



A REPORT
TO THE
MONTANA
LEGISLATURE

LEGISLATIVE AUDIT
DIVISION

22-08

FINANCIAL-COMPLIANCE AUDIT

*Public Employees'
Retirement Board*

*For the Fiscal Year Ended
June 30, 2022*

MARCH 2023

FINANCIAL-COMPLIANCE AUDITS

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Financial-compliance audits are conducted by the Legislative Audit Division to determine if an agency's financial operations are properly conducted, the financial reports are presented fairly, and the agency has complied with applicable laws and regulations. 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-compliance 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 Single Audit Report for the two fiscal years ended June 30, 2023, will be issued by March 31, 2024.

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LEGISLATIVE AUDIT DIVISION

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



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March 2023

The Legislative Audit Committee
of the Montana State Legislature:

This is our financial-compliance audit report on the Public Employees' Retirement Board (board), a component unit of the State of Montana, for the fiscal year ended June 30, 2022. The board administers eight defined benefit pension plans, one defined contribution pension plan, one other postemployment benefit plan, and one other employee benefit plan.

The report also includes the board-prepared financial statements and related notes. Additional information about each retirement plans' total and net pension liability, investments, contributions, and expense data are included in the required supplementary information. Detailed information for the individual plans' administrative expenses, investment expenses, assets, liabilities and related information is 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

TABLE OF CONTENTS

Figures and Tables.....	ii
Appointed and Administrative Officials	iii
Report Summary	S-1
CHAPTER I – INTRODUCTION AND BACKGROUND	1
Introduction.....	1
Role of Internal Auditor on Census Testing.....	1
Actuarial Involvement.....	1
Prior Audit Recommendation	2
CHAPTER II – FINDINGS AND RECOMMENDATION.....	5
Certain Defined Benefit Plans Are Not Actuarially Sound	5
Implementation of Governmental Accounting Standards.....	6
INDEPENDENT AUDITOR’S REPORT AND BOARD FINANCIAL STATEMENTS	
Independent Auditor’s Report	A-1
Management’s Discussion and Analysis	A-5
Statement of Fiduciary Net Position-Pension (And Other Employee Benefit)	
Trust Funds.....	A-24
Statement of Changes in Fiduciary Net Position-Pension (And Other Employee Benefit)	
Trust Funds.....	A-26
Notes to the Financial Statements.....	A-29
Required Supplementary Information	
Schedule of Changes in Multiple-Employer Plans Net Pension Liability / (Asset).....	A-86
Schedule of Changes in Single-Employer Plans Net Pension Liability / (Asset).....	A-92
Schedule of Net Pension Liability / (Asset) for Multiple-Employer Plans	A-94
Schedule of Net Pension Liability / (Asset) for Single-Employer Plans	A-98
Schedule of Employer and Non-Employer (State) Contributions for Cost-Sharing	
Multiple-Employer Plans.....	A-100
Notes to the Required Supplementary Information	A-107
Schedule of Employer Contributions for Single-Employer Plans	A-108
Schedule of Investment Returns for Multiple-Employer Plans.....	A-110
Schedule of Investment Returns for Single-Employer Plans.....	A-111
Schedule of Total OPEB (Healthcare) Liability and Related Ratios, Last Ten	
Fiscal Years.....	A-112
Notes to Required Supplementary Information for OPEB (Healthcare).....	A-113
Supplementary Information	
Schedule of Administrative Expenses.....	A-116
Schedule of Investment Expenses.....	A-117
Detail of Fiduciary Net Position (PERS-DBRP and PERS-DBEd).....	A-118
Detail of Changes in Fiduciary Net Position (PERS-DBRP and PERS-DBEd).....	A-119
Detail of Fiduciary Net Position (PERS-DCRP, PERS-DCEd)	A-120
Detail of Changes in Fiduciary Net Position (PERS-DCRP, PERS-DCEd)	A-121
REPORT ON INTERNAL CONTROL AND COMPLIANCE	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters	
Based on an Audit of Financial Statements Performed in Accordance With <i>Government</i>	
<i>Auditing Standards</i>	B-1
BOARD RESPONSE	
Public Employees’ Retirement Board	C-1

FIGURES AND TABLES

Tables

Table 1	Total and Net Pension Liability	2
Table 2	Defined Benefit Retirement Plan Amortization Periods.....	3
Table 3	Actuarially Unsound Retirement Plan Detail	5
Table 4	Summary of Omitted 457(b) Deferred Compensation Activity.....	7

APPOINTED AND ADMINISTRATIVE OFFICIALS

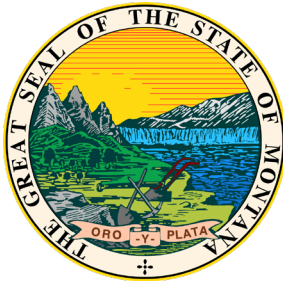
	<u>Name</u>	<u>City</u>	<u>Term Expires</u>
Public Employees' Retirement Board	Maggie Peterson, President	Anaconda	2024
	Richard Hickel, Vice President	Kalispell	2026
	Robyn Driscoll	Billings	2023
	Terry Halpin	Billings	2025
	Jason Strouf	Miles City	2024
	Sheena Wilson	Helena	2023
	Sonya Woods	Miles City	2027

Administrative Officials

Dore Schwinden, Executive Director
 Bill Holahan, Deputy Director
 David Swenson, Information Systems Bureau Chief
 Hollie Resler, Fiscal Services Bureau Chief
 Nick Domitrovich, Chief Legal Counsel

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MONTANA LEGISLATIVE AUDIT DIVISION

FINANCIAL-COMPLIANCE AUDIT
 Public Employees' Retirement Board
 FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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 liabilities can be amortized within 30 years.

Ongoing fluctuations in market values of investments resulted in the defined benefit pension plans experiencing a 4.32 percent, or \$395 million, investment loss in fiscal year 2022. In fiscal year 2021, the same plans experienced a 27.75 percent, or \$2.5 billion, gain. Further, four of these plans are not actuarially sound. State law requires the unfunded actuarial accrued liability amortize within 30 years for a plan to be actuarially sound. Our audit contains two recommendations related to compliance with state law and enhancing knowledge of applicable financial reporting requirements.

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, thus we issued an unmodified opinion.

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

RECOMMENDATIONS:

In this report, we issued the following recommendations:

To the board: 2

To the legislature: 0

The prior audit report contained no recommendations.

RECOMMENDATION #1 (page 6):

Noncompliance with the constitution and state law

Four defined benefit retirement plans are not actuarially sound based on the June 30, 2022, actuarial valuations.

We recommend the Public Employees' Retirement Board comply with the Montana Constitution and state law by working with the Legislature to restore the four defined benefit plans to actuarial soundness.

Board response: Concur

(continued on back)

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

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RECOMMENDATION #2 (page 8):

Financial reporting

Board staff omitted the 457(b) deferred compensation plan from the initial fiduciary fund financial statements submitted for audit. A subsequent revision incorrectly classified the plan as a custodial fund.

We recommend the Public Employees’ Retirement Board submit detailed technical inquiries to the Governmental Accounting Standards Board and prepare financial statements in accordance with Generally Accepted Accounting Principles.

Board response: Concur

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

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

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

Chapter I – Introduction and Background

Introduction

Our audit focused on determining whether the Public Employees' Retirement Board's (board) financial statements present fairly, in all material respects, their financial status and results of operations as of June 30, 2022. To accomplish this, we reviewed support for contribution receipts 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 audit, including the computer system used by the board to electronically process contributions and benefits. We reviewed financial statements and note disclosures to determine if they are supported by underlying accounting records and actuarial valuations. Finally, we evaluated compliance with select laws and regulations governing investments, contribution receipts, and benefit payments.

We also tested data in the computer system to determine if retiree and active member information, referred to as census information, is supported by employer and retiree submitted information. Material errors in census information can result in inaccurate actuary calculations. We completed 21 samples of census data at 164 employers. For the employees included in the samples we reviewed census information such as gender, birthdate, hire date, salary, and employment status. Sample sizes ranged from 10 to 81 members, based on the size of each employer, and focused on new hires. The board's actuary uses census information to calculate the total pension liability. We also analyzed each plan to identify obvious errors in the census information, such as the hire date before birthdate. Our testing did not identify any material errors.

Role of Internal Auditor on Census Testing

As part of this audit, we reduced our audit work over census information, contributions, and benefits based on the work completed by the board's internal compliance auditor, as allowed by auditing standards. The board's compliance auditor completed 69 employer audits during fiscal year 2022. These audits included a review of employer contributions, employee retirement plan membership, employee census information, and other procedures. We sampled 14 of these employer audits. As required by auditing standards, we reperformed the steps the compliance auditor completed as a basis for our reliance and identified no errors.

Actuarial Involvement

We contracted with an independent actuary to provide actuarial expertise during the audit. Our contracted actuary reviewed each defined benefit plan's actuarial valuation and assumptions underlying the calculation of the total pension liability for reasonableness. During fiscal year 2022, the board's actuary completed an experience study which our independent actuary reviewed.

The board's actuary completed a five-year experience study covering July 1, 2016 to June 30, 2021, during fiscal year 2022. The purpose of this study was to update the actuarial assumptions used in the valuations of retirement plans. These include both economic¹ and demographic² assumptions impacting the defined benefit retirement plans. Note A3 in the board's financial statements details the

1 Economic assumptions include the long-term investment return, price inflation, and wage inflation.

2 Demographic assumptions include the mortality, retirement, disability, and withdrawal rates of members.

actuarial assumptions changes based on this experience study. One important change is the increase of the discount rate³ from 7.06 percent to 7.30 percent for all retirement plans, except for the Game Wardens' and Peace Officer's Retirement System (GWPORS). GWPORS discount rate decreased from 7.06 percent to 5.55 percent because the plan failed the cross-over test. This occurs when projected net position is insufficient to finance all projected benefit payments. Standards require the long term expected rate of return be blended with a municipal bond rate in arriving at the plan's discount rate. Our contracted actuary determined the discount rates were reasonable, as was the calculation of the total pension liability. Table 1 summarizes the total and net pension liability for each plan.

Table 1
Total and Net Pension Liability
Fiscal Year Ended June 30, 2022

Defined Benefit Retirement Plan	Total Pension Liability*	Total Net Pension Liability (Asset)*
Public Employees'	\$9,026,784	\$2,377,885
Judges'	\$ 72,923	(\$ 51,435)
Highway Patrol Officers'	\$ 273,241	\$ 97,301
Sheriffs'	\$ 597,118	\$ 136,923
Game Wardens' and Peace Officers'	\$ 412,898	\$ 152,461
Municipal Police Officers'	\$ 778,865	\$ 236,214
Firefighters' United	\$ 748,060	\$ 158,851
Volunteer Firefighters' Compensation Act	\$ 52,309	\$ 5,223

Source: Compiled by the Legislative Audit Division from Public Employees' Retirement Board Note A3 (see page A-34 of this report).

*Amounts are in thousands.

Prior Audit Recommendation

The prior audit report for fiscal year ended June 30, 2021, included no recommendations to the board or legislature. The audit report for fiscal year ended June 30, 2020 included a recommendation to the board and legislature to restore the actuarial soundness of the GWPORS, Highway Patrol Officers' (HPORS), and Public Employees' (PERS-DBRP) defined retirement plans.

During the fiscal year 2021 audit, the recommendation was determined to be partially implemented as HPORS and PERS-DBRP were actuarially sound due to the increasing investment returns during the year and the passage of Chapter 472, Laws of 2021, creating the state appropriation to HPORS beginning in fiscal year 2022. Additionally, changes in market conditions, resulting in significant investment losses, and changes in assumptions from the board's experience study, the amortization period for many plans increased since the prior audit. Table 2 (see page 3) shows the amortization periods for each defined benefit retirement plan at June 30, for the last four years.

³ The discount rate is the assumed long-term rate of return on investments.

Table 2
Defined Benefit Retirement Plan Amortization Periods
(in years)

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

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.

The June 30, 2022, actuarial valuations indicate the Public Employees', Highway Patrol Officers', Sheriffs', and Game Wardens' and Peace Officers' defined benefit plans are not actuarially sound. This issue is discussed beginning on page 5.

Chapter II – Findings and Recommendation

Certain Defined Benefit Plans Are Not Actuarially Sound

Four defined benefit plans are not actuarially sound based on the June 30, 2022, actuarial valuations.

Article VIII, Section 15 of the Montana Constitution, requires defined benefit public retirement systems to be funded on an actuarially sound basis. To be actuarially sound, a defined benefit retirement system's contributions and investments must be sufficient to pay the full actuarial cost of the plan over a scheduled period of no more than 30 years. The full actuarial cost includes both the normal cost of providing benefits as they accrue in the future and the cost of amortizing unfunded liabilities. Based on the June 30, 2022, actuarial valuations, four plans are not actuarially sound. The board's valuation reports identify the amount each plan needs as a one-time payment as of January 1, 2023, to bring the amortization period within 30 years. Table 3 identifies the amortization period, one-time payments, and the last date those four plans were amortized within 30 years.

Table 3
Actuarially Unsound Retirement Plan Detail

Retirement Plan	Unfunded Liability Amortization Years	One-Time Payment Amount	Date Plan Last Actuarially Sound
Game Wardens' and Peace Officers' Retirement System	∞	\$46 million	June 30, 2008
Highway Patrol Officers' Retirement System	47	\$16.6 million	June 30, 2021*
Sheriffs' Retirement System	33	\$4.7 million	June 30, 2021
Public Employees' Defined Benefit Retirement Plan	32	\$52.7 million	June 30, 2021*

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

∞Plan contributions do not amortize the unfunded liability.

*HPORS and PERS amortized in FY21 due to the large investment returns and the new state appropriations for HPORS. Prior to FY21, HPORS last amortized as of June 30, 2016, and PERS as of June 30, 2017.

Considering the number of years and one-time payment necessary to bring the plans in line, as well as the fact that half the systems overseen by the board are out of compliance, we considered this to be material noncompliance, as noted in the report on internal control and compliance starting on page B-1.

These four plans remain above the 30-year amortization period primarily due to investment losses and changes in actuarial assumptions. However, the actuarial value of the assets is higher than the market value due to the allowed smoothing techniques. Amortization periods would be much greater after the recent investment losses without these smoothing techniques.

Public Employees' Retirement Board (board) policy requires the board to recommend changes to the legislature for defined benefit plans whose amortization period has exceeded 30 years for two consecutive valuations, and the board cannot reasonably expect the period to decline without a funding increase. As a result of this policy, the board initially drafted changes to the four unsound plans for the 2023 Legislative Session. However, because legislators also introduced legislation for the four impacted plans, the board canceled their drafts.

The board does not expect these systems to become actuarially sound without funding increases. Some additional ways to change the amortization period of the unfunded liability of the defined benefit plans include changing the:

- ◆ Contribution rates,
- ◆ Statutory additional contributions,
- ◆ Benefit calculations for new hires,
- ◆ Investment strategy, or
- ◆ One-time infusion of state resources.

As outlined in Table 3, the cost to implement using one-time funding is significant. Employer, employee, and statute contributions for these plans are outlined in state law, as are benefit calculations. Thus the board cannot make the necessary changes alone.

RECOMMENDATION #1

We recommend the Public Employees' Retirement Board comply with the Montana Constitution and state law by working with the Legislature to restore the four defined benefit plans to actuarial soundness.

Implementation of Governmental Accounting Standards

Board staff omitted the 457(b) deferred compensation plans from the initial fiduciary fund financial statements submitted for audit.

The Governmental Accounting Standards Board (GASB) issues accounting standards for governmental financial reporting, otherwise known as Generally Accepted Accounting Principles. Accounting standards are interrelated, with standards issued most recently partially amending prior standards, requiring consideration of all issued standards in effect for the financial statement reporting period.

During fiscal year 2022, two new GASB standards became effective. One standard was related to 457(b) deferred compensation plan reporting. Board staff read the new standard and reviewed the state accounting policy issued by the Department of Administration. Board staff, in consultation with the board, hired a public accounting firm (consultant) to review their draft financial statements for the correct application of new standards prior to submitting them to our office for the audit. The initial

draft of the fiduciary fund financial statements provided to our office improperly omitted the 457(b) deferred compensation plan. Table 4 summarizes the information missing from the draft financial statements which comprises 5.8 percent of the board’s total net position.

A subsequent revision incorrectly classified the plan as a custodial fund. GASB requires 457(b) plans that do not meet the definition of a retirement plan with assets held in a trust, to be classified as an “other employee benefit plan.”

On receipt of the draft financial statements our team reached out to board staff regarding the omission of the 457(b) plan activity. Staff indicated the package provided to the consultant included the 457(b) plan based on their analysis of new governmental financial reporting standards. After the consultant’s review, the

457(b) plan was removed from the board’s financial statements. Board staff provided the consultant’s reasoning for omitting the activity from the financial statements. Board personnel also indicated they contacted financial statement preparers in other states and GASB personnel for clarification as part of deciding to omit the 457(b) plan from their draft financial statements. After further dialog, board personnel indicated another option discussed with their consultant was to report the 457(b) plan activity in a separate reporting package, if necessary. The separate reporting package was not submitted for audit.

In response, we researched the 457(b) plan governing statutes, plan documents, and accounting standards, and met with board personnel and their consultant. During the meeting, board personnel and their consultant agreed the plan is reportable fiduciary activity. The initial revisions to the board’s financial statements to include the 457(b) plan classified the plan as a custodial fund. This classification was chosen by board staff, with input from their consultant, because the ability of employers and employees to discontinue participation was considered to mean contributions were revokable. In response, we submitted a technical inquiry to GASB. GASB personnel confirmed 457(b) deferred compensation plans held in a trust must be reported as either a pension plan or an “other employee benefit plan.” GASB personnel also indicated plan contributions are not considered revokable because of the plan’s trust status. When contributions are irrevocable, the plan must be reported within the pension and other employee benefit plan fund type. While the 457(b) plan does not meet the definition of a pension plan, it does meet the definition of an “other employee benefit plan.” The board’s financial statements in this report were subsequently corrected to reflect the required classification and presentation.

While board personnel followed all internal control processes, differing interpretations of applicable accounting standards, the board’s responsibility for the plan, and the plan’s trust status appear to be the reason for the omission and subsequent fund type misclassification. In addition, board personnel indicated the technical inquiry we submitted to GASB was more thorough, resulting in a more precise

Table 4
**Summary of Omitted 457(b) Deferred
Compensation Activity**
Fiscal Year 2022

Financial Statement Total Line	Amount (in millions)
Assets	\$567.6
Liabilities	\$ 1.1
Net Position – Restricted for Benefits	\$566.5
Additions	\$ 55
Deductions	\$ 43

Source: Compiled by the Legislative Audit Division from Public Employees’ Retirement Board financial statements.

response. When submitting technical inquiries, it is important to provide all relevant information, such as the circumstances prompting the inquiry, guidance considered, initial conclusions and other possible interpretations. While board personnel did not pursue a separate reporting package for the 457(b) plan for fiscal year 2022 to avoid further delays in the audit process, they continued to advocate for separate reporting. In response, we further reviewed GASB standards specific to reporting fiduciary activity. The board is a component unit, which means it is a separate legal entity for which the State of Montana is financially accountable. Component units are required to include all their financial activity in one set of financial statements. The board only administers fiduciary activity at this time which is required to be reported through a statement of fiduciary net position and statement of changes in fiduciary net position.

RECOMMENDATION #2

We recommend the Public Employees' Retirement Board:

- A. *Submit detailed technical inquiries to the Governmental Accounting Standards Board, and*
 - B. *Prepare financial statements in accordance with Generally Accepted Accounting Principles.*
-

Independent Auditor's Report and Board Financial Statements

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



Deputy Legislative Auditors:
Cindy Jorgenson
William Soller

INDEPENDENT AUDITOR'S REPORT

The Legislative Audit Committee
of the Montana State Legislature:

REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of the Public Employees' Retirement Board (board), a 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, 2022, 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 as of June 30, 2022, 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.

Emphasis of Matter

As discussed in Note A1, the board adopted Governmental Accounting Standards Board Statement No. 97–*Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. As a result, the 457(b) deferred compensation plan is now reported as an other employee benefit plan. Our opinion is not modified with respect to this matter.

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

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

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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 January 4, 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

January 4, 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, 2022. Throughout this discussion and analysis, the units of measure (i.e., billions, millions, thousands) are approximate, being rounded up or down to the nearest tenth of the respective unit value.

Financial Highlights

Summary Statement of Fiduciary Net Position - All PERB Pension Plans								
(in thousands)	Defined Benefit Total		Change		Defined Contribution Total		Change	
	2022	2021	Amount	Percent	2022	2021	Amount	Percent
Total Assets	\$ 8,953,129	\$ 9,583,521	\$ (630,392)	(6.6)%	\$ 364,696	\$ 413,397	\$ (48,701)	(11.8)%
Deferred Outflow of Resources	339	370	(31)	(8.6)%	33	35	(2)	(5.7)%
Total Liabilities	96,436	57,831	38,605	66.8%	677	475	202	42.5%
Deferred Inflow of Resources	156	48	108	225.0%	15	5	10	200.0%
Total Fiduciary Net Position Restricted	\$ 8,856,876	\$ 9,526,012	\$ (669,136)	(7.0)%	\$ 364,037	\$ 412,952	\$ (48,915)	(11.8)%

The Public Employees' Retirement Board's (PERB's) defined benefit plans combined total fiduciary net position decrease of \$669.1 million, or 7.0%, in fiscal year 2022 was primarily attributed to a decrease in the value of the investments of \$659.9 million.

The PERB's defined contribution plan combined total fiduciary net position decrease of \$48.9 million, or 11.8%, in fiscal year 2022 was primarily attributed to the decrease in the value of the investments of \$49.8 million. Investments in members' defined contribution assets are self-directed, as participants direct their investment allocation to the various investment options. Therefore, the impact to net investment earnings is a result of the members' investment choices with varying degrees of risk and return potential.

Summary Statement of Changes in Fiduciary Net Position - All PERB Pension Plans								
(in thousands)	Defined Benefit Total		Change		Defined Contribution Total		Change	
	2022	2021	Amount	Percent	2022	2021	Amount	Percent
Total Additions	\$ (8,322)	\$ 2,472,299	\$ (2,480,621)	(100.3) %	\$ (28,295)	\$ 129,981	\$ (158,276)	(121.8) %
Total Deductions	660,811	623,743	37,068	5.9 %	20,620	14,322	6,298	44.0 %
Net Increase / (Decrease) in Fiduciary Net Position	\$ (669,133)	\$ 1,848,556	\$ (2,517,689)	(136.2)%	\$ (48,915)	\$ 115,659	\$ (164,574)	(142.3)%
Prior Period Adjustment	\$ (3)	\$ 125	\$ (128)	(102.1) %	\$ 2	\$ (2)	\$ (2)	(100.0) %

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

(in thousands)	Defined Benefit Total		Change		Defined Contribution Total		Change	
	2022	2021	Amount	Percent	2022	2021	Amount	Percent
Additions (Major Source)								
Contributions	\$ 386,236	\$ 380,213	\$ 6,023	1.6 %	\$ 37,546	\$ 34,997	\$ 2,549	7.3 %
Net Investment Earnings	(394,558)	2,092,086	(2,486,644)	(118.9) %	(65,841)	94,984	(160,825)	(169.3) %
Deductions by Type								
Benefits and Refunds	651,310	613,163	38,147	6.2 %	19,635	13,293	6,342	47.7 %
Administrative Expenses and Net Other Addition/ Deductions	9,501	10,580	(1,079)	(10.2) %	985	1,029	(44)	(4.3) %
Net Increase / (Decrease) in Fiduciary Net Position	\$ (669,133)	\$ 1,848,556	\$ (2,517,689)	(136.2)%	\$ (48,915)	\$ 115,659	\$ (164,574)	(142.3)%

Defined benefit plan revenues (additions to plan net position) and expenses (deductions to plan net position) for the PERB's fiscal year 2022.

- The total contributions increased from the prior year by \$6.0 million primarily due to:
 - increases in state contributions, and
 - increases in employer contributions as a result of the temporary increase of 0.1% yearly in the Public Employee Retirement System - Defined Benefit Retirement Plan (PERS-DBRP).
- The total net investment earnings decreased from the prior year by \$2.5 billion, or 118.9%. The decrease is a result of the money-weighted rate of return for fiscal year 2022 being -4.32% compared to 27.75% in fiscal year 2021. The -4.32% was below the actuarial assumed rate of return of 7.65% for fiscal year 2022.
- Total benefits and refunds increased by \$38.1 million, or 6.2%, due to employees eligible for retirement, leaving service, coupled with an increase in refunds to non-vested employees that terminated during the year.
- The total net other additions and deductions, which includes administrative expenses, decreased by \$1.1 million, or 10.2%, primarily due to the litigation settlement payments in fiscal year 2021 that were not present this fiscal year 2022.

Defined contribution plan revenues (additions to plan net position) and expenses (deductions to plan net position) for the PERB's fiscal year 2022.

- Total contributions increased by \$2.5 million primarily due to:
 - an increase in Public Employee Retirement System - Defined Contribution Retirement Plan (PERS-DBRP) member contributions as a result of an increase in active members, and
 - an increase in the employer contributions as a result of the temporary increase of 0.1% yearly in the PERS-DCRP.
- The total net investment earnings decreased from the prior year by \$160.8 million as a result of decrease in investment returns.
- Total distributions increased by \$6.3 million due to an increase in members taking distributions.

Actuarial Funding Valuations

The PERB's defined benefit plans have actuarial valuations performed annually. Further information on the valuation may be found in the actuarial valuations on PERB's website at <https://mpera.mt.gov/about/annualreports1/valuations/2022Valuations>.

Overview of the Financial Statements

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

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

Collectively, this information presents the combined net position restricted for pension and other employee benefits for each of the plans administered by the PERB as of June 30, 2022. 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, 2022, 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 fiscal year reported.

- The Statement of Changes in Fiduciary Net Position presents the changes in the restricted fiduciary net position during the fiscal year. Additions are primarily contributions from employers, members, and a nonemployer contributing entity, which includes state appropriations, as well as net investment 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);
 - 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;
- Schedule of Investment Returns.

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

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

(4) Other Supplementary Schedules

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

Financial Analysis of the Systems – Defined Benefit Plans

Investments

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

Investment Performance

As reported by the Montana Board of Investments (MBOI) Chief Investment Officer Jon Putnam, the Public Employees' Retirement System (PERS) realized a -4.32% net return during a difficult 2022 fiscal year. Net return performance for PERS since inception was 7.68% annualized. Returns over longer frames compare favorably with the public fund, peer universe with 10-year returns ranked in the top decile. Similar returns were realized for all other MPERA retirement systems.

Returns across asset classes were mixed in fiscal year 2022. The portfolio benefited from the diversification and strong returns of private markets. Conversely, public market valuations suffered from higher inflation, increasing interest rates and geopolitical turmoil. Real Estate (23.52%), Private Investments (22.12%), Real Assets (13.90%), and Cash (0.46%) posted positive returns. International Equity (-20.87%), Non-Core Fixed Income (-13.66%), Domestic Equity (-13.62%) and Core Fixed Income (-9.24%) posted negative returns.

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

Going forward, some of the challenges facing the market include: the ongoing war in Ukraine, rising geopolitical tensions, higher global interest rates amid elevated inflation, and slower global growth projections

Despite the challenges, BOI continues to pursue attractive investment opportunities that are additive to the portfolio over an extended time frame. 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. This has been demonstrated by the results since inception.

Fiduciary Net Position - Defined Benefit Plans

As of June 30, 2022 - and summary totals for June 30, 2021

(dollars in thousands)

	PERS		PERS-DCRP DISABILITY OPEB		JRS		HPORS		SRS	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Assets:										
Cash and Receivables	\$ 79,100	89,181	\$ 762	555	1,337	1,589	2,548	2,637	5,566	5,790
Securities Lending Collateral	67,988	41,245			1,271	763	1,793	1,062	4,704	2,777
Investments	6,571,252	7,122,360	6,419	7,246	122,827	131,800	173,259	183,390	454,661	479,632
Property and Equipment ¹	60	73								
Intangible Assets	4,111	846			206	249	192	211	312	249
Total Assets	6,722,511	7,253,705	7,181	7,801	125,641	134,401	177,792	187,300	465,243	488,448
Deferred Outflow of Resources	339	370								
Liabilities:										
Securities Lending Liability	67,988	41,245			1,271	763	1,793	1,062	4,704	2,777
Other Payables	4,886	1,393		8	12	28	59	259	344	960
Total Liabilities	72,874	42,638		8	1,283	791	1,852	1,321	5,048	3,737
Deferred Inflow of Resources	\$ 156	48								
Total Net Position - restricted for pension benefits	\$ 6,649,820	7,211,389	7,181	7,793	124,358	133,610	175,940	185,979	460,195	484,711

¹ Due to rounding to thousands instead of hundreds on this Summary Statement, the 2022 figures may not tie to the figures on the Statement of Fiduciary Net Position.

Changes In Fiduciary Net Position - Defined Benefit Plans

For the year ended June 30, 2022 - and summary totals for June 30, 2021

(dollars in thousands)

	PERS		PERS-DCRP DISABILITY OPEB		JRS		HPORS		SRS	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Additions:										
Contributions	\$ 267,426	268,319	607	583	708	2,729	13,137	8,853	23,404	21,581
Investment Earnings	(295,900)	1,593,113	(1,090)	1,578	(5,547)	29,150	(7,841)	41,277	(20,641)	105,980
Total Additions	(28,474)	1,861,432	(483)	2,161	(4,839)	31,879	5,296	50,130	2,763	127,561
Deductions:										
Benefits	509,232	476,443	129	121	4,357	4,205	13,736	13,710	24,995	24,709
Refunds	15,538	12,935					1,522	2,026	2,045	1,515
OPEB Expenses	58	35								
Administrative Expenses	5,651	5,445			56	126	77	342	239	1,049
Miscellaneous Expenses ¹	2,616	2,591								
Total Deductions	533,095	497,449	129	121	4,413	4,331	15,335	16,078	27,279	27,273
Incr/(Decr) in Net Position	\$ (561,569)	1,363,983	(612)	2,040	(9,252)	27,548	(10,039)	34,052	(24,516)	100,288
Prior Period		63				(3)		(40)		127

¹ Miscellaneous Expenses includes transfers to all other plans.

Due to rounding to thousands instead of hundreds on this Summary Statement, the 2022 figures may not tie to the figures on the Statement of Changes in Fiduciary Net Position.

	GWPORS		MPORS		FURS		VFCA		TOTAL		Total Change	Total % of Change
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021		
\$	3,169	3,588	23,826	23,464	25,619	24,862	3,110	3,154	145,037	154,820	(9,783)	(6.3)%
	2,661	1,562	5,368	3,156	5,830	3,395	456	270	90,071	54,230	35,841	66.1 %
	257,188	269,698	518,846	544,954	563,501	586,301	44,106	46,570	8,712,059	9,371,951	(659,892)	(7.0)%
									60	73	(13)	(17.7)%
	272	248	248	222	229	220	332	202	5,902	2,447	3,455	141.2 %
	263,290	275,096	548,288	571,796	595,179	614,778	48,004	50,196	8,953,129	9,583,521	(630,392)	(6.6)%
									339	370	(31)	(8.6)%
	2,661	1,562	5,368	3,156	5,830	3,395	456	270	90,071	54,230	35,841	66.1 %
	192	142	269	425	141	101	462	285	6,365	3,601	2,764	76.8 %
	2,853	1,704	5,637	3,581	5,971	3,496	918	555	96,436	57,831	38,605	66.8 %
									156	48	108	224.6 %
\$	260,437	273,392	542,651	568,215	589,208	611,282	47,086	49,641	8,856,876	9,526,012	(669,136)	(7.0)%

	GWPORS		MPORS		FURS		VFCA		TOTAL		Total Change	Total % of Change
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021		
\$	11,016	11,804	32,618	31,335	34,468	32,417	2,852	2,592	386,236	380,213	6,023	1.6 %
	(11,721)	59,128	(23,865)	121,594	(25,987)	129,638	(1,966)	10,628	(394,558)	2,092,086	(2,486,644)	(118.9)%
	(705)	70,932	8,753	152,929	8,481	162,055	886	13,220	(8,322)	2,472,299	(2,480,621)	(100.3)%
	10,587	9,283	31,825	29,791	30,346	28,530	3,098	3,116	628,305	589,908	38,397	6.5 %
	1,494	887	2,332	5,799	74	93			23,005	23,255	(250)	(1.1)%
									58	35	23	65.6 %
	169	234	160	205	131	181	332	358	6,815	7,940	(1,125)	(14.2)%
							12	14	2,628	2,605	23	0.9 %
	12,250	10,404	34,317	35,795	30,551	28,804	3,442	3,488	660,811	623,743	37,068	5.9 %
\$	(12,955)	60,528	(25,564)	117,134	(22,070)	133,251	(2,556)	9,732	(669,133)	1,848,556	(2,517,689)	(136.2)%
	(46)		(70)		(3)	94			(3)	125	(128)	(102.1)%

Analysis of the Individual Defined Benefit Plans

The schedules of *Fiduciary Net Position* and *Changes in Fiduciary Net Position* for the defined benefit plans, including summary totals from fiscal year 2021, are shown on the previous pages.

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

The PERS-DBRP fiduciary net position restricted for pension benefits, the largest PERB defined benefit retirement fund, decreased to \$6.6 billion at June 30, 2022, a decrease of \$561.6 million, or 7.8%, from the prior fiscal year.

Additions to the PERS-DBRP net position restricted for pension benefits include contributions from employer, member, and the state; a statutorily-appropriated contribution from the general fund; and investment earnings. For the fiscal year ended at June 30, 2022:

- Contributions decreased from the prior fiscal year by \$892 thousand, or 0.33%. Contributions decreased due to a decline in active members contributing to the plan even though the employer contribution rate and member compensation increased.
- The plan's total net investment earnings decreased from the prior fiscal year by \$1.9 billion, or 118.57%. The decrease is a result of a -4.32% market rate of return for the current fiscal year compared to 27.72% for fiscal year 2021. The -4.32% return is lower than the actuarial assumed rate of return of 7.65%.
- The statutorily-appropriated contribution from the State's general fund received for fiscal year 2022 was \$34.6 million. This is recorded as *State Appropriations* on the financial statements.

Deductions from the PERS-DBRP net position restricted for pension benefits include retirement benefits, refunds, and administrative expenses. For fiscal year 2022:

- Benefits increased from the prior fiscal year by \$32.8 million, or 6.9%. This is due to the increase in benefit recipients and the increase in the average recipient's benefit resulting from the guaranteed annual benefit adjustment (GABA).
- Refunds increased from the prior fiscal year by \$2.6 million, or 20.1%. The increase is due to the increased number of members taking a refund.
- The costs of administering the plan's benefits increased from the prior fiscal year by \$205.5 thousand, or 3.8%. The increase is due to the costs increasing in administering the plan.

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

The DCRP Disability OPEB net position restricted for pension benefits at June 30, 2022 amounted to \$7.2 million, a decrease of \$612 thousand, or 7.9%, from the prior fiscal year.

Additions to the DCRP Disability OPEB net position restricted for pension benefits include employer contributions and investment earnings. For fiscal year ended at June 30, 2022:

- Employer contributions increased from the prior fiscal year by \$25 thousand or 4.2%. The increase is due to a slight increase in PERS-DCRP participants.
- The plan's total net investment earnings decreased from the prior fiscal year by \$2.7 million, or 169.1%. The decline is a result of higher inflation, increasing interest rates, and geopolitical turmoil.

Deductions from the DCRP Disability OPEB net position restricted for pension benefits are disability retirement benefits. For fiscal year 2022, benefits had an increase of \$7.8 thousand, or 6.5%, from the prior fiscal year. The increase was due to an increase in a benefit recipient at the beginning of the fiscal year, but a decrease in the same recipient at the end of the fiscal year.

Judges Retirement System (JRS)

The JRS net position restricted for pensions at June 30, 2022 amounted to \$124.4 million, a decrease of \$9.3 million, or 6.9%, from the prior fiscal year.

Additions to the JRS net position restricted for pension benefits include member and employer contributions, and investment earnings. For the fiscal year ended at June 30, 2022:

- Contributions decreased from the prior fiscal year by \$2.0 million, or 74.0%. The decrease is due to the temporary suspension of the employer contributions for two years.
- The plan's total net investment earnings decreased from the prior fiscal year by \$34.7 million, or 119.03%. The decrease is a result of a -4.32% market rate of return for the current fiscal year compared to 27.73% for fiscal year 2021. The -4.32% return is lower than the assumed rate of return of 7.65%.

Deductions from the JRS net position restricted for pension benefits include retirement benefits and administrative expenses. For fiscal year 2022:

- Benefits increased from the prior fiscal year by \$152.4 thousand, or 3.6%. The increase is due to an increase in the average recipient's benefit resulting from the guaranteed annual benefit adjustment (GABA) or the minimum benefit adjustment for non-GABA recipients.
- Administrative expenses decreased from the prior fiscal year by \$70.7 thousand, or 56.0%. The decrease is due to a decline in specific administrative expenses to the plan such as legal costs in fiscal year 2021 and the small expense allocation at the end of the year for an overall decrease in defined benefit administrative expenses.

Highway Patrol Officers' Retirement System (HPORS)

The HPORS net position restricted for pensions at June 30, 2022 amounted to \$175.9 million, a decrease of \$10.0 million, or 5.4%, from the prior fiscal year.

Additions to the HPORS net position restricted for pension benefits include employer and member contributions, a statutory appropriation from the general fund, and investment earnings. For the fiscal year ended at June 30, 2022:

- Contributions increased from the prior fiscal year by \$4.3 million, or 48.4%. The increase in contributions is due to the \$4.0 million additional funding source from the HPORS retention fund.
- The plan's total net investment earnings decreased from the prior fiscal year by \$49.1 million, or 119.0%. The decrease is a result of a -4.30% market rate of return for the current fiscal year compared to 27.72% for fiscal year 2021. The -4.30% return is lower than the assumed rate of return of 7.65%.

Deductions from the HPORS net position restricted for pension benefits include retirement benefits, refunds, and administrative expenses. For fiscal year 2022:

- Refunds decreased from the prior fiscal year by \$504.1 thousand, or 24.9%. The decrease is

due to a decline in refund requests from members.

- Administrative expenses decreased from the prior fiscal year by \$264.9 thousand, or 77.4%. The decline is primarily due to the Tadman litigation settlement in fiscal year 2021 causing an increase in the expenses for 2021.

Sheriffs' Retirement System (SRS)

The SRS net position restricted for pension benefits at June 30, 2022 amounted to \$460.2 million, a decrease of \$24.5 million, or 5.1%, from the prior fiscal year.

Additions to the SRS net position restricted for pension benefits include member and employer contributions, and investment earnings. For fiscal year ended at June 30, 2022:

- Contributions increased from the prior fiscal year by \$1.8 million, or 8.4%. The increase is due to an increase in member compensation.
- The plan's total net investment earnings decreased from the prior fiscal year by \$126.6 million, or 119.5%. The decrease is a result of a -4.30% market rate of return for the current fiscal year compared to 27.72% for fiscal year 2021. The -4.30% return is lower than the assumed rate of return of 7.65%.

Deductions from the SRS net position restricted for pension benefits include retirement benefits, refunds, and administrative expenses. For fiscal year 2022:

- Benefits increased from the prior fiscal year by \$286.6 thousand, or 1.2%. The increase is due to an increase in benefit recipients and the average recipient's benefit resulting from the guaranteed annual benefit adjustment (GABA).
- Refunds increased from the prior fiscal year by \$529.6 thousand, or 35.0%. The increase was due to an increase of refund requests from members.
- Administrative expenses decreased from the prior fiscal year by \$809.4 thousand, or 77.2%. The decrease is primarily due to the Tadman litigation settlement in fiscal year 2021.

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

The GWPORS net position restricted for pension benefits at June 30, 2022, amounted to \$260.4 million, a decrease of \$13 million, or 4.7%, from the prior fiscal year.

Additions to the GWPORS net position restricted for pension benefits include member and employer contributions, and investment earnings. For the fiscal year ended at June 30, 2022:

- Contributions decreased from the prior fiscal year by \$788.4 thousand, or 6.7%. The decrease is due to a decline in active members contributing to the plan.
- The plan's total net investment earnings decreased from the prior fiscal year by \$70.8 million, or 119.8%. The decrease is a result of a -4.31% market rate of return for the current fiscal year compared to 27.71% for fiscal year 2021. The -4.31% return is lower than the assumed rate of return of 7.65%.

Deductions from the GWPORS net position restricted for pensions include retirement benefits, refunds, and administrative expenses. For fiscal year 2022:

- Benefits increased from the prior fiscal year by \$1.3 million, 14.1%. The increase is due to the increase in benefit recipients and the increase in the average recipient's benefit due to

the guaranteed annual benefit adjustment (GABA).

- Refunds increased from the prior fiscal year by \$606.9 thousand, or 68.4%. The increase is due to an increase in the dollar amounts of the refunds.
- Administrative expenses decreased from the prior fiscal year by \$65.3 thousand, or 27.9%. The decrease is primarily due to the Tadman litigation settlement in fiscal year 2021.

Montana Police Officers' Retirement System (MPORS)

The MPORS net position restricted for pension benefits at June 30, 2022 amounted to \$542.7 million, a decrease of \$25.6 million, or 4.5%, from the prior fiscal year.

Additions to the MPORS net position restricted for pension benefits include employer, member, and state contributions, and investment earnings. For the fiscal year ended June 30, 2022:

- Contributions increased from the prior fiscal year by \$1.3 million, or 4.1%. Contributions increased due to an increase in active members contributing to the plan.
- The plan's total net investment earnings decreased from the prior fiscal year by \$145.5 million, or 119.6%. The decrease is a result of a -4.35% market rate of return for current fiscal year compared to 27.73% for fiscal year 2021. The -4.35% return is lower than the assumed rate of return of 7.65%.

Deductions from the MPORS net position restricted for pension benefits include retirement benefits, refunds, and administrative expenses. For fiscal year 2022:

- Benefits increased from the prior fiscal year by \$2.0 million, or 6.8%. The increase is due to the increase in benefit recipients and the increase in the average recipient's benefit resulting from the guaranteed annual benefit adjustment (GABA) or the minimum benefit adjustment for non-GABA recipients.
- Refunds decreased from the prior fiscal year by \$3.5 million, or 59.8%. The decrease is due to a decrease in the dollar amounts of the refunds and a slight decrease in requests from members.
- Administrative expenses decreased from the prior fiscal year by \$44.7 thousand, or 21.8%. The decrease is primarily due to the overall defined benefit plans' administrative expenses decreasing and the small allocation of those expenses to the MPORS system at the end of the fiscal year.

Firefighters' Unified Retirement System (FURS)

The FURS net position restricted for pension benefits at June 30, 2022, amounted to \$589.2 million, a decrease of \$22.1 million, or 3.6% from the prior fiscal year.

Additions to the FURS net position restricted for pension benefits include employer, member, and state contributions, and investment earnings. For the fiscal year ended June 30, 2022:

- Contributions increased from the prior fiscal year by \$2.1 million, or 6.3%. Contributions increased due to an increase in active members contributing to the plan.
- The plan's total net investment earnings decreased from the prior fiscal year by \$155.6 million, or 120.1%. The decrease is a result of a -4.35% market rate of return for current fiscal year compared to 27.73% for fiscal year 2021. The -4.35% return is lower than the assumed rate of return of 7.65%.

Deductions from the FURS net position restricted for pension benefits include retirement benefits, refunds, and administrative expenses. For fiscal year 2022:

- Benefits increased from the prior fiscal year by \$1.8 million, or 6.4%. The increase is due to the increase in benefit recipients and the increase in the average recipient's benefit resulting from the guaranteed annual benefit adjustment (GABA) or the minimum benefit adjustment for non-GABA recipients.
- Refunds decreased from the prior fiscal year by \$19.0 thousand, or 20.4%. The decrease is due to a decrease in refund requests from members.
- Administrative expenses decreased from the prior fiscal year by \$49.9 thousand, or 27.6%. The decrease is primarily due to the overall defined benefit plans' administrative expenses decreasing and the small allocation of those expenses to the FURS system at the end of the fiscal year.

Volunteer Firefighters' Compensation Act (VFCA)

The VFCA net position restricted for pension benefits at June 30, 2022 amounted to \$47.1 million, a decrease of \$2.6 million, or 5.1%, from the prior fiscal year.

Additions to the VFCA net position restricted for pension benefits include state contributions and investment earnings. For the fiscal year ended June 30, 2022:

- Contributions increased from the prior fiscal year by \$260.2 thousand, or 10.0%. The increase is due to increased fire insurance premium taxes distributed to the VFCA from the general fund.
- The plan's total net investment earnings decreased from the prior year by \$12.6 million, or 118.5%. The decrease is a result of a -4.32% market rate of return for current fiscal year compared to 27.74% for fiscal year 2021. The -4.32% return is lower than the assumed rate of return of 7.65%.

Deductions from the VFCA net position restricted for pension benefits include retirement benefits, administrative expenses, and supplemental insurance payments. For fiscal year 2022:

- Benefits decreased from the prior fiscal year by \$18.0 thousand, or 0.6%. The decrease is due to the decrease in benefit recipients.
- Administrative expenses decreased from the prior fiscal year by \$26.1 thousand, or 7.3%. The decrease is primarily due to the overall defined benefit plans' administrative expenses decreasing and the small allocation of those expenses to the VFCA system at the end of the fiscal year.
- Supplemental insurance payments decreased from the prior fiscal year by \$1.4 thousand. The decrease is due to a decrease of supplemental insurance claims by VFCA companies.

Fiduciary Net Position - Defined Contribution Plan				
<i>As of June 30, 2022 - and summary totals for June 30, 2021</i>				
(dollars in thousands)				
	PERS-DCRP		Total Change	Total % of Change
	2022	2021		
Assets:				
Cash and Receivables	\$ 4,635	3,908	727	18.6 %
Securities Lending Collateral				
Investments	359,486	409,279	(49,793)	(12.2)%
Property and Equipment	6	8	(2)	(25.0)%
Intangible Assets	569	202	367	181.7 %
Total Assets	364,696	413,397	(48,701)	(11.8)%
Deferred Outflow of Resources	33	35	(2)	(5.7)%
Liabilities:				
Other Payables	677	475	202	42.5 %
Total Liabilities	677	475	202	42.5 %
Deferred Inflow of Resources	\$ 15	5	10	200.0 %
Total Net Position - restricted for pension benefits	\$ 364,037	412,952	(48,915)	(11.8)%
Due to rounding to thousands instead of hundreds on this Summary Statement, the 2022 figures may not tie to the figures on the Statement of Fiduciary Net Position.				

Changes in Fiduciary Net Position - Defined Contribution Plan				
<i>For the year ended June 30, 2022 - and summary totals for June 30, 2021</i>				
(dollars in thousands)				
	PERS-DCRP		Total Change	Total % of Change
	2022	2021		
Additions:				
Contributions	\$ 37,546	34,997	2,549	7.3 %
Investment Earnings	(65,841)	94,984	(160,825)	(169.3)%
Total Additions	(28,295)	129,981	(158,276)	(121.8)%
Deductions:				
Benefits				
Distributions	19,635	13,293	6,342	47.7 %
OPEB Expenses	6	3	3	100.0 %
Administrative Expenses	1,000	917	83	9.1 %
Miscellaneous Expenses	(21)	109	(130)	(119.3)%
Total Deductions	20,620	14,322	6,298	44.0 %
Incr/(Decr) in Net Position¹	\$ (48,915)	115,659	(164,574)	(142.3)%
Prior Period		2	(2)	(100.0)%
Due to rounding to thousands instead of hundreds on this Summary Statement, the 2022 figures may not tie to the figures on the Statement of Changes in Fiduciary Net Position.				

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 schedules of *Fiduciary Net Position* and *Changes in Fiduciary Net Position* for the defined contribution plan, including summary totals from fiscal year 2021, are presented on the previous page.

PERS-DCRP

The PERS-DCRP net position restricted for pension benefits at June 30, 2022, amounted to \$364.0 million, a decrease of \$48.9 million, or 11.8%, from the prior fiscal year.

Additions to the PERS-DCRP net position restricted for pension benefits include contributions and investment earnings. For the fiscal year ended June 30, 2022:

- Contributions increased from the prior fiscal year by \$2.5 million, or 7.3%. Total compensation increased as a result of an increase in active participants and an increase in employer contribution rates.
- The plan reported a net investment loss this fiscal year of \$65.8 million as opposed to net investment earnings of \$94.9 million in the previous fiscal year. This is reflective of investment market volatility arising from higher inflation, increased interest rates and geopolitical turmoil.

Deductions from the PERS-DCRP net position restricted for pension benefits include member and beneficiary distributions, administrative expenses, and miscellaneous expenses. For fiscal year 2022:

- Distributions increased from the prior fiscal year by \$6.3 million, or 47.7%. The increase in distributions was due to an increase in defined contribution members taking IRS permitted rollovers and periodic or lump sum distributions.
- The costs of administering the plan increased from the prior fiscal year by \$82 thousand, or 8.9%. To decrease the balance of the administrative expenses, a suspension of plan participant fees collected by the recordkeeper Empower RetirementTM was put into place. With this suspension of fees, MPERA paid the recordkeeping fees out of the administrative expenses.

Fiduciary Net Position - Deferred Compensation (457(b)) Plan				
<i>As of June 30, 2022 - and summary totals for June 30, 2021</i>				
<i>(dollars in thousands)</i>				
	Deferred Compensation (457(b)) Plan		Total Change	Total % of Change
	2022	2021		
Assets:				
Cash and Receivables	\$ 1,948	1,716	232	13.5 %
Investments	565,206	662,866	(97,660)	(14.7)%
Property and Equipment	3	4	(1)	(25.0)%
Intangible Assets	375	240	135	56.3 %
Total Assets	567,532	664,826	(97,294)	(14.6)%
Deferred Outflow of Resources	13	15	(2)	(13.3)%
Liabilities:				
Other Payables	1,057	345	712	206.4 %
Total Liabilities	1,057	345	712	206.4 %
Deferred Inflow of Resources	\$ 6	2	4	200.0 %
Total Net Position - restricted for other employee benefits	\$ 566,482	664,494	(98,012)	(14.7)%
Due to rounding to thousands instead of hundreds on this Summary Statement, the 2022 figures may not tie to the figures on the Statement of Fiduciary Net Position..				

Changes in Fiduciary Net Position - Deferred Compensation (457(b)) Plan				
<i>For the year ended June 30, 2022 - and summary totals for June 30, 2021</i>				
<i>(dollars in thousands)</i>				
	Deferred Compensation (457(b)) Plan		Total Change	Total % of Change
	2022	2021		
Additions:				
Contributions	\$ 29,420	29,690	(270)	(0.9)%
Investment Earnings	(84,476)	108,966	(193,442)	(177.5)%
Total Additions	(55,056)	138,656	(193,712)	(139.7)%
Deductions:				
Benefits				
Distributions	41,539	33,531	8,008	23.9 %
OPEB Expenses	2	2		
Administrative Expenses	395	425	(30)	(7.1)%
Miscellaneous Expenses	1,017	1,396	(379)	(27.1)%
Total Deductions	42,953	35,354	7,599	21.5 %
Incr/(Decr) in Net Position	\$ (98,009)	103,302	(201,311)	(194.9)%
Prior Period	\$ (3)		(3)	
Due to rounding to thousands instead of hundreds on this Summary Statement, the 2022 figures may not tie to the figures on the Statement of Changes in Fiduciary Net Position.				

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

MPERA implemented Governmental Accounting Standards Board (GASB) Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. As such, the Deferred Compensation (457(b))

plan is presented in the fiscal year 2022 Annual Comprehensive Financial Report (ACFR) as an other employee benefit not a pension benefit.

Financial Highlights

- The net position available for plan benefits of the Deferred Compensation (457(b)) Plan decreased by \$98.0 million or 14.7%, during fiscal year 2022. This decrease was primarily due to a decrease in investment earnings of \$193.4 million, coupled with an increase of distributions from the Plan a result of retirements during fiscal year 2022.
- The Plan paid \$41.5 million to benefit recipients in fiscal year 2022 compared to \$33.5 million in 2021, an increase of \$8.0 million or 23.9%. The Plan received \$29.4 million in contributions in fiscal year 2022 compared to \$29.7 in 2021, a decrease of \$269.7 thousand.
- *Miscellaneous expenses* are the PERB's administrative fees assessed by the vendors based on account balances. Miscellaneous expenses decreased from the prior fiscal year by \$379.0 thousand, or 27.1%. The decrease is due to a decrease in participant account balances because of the increase in participants taking distributions.

Actuarial Valuations and Funding Progress

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

GASB Statements No. 67 and No. 68 Actuarial Valuations

This is the ninth year since the PERB implemented pension accounting and financial reporting standards authorized by the Governmental Accounting Standards Board (GASB). To comply with GASB Statement No. 67, *Financial Reporting for Pensions, an amendment of GASB Statement No. 25*, the PERB relied upon its consulting actuary to compute the total pension liability, net pension liability, pension income or expense, and deferred outflows and deferred inflows of resources for each of its defined benefit retirement funds as of June 30, 2022. The PERB's participating governmental employers are required to report their respective shares of these amounts in their financial statements in compliance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27*.

For PERB's largest cost-sharing, multiple-employer defined benefit plan, the Public Employees Retirement System (PERS), the June 30, 2022, GASB-compliant actuarial valuation report revealed a net pension liability of \$2.4 billion. This is an increase from the fiscal year 2021 net pension liability of \$1.8 billion. As a result of this June 30, 2022 actuarial valuation, the plan's fiduciary net position as a percentage of the total pension liability was 73.66%, decreasing 6.25% from the ratio of 79.91% reported as of June 30, 2021.

Additional information on the GASB-compliant 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

A traditional funding actuarial valuation of each of the defined benefit plans and the DCRP Disability OPEB plan is performed annually. The purpose of the traditional funding actuarial valuation is to measure funding progress, and to ascertain the actuarial determined contribution, contribution sufficiency or deficiency, and other actuarial information necessary for monitoring funding position. The most recent actuarial valuation was performed for fiscal year ending June 30, 2022.

The experience study performed during fiscal year 2022 for the five-year period of July 1, 2017 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, 2022 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, decreased for all plans, except JRS.

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, 2022 actuarial valuations, the unfunded liability of PERS-DBRP, HPORS, SRS, and GWPORS, does not amortize within 30 years.

Overall, funding ratios range from a high of 173.90% (JRS) to a low of 65.64% (HPORS). The Schedule of Funding Progress, may be found in the actuarial valuations on PERB's website at <https://mpera.mt.gov>, shows the funding for the last ten fiscal years. The table also shows the amount by which actuarial assets exceeded or fell short of actuarial liabilities. The actuary performs a smoothing of investment gains or losses over a period of four years. At June 30, 2022, the actuarial value of assets of all plans was more than the market value of assets by \$170.1 million due to an average negative 4.21% market return in fiscal year 2022.

Additional information about the funding actuarial valuation results for each defined benefit fund may be found in the actuarial valuations on the PERB's website at <https://mpera.mt.gov>.

Request for Information

This financial report is intended to provide a general overview of the PERB's financial position as of June 30, 2022, and the results of the financial activities for fiscal year 2022. 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, 2022

	PERS-DBRP	PERS-DCRP DISABILITY OPEB	JRS	HPORS	SRS	GWPORS
Assets						
Cash and Short-term Investments	\$ 75,556,707	758,147	1,328,014	2,545,254	5,219,869	3,092,936
Securities Lending Collateral (Note A5)	67,988,359		1,270,808	1,792,592	4,704,074	2,660,955
Receivables						
Interest	72,559	693	1,185	1,940	5,389	2,911
Accounts Receivable	2,616,315	3,073	8,032	609	340,682	73,429
Amounts Receivable from Other Systems (Note A1)	848,360					
Due from Primary Government						
Notes Receivable	5,874					
<i>Total Receivables</i>	3,543,108	3,766	9,217	2,549	346,071	76,340
Investments (Note A5)						
Commingled Equity Securities		6,418,616				
CAPP Investment Pool	6,571,252,176		122,826,888	173,258,642	454,661,055	257,188,294
Defined Contributions Fixed Investments						
Defined Contributions Variable Investments						
Deferred Compensation Life Insurance						
<i>Total Investments</i>	6,571,252,176	6,418,616	122,826,888	173,258,642	454,661,055	257,188,294
Capital Assets - Net Accumulated Depreciation and Amortization						
Property and Equipment	60,149		366	311	366	366
Intangible Assets	686,074		201,373	170,933	201,374	201,374
Intangible Right-to-use Assets	3,424,912		4,351	21,443	110,324	69,923
<i>Total Capital Assets</i>	4,171,135		206,090	192,687	312,064	271,663
Total Assets	6,722,511,485	7,180,529	125,641,017	177,791,724	465,243,133	263,290,188
Deferred Outflow of Resources - OPEB	338,651					
Liabilities						
Securities Lending Liability	67,988,359		1,270,808	1,792,591	4,704,074	2,660,955
Accounts Payable	3,991,940		4,451	21,938	154,520	71,538
Contributions Received in Advance	59,814	6			7	80
Amounts Payable to Other Systems (Note A1)			7,480	36,863	189,652	120,202
Due to Primary Government						
Compensated Absences	456,673					
OPEB Implicit Rate Subsidy LT	377,126					
<i>Total Liabilities</i>	72,873,912	6	1,282,739	1,851,392	5,048,253	2,852,775
<i>Deferred Inflow of Resources - OPEB</i>	155,951					
<i>Net Position - Restricted for Pensions</i>	\$ 6,649,820,273	7,180,523	124,358,278	175,940,332	460,194,880	260,437,413
<i>Net Position - Restricted for Benefits</i>						

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

Defined Benefit Pension Plans			Defined Contribution Plan	Other Employee Benefit		Total Pension (and Other Employee Benefit) Trust Funds
MPORS	FURS	VFCA	Total Defined Benefit Pension Plans	PERS-DCRP	Deferred Compensation (457(b)) Plan	
5,510,581	6,035,243	3,105,365	103,152,116	4,438,512	1,718,446	109,309,074
5,368,152	5,830,168	456,332	90,071,440			90,071,440
5,518	5,995	629	96,819	3,026	866	100,711
187,190	141,286	3,942	3,374,558	193,380	228,759	3,796,697
			848,360			848,360
18,122,207	19,436,204		37,558,411			37,558,411
			5,874			5,874
18,314,915	19,583,485	4,571	41,884,022	196,406	229,625	42,310,053
			6,418,616			6,418,616
518,845,939	563,501,008	44,105,627	8,705,639,629			8,705,639,629
				25,007,194	216,752,113	241,759,307
				334,478,560	348,450,757	682,929,317
					3,617	3,617
518,845,939	563,501,008	44,105,627	8,712,058,245	359,485,754	565,206,487	9,636,750,486
328	324	298	62,508	6,452	3,263	72,223
180,299	177,958	163,909	1,983,294	163,909	194,349	2,341,552
67,748	51,277	168,438	3,918,416	405,353	180,157	4,503,926
248,375	229,559	332,645	5,964,218	575,714	377,769	6,917,701
548,287,962	595,179,463	48,004,540	8,953,130,041	364,696,386	567,532,327	9,885,358,754
			338,651	32,592	13,164	384,407
5,368,152	5,830,168	456,332	90,071,439			90,071,439
141,557	52,461	172,503	4,610,908	592,561	1,021,477	6,224,946
10,563			70,470	426	70	70,966
116,462	88,148	289,553	848,360			848,360
			456,673	47,681	20,531	524,885
			377,126	36,295	14,659	428,080
5,636,734	5,970,777	918,388	96,434,976	676,963	1,056,737	98,168,676
			155,951	15,009	6,062	177,022
542,651,228	589,208,686	47,086,152	8,856,877,765	364,037,006		9,220,914,771
					566,482,692	566,482,692

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, 2022

	PERS-DBRP	PERS-DCRP DISABILITY OPEB	JRS	HPORS	SRS	GWPORS
Additions						
Contributions (Note C)						
Employer	\$ 120,991,496	606,998	79,024	6,639,199	12,696,969	4,928,077
Plan Member	110,368,585		629,033	2,284,308	10,695,450	6,067,445
Interest Reserve Buyback	228,972			402	4,770	7,348
Retirement Incentive Program	586					
Miscellaneous Revenue	76,165	359	258	75	6,438	12,878
State Contributions	1,127,023			213,133		
State Appropriations	34,633,570			4,000,000		
Nonvested Member Forfeitures						
<i>Total Contributions</i>	267,426,397	607,357	708,315	13,137,117	23,403,627	11,015,748
Investments (Note A5)						
Net Appreciation (Depreciation)						
in Fair Value of Investments	(248,523,054)	(1,088,535)	(4,665,415)	(6,599,815)	(17,416,201)	(9,899,412)
Interest	297,191	2,086	4,862	8,004	21,207	11,516
Investment Costs	(48,232,987)	(4,245)	(896,863)	(1,263,433)	(3,283,881)	(1,853,797)
<i>Net Investment Earnings</i>	(296,458,850)	(1,090,694)	(5,557,416)	(7,855,244)	(20,678,875)	(11,741,693)
Securities Lending Income						
Securities Lending Income	715,690		13,309	18,747	48,725	27,506
Securities Lending Rebate and Fees	(157,248)		(2,924)	(4,119)	(10,706)	(6,043)
<i>Net Securities Lending Income</i>	558,442		10,385	14,628	38,019	21,463
Total Net Investment Earnings	(295,900,408)	(1,090,694)	(5,547,031)	(7,840,616)	(20,640,856)	(11,720,230)
Total Additions	(28,474,011)	(483,337)	(4,838,716)	5,296,501	2,762,771	(704,482)
Deductions (Note C)						
Benefits	509,232,157	128,859	4,356,996	13,735,628	24,995,215	10,587,005
Refunds/Distributions	15,343,596			1,515,412	2,005,091	1,463,999
Transfers to Other Systems	194,392			6,880	39,393	30,269
Transfers to Montana University System Retirement Plan (MUS-RP)	230,772					
Transfers to Defined Contribution Retirement Plan (DCRP)	2,385,425					
Supplemental Insurance Payments						
OPEB Expenses	57,896					
Administrative Expenses	5,650,979		55,643	77,306	239,263	168,880
Miscellaneous Expenses						
Total Deductions	533,095,217	128,859	4,412,639	15,335,226	27,278,962	12,250,153
Net Increase (Decrease)	(561,569,228)	(612,196)	(9,251,355)	(10,038,725)	(24,516,191)	(12,954,635)
Net Position						
Beginning of Year	7,211,389,030	7,792,719	133,609,633	185,979,057	484,711,071	273,392,048
Prior Period Adjustments (Note A1)	471					
End of Year	\$ 6,649,820,273	7,180,523	124,358,278	175,940,332	460,194,880	260,437,413

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

Defined Benefit Pension Plans				Defined Contribution Plan	Other Employee Benefit	
MPORS	FURS	VFCA	Total Defined Benefit Pension Plans	PERS-DCRP	Deferred Compensation 457(b) Plan	Total Pension (and Other Employee Benefit) Trust Funds
8,921,341	8,590,007		163,453,111	17,525,327	175,715	181,154,153
5,573,654	6,423,018		142,041,493	18,221,873	28,784,213	189,047,579
6,284	17,575		265,351			265,351
			586			586
(4,957)	802		92,018	3,255	460,398	555,671
18,122,207	19,436,204	2,851,975	41,750,542	112,905		41,863,447
			38,633,570			38,633,570
				1,681,603		1,681,603
32,618,529	34,467,606	2,851,975	386,236,671	37,544,963	29,420,326	453,201,960
(20,148,599)	(21,969,880)	(1,645,815)	(331,956,726)	(82,570,264)	(104,799,351)	(519,326,341)
22,596	24,739	2,156	394,357	16,822,891	21,167,262	38,384,510
(3,783,191)	(4,088,917)	(325,647)	(63,732,961)	(93,553)	(843,513)	(64,670,027)
(23,909,194)	(26,034,058)	(1,969,306)	(395,295,330)	(65,840,926)	(84,475,602)	(545,611,858)
56,136	60,672	4,832	945,617			945,617
(12,334)	(13,331)	(1,062)	(207,767)			(207,767)
43,802	47,341	3,770	737,850			737,850
(23,865,392)	(25,986,717)	(1,965,536)	(394,557,480)	(65,840,926)	(84,475,602)	(544,874,008)
8,753,137	8,480,889	886,439	(8,320,809)	(28,295,963)	(55,055,276)	(91,672,048)
31,824,571	30,345,902	3,097,695	628,304,028			628,304,028
2,299,882	66,244		22,694,224	19,634,705	41,539,014	83,867,943
32,354	7,963		311,251			311,251
			230,772			230,772
			2,385,425			2,385,425
		12,300	12,300			12,300
			57,896	5,836	2,139	65,871
160,164	130,922	331,750	6,814,907	1,000,566	394,655	8,210,128
				(21,224)	1,016,998	995,774
34,316,971	30,551,031	3,441,745	660,810,803	20,619,883	42,952,806	724,383,492
(25,563,834)	(22,070,142)	(2,555,306)	(669,131,612)	(48,915,846)	(98,008,082)	(816,055,540)
568,215,062	611,281,874	49,641,458	9,526,011,952	412,952,852	664,493,774	10,603,458,578
	(3,046)		(2,575)		(3,000)	(5,575)
542,651,228	589,208,686	47,086,152	8,856,877,765	364,037,006	566,482,692	9,787,397,463

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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, 2022

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, the Montana University System and contracting political subdivisions.

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

The assets of each plan are maintained separately, including member education funds. The assets may be used only for the payment of benefits to the members and administrative expenses of the appropriate plan, in accordance with the terms of each plan as prescribed in Title 19 of the Montana Code Annotated (MCA). The financial statements are presented by combining the PERS-DBRP and the DBRP Education Fund and by combining the PERS-DCRP and the DCRP Education Fund. A presentation of the individual funds is shown 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 on the basis of funds. All of the funds presented in the financial statements are fiduciary funds. These funds are classified as pension and other employee benefit trust funds, and are maintained for the exclusive benefit of the members and their beneficiaries.

Basis of Accounting

The basis of accounting indicates the timing of transactions or events for recognition in the financial statements. The PERB's financial statements are reported using fund accounting principles and the accrual basis of accounting. Plan member contributions, employer contributions, and related receivables are recognized as revenues in the accounting period in which they are

earned and become measurable, pursuant to formal commitments and statutory requirements. Benefit payments and refunds/distributions are recognized in the accounting period in which they are due and payable in accordance with the terms of each plan. Administrative and other expenses, and the associated liabilities, are recognized in the period the liability is incurred. Administrative expenses are financed through investment earnings on the pension trust fund for the defined benefit plans. Interfund receivables and payables exist at year-end for defined benefit administrative expenses that are accounted for within PERS-DBRP and allocated to the other defined benefit funds at year-end.

Prior Period Adjustments

Prior period adjustments relate to corrections of errors and changes in accounting policy from prior periods. The prior period adjustments for fiscal year 2022 were immaterial to the financial statements but related to writing off benefit receivables due to the new PERB *Policy OP07 - Correction of Benefit Payment Errors* for our defined benefit plans. The prior period adjustment for the Deferred Compensation (457(b)) Plan was an immaterial adjustment to the Life Insurance to bring State Accounting, Budgeting, and Human Resource System (SABHRS) to the current face value.

Significant Accounting Changes

Significant accounting policies are specific accounting principles and methods used and considered to be the most appropriate to use in current circumstances in order to fairly present the financial statements. During fiscal year 2022, MPERA implemented GASB Statement No. 87, *Leases* and GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*.

As of July 1, 2021, MPERA adopted GASB Statement No. 87, *Leases*. The implementation of this standard establishes a single model for lease accounting based on the foundational principle that lease are financings of the right-to-use an underlying asset. The standard requires recognition of certain right-to-use leased assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. MPERA recognized a right-to-use asset and lease liability of \$4,850,383 as of July 1, 2021. As a result of these adjustments there was no effect on the beginning net position. The additional disclosures required by this standard are included in Note A2. Capital Assets.

As of June 1, 2021, MPERA adopted GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. The implementation of this standard (1) requires that a Section 457 plan be classified as either a pension plan or an other employee benefit plan depending on whether the plan meets the definition of a pension plan and (2) clarifies that Statement 84, as amended, should be applied to all arrangements organized under IRC Section 457 to determine whether those arrangements should be reported as fiduciary activities. With the implementation of this standard, the State of Montana 457(b) Deferred Compensation Plan is an other employee benefit plan and is presented in a separate column of the basic fiduciary financial statements as a pension (and other employee benefit) fund.

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 ScanPro 3000 fiche film reader and 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:

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 \$2,341,552 *Intangible Assets* 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**—MPERA enters into contracts that convey control of the right to use an underlying asset for a period of time, as specified in the contract, in an exchange or exchange-like transaction. For eligible contracts with a term greater than 12 months, MPERA records intangible right-to-use lease assets and a related lease liability at the commencement date of the lease. The *Lease* liability is contained in the *Accounts Payable* liability on the Statement of Fiduciary Net Position. This represents MPERA's obligation to make lease payments arising from the lease and are measured at the present value of expected lease payments over the term of the lease. The contract does not provide information about the discount rate implicit in the lease. Therefore, MPERA has elected to use its incremental borrowing rate of 1.65% at commencement date July 1, 2021 to calculate the present value of the expected lease payments. The intangible right-to-use building lease asset of \$4,503,926, under *Capital Assets* on the Statement of Fiduciary Net Position, is based on the initial measure of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. The State of Montana has adopted a capitalization threshold of \$100,000. Intangible right-to-use lease assets are amortized over the term of the contract, plus any reasonably certain contract extension years, and the useful life of the underlying asset. Interest expense is recognized ratably over the contract term. The accumulated amortization for FY2022 was \$346,456.

GASB accounts for contracts containing both lease and non-lease components as separate contracts. MPERA currently does not have a lease with both components. In cases where

the contract does not provide separate price information for leases and non-lease components, and it is impractical to estimate the price of such components, MPERA treats the components as a single lease unit.

The term used in the measurement of the lease liability includes options to extend or terminate the lease when it is reasonably certain that MPERA will exercise that option. The building lease expires on June 30, 2030 and 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. To the extent these future increases are considered likely, they are included in the measurement of the lease liability. Some leases require variable payments based on future performance of the lessee or usage of the underlying asset and are not included in the measurement of the lease liability. Deviations from estimated future minimum annual rental payments, and variable payments based on future performance or usage of the underlying asset, are recognized as deductions to net position in the periods in which the obligation for those payments is incurred. During the year ended June 30, 2022, MPERA made no variable payments as none were required by the lease agreement.

MPERA negotiated a 10-year lease with a five-year extension, for office space in June 2020, effective July 1, 2020 through June 30, 2030 unless earlier terminated, at the location of 100 North Park Avenue, Helena, MT. The lease is payable monthly and includes inflationary adjustments over the period of the lease.

The annual Base Rent rate of \$311,305 will increase by 3% on each July 1, beginning July 1, 2021.

The outstanding lease liability is \$4.6 million as of June 30, 2022. Total future minimum lease payments under the lease agreement are as follows:

Future Minimum Lease Payments			
Fiscal Year	Principal	Interest	Total Amount
July 1, 2022 - June 30, 2023	\$256,164	\$74,100	\$330,264
July 1, 2023 - June 30, 2024	\$270,406	\$69,765	\$340,171
July 1, 2024 - June 30, 2025	\$285,184	\$65,192	\$350,376
July 1, 2025 - June 30, 2026	\$300,517	\$60,371	\$360,888
July 1, 2026 - June 30, 2027	\$316,422	\$55,293	\$371,715
July 1, 2027 - June 30, 2032	\$1,842,096	\$190,591	\$2,032,687
July 1, 2032 - June 30, 2035	\$1,337,153	\$34,733	\$1,371,886

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, 2022, is shown on the following page in the *Schedule of Employers' Net Pension Liability (NPL)*.

Actuarial valuations of the ongoing systems involve estimates of the reported amounts and assumptions about probability of occurrence of events far into the future. The information used includes, but is not limited to, the plan provisions, employee data, and financial information provided by the PERB. Amounts determined regarding the NPL are subject to revision with each valuation as actual results are compared with past expectations and new estimates are made about the future. The most recent experience study was performed in 2022 using June 30, 2021 valuation data.

The reporting date for the retirement systems is June 30, 2022. Measurements as of the reporting date are based on the fair value of assets as of June 30, 2022 and the Total Pension Liability (TPL) is based on the results of an actuarial valuation date of June 30, 2022. This is the first year the actuary did not use the prior year (June 30, 2021) actuarial valuation and the roll forward procedure to the present year (June 30, 2022), which had been used since the inception of GASB 67 reporting.

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, 2022 (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	\$ 9,026,784	\$ 6,648,899	\$ 2,377,885	73.66 %	\$ 1,349,883	176.15 %
JRS	72,923	124,358	(51,435)	170.53 %	8,408	(611.73)%
HPORS	273,241	175,940	97,301	64.39 %	17,275	563.25 %
SRS	597,118	460,195	136,923	77.07 %	96,370	142.08 %
GWPORS	412,898	260,437	152,461	63.08 %	54,287	280.84 %
MPORS	778,865	542,651	236,214	69.67 %	61,329	385.16 %
FURS	748,060	589,209	158,851	78.76 %	59,394	267.45 %
VFCA	52,309	47,086	5,223	90.02 %	N/A ²	N/A ²

¹The PERS-DB Education Fund balance is not included in the GASB 67 reporting for fiscal year ending June 30, 2022.
²Covered payroll is not applicable to VFCA because members are unpaid volunteers.

Below are the changes to the actuarial assumptions used in the measurement of the TPL for June 30, 2022 as a result of the five-year period experience study, July 1, 2016 to June 30, 2021.

1. The discount rate was increased from 7.06% to 7.30% for all systems except GWPORS. The discount rate was decreased from 7.06% to 5.55% for GWPORS due to using a blended discount rate that included a low-risk bond rate of 3.37%.

2. The investment rate of return was increased from 7.06% to 7.30%.
3. Updated all mortality tables to PUB2010 Tables for general employees in PERS and JRS. Updated all mortality tables to PUB 2010 Tables for public safety employees in HPORS, SRS, GWPORS, MPORS, FURS, and VFCA.
4. Rates of withdrawal, retirement, disability retirement, and merit increases were updated.
5. Payroll growth assumption was lowered from 3.50% to 3.25%.
6. The inflation rate was increased from 2.40% to 2.75%.

A summary of the actuarial assumptions for the retirement plan's GASB No. 67 reporting as of the latest actuarial valuation on June 30, 2022 is shown in the *Notes to the RSI*.

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. 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 2.75% 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.

Best estimates of arithmetic real rates of return for each major asset class included in the Plans target asset allocation as of June 30, 2022, are summarized in the following Target Allocations table.

Target Allocations as of June 30, 2022		
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, except GWPORS, 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 3.37%.

For GWPORS, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members until the plan year ending June 30, 2059. Therefore, the long-term expected rate of return on pension plan investments of 7.30% was applied to all periods of projected benefit payments through June 30, 2059 and the applicable municipal bond index rate of 3.37%, was applied to all periods of projected benefit payments after June 30, 2059. The Single Equivalent Interest Rate (SEIR) of 5.55% that discounts the entire projected benefit stream to the same amount as the sum of the present values of the two separate benefit payment streams was used to determine the total pension liability as of June 30, 2022.

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. However, because of the blending of the long-term rate of return of 7.30% and the municipal bond index rate of 3.37%, GWPORS' current discount rate is 5.55%. The table that follows at 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, 2022 (dollar amounts are in thousands)			
System	1% Decrease 6.30% and 4.55%*	Current Discount Rate 7.30% and 5.55%*	1% Increase 8.30% and 6.55%*
PERS-DBRP	\$ 3,427,832	\$ 2,377,885	\$ 1,496,992
JRS	(44,409)	(51,435)	(57,498)
HPORS	136,019	97,300	66,243
SRS	222,707	136,924	67,096
GWPORS	223,551	152,460	95,486
MPORS	355,941	236,214	141,127
FURS	275,316	158,852	65,856
VFCA	10,910	5,223	444

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, 2022			
PERS-DBRP	(4.17)%	GWPORS	(4.30)%
JRS	(4.21)%	MPORS	(4.29)%
HPORS	(4.21)%	FURS	(4.32)%
SRS	(4.27)%	VFCA	(4.09)%

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

General Information

The State of Montana provides optional post-employment health care benefits in accordance with Section 2-18-704, MCA to the following employees and dependents who elect to continue coverage and pay administratively established contributions: (1) employees and dependents who retire under applicable retirement provisions and (2) surviving dependents of deceased employees. Medical, dental, and vision benefits are available through this plan. The State of Montana offers an OPEB plan that is not administered through a trust; as such, there are no plan assets accumulated to offset the total OPEB liability.

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

Plan Description

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

In addition to the employee benefits, the following post-employment benefits are provided. The Montana Department of Administration established retiree medical premiums varying between \$466 and \$2,172 per month for calendar year 2022 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 \$41.10 and \$70.00 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 in-network or out-of-network providers. Once retiree members become Medicare eligible, the plan automatically processes claim reimbursement as the secondary insurer, even if the 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, 2021, MPERA had 51 active employees and one retired employee/spouse/surviving spouse covered by the benefit terms for a total of 52 covered employees.

The estimates were prepared based on an actuarial valuation as of the year ending December 31, 2020, rolled forward to the measurement date of March 31, 2022, 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, 2022, MPERA reported a liability of \$428,080 for its 0.34624750% proportionate share of the total OPEB Liability. At June 30, 2021, MPERA reported a liability of \$510,761, for its 0.34624702% 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 0.00000048%.

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 6/30/2021	\$ 510,761
Changes for the year:	
Service Cost	35,000
Interest	12,271
Changes of assumptions or other inputs	(139,054)
Benefit Payments (Contributions)	9,102
Net Changes	(82,681)
Balances as of 6/30/2022	\$ 428,080

Actuarial assumptions and other inputs

The total OPEB liability in the December 31, 2020 actuarial valuation, rolled forward to March 31, 2022, was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

Contributions:	\$ 9,102
Actuarial valuation date	December 31, 2020
Actuarial measurement date ⁽¹⁾	March 31, 2022
Experience study period	January 1, 2018 through December 31, 2020
Actuarial cost method	Entry age normal funding method
Amortization method	Open basis
Remaining amortization period	20 years
Asset valuation method	Not applicable since no assets meet the definition of plan assets under GASB 75
Actuarial Assumptions:	
Discount rate	3.31%
Projected payroll increases	2.50%
Participation:	
Future retirees	40.00%
Future eligible spouses	70.00%
Marital status at retirement	70.00%
⁽¹⁾ Updated procedures were used to roll forward the total OPEB liability to the measurement date.	

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

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

Changes in actuarial assumptions and methods since last measurement date

- The discount rate increased from 2.23% to 3.31%.

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 (2.31%) or 1.00% higher (4.31%) than the current discount rate:

Discount Rate 3/31/2022	1% Decrease (2.31%)	Discount Rate (3.31%)	1% Increase (4.31%)
Total OPEB Liability	\$ 536,615	\$ 428,080	\$ 344,898

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

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

Healthcare Rate 3/31/2022	1% Decrease (5.0%)	Current Rate (6.0%)	1% Increase (7.0%)
Total OPEB Liability	\$ 331,160	\$ 428,080	\$ 561,307

OPEB Expense

For the year ended June 30, 2022, MPERA recognized OPEB expense of \$65,872.

Deferred Outflows and Deferred Inflows of Resources Related to OPEB

At June 30, 2022, 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	\$ 14,358
Changes of assumptions or other inputs	373,258	192,566
*Benefit Payments associated with transactions subsequent to the measurement date of the total OPEB liability	2,035	
Total	\$ 461,654	\$ 206,924
*Amounts reported as deferred outflows of resources related to OPEB resulting from MPERA's benefit payments in FY2022 (April 1, 2022 through June 30, 2022) 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 on the top of the next page:

Year ended June 30, 2022	Amount recognized as an Increase or (Decrease) to OPEB Expense
2023	\$ 18,601
2024	\$ 18,601
2025	\$ 18,601
2026	\$ 18,601
2027	\$ 18,601
Thereafter	\$ 112,344

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>.

Defined benefit investments are reported on the PERB's financial statements at fair value as of June 30, 2022.

The PERS-DCRP and Deferred Compensation plan's Montana Fixed Fund is a stable value investment option administered and monitored by the PERB with input from the Employee Investment Advisory Committee and the investment consultant. The PERB has established an investment policy for the Montana Fixed Fund to identify objectives, investment guidelines, and outline the responsibility of the outside vendors; Pacific Investment Management Company, LLC (PIMCO) the stable value manager, State Street Bank and Trust Company (State Street) the custodial bank, and third party synthetic Guaranteed Interest Contract (GIC) providers, Transamerica 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, 2022.

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

BOI Pooled Investments

As of June 30, 2022, 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. With the exception of the Cash PAC, it is invested in the State Street Short Term Investment Fund (STIF), which invests in high quality short-term securities. For external managers, it is invested per MBOI established guidelines.

CAPP's Underlying Asset Classes

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

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 include private partnership interests, separate accounts, commingled funds and exchange traded funds. The investments typically have well-defined strategies such as buyout, venture, or distressed debt. Private investments are considered long-term. Exchange traded funds are utilized to minimize the cash position.

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

Real Estate PAC – Invests primarily in real estate properties. The type of portfolio structures include private investment partnership interests, real estate investment trusts (REITs), separate accounts, commingled funds and exchange traded funds. The funds typically have well-defined strategies such as core, value-add, or opportunistic. Real Estate investments generally require long-time horizon to realize the value of the assets. 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 include internally managed portfolios or externally managed separate accounts, commingled funds and limited partnerships.

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

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

PERB Cash Equivalent and Investment Portfolio		
June 30, 2022		
Investment Pools	Fair Value	Net Asset Value (NAV)
Short-term Investment Pool	\$ 94,596,579	\$ 94,596,579
CAPP Investment Pool	8,705,639,629	8,705,639,629
Commingled Equity Securities ¹	6,418,616	
Total	<u>\$ 8,806,654,824</u>	<u>\$ 8,800,236,208</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 in order to maintain required asset allocations and to provide liquidity for retirement benefits. The fair values of the investments in this category have been determined using the Net Asset Value (NAV) per share (or its equivalent) of the investment.

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

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

At June 30, 2022, the PERB's portion of the defined benefit investment pools is presented in the table below:

PERB Portions of MBOI Pools at June 30, 2022		
Investment	Fair Value June 30, 2022	PERB Portion June 30, 2022
STIP	\$ 94,596,579	0.70%
CAPP	\$ 8,705,639,629	65.20%
SMA	\$ 6,418,616	0.37%

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 an 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 counter-party to a transaction, the MBOI will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. Per policy, the Board's custodial bank must be rated at a minimum at the sixth highest investment grade rating by at least two Nationally Recognized Rating Organizations (NRSROs) on an annual basis. As of June 30, 2022, 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 to credit risk exposure by limiting portfolio investment types to 3% in any issuer except for U.S. Treasury and U.S. Agency securities as well as any repurchase agreements with a financial institution.

Credit Risk - Credit risk is defined as the risk that an issuer or other counter-party to an investment will not fulfill its obligation. With the exception of U.S. Government securities, the fixed income instruments in the investment pools 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, 2022 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 6/30/2022	Credit Quality Rating ¹ 6/30/2022	Effective Duration 6/30/2022
CAPP	\$ 8,705,639,629	N/R	N/A
STIP	\$ 94,596,879	N/R	68 days WAM ²
SMA ³	\$ 6,418,616	N/R	N/A

¹CAPP and SMA have security investment types that are rated for credit and interest rate risk as of June 30, 2022, 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, 2022, 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. For PERB, CAPP and SMA participate in the security lending.

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 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 Fund. Transamerica, Prudential, and Voya calculate a rate of interest to be applied to the contract value of the synthetic GIC for each calendar quarter called the "crediting rate", which helps smooth participants' earnings over time. The crediting rates are based on the investment manager's portfolio market value, yield, and duration in accordance with the terms of the respective contracts with the GIC providers. The Montana Fixed Fund's structure incorporates a money market-like liquidity strategy and the custodial bank calculates a blended return of the individual crediting rates and liquidity strategy for member investments. The custodial bank also calculates a Net Asset Value (NAV) that is based on the value invested in the GIC contracts, plus earning, and the liquidity strategy.

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

All money invested in the Montana Fixed Fund of the PERS-DCRP and deferred compensation plan are held in a Pooled Trust. The Pooled Trust qualifies as a group trust under sections 401(a), including section 401(a)(24) and 501(a), of the Internal Revenue Code (IRC) of 1986, as amended. The Pooled Trust assets are invested by PIMCO and are held under a custodial agreement with State Street. The Pooled Trust assets are invested by PIMCO based on an investment guideline schedule described in the Montana Fixed Fund investment policy established by the PERB. Additional investment constraints are contained in the investment management agreement between PERB and PIMCO, and within the respective contracts issued by each GIC provider to the Pooled Trust. 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. With the exception of the U.S. Government securities, fixed income instruments have credit risk as measured by major credit rating services. Obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government are not considered to have credit risk and do not require disclosure of credit quality. The total investments credit quality rating for Montana Fixed Fund is AA.

Interest Rate Risk: Interest rate risk is the chance that bond prices overall will decline because of rising interest rates. The bond account has low to moderate interest rate risk as it invests primarily in short-term and intermediate-term bonds, whose prices are less sensitive to interest rate changes than are the prices of long-term bonds. As of June 30, 2022, 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, 2022, is 3.68 years.

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

Default Risk: Default risk is the chance that companies, or individuals will be unable to make the required payments on their debt obligations. 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 counter-party could default, become insolvent, file for bankruptcy protection, or otherwise be deemed by the plan's

auditor to no longer be financially responsible. There are a limited number of investment contract providers and, due to market conditions or other factors, enough contracts may not be available to obtain the desired amount of coverage.

Variable Investments for the PERS-DCRP and deferred compensation plan are held and managed in a selection of retail and institutional mutual funds, which cover all standard asset classes and categories. The selection of offered mutual funds is designed to provide participants with the ability to diversify investments and meet their individual investment goals and strategies. With advice from an independent investment analyst and assistance from the statutorily-created Employee Investment Advisory Council (EIAC), the PERB conducts annual reviews of the offered mutual funds. The goal of the reviews is to ensure that the offered mutual funds meet standards established in the Investment Policy Statements adopted by the PERB. Each investment alternative is compared to its peers and an appropriate benchmark.

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, 2022.

PERB Defined Benefit Investments Measured at Fair Value

	Fair Value Measurements Using			
	June 30, 2022	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	\$ 6,418,616	\$ 6,418,616		
Total Investments by fair value level	\$ 6,418,616	\$ 6,418,616		
Investments measured at the net asset value (NAV)				
CAPP Investment Pool	\$ 8,705,639,629			
Short Term Investment Pool (STIP)	94,596,579			
Total investments measured at the NAV	8,800,236,208			
Total investments measured at fair value	\$ 8,806,654,824			

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, 2022			
	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
CAPP Investment Pool	\$ 8,705,639,629		Monthly, quarterly	45-90 days
Short Term Investment Pool (STIP)	94,596,579		Daily	1 - 3 days
Total investments measured at the NAV	\$ 8,800,236,208			

PERB Defined Contribution Investments

<u>Investments measured at the net asset value (NAV)</u>	<u>June 30, 2022</u>
Montana Fixed Fund (Stable Value Pool) ²	\$ 25,007,194
Variable Pooled Investments ³	334,478,560
Short Term Investment Pool ⁴	<u>3,014,511</u>
Total investments measured at the NAV	\$ 362,500,265
Total investments measured at fair value	<u>\$ 362,500,265</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, 2022			
	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Montana Fixed Fund (Stable Value Pool) ¹	\$ 25,007,194		Daily	None
Variable Pooled Investments ²	334,478,560		Daily	None
Short Term Investment Pool ³	<u>3,014,511</u>		Daily	1 - 3 days
Total investments measured at the NAV	\$ 362,500,265			

- 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)	June 30, 2022
Montana Fixed Fund (Stable Value Pool) ²	\$ 216,752,113
Variable Pooled Investments ³	348,450,757
Short Term Investment Pool ⁴	859,367
Allianz Life Insurance Investment ⁵	<u>\$ 3,617</u>
Total investments measured at the NAV	\$ 566,065,854
Total investments measured at fair value	<u>\$ 566,065,854</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, 2022			
	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Montana Fixed Fund (Stable Value Pool) ¹	\$ 216,752,113		Daily	None
Variable Pooled Investments ²	348,450,757		Daily	None
Short Term Investment Pool ³	859,367		Daily	1 - 3 days
Allianz Life Insurance Investment ⁴	<u>3,617</u>			
Total investments measured at the NAV	\$ 566,065,854			

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. 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.

Consolidated MPERB v. Lewis and Clark County and 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 arresting 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 the case now awaits further action.

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 \$2,385,425 in *Transfers to Defined Contribution Retirement Plan (DCRP)* and \$230,772 in *Transfers to Montana University System - Retirement Plan (MUS-RP)*. These transfers reflect the DCRP and MUS-RP contributions of participants that filed elections at or near the June 30 cutoff date. The contributions were transferred in early fiscal year 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, 2022, there are ten members receiving a benefit from the disability plan, the same as of June 30, 2021.

Judges' Retirement System (JRS)

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

Highway Patrol Officers' Retirement System (HPORS)

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

Deferred Retirement Option Program (DROP): Eligible members of HPORS can participate in the DROP by filing a one-time irrevocable election with the PERB. The DROP is governed by Title 19, chapter 6, part 10. A member must have completed at least twenty years of membership service to be eligible. The member may elect to participate in the DROP for a minimum of one month and a maximum of 60 months and may participate in the DROP only once. A participant remains a member of the HPORS, but will not receive membership service or service credit in the system for the duration of the member's DROP period. During participation in the DROP, all mandatory contributions continue to the retirement system, except the member contribution which goes to the member's DROP account. A monthly benefit is calculated based on salary and years of service to date as of the beginning of the DROP period. The monthly benefit is paid into the member's DROP account until the end of the DROP period. At the end of the DROP period, the participant may receive the balance of the DROP account in a lump-sum payment or in a direct rollover to another eligible plan, as allowed by the IRS. If the participant continues employment after the DROP period ends, they will again accrue membership service and service credit. The DROP account cannot be distributed until the employment is formally terminated. As of June 30, 2022, there were 13 DROP participants. Since program inception, a total of 34 members have participated in the DROP. The balance of the DROP accounts is \$6.2 million.

Sheriffs' Retirement System (SRS)

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

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

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

Municipal Police Officers' Retirement System (MPORS)

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

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

Deferred Retirement Option Plan (DROP): Eligible members of MPORS can participate in the DROP by filing a one-time irrevocable election with the PERB. The DROP is governed by Title 19, chapter 9, part 12, MCA. A member must have completed at least twenty years of membership service to be eligible. They may elect to participate in the DROP for a minimum of one month up to a maximum of 60 months and may participate in the DROP only once. A participant remains a member of the MPORS, but will not receive membership service or service credit in the system for the duration of the member's DROP period. During participation in the DROP, all mandatory contributions continue to the retirement system. A monthly benefit is calculated based on salary and years of service as of the beginning of the DROP period. The monthly benefit is paid into the member's DROP account until the end of the DROP period. At the end of the DROP period, the participant may receive the balance of the DROP account in a lump-sum payment or in a direct rollover to another eligible plan, as allowed by the IRS. If the participant continues employment after the DROP period ends, they will again accrue membership service and service credit. The DROP account cannot be distributed until employment is formally terminated. As of June 30, 2022, there were 53 DROP participants. Since program inception, a total of 209 members have participated in the DROP. The balance of the DROP accounts is \$9.7 million.

Firefighters' Unified Retirement System (FURS)

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

Volunteer Firefighters' Compensation Act (VFCA)

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

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

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

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MEMBERS AND EMPLOYERS

Membership in each plan as of June 30, 2022 is detailed in the following chart.

Plan Membership as of Fiscal Year End June 30, 2022								
Type of Plan for Reporting Purposes as of Fiscal Year End June 30, 2022	Single-Employer Defined Benefit		Multi-Employer Defined Benefit					
	JRS	HPORS ¹	PERS-DBRP ²	SRS	GWPORS	MPORS ¹	FURS	VFCA ³
Classification of Member								
Active	59	252	28,508	1,481	977	841	749	2,233
Inactive: entitled to, but not yet receiving benefits or a refund:								
Vested	2	19	4,790	211	170	123	51	836
Non-Vested	2	38	23,110	914	589	212	93	8,397
Inactive members and beneficiaries currently receiving benefits:								
Service Retirements	69	345	24,481	786	430	880	674	1,517
Disability Retirements		3	102	31	3	25	13	1
Survivor benefits	5	9	545	23	12	28	17	6
Total Membership	137	666	81,536	3,446	2,181	2,109	1,597	12,990

¹ Includes DROP in the Active count.
² The PERS-DBRP Inactive Non-Vested count includes dormant accounts that were previously not counted.
³ The VFCA Inactive Non-Vested count is being included in the membership count. Prior to FY2022 the count was not included in the actuarial funding valuation.

Active Defined Benefit Membership by Employer Type ¹						
Employer Type	PERS-DBRP		SRS		GWPORS	
	2022	2021	2022	2021	2022	2021
As of Fiscal Year End June 30,						
State Agencies ²	9,709	10,150				
Department of Justice			69	68		
Department of Corrections					688	751
Department Fish, Wildlife & Parks					112	108
Department of Livestock					49	44
Department of Transportation					86	81
Counties	5,457	5,531	1,412	1,427		
Cities and Towns	3,638	3,588				
Colleges and Universities	2,638	2,649			42	39
School Districts	5,745	5,807				
High Schools	73	66				
Other Agencies	1,248	1,237				
Total	28,508	29,028	1,481	1,495	977	1,023

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

Active Defined Benefit Membership by Employee Type ¹								
Employee Type	JRS		HPORS ²		MPORS ²		FURS	
	2022	2021	2022	2021	2022	2021	2022	2021
As of Fiscal Year End June 30,								
GABA	57	55	252	244	837	819	747	732
Non-GABA	2	2			4	4	2	2
Total	59	57	252	244	841	823	749	734

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

Participating Defined Benefit Employers										
Employer Type	PERS-DBRP		SRS ¹		GWPORS ²		MPORS		FURS ³	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
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	98					36	34	15	15
Colleges and Universities	5	5			3	3				
School Districts	243	242								
High Schools	5	5								
Other Agencies	113	115								
Rural Fire Districts									11	11
Total	553	553	57	57	7	7	36	34	27	27

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

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

HPORS DROP Participation		
As of June 30,	2022	2021
Participants Beginning of Year	18	22
Participants Added	2	3
Completed DROP	7	7
Participants End of Year	13	18
DROP Distributions	\$1,390,442	\$1,690,916

MPORS DROP Participation		
As of June 30,	2022	2021
Participants Beginning of Year	54	67
Participants Added	11	10
Completed DROP	10	23
Participants End of Year	55	54
DROP Distributions	\$2,142,204	\$5,400,486

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

PERS-DCRP PARTICIPATING EMPLOYERS		
Employers	June 30, 2022	June 30, 2021
State Agencies	33	33
Counties	53	53
Cities and Towns	61	59
Universities	5	5
School Districts	137	136
High Schools	4	3
Other Agencies	51	51
Total	344	340

PERS-DCRP Active Membership by Employer Type		
Employer Type	June 30, 2022	June 30, 2021
State Agencies	1,603	1,626
Counties	551	536
Cities	419	375
Universities	167	158
High Schools	5	4
School Districts	400	374
Other Agencies	241	238
Total	3,386	3,311

FY 2022 Schedule of Contribution Rates			
System	Member	Employer	State
PERS-DBRP¹	7.9% [19-3-315(1)(a), MCA]	8.97% State & University 8.87% Local Governments 8.6% 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-DCRP¹	7.9% [19-3-315(1)(a), MCA]	8.97% State & University 8.87% Local Governments 8.6% 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]	
JRS²	7.0% [19-5-402, MCA]	25.81% [19-5-404, MCA]	
HPORS	13.0% - hired prior to 7/01/97 & not electing GABA 13.05% - hired after 6/30/97 & members electing GABA [19-6-402, MCA]	28.15% [19-6-404(1), MCA]	10.18% of salaries – paid from the General Fund [19-6-404(2), MCA]
SRS	10.495% [19-7-403, MCA]	13.115% [19-7-404, MCA]	
GWPORS	10.56% [19-8-502, MCA]	9.0% [19-8-504, MCA]	
MPORS	7.0% - hired after 6/30/75 & prior to 7/1/79 & not electing GABA [19-9-710(1)(a), MCA] 8.5% - hired after 6/30/79 and prior to 7/1/97 & not electing GABA [19-9-710(1)(b), MCA] 9.0% - hired after 6/30/97 & members electing GABA [19-9-710(1)(c), MCA & 19-9-710(2), MCA]	14.41% [19-9-703, MCA]	29.37% of salaries – paid from the General Fund [19-9-702, MCA]
FURS	9.5% - hired prior to 7/1/97 & not electing GABA [19-13-601(2)(a), MCA] 10.7% - hired after 06/30/97 & members electing GABA [19-13-601(2)(b), MCA]	14.36% [19-13-605, MCA]	32.61% of salaries – paid from the General Fund [19-13-604, MCA]
VFCA			5.0% of fire insurance premium tax, paid from the General Fund [19-17-301, MCA]

¹ The employer and/or member contribution rates increase on July 1, 2022 for PERS-DBRP and PERS-DCRP.

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

CONTRIBUTIONS

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

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

- For PERS-DBRP, the 7.9% member contributions will be decreased to 6.9% on January 1 following actuary valuation results that show the amortization period has dropped below 25 years and would remain below 25 years following the reduction of both the additional employer and additional member contribution rates. There will be no reduction to the member contributions on January 1, 2023 due to the amortization period being 32 years at June 30, 2022.
- 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, 2022 actuarial valuation, the additional contributions will not be terminated on January 1, 2023.

- 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. Beginning July 1, 2023 employer contributions will then resume at a reduced rate of 14.00% down from the current statutory rate of 25.81%. If the funded ratio of the JRS system drops below 120%, the employer contribution rate will return to 25.81%.

- For the SRS, during the 2017 Legislative Session, House Bill 383 was passed temporarily increasing both the employee and employer contributions. Effective July 1, 2017, the employee contributions increased from 9.245% to 10.495%. The employer had an additional contribution increase of 3%, from 0.58% to 3.58%, for a total employer contribution rate of 13.115%. The employee contributions will return to 9.245% and the employer contributions will return to 9.535% when reducing the employee contribution and terminating the additional employer contributions will not cause the amortization period to exceed 25 years. The amortization period for fiscal year 2022 is 33 years, therefore, the temporary contribution rates will not be reduced.

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 2022 was \$34.6 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 2022 was \$4 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 2022 was \$18.1 million for MPORS and \$19.4 million for FURS. These are recorded as *State Contributions* 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 2022 was \$2.9 million and are recorded as *State Contributions* 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 269 in fiscal year 2021 to 276 in fiscal year 2022. The contributions received (including

interest) during fiscal year 2022 totaled \$149,307. These are recorded in the *Accounts Receivable* on the financial statements. The outstanding balance at June 30, 2022, totaled \$5,874. This is recorded as *Notes Receivable* on the financial statements.

- Three SRS employees have taken advantage of this provision to date. All purchases are paid in full.
- No HPORS, GWPORS, or FURS employees have taken advantage of this provision to date.

SUPPLEMENTAL PAYMENTS

- *Supplemental Benefit for Retirees:* Section 19-6-709, MCA provides eligible Montana highway patrol officers retired prior to July 1, 1991, or their survivors, an annual supplemental lump-sum payment distributed each September. This lump-sum payment is funded by a statutory appropriation requested by the PERB from the general fund. Factors impacting eligibility include the number of years the recipient has received a service retirement benefit or disability benefit, the recipient's age, and whether the recipient is employed in a position covered by a retirement system under Title 19.
- *VFCA Group Insurance Payments:* Supplemental payments are available to qualified volunteer fire companies that provide additional group medical insurance for their members in case of death or injury incurred while in the line of duty. The payment is made to the volunteer fire companies and is equal to \$75 per year for each mobile firefighting unit owned by the volunteer fire company, up to a maximum of two units.

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DEFINED BENEFIT PLAN PROVISIONS

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

System	Compensation period for benefit calculation	Vesting	Eligibility	Benefit Multiplier
MPORS	Member's final average compensation (FAC): * Pre-7/01/1977 - average monthly compensation at retirement. * 7/01/1977 - FAC last consecutive 36 months. * 7/1/2013 - 110% annual cap on FAC compensation.	5 years	* 20 years, any age or * 5 years, age 50	2.5% per year
FURS	Member's compensation: * Pre-7/01/1981 and no GABA - highest monthly compensation (HMC); * 7/01/1981 and GABA - HAC instead of HMC consecutive 36 months. * 7/1/2013 - 110% annual cap on HAC compensation.	5 years	* 20 years, any age or * 5 years, age 50	* Pre-7/1/1981 and no GABA: 2% per year if less than 20 years, and * 50% 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

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Common provisions and terms		
System	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"> * Monthly DROP accruals, including GABA for MPORS only; 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.
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	<p>* Service credit determines benefit.</p> <p>* 1 month of service credit = 160 compensated hours. This includes certain transferred and purchased service.</p> <p>* Eligible active members may purchase 1 for 5 service credit.</p>	<p>* Membership service determines vesting and benefits.</p> <p>* 1 month of membership service = any month member contributions are reported.</p> <p>* Eligible member may purchase membership service.</p>
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	Compensation generally means: * all remuneration paid; * excluding certain allowances, benefits, and lump sum payments; * specifically defined in law and differs amongst the systems. * 7/1/2013 - Bonuses paid are not compensation or pensionable.	Upon termination, a member is eligible to: * forfeit right to monthly benefit. * withdraw member contributions + interest. * rollover >\$200 refunds within 90 days.
JRS		
HPORS		
SRS		
GWORS		
MPORS		
FURS		
VFCA	N/A	N/A

Common provisions and terms		
System	Contributions	Member contributions interest credited
PERS-DBRP	* Member contributions are made through an "employer pickup" pretax arrangement.	* Interest is credited to member accounts at the rates determined by the Board. * The fiscal year 2022 interest rate credited to member accounts was 0.22%.
JRS		
HPORS		
SRS		
GWORS		
MPORS		
FURS		
PERS-DCRP Disability OPEB	* Member contributions: None * Employer contributions: 0.30% of member compensation	
VFCA	N/A	N/A

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System	Early Retirement Benefit	Second Retirement Benefit
PERS-DBRP	<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>
JRS	N/A	N/A
MPORS	<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> <ul style="list-style-type: none"> * Pre-7/01/2013 - 5 years of membership service * 7/01/2013 - 10 years of membership service 	<p>Return on or after July 1, 2017:</p> <ul style="list-style-type: none"> * > 480 hours in a calendar year and < 5 years service credit: <ul style="list-style-type: none"> • no service credit; • refunded member contributions; • same retirement benefit previously paid, and • GABA immediately in January. * > 480 hours in a calendar year and at least 5 years of service credit: <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. * No eligibility for a disability benefit.
SRS	<p>Actuarially reduced from age 60 or 20 years of membership service:</p> <ul style="list-style-type: none"> * 5 years membership service, age 50 	
GWPORS	<ul style="list-style-type: none"> * 5 years of membership service, age 55 	
MPORS	<ul style="list-style-type: none"> * 5 years membership service, age 50 	
FURS	<ul style="list-style-type: none"> * 5 years of membership service, age 50 	
VFCA	N/A	N/A

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System	Post Retirement Benefit Increases		
	Guaranteed Annual Benefit Adjustment (GABA)	GABA Waiting Period	Minimum Benefit Adjustment
PERS-DBRP	<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:</p> <p>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. <p>* 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.</p>
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 2022.

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 2022. The DC Disability OPEB is reported on the financial statements under the column heading *PERS-DCRP Disability OPEB*.

Plan Membership Elections: The financial statements reflect employer and employee contribution transfers of DCRP participants that filed elections at or near the June 30 cutoff date. The contributions will not be moved until early fiscal year 2023. At fiscal year end June 30, 2022, there were ongoing transfers of \$151.3 thousand.

MEMBERSHIP AND EMPLOYERS

Plan Membership as of Fiscal Year End June 30, 2022	
Type of Plan for Reporting Purposes as of Fiscal Year End June 30, 2022	Multi-Employer Defined Contribution
Plan Designation	PERS-DCRP
Classification of Member	
Active	3,386
Inactive: entitled to, but not yet receiving benefits or a refund:	
Vested	997
Non-Vested	1,283
Inactive members and beneficiaries currently receiving benefits:	
Service Retirements	152
Disability Retirements	10
Survivor benefits	3
Total Membership	5,831

Participating Defined Contribution Employers		
Employer Type	PERS-DCRP	
As of Fiscal Year End June 30,	2022	2021
State Agencies	33	33
Counties	53	53
Cities and Towns	61	59
Colleges and Universities	5	5
School Districts	137	136
High Schools	4	3
Other Agencies	51	51
Total	344	340

PERS-DCRP Active Membership by Employer Type		
Employer Type	June 30, 2022	June 30, 2021
State Agencies	1,603	1,626
Counties	551	536
Cities	419	375
Universities	167	158
High Schools	5	4
School Districts	400	374
Other Agencies	241	238
Total	3,386	3,311

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, 2023.

The total employer contribution rate of 8.97% is allocated as follows: 8.63% 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, 2022 actuarial valuation, the additional contributions will not be terminated on January 1, 2023.

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.

MEMBERSHIP AND EMPLOYERS

Plan Membership as of Fiscal Year End June 30, 2022	
Classification of Members	Number of Members
Active:	4,793
Inactive: entitled to, but not yet receiving benefits or a refund: Vested	5,260
Total Membership	10,053

Participating Other Employee Benefit Employers		
Employer Type	Deferred Compensation (457(b)) Plan	
	2022	2021
As of Fiscal Year End June 30,		
State Agencies*	1	1
Counties	9	7
Cities and Towns	20	20
Colleges and Universities	5	5
School Districts	18	15
Other Agencies	18	15
Total	71	63

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

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"> • Participant's 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 of the offered options and transfer between options on a daily basis, if desired. The investment options offered are selected by the PERB in compliance with the PERS-DCRP or Deferred Compensation Investment Policy 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, 2022	Deferred Compensation (457(b)) Plan Investment Options as of June 30, 2022
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, 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 and 2022.

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, 2022

Last 10 Fiscal Years¹

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

¹ This Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.² For fiscal year 2022 Benefit Payments now includes Transfers to Other Systems and for PERS it also includes Transfers to MUS-RP and Transfers to DCRP. For fiscal year 2016 through 2021, Benefit Payments are only benefit payments. In fiscal years 2014 and 2015 the benefit payments include refunds of contribution and transfers.³ For fiscal year 2016 forward, the Refunds of Contributions includes Refunds and Distributions, Refunds to other plans and Transfers.⁴ The Contributions - employer consists of the Employer, Membership Fees, Reduction in Force Program, and Miscellaneous Revenue.⁵ The Contributions - member consists of the Plan Member and Interest Reserve Buyback.⁶ The fiscal year 2017 Net Investment Income and Plan Fiduciary Net Position - ending are different in this schedule from what is presented in the FY17 financial statements due to late entries from Board of Investments.⁷ For FY2016 through FY2021 Other consists of Refunds to Other Plans and Prior Period Adjustments. For PERS, Other also includes the expense for Other Post Employment Benefits (OPEB), Transfers to DCRP and Transfers to MUS-RP. Beginning FY2022 Other represents Prior year adjustments. OPEB, Refunds to other plans, Transfers to DCRP and Transfers to MUS-RP are now reported as Benefit Payments.⁸ For Fiscal Year 2022 the Changes of assumptions for PERS and SRS is the change in discount rate from 7.06% to 7.30%. Fiscal Year 2021 the Changes of assumptions for PERS and SRS is the change in discount rate from 7.34% to 7.06%. The Changes of assumptions for PERS and SRS at June 30, 2020 is the change in the discount rate from 7.65% to 7.34%. The Changes of assumption for SRS at June 30, 2015 and at June 30, 2016 is the adjustment in the discount rate from 7.75% to 6.68% and to 5.93%, respectively.⁹ The PERS-DBRP amounts will not tie to the financial statements due to the exclusion of the PERS-DB Education (DB Ed) amount on this schedule and adjustments for OPEB made after fiscal year end close.

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)
\$ 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, 2022**Last 10 Fiscal Years¹

Fiscal Year	2022	2021	2020
GWPORS			
Total pension liability			
Service cost	\$ 10,138,942	\$ 12,315,331	\$ 8,029,455
Interest	21,166,541	19,379,138	18,535,089
Changes of benefit terms			
Differences between expected and actual experience	(1,278,907)	4,926,763	(2,026,639)
Changes of assumptions ⁸	89,102,385	(68,688,250)	85,967,147
Benefit payments ²	(10,617,274)	(9,282,705)	(8,247,117)
Refunds of Contributions ³	(1,463,999)	(870,457)	(1,200,125)
Net change in total pension liability	\$ 107,047,688	\$ (42,220,180)	\$ 101,057,810
Total pension liability / (asset) - beginning	305,849,993	348,070,173	247,012,363
Total pension liability / (asset) - ending (a)	\$ 412,897,681	\$ 305,849,993	\$ 348,070,173
Plan fiduciary net position			
Contributions - employer ⁴	\$ 4,940,955	\$ 5,411,275	\$ 4,868,538
Contributions - non-employer			
Contributions - member ⁵	6,074,793	6,392,898	5,803,119
Net investment income ⁶	(11,720,230)	59,127,888	5,583,071
Benefit payments ²	(10,617,274)	(9,282,705)	(8,247,117)
Administrative expense	(168,880)	(234,188)	(240,254)
Refunds of Contributions ³	(1,463,999)	(870,457)	(1,200,125)
Other ⁷		(62,854)	(4,006)
Net change in plan fiduciary net position	\$ (12,954,635)	\$ 60,481,857	\$ 6,563,226
Plan fiduciary net position - beginning	273,392,048	212,910,191	206,346,965
Plan fiduciary net position - ending (b)	\$ 260,437,413	\$ 273,392,048	\$ 212,910,191
Net pension liability / (asset) - ending (a-b)	\$ 152,460,268	\$ 32,457,945	\$ 135,159,982
MPORS			
Total pension liability			
Service cost	\$ 15,919,004	\$ 14,219,088	\$ 12,709,957
Interest	51,744,471	49,760,988	47,714,970
Changes of benefit terms			
Differences between expected and actual experience	1,400,754	(1,960,505)	(1,029,413)
Changes of assumptions ⁸	(6,045,237)	27,835,016	27,713,282
Benefit payments ²	(31,856,925)	(29,790,973)	(27,866,365)
Refunds of Contributions ³	(2,299,882)	(5,797,580)	(2,327,658)
Net change in total pension liability	\$ 28,862,185	\$ 54,266,034	\$ 56,914,773
Total pension liability / (asset) - beginning	750,002,918	695,736,884	638,822,111
Total pension liability / (asset) - ending (a)	\$ 778,865,103	\$ 750,002,918	\$ 695,736,884
Plan fiduciary net position			
Contributions - employer ⁴	\$ 8,916,384	\$ 8,534,618	\$ 8,272,676
Contributions - non-employer	18,122,207	17,347,097	16,685,125
Contributions - member ⁵	5,579,938	5,453,705	5,214,262
Net investment income ⁶	(23,865,392)	121,593,538	11,657,780
Benefit payments ²	(31,856,925)	(29,790,973)	(27,866,365)
Administrative expense	(160,164)	(204,819)	(240,967)
Refunds of Contributions ³	(2,299,882)	(5,797,580)	(2,327,658)
Other ⁷		(71,006)	(22,301)
Net change in plan fiduciary net position	\$ (25,563,834)	\$ 117,064,580	\$ 11,372,552
Plan fiduciary net position - beginning	568,215,062	451,150,482	439,777,930
Plan fiduciary net position - ending (b) ⁸	\$ 542,651,228	\$ 568,215,062	\$ 451,150,482
Net pension liability / (asset) - ending (a-b)	\$ 236,213,875	\$ 181,787,856	\$ 244,586,402

¹ This Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.² For fiscal year 2016, Benefit Payments are only benefit payments. In fiscal years 2014 and 2015, the benefit payments include refunds of contributions and transfers.³ For fiscal year 2016, the Refunds of Contributions includes Refunds and Distributions, Refunds to other plans and transfers.⁴ The Contributions - employer consists of the Employer, Membership Fees, Reduction in Force Program, and Miscellaneous Revenue.⁵ The Contributions - member consists of the Plan Member and Interest Reserve Buyback.⁶ The fiscal year 2017 Net Investment Income and Plan Fiduciary Net Position - ending are different in this schedule from what is presented in the FY17 financial statements due to late entries from Board of Investments.⁷ For FY2016 through FY2021 Other consists of Refunds to Other Plans and Prior Period Adjustments. Beginning FY2022 Other represents Prior year adjustments. Refunds to other plans are now reported as Benefit Payments.⁸ The Fiscal Year 2022 the Changes of assumptions for GWPORS and MPORS is the change in discount rate from 7.06% to 5.55% and 7.06% to 7.30%, respectively. Changes of assumptions for June 30, 2021 for GWPORS and MPORS is the change in the discount rate from 5.65% to 7.06% and 7.34% to 7.06% respectively. The Changes of assumptions for GWPORS at June 30, 2020 is the adjustment in the discount rate from 7.65% to 5.65%. The Changes of assumptions for MPORS at June 30, 2020 is the change in the discount rate from 7.65% to 7.34%.

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)	5,877,594	(5,068,318)	(5,351,847)	(5,229,489)
(1,000,919)	(1,105,281)	(5,809,910)	(1,065,541)		
\$ 12,542,705	\$ 21,268,464	\$ 25,667,364	\$ 17,884,584	\$ 15,785,335	\$ 13,878,693
234,469,658	213,201,194	187,533,830	169,649,246	153,863,911	139,985,218
\$ 247,012,363	\$ 234,469,658	\$ 213,201,194	\$ 187,533,830	\$ 169,649,246	\$ 153,863,911
\$ 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)		
\$ 12,824,437	\$ 17,681,652	\$ 21,156,367	\$ 6,046,742	\$ 9,894,661	\$ 22,902,352
193,522,528	175,840,876	154,684,509	148,637,767	138,743,106	115,840,754
\$ 206,346,965	\$ 193,522,528	\$ 175,840,876	\$ 154,684,509	\$ 148,637,767	\$ 138,743,106
\$ 40,665,398	\$ 40,947,130	\$ 37,360,318	\$ 32,849,321	\$ 21,011,479	\$ 15,120,805
\$ 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)		
\$ 49,250,201	\$ 27,596,219	\$ 38,335,171	\$ 23,162,970	\$ 24,155,287	\$ 26,278,974
589,571,910	561,975,691	523,640,520	500,477,550	476,322,263	450,043,289
\$ 638,822,111	\$ 589,571,910	\$ 561,975,691	\$ 523,640,520	\$ 500,477,550	\$ 476,322,263
\$ 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)		
\$ 21,463,634	\$ 34,252,080	\$ 40,435,302	\$ 8,570,089	\$ 15,870,465	\$ 48,177,193
418,314,296	384,062,216	343,626,914	335,056,825	319,186,360	271,009,167
\$ 439,777,930	\$ 418,314,296	\$ 384,062,216	\$ 343,626,914	\$ 335,056,825	\$ 319,186,360
\$ 199,044,181	\$ 171,257,614	\$ 177,913,475	\$ 180,013,606	\$ 165,420,725	\$ 157,135,903

Public Employees' Retirement Board

A Component Unit of the State of Montana

Required Supplementary Information

Schedule of Changes in Multiple-Employer Plans Net Pension Liability / (Asset)
as of June 30, 2022Last 10 Fiscal Years¹

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

¹ This Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.² For fiscal year 2016, Benefit Payments are only benefit payments. In fiscal years 2014 and 2015, the benefit payments include refunds of contribution and transfers.³ For fiscal year 2016, the Refunds of Contributions includes Refunds and Distributions, Refunds to other plans and Transfers. Refunds are not applicable to VFCA.⁴ The Contributions - employer consists of the Employer, Membership Fees, Reduction in Force Program, and Miscellaneous Revenue.⁵ The Contributions - member consists of the Plan Member and Interest Reserve Buyback.⁶ The fiscal year 2017 Net Investment Income and Plan Fiduciary Net Position - ending are different in this schedule from what is presented in the FY17 financial statements due to late entries from Board of Investments.⁷ For FY2016 through FY2021 Other consists of Refunds to Other Plans and Prior Period Adjustments. Beginning FY2022 Other represents Prior year adjustments. Refunds to other plans are now reported as Benefit Payments.⁸ For Fiscal Year 2022 the Changes of assumptions for FURS and VFCA is the change in discount rate from 7.06% to 7.30%. The Changes of assumptions for FURS and VFCA at June 30, 2021 is the change in the discount rate from 7.34% to 7.06%. The Changes of assumptions for FURS and VFCA at June 30, 2020 is the change in the discount rate from 7.65% to 7.34%.

	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)		
			(168,422)			
\$	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	
			2,281,533		(618,854)	
	(2,996,808)	(2,944,046)	(2,858,443)	(2,623,011)	(2,379,353)	(2,294,676)
\$	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, 2022

Last 10 Fiscal Years¹

Fiscal Year	2022	2021	2020
JRS			
Total pension liability			
Service Cost	\$ 2,021,754	\$ 1,896,963	\$ 1,748,288
Interest	5,099,382	4,948,543	4,842,414
Changes of benefit terms			
Differences between expected and actual experience	(2,781,784)	376,265	(261,841)
Changes of assumptions ¹⁰	(1,467,198)	1,869,369	1,911,905
Benefit payments ²	(4,356,996)	(4,204,547)	(4,038,362)
Net change in total pension liability	\$ (1,484,842)	\$ 4,886,593	\$ 4,202,404
Total pension liability / (asset) - beginning	74,407,707	69,521,114	65,318,710
Total pension liability / (asset) - ending (a)	\$ 72,922,865	\$ 74,407,707	\$ 69,521,114
Plan fiduciary net position			
Contributions - employer ⁹	\$ 79,282	\$ 2,139,151	\$ 1,988,166
Contributions - non-employer			
Contributions - member ⁵	629,033	589,463	560,108
Net investment income ⁸	(5,547,031)	29,149,599	2,827,148
Benefit payments ²	(4,356,996)	(4,204,547)	(4,038,362)
Administrative expense	(55,643)	(126,331)	(157,040)
Other ³		(3,374)	15
Net change in plan fiduciary net position	\$ (9,251,355)	\$ 27,543,961	\$ 1,180,035
Plan fiduciary net position - beginning	133,609,633	106,065,672	104,885,637
Plan fiduciary net position - ending (b) ⁸	\$ 124,358,278	\$ 133,609,633	\$ 106,065,672
Net pension liability / (asset) - ending (a-b)	\$ (51,435,413)	\$ (59,201,926)	\$ (36,544,558)
HPORS			
Total pension liability			
Service Cost	\$ 4,089,414	\$ 7,578,028	\$ 3,336,846
Interest	18,597,426	16,742,334	17,688,311
Changes of benefit terms ⁴			
Differences between expected and actual experience	(2,487,197)	1,912,795	(993,030)
Changes of assumptions ¹⁰	(2,749,503)	(125,247,098)	141,054,951
Benefit payments ²	(13,742,508)	(13,710,171)	(12,684,315)
Refund of Contributions ⁵	(1,515,412)	(2,026,383)	(331,169)
Net change in total pension liability	\$ 2,192,220	\$ (114,750,495)	\$ 148,071,594
Total pension liability / (asset) - beginning	271,048,588	385,799,083	237,727,489
Total pension liability / (asset) - ending (a)	\$ 273,240,808	\$ 271,048,588	\$ 385,799,083
Plan fiduciary net position			
Contributions - employer ⁶	\$ 6,639,274	\$ 6,423,043	\$ 6,002,897
Contributions - non-employer ⁶	4,213,133	224,258	226,239
Contributions - member ⁷	2,284,710	2,206,028	2,169,955
Net investment income ⁸	(7,840,616)	41,276,714	4,100,741
Benefit payments ²	(13,742,508)	(13,710,171)	(12,684,315)
Administrative expense	(77,306)	(342,178)	(163,315)
Refund of Contributions ⁵	(1,515,412)	(2,026,383)	(331,169)
Other ³		(39,963)	(130,951)
Net change in plan fiduciary net position	\$ (10,038,725)	\$ 34,011,348	\$ (809,918)
Plan fiduciary net position - beginning	185,979,057	151,967,709	152,777,627
Plan fiduciary net position - ending (b) ⁸	\$ 175,940,332	\$ 185,979,057	\$ 151,967,709
Net pension liability / (asset) - ending (a-b)	\$ 97,300,476	\$ 85,069,531	\$ 233,831,374

¹ This Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.² For fiscal year 2016, Benefit Payments are only benefit payments. In fiscal years 2014, 2015 and 2018, the benefit payments include refunds of contributions and transfers.³ For FY2016 through FY2021 Other consists of Refunds to Other Plans and Prior Period Adjustments. Beginning FY2022 Other represents Prior year adjustments.⁴ Refunds to other plans are now reported as Benefit Payments.⁵ For fiscal year 2015, the HPORS Changes of benefit terms was the addition of the DROP.⁶ For fiscal year 2016, the Refunds of Contributions includes refunds of member contributions.⁷ The fiscal year 2014 and 2015, HPORS employer and non-employer contribution differences are due to considering all non-employer contributions as employer.⁸ The HPORS Contributions - member consists of Plan Member and Interest Reserve Buyback on the financial statements.⁹ The fiscal year 2017 Net Investment Income and Plan Fiduciary Net Position - ending are different in this schedule from what is presented in the FY17 financial statements due to late entries from Board of Investments.¹⁰ For fiscal years 2018 and 2019, the JRS employer contributions decreased due to Senate Bill 1 temporarily suspending employer contributions.¹¹ For fiscal year 2022, the Changes of assumptions for JRS and HPORS is the change in the discount rate from 7.06% to 7.30%. For fiscal year 2021, the Changes of assumptions for JRS and HPORS is the change in the discount rate from 7.34% to 7.06% and 4.43% to 7.06%, respectively. For fiscal year 2020, the Changes of assumptions for JRS is the change in the discount rate from 7.65% to 7.34% and for HPORS is 7.65% to 4.43%.

	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)	(93,811)	(10,000,856)	(9,443,007)
\$	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, 2022
 Last 10 Fiscal Years¹

Fiscal Year	2022	2021	2020
PERS-DBRP			
Total Pension Liability	\$ 9,026,784,090	\$ 9,023,248,586	\$ 8,483,685,413
Plan Fiduciary Net Position ^{2,4}	<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>\$ 2,377,885,194</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	73.66%	79.91%	68.90%
Covered Payroll ³	\$ 1,349,882,543	\$ 1,361,589,739	\$ 1,280,557,497
Net pension liability / (asset) as a percentage of covered payroll ²	176.15%	133.17%	206.02%
SRS			
Total Pension Liability	\$ 597,118,496	\$ 557,551,239	\$ 506,180,744
Plan Fiduciary Net Position ²	<u>460,194,880</u>	<u>484,711,071</u>	<u>384,294,754</u>
Multiple-Employers' Net Pension Liability / (Asset)	<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	77.07%	86.94%	75.92%
Covered Payroll	\$ 96,370,364	\$ 90,869,369	\$ 84,942,848
Net pension liability / (asset) as a percentage of covered payroll	142.08%	80.16%	143.49%
GWPORS			
Total Pension Liability	\$ 412,897,681	\$ 305,849,993	\$ 348,070,173
Plan Fiduciary Net Position ²	<u>260,437,413</u>	<u>273,392,048</u>	<u>212,910,191</u>
Multiple-Employers' Net Pension Liability / (Asset)	<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	63.08%	89.39%	61.17%
Covered Payroll	\$ 54,286,855	\$ 60,022,906	\$ 53,825,163
Net pension liability / (asset) as a percentage of covered payroll	280.84%	54.08%	251.11%

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

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

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

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

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, 2022
 Last 10 Fiscal Years¹

Fiscal Year	2022	2021	2020
MPORS			
Total Pension Liability	\$ 778,865,103	\$ 750,002,918	\$ 695,736,884
Plan Fiduciary Net Position ²	542,651,228	568,215,062	451,150,482
Multiple-Employers' Net Pension Liability / (Asset)	<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	69.67%	75.76%	64.84%
Covered Payroll	\$ 61,329,209	\$ 59,216,593	\$ 56,783,680
Net pension liability / (asset) as a percentage of covered payroll	385.16%	306.99%	430.73%
FURS			
Total Pension Liability	\$ 748,060,423	\$ 696,857,568	\$ 634,414,092
Plan Fiduciary Net Position ²	589,208,686	611,281,874	477,936,941
Multiple-Employers' Net Pension Liability / (Asset)	<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	78.76%	87.72%	75.34%
Covered Payroll	\$ 59,394,409	\$ 56,281,681	\$ 53,858,929
Net pension liability / (asset) as a percentage of covered payroll	267.45%	152.05%	290.53%
VFCA			
Total Pension Liability	\$ 52,309,218	\$ 50,964,342	\$ 49,014,265
Plan Fiduciary Net Position ²	47,086,152	49,641,458	39,908,236
Multiple-Employers' Net Pension Liability / (Asset)	<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	90.02%	97.40%	81.42%
Covered Payroll	N/A	N/A	N/A
Net pension liability / (asset) as a percentage of covered payroll	N/A	N/A	N/A

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

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

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%
\$ 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%
\$ 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, 2022
 Last 10 Fiscal Years¹

Fiscal Year	2022	2021	2020
JRS			
Total Pension Liability	\$ 72,922,865	\$ 74,407,707	\$ 69,521,114
Plan Fiduciary Net Position ²	<u>124,358,278</u>	<u>133,609,633</u>	<u>106,065,672</u>
Single-Employers' Net Pension Liability / (Asset)	<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	170.53%	179.56%	152.57%
Covered Payroll	\$ 8,408,166	\$ 8,281,631	\$ 8,001,462
Net pension liability / (asset) as a percentage of covered payroll	(611.73)%	(714.86)%	(456.72)%
<hr/>			
HPORS			
Total Pension Liability	\$ 273,240,808	\$ 271,048,588	\$ 385,799,083
Plan Fiduciary Net Position ²	<u>175,940,332</u>	<u>185,979,057</u>	<u>151,967,709</u>
Single-Employers' Net Pension Liability / (Asset)	<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	64.39%	68.61%	39.39%
Covered Payroll	\$ 17,274,748	\$ 16,630,576	\$ 15,607,832
Net pension liability / (asset) as a percentage of covered payroll	563.25%	511.52%	1,498.17%

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

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

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, 2022

(in thousands)

Last 10 Fiscal Years¹

Fiscal Year	2022	2021	2020
PERS-DBRP			
Actuarially Determined Contribution	\$ 156,294	\$ 164,931	\$ 156,152
Actual Contributions in Relation to the Actuarially Determined Contribution			
Employer Contributions ^{2, 4}	120,533	121,136	111,991
Non-Employer Contributions (State)	35,761	35,389	35,009
Total Contributions	\$ 156,294	\$ 156,525	\$ 147,000
Contribution Deficiency / (Excess)	\$ 0	\$ 8,406	\$ 9,152
Covered Payroll ³	\$ 1,349,883	\$ 1,361,590	\$ 1,280,557
Contributions as a Percentage of Covered Payroll ³	11.58%	11.50%	11.48%
SRS			
Actuarially Determined Contribution	\$ 12,703	\$ 11,897	\$ 11,175
Actual Contributions in Relation to the Actuarially Determined Contribution			
Employer Contributions ²	12,703	11,897	11,175
Non-Employer Contributions (State)			
Total Contributions	\$ 12,703	\$ 11,897	\$ 11,175
Contribution Deficiency / (Excess)	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 96,370	\$ 90,869	\$ 84,943
Contributions as a Percentage of Covered Payroll	13.18%	13.09%	13.16%

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

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

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

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

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, 2022

(in thousands)

Last 10 Fiscal Years¹

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

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

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

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, 2022

(in thousands)

Last 10 Fiscal Years¹

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

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

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

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

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Public Employees' Retirement Board

A Component Unit of the State of Montana

Notes to the Required Supplementary Information

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

Valuation date: June 30, 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 expense, including inflation
Mortality (Active) - General	PUB-2010 General Amount Weighted Employee Mortality projected to 2021 for males and females. Projected generationally using MP-2021.
Mortality (Disabled) - General	PUB-2010 General Amount Weighted Disabled Retiree mortality table 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) - 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 (Contributing) - Safety	PUB 2010 Safety Amount Weighted Employee Mortality Table projected to 2021. Projected generationally using MP-2021.
Mortality (Retired) - 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 (Beneficiaries) - Safety	PUB 2010 Safety Amount Weighted Contingent Survivor Mortality Table projected to 2021, set forward one year for males. Projected generationally using MP-2021.
Mortality (Disabled) - Safety	PUB 2010 Safety Amount Weighted Disabled Retiree Mortality Table projected to 2021, set forward one year for males.

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, 2022

(in thousands)

Last 10 Fiscal Years¹

Fiscal Year	2022	2021	2020
JRS²			
Actuarially Determined Contribution			
Actual Contributions in Relation to the Actuarially Determined Contribution:			
Employer Contributions ^{3, 5}	\$ 79	\$ 2,139	\$ 1,988
Total Contributions	\$ 79	\$ 2,139	\$ 1,988
Contribution Deficiency / (Excess)	\$ (79)	\$ (2,139)	\$ (1,988)
Covered Payroll	\$ 8,408	\$ 8,282	\$ 8,001
Contributions as a Percentage of Covered Payroll	0.94%	25.83%	24.85%
HPORS²			
Actuarially Determined Contribution	\$ 10,852	\$ 7,273	\$ 6,934
Actual Contributions in Relation to the Actuarially Determined Contribution:			
Employer Contributions ^{3, 4}	10,852	6,647	6,229
Total Contributions	\$ 10,852	\$ 6,647	\$ 6,229
Contribution Deficiency / (Excess)	\$ 0	\$ 626	\$ 705
Covered Payroll	\$ 17,275	\$ 16,631	\$ 15,608
Contributions as a Percentage of Covered Payroll	62.82%	39.97%	39.91%

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

² Notes to Schedule

Valuation date: June 30, 2022

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

Timing	ADC is determined on the actuarial valuation date payable in the fiscal year beginning immediately following the valuation date
Actuarial cost method	Entry age Normal
Amortization method	Level percentage of payroll, open
Remaining amortization period	30 years
Asset valuation method	4-year smoothed market
Wage Inflation	3.50%
Inflation	2.75%
Salary increases	3.50%, including inflation
Investment rate of return	7.30%, net of pension plan investment expense, including inflation
Mortality (Healthy)	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.

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

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

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

	2019	2018	2017	2016	2015	2014
		\$ 1,085	\$ 1,800	\$ 1,807	\$ 1,684	\$ 1,651
		\$ 1,085	\$ 1,800	\$ 1,807	\$ 1,684	\$ 1,651
		\$ (1,085)	\$ (1,800)	\$ (1,807)	\$ (1,684)	\$ (1,651)
\$	7,382	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%

Continuation of Notes to the RSI

Mortality (Active)

PUB-2010 Safety Amount Weighted Employee Mortality projected to 2021 for males and females. Projected generationally using MP-2021.

Mortality (Disabled)

PUB-2010 Safety Amount Weighted Disabled Retiree Mortality projected to 2021, set forward one year for males.

Mortality (Contingent Survivor)

PUB-2010 Safety Amount Weighted Contingent Survivor Mortality projected to 2021, set forward one year for males. Projected generationally using MP-2021.

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, 2022*Last 10 Fiscal Years¹

	Year Ended June 30	PERS-DBRP	SRS	GWPORS
Annual money-weighted rate of return, net investment expense	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	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 %

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

Public Employees' Retirement Board
A Component Unit of the State of Montana
Required Supplementary Information
Schedule of Investment Returns for Single-Employer Plans
as of June 30, 2022
 Last 10 Fiscal Years¹

	Year Ended June 30	JRS	HPORS
Annual money-weighted rate of return, net investment expense	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 %

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

Public Employees' Retirement Board*A Component Unit of the State of Montana***Required Supplementary Information****Schedule of Total OPEB (Healthcare) Liability and Related Ratios, Last Ten Fiscal Years¹**

Fiscal Year	2022	2021	2020	2019	2018
Total OPEB Liability					
Service cost	\$ 35,000	\$ 6,461	\$ 4,763	\$ 6,271	\$ 27,891
Interest	12,271	3,503	2,892	6,096	29,728
Changes of benefit terms					
Difference between expected and actual experience		64,160	22,201		(69,725)
Changes of assumptions or other inputs	(139,054)	317,547	(5,706)	8,460	(4,363)
Benefit payments	9,102	(3,636)	(1,826)	(5,220)	25,170
Net change in total OPEB liability	(82,681)	388,035	22,324	\$ 15,607	\$ 8,701
Total OPEB liability - Beginning	510,761	122,726	100,402	84,795	76,094
Total OPEB liability - Ending	\$ 428,080	\$ 510,761	\$ 122,726	\$ 100,402	\$ 84,795
Proportionate Share of Total OPEB Liability	0.36426%	0.34625%	0.25924%	0.18026%	0.16805%
Covered employee payroll	\$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	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, 2022 (reporting date), the most recent actuarial valuation available was performed by the State of Montana for current year 2022 as of December 31, 2020. The measurement date is March 31, 2022. This actuarial valuation is performed every two years with the next valuation to be performed as of January 1, 2023 for the calendar year ending December 31, 2023. The State of Montana finances claims on a pay-as-you-go basis and does not advance fund the OPEB liability. This is the OPEB obligation for MPERA as a State of Montana employer and is determined by the State of Montana.

Public Employees' Retirement Board

A Component Unit of the State of Montana

Notes to Required Supplementary Information for OPEB (Healthcare)

Actuarial valuation date	December 31, 2020
Actuarial measurement date ¹	March 31, 2022
Experience study period	January 1, 2018 through December 31, 2020
Actuarial cost method	Entry age normal funding method
Amortization method	Open basis
Remaining amortization period	20 years
Asset valuation method	Not applicable because no assets meeting the definition of plan assets under GASB 75
<i>Actuarial assumptions:</i>	
Discount rate	3.31%
Projected payroll increases	2.50%
Participation:	
Future retirees	40.00%
Future eligible spouses	70.00%
Marital status at retirement	70.00%

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

Public Employees' Retirement Board

A Component Unit of the State of Montana

Notes to the Required Supplementary Information

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

	PERS-DBRP	JRS	HPORS
Valuation date	June 30, 2022	June 30, 2022	June 30, 2022
Actuarial cost method	Entry Age	Entry Age	Entry Age
Amortization method	Level percentage of payroll, open	Level percentage of payroll, open	Level percentage of payroll, open
Remaining amortization period in years:			
Unfunded Liability ¹	32		47
Unfunded Credit ²		0	
Asset valuation method	4-Year smoothed market	4-Year smoothed market	4-Year smoothed market
Actuarial assumptions:			
Investment rate of return compounded annually (net of investment expense)	7.30%	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

¹ The unfunded actuarial liability in the GWPORS does not amortize in 30 years.

² Assets are larger than the past service liability – creating an unfunded credit; the credit is amortized over future costs.

SRS	GWPORS	MPORS	FURS	VFCA
June 30, 2022	June 30, 2022	June 30, 2022	June 30, 2022	June 30, 2022
Entry Age	Entry Age	Entry Age	Entry Age	Entry Age
Level percentage of payroll, open	Level percentage of payroll, open	Level percentage of payroll, open	Level percentage of payroll, open	Level percent of inflation, open
33	N/A	24	12	3
				Based on Current Revenue
4-Year smoothed market	4-Year smoothed market	4-Year smoothed market	4-Year smoothed market	4-Year smoothed market
7.30%	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, 2022

	Defined Benefit Plans	PERS-DBRP Education Fund	Defined Contribution PERS-DCRP	Deferred Compensation (457 (b)) Plan
Personal Services				
Salaries	\$ 2,131,839	\$ 539,003	\$ 285,796	\$ 132,184
Board Members' Per Diem	2,610		240	150
Employee Benefits	689,270	206,695	90,523	39,174
Total Personal Services	2,823,719	745,698	376,559	171,508
Other Services				
Consulting and Professional Services	379,514	7,383	369,810	63,687
IT Consulting and Professional Services	625,737		57,539	35,962
Legal Fees and Court Costs	2,100		119	58
Audit Fees	58,734		5,316	3,323
Medical Services	23,126		964	
Records Storage	3,667		337	211
Computer Processing	135,765	35,417	17,708	7,870
Printing and Photocopy Charges	23,153	2,420	638	279
Warrant Writing Services	55,080		5,065	3,166
Other	270,993	3,375	25,417	15,581
Total Other Services	1,577,869	48,595	482,913	130,137
Communications				
Postage and Mailing	67,350	572	359	4,319
Telephone	53,727	14,016	7,008	3,115
Total Communications	121,077	14,588	7,367	7,434
Other Expenses				
Supplies and Materials	308,166	79,113	39,979	18,248
Travel	19,050	2,420	1,921	1,063
Rent	14,829	3,868	1,934	860
Repairs and Maintenance	820	186	103	47
Compensated Absences	60,363	(23,657)	(4,676)	(7,134)
OPEB Expenses	42,253	15,643	5,836	2,139
Miscellaneous	926,892	91,311	94,466	72,492
Total Other Expenses	1,372,373	168,884	139,563	87,715
Total Administrative Expenses	\$ 5,895,038	\$ 977,765	\$ 1,006,402	\$ 396,794

Public Employees' Retirement Board

A Component Unit of the State of Montana

Schedule of Investment Expenses

Year Ended June 30, 2022

Plan	Investment Manager	Fees
PERS-DBRP	Board of Investments	\$ 48,232,987
PERS-DCRP DISABILITY OPEB	Board of Investments	4,245
JRS	Board of Investments	896,863
HPORS	Board of Investments	1,263,433
SRS	Board of Investments	3,283,881
GWPORS	Board of Investments	1,853,797
MPORS	Board of Investments	3,783,191
FURS	Board of Investments	4,088,917
VFCA	Board of Investments	325,647
DC	PIMCO	50,685
	State Street Bank	3,486
	Transamerica	12,855
	Prudential	13,082
	Voya	13,445
457(b)	PIMCO	456,697
	State Street Bank	31,490
	Transamerica	115,895
	Prudential	118,050
	Voya	121,381
Total Investment Expense		\$ 64,670,027

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, 2022

	PERS-DBRP	PERS-DBEd	TOTAL
Assets			
Cash and Short-term Investments	\$ 74,471,066	\$ 1,085,641	\$ 75,556,707
Securities Lending Collateral	67,988,359		67,988,359
Receivables			
Interest	71,557	1,002	72,559
Accounts Receivables	2,612,498	3,817	2,616,315
Amounts Receivable from Other Systems	848,360		848,360
Due from Primary Government			
Notes Receivable	5,874		5,874
<i>Total Receivables</i>	3,538,289	4,819	3,543,108
Investments, at fair value			
CAPP Participant Pool	6,571,252,176		6,571,252,176
<i>Total Investments</i>	6,571,252,176		6,571,252,176
Property and Equipment	48,027	12,122	60,149
Intangible Assets	686,074		686,074
Intangible Right-to-use Assets	2,614,205	810,707	3,424,912
<i>Total Capital Assets - Net Accumulated Depreciation and Amortization</i>	3,348,306	822,829	4,171,135
Total Assets	6,720,598,196	1,913,289	6,722,511,485
Deferred Outflow of Resources - OPEB	250,096	88,555	338,651
Liabilities			
Securities Lending Liability	67,988,359		67,988,359
Accounts Payable	3,097,361	894,579	3,991,940
Contributions Received in Advance	59,675	139	59,814
Amounts Payable to Other Systems			
Compensated Absences	410,320	46,353	456,673
OPEB Implicit Rate Subsidy LT	278,510	98,616	377,126
Total Liabilities	71,834,225	1,039,687	72,873,912
Deferred Inflow of Resources - OPEB	115,171	40,780	155,951
Net Position Restricted for Pension Benefits	\$ 6,648,898,896	\$ 921,377	\$ 6,649,820,273

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, 2022

	PERS-DBRP	PERS-DBEd	TOTAL
Additions			
Contributions			
Employer	\$ 120,456,614	\$ 534,882	\$ 120,991,496
Plan Member	110,368,585		110,368,585
Interest Reserve Buyback	228,972		228,972
Retirement Incentive Program	586		586
Miscellaneous Revenue	76,142	23	76,165
State Contributions	1,127,023		1,127,023
State Appropriations	34,633,570		34,633,570
<i>Total Contributions</i>	266,891,492	534,905	267,426,397
Investment Income			
Net Appreciation (Depreciation) in Fair Value of Investments	(248,521,436)	(1,618)	(248,523,054)
Interest	293,484	3,707	297,191
Dividends			
Investment Costs	(48,232,987)		(48,232,987)
<i>Net Investment Income</i>	(296,460,939)	2,089	(296,458,850)
Securities Lending Income			
Securities Lending Income	715,690		715,690
Securities Lending Rebate and Fees	(157,248)		(157,248)
<i>Net Securities Lending Income</i>	558,442		558,442
Total Net Investment Income	(295,902,497)	2,089	(295,900,408)
Total Additions	(29,011,005)	536,994	(28,474,011)
Deductions			
Benefits	509,232,157		509,232,157
Refunds/Distributions	15,343,596		15,343,596
Transfers to Other Systems	194,392		194,392
Transfers to MUS-RP	230,772		230,772
Transfers to DCRP	2,385,425		2,385,425
OPEB Expenses	42,253	15,643	57,896
Administrative Expenses	4,688,857	962,122	5,650,979
Total Deductions	532,117,452	977,765	533,095,217
Net Increase (Decrease)	(561,128,457)	(440,771)	(561,569,228)
Net Position Restricted for Pension Benefits			
Beginning of Year	7,210,026,882	1,362,148	7,211,389,030
Prior Year Adjustments	471		471
End of Year	\$ 6,648,898,896	\$ 921,377	\$ 6,649,820,273

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, 2022

	PERS-DCRP	PERS-DCEd	TOTAL
Assets			
Cash and Short-term Investments	\$ 4,339,634	\$ 98,878	\$ 4,438,512
Securities Lending Collateral			
Receivables			
Interest	2,944	82	3,026
Accounts Receivables	192,971	409	193,380
Amounts Receivable from Other Systems			
<i>Total Receivables</i>	195,915	491	196,406
Investments			
Defined Contributions Fixed Investments	25,007,194		25,007,194
Defined Contributions Variable Investments	334,478,560		334,478,560
<i>Total Investments</i>	359,485,754		359,485,754
Property and Equipment,	5,169	1,283	6,452
Intangible Assets	163,909		163,909
Intangible Right to use Assets	315,274	90,079	405,353
Total Capital Assets - Net Accumulated Depreciation and Amortization	484,352	91,362	575,714
Total Assets	364,505,655	190,731	364,696,386
Deferred Outflow of Resources - OPEB	22,155	10,437	32,592
Liabilities			
Securities Lending Liability			
Accounts Payable	493,012	99,549	592,561
Contributions Received in Advance	418	8	426
Compensated Absences	42,864	4,817	47,681
OPEB Implicit Rate Subsidy LT	24,672	11,623	36,295
Total Liabilities	560,966	115,997	676,963
Deferred Inflow of Resources - OPEB	10,202	4,807	15,009
Net Position Restricted for Pension Benefits	\$ 363,956,642	\$ 80,364	\$ 364,037,006

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, 2022

	PERS-DCRP	PERS-DCEd	TOTAL
Additions			
Contributions			
Employer ¹	\$ 17,548,660	\$ 89,572	\$ 17,638,232
Plan Member	18,221,873		18,221,873
Miscellaneous Revenue	3,255		3,255
Nonvested Member Forfeitures	1,681,603		1,681,603
<i>Total Contributions</i>	37,455,391	89,572	37,544,963
Investment Income			
Net Appreciation (Depreciation)			
in Fair Value of Investments	(82,570,158)	(48)	(82,570,264)
Interest	16,822,583	308	16,822,891
Investment Costs	(93,553)		(93,553)
<i>Net Investment Earnings</i>	(65,841,128)	202	(65,840,926)
Securities Lending Income			
Securities Lending Income			
Securities Lending Rebate and Fees			
<i>Net Securities Lending Income</i>			
Total Net Investment Earnings	(65,841,128)	202	(65,840,926)
Total Additions	(28,385,737)	89,774	(28,295,963)
Deductions			
Distributions	19,634,705		19,634,705
OPEB Expenses	3,488	2,348	5,836
Administrative Expenses	885,277	115,289	1,000,566
Miscellaneous Expenses	(21,224)		(21,224)
Total Deductions	20,502,246	117,637	20,619,883
Net Increase (Decrease)	(48,887,983)	(27,863)	(48,915,846)
Net Position Restricted for Pension Benefits			
Beginning of Year	412,844,625	108,227	412,952,852
Prior Year Adjustments			
End of Year	\$ 363,956,642	\$ 80,364	\$ 364,037,006

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
Deborah F. Butler, Legal Counsel



Deputy Legislative Auditors:
Cindy Jorgenson
William Soller

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Legislative Audit Committee
of the Montana State Legislature:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Public Employees' Retirement Board (board), a component unit of the State of Montana, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the board's basic financial statements, and have issued our report thereon dated January 4, 2023.

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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the board’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. The identified instances of noncompliance are described below:

The board administers eight defined benefit retirement systems. The Montana Constitution and state law require these retirement systems to be actuarially sound, meaning the retirement system must amortize in 30 years or less. The actuarial valuation as of June 30, 2022, indicates the following four systems are not actuarially sound:

- ◆ Game Wardens’ and Peace Officers’ Retirement System does not amortize.
- ◆ Highway Patrol Officers’ Retirement System amortizes in 47 years.
- ◆ Public Employees’ Defined Benefit Retirement System amortizes in 32 years.
- ◆ Sheriffs’ Retirement System amortizes in 33 years.

Montana Public Employees’ Retirement Board’s Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the board’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the board’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

/s/ Cindy Jorgenson

Cindy Jorgenson, CPA
Deputy Legislative Auditor
Helena, MT

January 4, 2023

PUBLIC EMPLOYEES'
RETIREMENT BOARD

BOARD RESPONSE

MONTANA PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION



GREG GIANFORTE
GOVERNOR

DORE SCHWINDEN
EXECUTIVE DIRECTOR

STATE OF MONTANA

HELENA (406) 444-3154
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PO BOX 200131
HELENA MT 59620-0131



March 14, 2023

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

RECEIVED
March 14, 2023
LEGISLATIVE AUDIT DIV.

Dear Mr. Maciver:

The Montana Public Employees' Retirement Board (MPERB) has received your office's financial audit report for fiscal year 2022. We are pleased with the issuance of an unmodified opinion. Please accept the following as my response to the audit recommendations presented in the report.

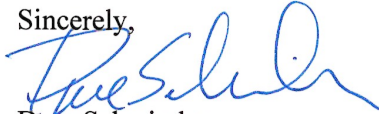
Recommendation #1

The MPERB concurs with the recommendation and in accordance with House Joint Resolution 8, passed during the 2021 Legislative Session to provide for an interim study of pensions, has been working closely with the State Administration and Veterans Affairs (SAVA) interim committee over the last two years to provide system specific information and to recommend funding increases for each of these systems to the Committee. As a result of this extensive study and work with the PERB, the SAVA interim committee is bringing and the PERB is supporting Senate Bill 29 and House Bill 119 during the 68th Legislative Session. Senate Bill 29 would continue the 0.01% employer contribution increase for PERS until 2034 and would bring the PERS amortization period to 28 years. House Bill 119 would allow for a one-time general fund appropriation of \$52.8 million for GWPORS, \$26.8 million for SRS and \$27.6 million for HPORS to bring each system to a 25-year amortization period.

Recommendation #2

The PERB concurs with the recommendation. The PERB hired an outside GASB consultant in fiscal year 2022, to assist with the implementation of GASB statements. The decision to create a separate stand-alone report for the 457 was the recommendation from our consultant in addition to research staff had conducted.

Sincerely,

A handwritten signature in blue ink, appearing to read "Dore Schwinden". The signature is fluid and cursive, with a large initial "D" and "S".

Dore Schwinden
Executive Director