



Public Employees' Retirement Board

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

BACKGROUND

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

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

**Public Employees'
Retirement Board**
President: Sheena Wilson

Executive Director:
Dore Schwinden

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

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

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

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

RECOMMENDATIONS:

In this report, we issued the following recommendations:

To the board: 0

To the legislature: 0

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

Fully Implemented: 0

Partially Implemented: 1

Not Implemented: 0

SUMMARY OF AUDIT WORK:

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

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

leg.mt.gov/lad

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

REPORT ON INTERNAL CONTROL AND COMPLIANCE

(page B-1):

In this report, we identified the following:

Material Weaknesses in Internal Control: 0

Significant Deficiencies in Internal Control: 0

Material Non-Compliance: 1

Other Matters: 0

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