



# Teachers' Retirement Board

## FOR THE FISCAL YEAR ENDED JUNE 30, 2021

### BACKGROUND

The Teachers' Retirement Board (board) administers the Teachers' Retirement System (system) which is a multiple-employer, cost-sharing, defined-benefit, public pension plan. The board is a fiduciary component unit of the State of Montana. Full-time members of the public teaching profession, including administrative and professional staff, are required by law to be members of the system.

The Montana Constitution requires the system to be funded on an actuarially sound basis. Board policy requires any unfunded liability of the system to amortize over a closed period of no more than 30 years. The most recent actuarial valuation, performed as of July 1, 2021, found the unfunded liability of the system amortizes within 24 years.

**Teachers' Retirement Board Chair:** Kari Elliot

**Executive Director:**  
Shawn Graham

The Teachers' Retirement System investments earned approximately \$1.1 billion during fiscal year 2021 because of the approximately 27 percent return on the plan investments; which contributed to an approximately \$593 million decrease in the system's net pension liability.

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

We found the system's financial statements and note disclosures presented fairly the activity of the system in all material respects and 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 system'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 July 1, 2021.

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

[leg.mt.gov/lad](http://leg.mt.gov/lad)

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

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

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

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