Board of Investments	4,846
JRS	Board of Investments	733,020
HPORS	Board of Investments	1,044,217
SRS	Board of Investments	2,741,765
GWPORS	Board of Investments	1,551,931
MPORS	Board of Investments	3,161,044
FURS	Board of Investments	3,453,073
VFCA	Board of Investments	272,204
DC	PIMCO	55,015
	State Street Bank	14,405
	Transamerica	14,392
	Prudential	14,370
	Voya	3,858
457(b)	PIMCO	427,991
	State Street Bank	112,047
	Transamerica	111,946
	Prudential	111,771
	Voya	29,995
Total Investment Expense		\$ 52,875,396

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, 2023

	PERS-DBRP	PERS-DBEd	TOTAL
Assets			
Cash and Short-term Investments	\$ 76,515,726	\$ 809,862	\$ 77,325,588
Securities Lending Collateral	70,366,674		70,366,674
Receivables			
Interest	335,101	3,274	338,375
Accounts Receivables	3,259,530	4,651	3,264,181
Receivable from Other Systems	888,746		888,746
Due from Primary Government			
Notes Receivable	4,060		4,060
<i>Total Receivables</i>	4,487,437	7,925	4,495,362
Investments, at fair value			
CAPP Participant Pool	6,840,472,784		6,840,472,784
<i>Total Investments</i>	6,840,472,784		6,840,472,784
Property and Equipment	39,254	9,671	48,925
Intangible Assets	533,613		533,613
Intangible Right-to-use Assets	2,413,112	748,345	3,161,457
<i>Total Capital Assets - Net Accumulated Depreciation and Amortization</i>	2,985,979	758,016	3,743,995
Total Assets	6,994,828,600	1,575,803	6,996,404,403
Deferred Outflow of Resources - OPEB	249,351	68,406	317,757
Liabilities			
Securities Lending Liability	70,366,674		70,366,674
Accounts Payable	409,764	53,727	463,491
Contributions Received in Advance	17,590	30	17,620
Compensated Absences	473,621	51,091	524,712
Lease Liability	2,525,894	783,320	3,309,214
OPEB Liability	90,279	24,767	115,046
Total Liabilities	73,883,822	912,935	74,796,757
Deferred Inflow of Resources - OPEB	332,403	91,190	423,593
Net Position Restricted for Pension Benefits	\$ 6,920,861,726	\$ 640,084	\$ 6,921,501,810

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, 2023

	PERS-DBRP	PERS-DBEd	TOTAL
Additions			
Contributions			
Employer	\$ 131,763,854	\$ 576,854	\$ 132,340,708
Plan Member	118,936,074		118,936,074
Interest Reserve Buyback	233,091		233,091
Retirement Incentive Program	455		455
Miscellaneous Revenue	147,620		147,620
State Contributions	1,196,282		1,196,282
State Appropriations	34,979,900		34,979,900
<i>Total Contributions</i>	287,257,276	576,854	287,834,130
Investment Income			
Net Appreciation (Depreciation) in Fair Value of Investments	583,824,255	1,131	583,825,386
Interest	3,019,567	33,318	3,052,885
Dividends			
Investment Expenses	(39,017,506)		(39,017,506)
<i>Net Investment Income</i>	547,826,316	34,449	547,860,765
Securities Lending Income			
Securities Lending Income	3,772,413		3,772,413
Securities Lending Rebate and Fees	(2,293,199)		(2,293,199)
<i>Net Securities Lending Income</i>	1,479,214		1,479,214
Total Net Investment Income	549,305,530	34,449	549,339,979
Total Additions	836,562,806	611,303	837,174,109
Deductions			
Benefits	541,852,695		541,852,695
Refunds/Distributions	14,699,642		14,699,642
Transfers to Other Systems	336,442		336,442
Transfers to MUS-RP	328,675		328,675
Transfers to DCRP	2,180,969		2,180,969
OPEB Expenses	35,459	(1,828)	33,631
Administrative Expenses	5,317,802	894,424	6,212,226
Total Deductions	564,751,684	892,596	565,644,280
Net Increase (Decrease)	271,811,122	(281,293)	271,529,829
Net Position Restricted for Pension Benefits			
Beginning of Year	6,648,898,896	921,377	6,649,820,273
Prior Year Adjustments	151,708		151,708
End of Year	\$ 6,920,861,726	\$ 640,084	\$ 6,921,501,810

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, 2023

	PERS-DCRP	PERS-DCEd	TOTAL
Assets			
Cash and Short-term Investments	\$ 5,196,939	\$ 152,796	\$ 5,349,735
Securities Lending Collateral			
Receivables			
Interest	15,527	576	16,103
Accounts Receivables	268,147	590	268,737
Receivable from Other Systems			
<i>Total Receivables</i>	283,674	1,166	284,840
Investments			
Defined Contributions Fixed Investments	25,084,079		25,084,079
Defined Contributions Variable Investments	395,748,335		395,748,335
<i>Total Investments</i>	420,832,414		420,832,414
Property and Equipment,	4,269	1,025	5,294
Intangible Assets	127,484		127,484
Intangible Right to use Assets	291,023	83,149	374,172
Total Capital Assets - Net Accumulated Depreciation and Amortization	422,776	84,174	506,950
Total Assets	426,735,803	238,136	426,973,939
Deferred Outflow of Resources - OPEB	22,369	2,544	24,913
Liabilities			
Securities Lending Liability			
Accounts Payable	192,705	3,122	195,827
Contributions Received in Advance	151		151
Compensated Absences	45,940	2,117	48,057
Lease Liability	304,625	87,035	391,660
OPEB Liability	8,099	921	9,020
Total Liabilities	551,520	93,195	644,715
Deferred Inflow of Resources - OPEB	29,819	3,391	33,210
Net Position Restricted for Pension Benefits	\$ 426,176,833	\$ 144,094	\$ 426,320,927

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, 2023

	PERS-DCRP	PERS-DCEd	TOTAL
Additions			
Contributions			
Employer ¹	\$ 18,862,740	\$ 96,772	\$ 18,959,512
Plan Member	18,322,633		18,322,633
Miscellaneous Revenue	1,472		1,472
Non-Employer 19-3-319 MCA	121,009		121,009
Nonvested Member Forfeitures	1,409,309		1,409,309
<i>Total Contributions</i>	38,717,163	96,772	38,813,935
Investment Income			
Net Appreciation (Depreciation) in Fair Value of Investments	37,554,964	30	37,554,994
Interest	9,170,195	4,505	9,174,700
Investment Expenses	(102,040)		(102,040)
<i>Net Investment Earnings</i>	46,623,119	4,535	46,627,654
Securities Lending Income			
Securities Lending Income			
Securities Lending Rebate and Fees			
<i>Net Securities Lending Income</i>			
Total Net Investment Earnings	46,623,119	4,535	46,627,654
Total Additions	85,340,282	101,307	85,441,589
Deductions			
Distributions	22,208,021		22,208,021
OPEB Expenses	3,343	(4,207)	(864)
Administrative Expenses	922,715	41,784	964,499
Miscellaneous Expenses	(13,988)		(13,988)
Total Deductions	23,120,091	37,577	23,157,668
Net Increase (Decrease)	62,220,191	63,730	62,283,921
Net Position Restricted for Pension Benefits			
Beginning of Year	363,956,642	80,364	364,037,006
Prior Year Adjustments			
End of Year	\$ 426,176,833	\$ 144,094	\$ 426,320,927

¹Employer 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

B-1

Angus Maciver, Legislative Auditor
Kenneth E. Varns, Legal Counsel



Deputy Legislative Auditors:
Cindy Jorgenson
William Soller
Miki Cestnik

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 (board), a component unit of the State of Montana, as of and for the year ended June 30, 2023, 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 14, 2023.

Report on 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 opinions 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.

Report on 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 14 , 2023

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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HELENA MT 59620-0131

January 17, 2024

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

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JAN 23 2024
LEGISLATIVE AUDIT DIV.

Dear Mr. Maciver:

The Montana Public Employee Retirement Administration (MPERA) has reviewed the financial audit report for fiscal year 2023. We are pleased there are no recommendations in the report and will work hard to continue to provide the highest quality service possible to our members.

We appreciate the professionalism demonstrated by the audit staff and would like to offer our thanks to you for the courtesy and consideration extended to MPERA during the audit.

Thank you for your assistance.

Sincerely,

A handwritten signature in blue ink, appearing to read "Dore Schwinden".

Dore Schwinden
Executive Director