

LEGISLATIVE AUDIT DIVISION

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



Deputy Legislative Auditors:
Cindy Jorgenson
Joe Murray

INDEPENDENT AUDITOR'S REPORT

The Legislative Audit Committee
of the Montana State Legislature:

Introduction

We have audited the Employer Contribution column for the fiscal year ended June 30, 2017, and the Employer Proportion based on Employer Contributions column as of June 30, 2017, on the accompanying schedule of Employer and Non-Employer Proportionate Share Allocations for the Montana Municipal Police Officers' Retirement System. We have also audited the Net Pension Liability-Employer total as of June 30, 2017, Total Collective Deferred Outflows total, Total Collective Deferred Inflows total, and Proportionate Share of Plan Pension Expense total included in the accompanying schedule of Employer and Non-Employer Proportionate Share Allocations of the Montana Municipal Police Officers' Retirement System as of and for the fiscal year ended June 30, 2017, for the purpose of employer financial reporting for fiscal year 2018. In addition, we have audited the related notes to the schedule.

Management's Responsibility for the Schedule

Management, the Public Employees' Retirement Board, and its staff, the Montana Public Employee Retirement Administration (MPERA), is responsible for the preparation and fair presentation of this schedule in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the schedule that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on the Employer Contribution column for the fiscal year ended June 30, 2017, and the Employer Proportion based on Employer Contributions column as of June 30, 2017, and the specified total amounts included on the schedule of Employer and Non-Employer Proportionate Share Allocations as of and for the fiscal year ended June 30, 2017. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Employer Contribution and Employer Proportion based on Employer Contributions columns, and the specified total amounts on the schedule of Employer and Non-Employer Proportionate Share Allocations are free from material misstatement. This report does not include the results of our testing of internal control over financial reporting or compliance and other matters; results are addressed through our separately issued financial audits of the Public Employees' Retirement Board.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures on the Employer Contribution and Employer Proportion based on Employer Contributions columns, and the specified total amounts on the schedule of Employer and Non-Employer Proportionate Share Allocations. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to MPERA's preparation and fair presentation of the Employer Contribution and Employer Proportion based on Employer Contributions columns, and specified total amounts on the schedule of Employer and Non-Employer Proportionate Share Allocations 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 MPERA's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by MPERA, as well as evaluating the overall presentation of the Employer Contribution and Employer Proportion based on Employer Contributions columns,

and the specified total amounts on the schedule of Employer and Non-Employer Proportionate Share Allocations.

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

Opinions

In our opinion, the Employer Contribution column (pages 1-2), the Employer Proportion based on Employer Contributions column as of June 30, 2017 (pages 3-4), and the specified total amounts summarized in the table below are presented fairly, in all material respects, in the schedule of Employer and Non-Employer Proportionate Share Allocations for the Montana Municipal Police Officers' Retirement System as of and for the fiscal year ended June 30, 2017, for the purpose of employer financial reporting for fiscal year 2018, in accordance with accounting principles generally accepted in the United States of America.

Specified Amounts from the Schedule of Employer and Non-Employer Proportionate Share Allocations for the Montana Municipal Police Officers' Retirement System as of the June 30, 2017 Measurement Date	Total Amount	Page Number
Net Pension Liability-Employer	\$177,913,475	3
Total Collective Deferred Outflows	\$12,163,395	5
Total Collective Deferred Inflows	\$6,070,490	7
Proportionate Share of Plan Pension Expense	\$21,357,778	9

Other Matters

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the Public Employees' Retirement Board as of and for the fiscal year ended June 30, 2017, and our report thereon, dated December 20, 2017, expressed an unmodified opinion on those financial statements. The Municipal Police Officers' Retirement System is one of several retirement systems that are included in the board's financial statements referred to above.

The Schedule of Employer and Non-Employer Proportionate Share Allocation for the Municipal Police Officers' Retirement System as of and for the fiscal year ended June 30, 2017, for the purpose of employer financial reporting for fiscal year 2018, includes partial prior-year comparative information. Such information does not include all information required or sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the schedule of Employer and Non-Employer Proportionate Share Allocations for the Montana Municipal Police Officers' Retirement System for the fiscal year ended June 30, 2016, for the purpose of employer financial reporting for fiscal year 2017, from which such partial information was derived.

Restriction on Use

Our report is intended solely for the information and use of the Public Employees' Retirement Board, Montana Public Employees' Retirement Administration management, Montana Municipal Police Officers' Retirement System employers and their auditors, the state of Montana as a Non-Employer Contributing Entity and its auditor, and the Montana Legislature.

Respectfully submitted,

/s/ Cindy Jorgenson

Cindy Jorgenson, CPA
Deputy Legislative Auditor
Helena, MT

June 18, 2018

Employer and Non-Employer Proportionate Share Allocations
Montana Municipal Police Officers' Retirement System
- Cost Sharing Plan
w/a Special Funding Situation
for the year ending June 30

Contributions for Fiscal Year Ending June 30, 2017

	Member Rate	Employer Rate	State Rate	Employer Contribution	State Contribution
Total				\$ 7,092,801	\$ 14,456,323
State as Special Funding Entity					
Employers					
6532 PG0322 CITY OF BAKER	9.00%	14.41%	29.37%	39,132	79,757
6533 PG0323 CITY OF BELGRADE	9.00%	14.41%	29.37%	110,266	224,742
6508 PG0305 PN0305 CITY OF BILLINGS	9.00%	14.41%	29.37%	1,522,118	3,102,334
6509 PG0306 CITY OF BOZEMAN	9.00%	14.41%	29.37%	655,143	1,335,293
6522 PG0314 CITY OF COLUMBIA FALLS	9.00%	14.41%	29.37%	70,254	143,190
6534 PG0324 CITY OF COLUMBUS	9.00%	14.41%	29.37%	16,809	34,260
6525 PG0317 CITY OF CUT BANK	9.00%	14.41%	29.37%	45,003	91,723
6531 PG0321 CITY OF DILLON	9.00%	14.41%	29.37%	48,559	98,970
6535 PG0325 CITY OF EAST HELENA	9.00%	14.41%	29.37%	33,814	68,918
6543 PG0332 CITY OF GLASGOW	9.00%	14.41%	29.37%	65,957	134,432
6544 PG0333 CITY OF GLENDIVE	9.00%	14.41%	29.37%	61,322	124,984
6545 PG0334 CITY OF GREAT FALLS	9.00%	14.41%	29.37%	906,709	1,848,025
6548 PG0337 CITY OF HAMILTON	9.00%	14.41%	29.37%	88,932	181,257
6550 PG0339 CITY OF HAVRE	9.00%	14.41%	29.37%	121,314	247,258
6551 PG0340 CITY OF HELENA	9.00%	14.41%	29.37%	464,527	946,784
6555 PG0343 CITY OF KALISPELL	9.00%	14.41%	29.37%	353,045	719,565
6557 PG0345 CITY OF LAUREL	9.00%	14.41%	29.37%	95,021	193,668
6559 PG0347 CITY OF LEWISTOWN	9.00%	14.41%	29.37%	84,135	171,482
6560 PG0348 CITY OF LIBBY	9.00%	14.41%	29.37%	31,966	65,153
6561 PG0349 CITY OF LIVINGSTON	9.00%	14.41%	29.37%	89,995	183,425
6571 PG0353 CITY OF MILES CITY	9.00%	14.41%	29.37%	99,460	202,716

Employer and Non-Employer Proportionate Share Allocations
Montana Municipal Police Officers' Retirement System
- Cost Sharing Plan
w/a Special Funding Situation
for the year ending June 30

Contributions for Fiscal Year Ending June 30, 2017

			Member	Employer	State	Employer	State	
			<u>Rate</u>	<u>Rate</u>	<u>Rate</u>	<u>Contribution</u>	<u>Contribution</u>	
6572	PG0354	PN0354	CITY OF MISSOULA	9.00%	14.41%	29.37%	1,129,985	2,303,097
6576	PG0358		CITY OF PLAINS	9.00%	14.41%	29.37%	20,716	42,222
6578	PG0360		CITY OF POLSON	9.00%	14.41%	29.37%	78,735	160,476
6603	PG0385		CITY OF RED LODGE	9.00%	14.41%	29.37%	56,015	114,167
6599			CITY OF SCOBAY	9.00%	14.41%	29.37%	6,698	13,652
6574	PG0356		CITY OF TROY	9.00%	14.41%	29.37%	14,031	28,598
6594	PG0376		CITY OF WHITEFISH	9.00%	14.41%	29.37%	133,396	271,884
6596	PG0378		CITY OF WOLF POINT	9.00%	14.41%	29.37%	46,320	94,408
6597	PG0379		TOWN OF THOMPSON FALLS	9.00%	14.41%	29.37%	15,059	30,692
6408	PG9073		TOWN OF WEST YELLOWSTONE	9.00%	14.41%	29.37%	38,547	78,566
6458	PG0301		ANACONDA-DEER LODGE COUNTY	9.00%	14.41%	29.37%	132,391	269,833
6510	PG0307		BUTTE SILVER BOW	9.00%	14.41%	29.37%	417,427	850,790
	PG0361		CITY OF POPLAR	9.00%	14.41%	29.37%	-	-

Employer and Non-Employer Proportionate Share Allocations
Montana Municipal Police Officers' Retirement System
- Cost Sharing Plan
w/a Special Funding Situation
for the year ending June 30

			Net Pension Liability as of June 30, 2017				Net Pension Liability as of June 30, 2016			
			Net Pension Liability - Employer	Employer Proportion based on Employer Contributions	Net Pension Liability - State	State Proportion based on State Contributions	Net Pension Liability - Employer	Employer Proportion based on Employer Contributions	Net Pension Liability - State	State Proportion based on State Contributions
Total			\$ 177,913,475	100.000000%	\$ 119,354,026	67.085433%	\$ 180,013,606	100.000000%	\$ 119,708,418	66.499650%
State as Special Funding Entity			\$ 119,354,026	67.085433%			\$ 119,708,418	66.499650%		
Employers										
6532	PG0322	CITY OF BAKER	323,077	0.181592%	658,485	0.370115%	331,705	0.184267%	658,448	0.365777%
6533	PG0323	CITY OF BELGRADE	910,378	0.511697%	1,855,514	1.042931%	952,359	0.529048%	1,890,473	1.050184%
6508	PG0305	PN0305 CITY OF BILLINGS	12,566,878	7.063478%	25,613,434	14.396568%	12,571,489	6.983633%	24,954,951	13.862814%
6509	PG0306	CITY OF BOZEMAN	5,408,979	3.040230%	11,024,418	6.196505%	5,552,007	3.084215%	11,020,975	6.122301%
6522	PG0314	CITY OF COLUMBIA FALLS	580,032	0.326019%	1,182,200	0.664480%	547,337	0.304053%	1,086,487	0.603558%
6534	PG0324	CITY OF COLUMBUS	138,780	0.078004%	282,857	0.158986%	147,071	0.081700%	291,943	0.162178%
6525	PG0317	CITY OF CUT BANK	371,553	0.208839%	757,284	0.425647%	383,527	0.213054%	761,317	0.422922%
6531	PG0321	CITY OF DILLON	400,908	0.225339%	817,117	0.459278%	435,917	0.242158%	865,313	0.480693%
6535	PG0325	CITY OF EAST HELENA	279,172	0.156915%	569,002	0.319819%	294,630	0.163671%	584,852	0.324893%
6543	PG0332	CITY OF GLASGOW	544,556	0.306079%	1,109,896	0.623840%	589,145	0.327278%	1,169,479	0.649661%
6544	PG0333	CITY OF GLENDIVE	506,283	0.284567%	1,031,890	0.579996%	539,153	0.299507%	1,070,243	0.594534%
6545	PG0334	CITY OF GREAT FALLS	7,485,952	4.207636%	15,257,632	8.575872%	7,615,216	4.230356%	15,116,534	8.397440%
6548	PG0337	CITY OF HAMILTON	734,235	0.412692%	1,496,488	0.841133%	691,300	0.384026%	1,372,260	0.762309%
6550	PG0339	CITY OF HAVRE	1,001,591	0.562965%	2,041,408	1.147416%	1,104,324	0.613467%	2,192,131	1.217759%
6551	PG0340	CITY OF HELENA	3,835,219	2.155665%	7,816,822	4.393609%	4,229,192	2.349374%	8,395,130	4.663608%
6555	PG0343	CITY OF KALISPELL	2,914,803	1.638326%	5,940,859	3.339184%	2,822,947	1.568186%	5,603,673	3.112916%
6557	PG0345	CITY OF LAUREL	784,507	0.440949%	1,598,959	0.898729%	818,810	0.454860%	1,625,373	0.902917%
6559	PG0347	CITY OF LEWISTOWN	694,636	0.390435%	1,415,784	0.795771%	757,625	0.420871%	1,503,919	0.835447%
6560	PG0348	CITY OF LIBBY	263,921	0.148342%	537,911	0.302344%	276,000	0.153322%	547,872	0.304350%
6561	PG0349	CITY OF LIVINGSTON	743,016	0.417628%	1,514,389	0.851194%	745,225	0.413982%	1,479,303	0.821773%
6571	PG0353	CITY OF MILES CITY	821,159	0.461549%	1,673,658	0.940715%	898,119	0.498917%	1,782,806	0.990373%

Employer and Non-Employer Proportionate Share Allocations
Montana Municipal Police Officers' Retirement System
- Cost Sharing Plan
w/a Special Funding Situation
for the year ending June 30

				Net Pension Liability as of June 30, 2017				Net Pension Liability as of June 30, 2016			
				Net Pension Liability - Employer	Employer Proportion based on Employer Contributions	Net Pension Liability - State	State Proportion based on State Contributions	Net Pension Liability - Employer	Employer Proportion based on Employer Contributions	Net Pension Liability - State	State Proportion based on State Contributions
6572	PG0354	PN0354	CITY OF MISSOULA	9,329,364	5.243765%	19,014,791	10.687662%	9,759,997	5.421811%	19,374,019	10.762530%
6576	PG0358		CITY OF PLAINS	171,033	0.096133%	348,596	0.195936%	169,809	0.094331%	337,079	0.187252%
6578	PG0360		CITY OF POLSON	650,054	0.365376%	1,324,918	0.744698%	640,399	0.355750%	1,271,220	0.706180%
6603	PG0385		CITY OF RED LODGE	462,466	0.259939%	942,585	0.529800%	487,596	0.270866%	967,900	0.537682%
6599			CITY OF SCOBAY	55,303	0.031084%	112,717	0.063355%	-	0.000000%	-	0.000000%
6574	PG0356		CITY OF TROY	115,846	0.065114%	236,110	0.132711%	138,539	0.076960%	275,005	0.152769%
6594	PG0376		CITY OF WHITEFISH	1,101,345	0.619034%	2,244,725	1.261695%	1,222,583	0.679162%	2,426,881	1.348165%
6596	PG0378		CITY OF WOLF POINT	382,428	0.214951%	779,449	0.438106%	371,318	0.206272%	737,083	0.409459%
6597	PG0379		TOWN OF THOMPSON FALLS	124,328	0.069881%	253,401	0.142429%	156,942	0.087184%	311,537	0.173063%
6408	PG9073		TOWN OF WEST YELLOWSTONE	318,253	0.178881%	648,656	0.364591%	288,008	0.159992%	571,708	0.317591%
6458	PG0301		ANACONDA-DEER LODGE COUNTY	1,093,040	0.614366%	2,227,790	1.252176%	1,163,561	0.646374%	2,309,719	1.283080%
6510	PG0307		BUTTE SILVER BOW	3,446,352	1.937095%	7,024,278	3.948143%	3,603,339	2.001704%	7,152,784	3.973468%
	PG0361		CITY OF POPLAR	-	0.000000%	-	0.000000%	-	0.000000%	-	0.000000%

Employer and Non-Employer Proportionate Share Allocations
Montana Municipal Police Officers' Retirement System
- Cost Sharing Plan
w/a Special Funding Situation
for the year ending June 30

Deferred Outflows of Resources as of June 30, 2017

	Difference Between Expected and Actual Experience	Net Difference		Total Collective Deferred Outflows	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	To be filled in by Employer Employer Contributions Subsequent to the Measurement Date
		Between Projected Actual Investment and Actual Investment Earnings of Pension Plan Investments	Change of Assumptions			
Total	\$ -	\$ 154,631	\$ 12,008,764	\$ 12,163,395	\$ 927,348	
State as Special Funding Entity	\$ -	\$ 103,735	\$ 8,056,131	\$ 8,159,866	\$ 391,096	
Employers						
6532 PG0322	-	281	21,807	22,088	6,498	#
6533 PG0323	-	791	61,448	62,240	-	#
6508 PG0305 PN0305	-	10,922	848,236	859,159	-	#
6509 PG0306	-	4,701	365,094	369,795	17,797	#
6522 PG0314	-	504	39,151	39,655	38,158	#
6534 PG0324	-	121	9,367	9,488	65,964	#
6525 PG0317	-	323	25,079	25,402	1,495	#
6531 PG0321	-	348	27,060	27,409	-	#
6535 PG0325	-	243	18,844	19,086	-	#
6543 PG0332	-	473	36,756	37,230	-	#
6544 PG0333	-	440	34,173	34,613	-	#
6545 PG0334	-	6,506	505,285	511,791	-	#
6548 PG0337	-	638	49,559	50,197	24,415	#
6550 PG0339	-	871	67,605	68,476	-	#
6551 PG0340	-	3,333	258,869	262,202	-	#
6555 PG0343	-	2,533	196,743	199,276	137,925	#
6557 PG0345	-	682	52,952	53,634	12,084	#
6559 PG0347	-	604	46,886	47,490	-	#
6560 PG0348	-	229	17,814	18,043	-	#
6561 PG0349	-	646	50,152	50,798	-	#
6571 PG0353	-	714	55,426	56,140	-	#

Employer and Non-Employer Proportionate Share Allocations
Montana Municipal Police Officers' Retirement System
- Cost Sharing Plan
w/a Special Funding Situation
for the year ending June 30

Deferred Outflows of Resources as of June 30, 2017

				Net Difference		Changes in Proportion		To be filled in by Employer	
				Between Projected		and Differences		Employer	
				Actual Investment		Between Employer		Contributions	
				and Actual Investment		Collective		Subsequent	
				Earnings of Pension		Deferred		to the	
				Change of		Outflows		Measurement Date	
				Assumptions		Share of Contributions			
				Plan Investments					
				Experience					
6572	PG0354	PN0354	CITY OF MISSOULA	-	8,108	629,711	637,820	-	#
6576	PG0358		CITY OF PLAINS	-	149	11,544	11,693	-	#
6578	PG0360		CITY OF POLSON	-	565	43,877	44,442	142,616	#
6603	PG0385		CITY OF RED LODGE	-	402	31,215	31,617	28,915	#
6599			CITY OF SCOBAY	-	48	3,733	3,781	39,264	#
6574	PG0356		CITY OF TROY	-	101	7,819	7,920	-	#
6594	PG0376		CITY OF WHITEFISH	-	957	74,338	75,296	-	#
6596	PG0378		CITY OF WOLF POINT	-	332	25,813	26,145	12,524	#
6597	PG0379		TOWN OF THOMPSON FALLS	-	108	8,392	8,500	-	#
6408	PG9073		TOWN OF WEST YELLOWSTONE	-	277	21,481	21,758	8,596	#
6458	PG0301		ANACONDA-DEER LODGE COUNTY	-	950	73,778	74,728	-	#
6510	PG0307		BUTTE SILVER BOW	-	2,995	232,621	235,616	-	#
	PG0361		CITY OF POPLAR	-	-	-	-	-	#

Employer and Non-Employer Proportionate Share Allocations
Montana Municipal Police Officers' Retirement System
- Cost Sharing Plan
w/a Special Funding Situation
for the year ending June 30

			Deferred Inflows of Resources as of June 30, 2017				
			Net Difference			Changes in Proportion	
			Difference	Between Projected			
			Between	Actual Investment	Total	and Differences	
			Expected	and Actual Investment	Collective	Between Employer	
			and Actual	Earnings of Pension	Deferred	Contributions	
			Experience	Plan Investments	Inflows	and Proportionate	
				Change of		Share of Contributions	
				Assumptions			
Total			\$ 6,070,490	\$ -	\$ -	\$ 6,070,490	\$ 927,348
State as Special Funding Entity			\$ 4,072,415	\$ -	\$ -	\$ 4,072,415	\$ -
Employers							
6532	PG0322	CITY OF BAKER	11,024	-	-	11,024	-
6533	PG0323	CITY OF BELGRADE	31,063	-	-	31,063	22,198
6508	PG0305	PN0305 CITY OF BILLINGS	428,788	-	-	428,788	9,473
6509	PG0306	CITY OF BOZEMAN	184,557	-	-	184,557	-
6522	PG0314	CITY OF COLUMBIA FALLS	19,791	-	-	19,791	-
6534	PG0324	CITY OF COLUMBUS	4,735	-	-	4,735	-
6525	PG0317	CITY OF CUT BANK	12,678	-	-	12,678	-
6531	PG0321	CITY OF DILLON	13,679	-	-	13,679	22,336
6535	PG0325	CITY OF EAST HELENA	9,525	-	-	9,525	2,003
6543	PG0332	CITY OF GLASGOW	18,580	-	-	18,580	50,587
6544	PG0333	CITY OF GLENDIVE	17,275	-	-	17,275	9,445
6545	PG0334	CITY OF GREAT FALLS	255,424	-	-	255,424	66,540
6548	PG0337	CITY OF HAMILTON	25,052	-	-	25,052	-
6550	PG0339	CITY OF HAVRE	34,175	-	-	34,175	37,740
6551	PG0340	CITY OF HELENA	130,859	-	-	130,859	219,203
6555	PG0343	CITY OF KALISPELL	99,454	-	-	99,454	-
6557	PG0345	CITY OF LAUREL	26,768	-	-	26,768	-
6559	PG0347	CITY OF LEWISTOWN	23,701	-	-	23,701	53,408
6560	PG0348	CITY OF LIBBY	9,005	-	-	9,005	12,092
6561	PG0349	CITY OF LIVINGSTON	25,352	-	-	25,352	25,661
6571	PG0353	CITY OF MILES CITY	28,018	-	-	28,018	70,670

Employer and Non-Employer Proportionate Share Allocations
Montana Municipal Police Officers' Retirement System
- Cost Sharing Plan
w/a Special Funding Situation
for the year ending June 30

Deferred Inflows of Resources as of June 30, 2017

				Net Difference			Changes in Proportion	
				Difference	Between Projected		Total	and Differences
				Between	Actual Investment		Collective	Between Employer
				Expected	and Actual Investment	Change of	Deferred	Contributions
				and Actual	Earnings of Pension	Assumptions	Inflows	and Proportionate
				<u>Experience</u>	<u>Plan Investments</u>			<u>Share of Contributions</u>
6572	PG0354	PN0354	CITY OF MISSOULA	318,322	-	-	318,322	77,232
6576	PG0358		CITY OF PLAINS	5,836	-	-	5,836	3,653
6578	PG0360		CITY OF POLSON	22,180	-	-	22,180	-
6603	PG0385		CITY OF RED LODGE	15,780	-	-	15,780	-
6599			CITY OF SCOBAY	1,887	-	-	1,887	-
6574	PG0356		CITY OF TROY	3,953	-	-	3,953	8,153
6594	PG0376		CITY OF WHITEFISH	37,578	-	-	37,578	19,971
6596	PG0378		CITY OF WOLF POINT	13,049	-	-	13,049	-
6597	PG0379		TOWN OF THOMPSON FALLS	4,242	-	-	4,242	14,820
6408	PG9073		TOWN OF WEST YELLOWSTONE	10,859	-	-	10,859	-
6458	PG0301		ANACONDA-DEER LODGE COUNTY	37,295	-	-	37,295	57,510
6510	PG0307		BUTTE SILVER BOW	117,591	-	-	117,591	82,670
	PG0361		CITY OF POPLAR	-	-	-	-	61,982

Employer and Non-Employer Proportionate Share Allocations
Montana Municipal Police Officers' Retirement System
- Cost Sharing Plan
w/a Special Funding Situation
for the year ending June 30

			Pension Expense as of June 30, 2017			
			Deferred Amounts from			
	Proportionate	Changes in Proportion and	Total	Support		
	Share of	Differences Between	Employer	Revenue		
	Plan	Employer Contributions	Pension Expense	Provided by		
	Pension	and Proportionate	(Including Support	State		
	Expense	Share of Contributions	Revenue)	Provided by		
				State		
Total	\$ 21,357,778	\$ -	\$ 35,814,101	\$ 14,456,323		
State as Special Funding Entity	\$ 14,327,958	\$ 84,018	\$ 14,411,975	\$ 14,456,323		
Employers						
6532	PG0322	CITY OF BAKER	38,784	9,737	128,278	79,757
6533	PG0323	CITY OF BELGRADE	109,287	(13,495)	320,535	224,742
6508	PG0305	PN0305 CITY OF BILLINGS	1,508,602	(49,713)	4,561,223	3,102,334
6509	PG0306	CITY OF BOZEMAN	649,326	8,135	1,992,753	1,335,293
6522	PG0314	CITY OF COLUMBIA FALLS	69,630	15,657	228,477	143,190
6534	PG0324	CITY OF COLUMBUS	16,660	33,777	84,697	34,260
6525	PG0317	CITY OF CUT BANK	44,603	4,240	140,567	91,723
6531	PG0321	CITY OF DILLON	48,127	(8,831)	138,266	98,970
6535	PG0325	CITY OF EAST HELENA	33,513	365	102,797	68,918
6543	PG0332	CITY OF GLASGOW	65,372	(20,152)	179,651	134,432
6544	PG0333	CITY OF GLENDIVE	60,777	2,922	188,683	124,984
6545	PG0334	CITY OF GREAT FALLS	898,658	(59,109)	2,687,574	1,848,025
6548	PG0337	CITY OF HAMILTON	88,142	10,646	280,044	181,257
6550	PG0339	CITY OF HAVRE	120,237	(12,926)	354,569	247,258
6551	PG0340	CITY OF HELENA	460,402	(54,582)	1,352,604	946,784
6555	PG0343	CITY OF KALISPELL	349,910	59,080	1,128,555	719,565
6557	PG0345	CITY OF LAUREL	94,177	(1,871)	285,974	193,668
6559	PG0347	CITY OF LEWISTOWN	83,388	(29,479)	225,391	171,482
6560	PG0348	CITY OF LIBBY	31,683	(6,318)	90,517	65,153
6561	PG0349	CITY OF LIVINGSTON	89,196	(18,631)	253,989	183,425
6571	PG0353	CITY OF MILES CITY	98,577	(31,318)	269,974	202,716

Employer and Non-Employer Proportionate Share Allocations
Montana Municipal Police Officers' Retirement System
- Cost Sharing Plan
w/a Special Funding Situation
for the year ending June 30

				Pension Expense as of June 30, 2017			
				Deferred Amounts from			
	Proportionate		Changes in Proportion and		Total		Support
	Share of		Differences Between		Employer		Revenue
	Plan		Employer Contributions		Pension Expense		Provided by
	Pension		and Proportionate		(Including Support		State
	<u>Expense</u>		<u>Share of Contributions</u>		<u>Revenue</u>)		<u>State</u>
6572	PG0354	PN0354	CITY OF MISSOULA	1,119,952	39,010	3,462,059	2,303,097
6576	PG0358		CITY OF PLAINS	20,532	(3,177)	59,578	42,222
6578	PG0360		CITY OF POLSON	78,036	100,635	339,148	160,476
6603	PG0385		CITY OF RED LODGE	55,517	23,422	193,106	114,167
6599			CITY OF SCOBAY	6,639	13,088	33,379	13,652
6574	PG0356		CITY OF TROY	13,907	1,676	44,181	28,598
6594	PG0376		CITY OF WHITEFISH	132,212	7,536	411,632	271,884
6596	PG0378		CITY OF WOLF POINT	45,909	3,437	143,753	94,408
6597	PG0379		TOWN OF THOMPSON FALLS	14,925	(2,313)	43,304	30,692
6408	PG9073		TOWN OF WEST YELLOWSTONE	38,205	(16,866)	99,905	78,566
6458	PG0301		ANACONDA-DEER LODGE COUNTY	131,215	(31,981)	369,067	269,833
6510	PG0307		BUTTE SILVER BOW	413,720	(16,460)	1,248,050	850,790
	PG0361		CITY OF POPLAR	-	(40,155)	(40,155)	-

Employer and Non-Employer Proportionate Share Allocations
Montana Municipal Police Officers' Retirement System
- Cost Sharing Plan
w/a Special Funding Situation
for the year ending June 30

Recognition of Deferred Outflows and Deferred Inflows as of June 30, 2017

	2018	2019	2020	2021	2022	Future Year Deferrals
Total	(\$253,192)	\$5,073,414	\$3,896,510	(\$2,623,827)	\$ -	\$ -
State as Special Funding Entity	\$ (169,855)	\$ 3,403,522	\$ 2,613,991	\$ (1,760,206)	\$ -	\$ -
Employers						
6532 PG0322 CITY OF BAKER	(460)	9,213	7,076	(4,765)	-	-
6533 PG0323 CITY OF BELGRADE	(1,296)	25,960	19,938	(13,426)	-	-
6508 PG0305 PN0305 CITY OF BILLINGS	(17,884)	358,359	275,229	(185,333)	-	-
6509 PG0306 CITY OF BOZEMAN	(7,698)	154,243	118,463	(79,770)	-	-
6522 PG0314 CITY OF COLUMBIA FALLS	(825)	16,540	12,703	(8,554)	-	-
6534 PG0324 CITY OF COLUMBUS	(198)	3,957	3,039	(2,047)	-	-
6525 PG0317 CITY OF CUT BANK	(529)	10,595	8,137	(5,480)	-	-
6531 PG0321 CITY OF DILLON	(571)	11,432	8,780	(5,913)	-	-
6535 PG0325 CITY OF EAST HELENA	(397)	7,961	6,114	(4,117)	-	-
6543 PG0332 CITY OF GLASGOW	(775)	15,529	11,926	(8,031)	-	-
6544 PG0333 CITY OF GLENDIVE	(721)	14,437	11,088	(7,467)	-	-
6545 PG0334 CITY OF GREAT FALLS	(10,653)	213,471	163,951	(110,401)	-	-
6548 PG0337 CITY OF HAMILTON	(1,045)	20,938	16,081	(10,828)	-	-
6550 PG0339 CITY OF HAVRE	(1,425)	28,562	21,936	(14,771)	-	-
6551 PG0340 CITY OF HELENA	(5,458)	109,366	83,996	(56,561)	-	-
6555 PG0343 CITY OF KALISPELL	(4,148)	83,119	63,838	(42,987)	-	-
6557 PG0345 CITY OF LAUREL	(1,116)	22,371	17,182	(11,570)	-	-
6559 PG0347 CITY OF LEWISTOWN	(989)	19,808	15,213	(10,244)	-	-
6560 PG0348 CITY OF LIBBY	(376)	7,526	5,780	(3,892)	-	-
6561 PG0349 CITY OF LIVINGSTON	(1,057)	21,188	16,273	(10,958)	-	-
6571 PG0353 CITY OF MILES CITY	(1,169)	23,416	17,984	(12,110)	-	-

Employer and Non-Employer Proportionate Share Allocations
Montana Municipal Police Officers' Retirement System
- Cost Sharing Plan
w/a Special Funding Situation
for the year ending June 30

Recognition of Deferred Outflows and Deferred Inflows as of June 30, 2017

				<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	Future Year <u>Deferrals</u>
6572	PG0354	PN0354	CITY OF MISSOULA	(13,277)	266,038	204,324	(137,587)	-	-
6576	PG0358		CITY OF PLAINS	(243)	4,877	3,746	(2,522)	-	-
6578	PG0360		CITY OF POLSON	(925)	18,537	14,237	(9,587)	-	-
6603	PG0385		CITY OF RED LODGE	(658)	13,188	10,129	(6,820)	-	-
6599			CITY OF SCOBAY	(79)	1,577	1,211	(816)	-	-
6574	PG0356		CITY OF TROY	(165)	3,303	2,537	(1,708)	-	-
6594	PG0376		CITY OF WHITEFISH	(1,567)	31,406	24,121	(16,242)	-	-
6596	PG0378		CITY OF WOLF POINT	(544)	10,905	8,376	(5,640)	-	-
6597	PG0379		TOWN OF THOMPSON FALLS	(177)	3,545	2,723	(1,834)	-	-
6408	PG9073		TOWN OF WEST YELLOWSTONE	(453)	9,075	6,970	(4,694)	-	-
6458	PG0301		ANACONDA-DEER LODGE COUNTY	(1,556)	31,169	23,939	(16,120)	-	-
6510	PG0307		BUTTE SILVER BOW	(4,905)	98,277	75,479	(50,826)	-	-
	PG0361		CITY OF POPLAR	-	-	-	-	-	-

Employer and Non-Employer Proportionate Share Allocations
Montana Municipal Police Officers' Retirement System
- Cost Sharing Plan
w/a Special Funding Situation
for the year ending June 30

Sensitivity of Employer's Proportionate Share
of the Net Pension Liability as of June 30, 2017

	1% Decrease <u>6.65%</u>	Discount Rate <u>7.65%</u>	1% Increase <u>8.65%</u>
Total	\$259,048,873	\$177,913,475	\$112,859,976
State as Special Funding Entity	\$ 173,784,059	\$ 119,354,026	\$ 75,712,604
Employers			
6532 PG0322 CITY OF BAKER	470,413	323,077	204,945
6533 PG0323 CITY OF BELGRADE	1,325,545	910,378	577,501
6508 PG0305 PN0305 CITY OF BILLINGS	18,297,859	12,566,878	7,971,839
6509 PG0306 CITY OF BOZEMAN	7,875,682	5,408,979	3,431,203
6522 PG0314 CITY OF COLUMBIA FALLS	844,549	580,032	367,945
6534 PG0324 CITY OF COLUMBUS	202,069	138,780	88,036
6525 PG0317 CITY OF CUT BANK	540,996	371,553	235,696
6531 PG0321 CITY OF DILLON	583,738	400,908	254,318
6535 PG0325 CITY OF EAST HELENA	406,486	279,172	177,094
6543 PG0332 CITY OF GLASGOW	792,894	544,556	345,441
6544 PG0333 CITY OF GLENDIVE	737,168	506,283	321,162
6545 PG0334 CITY OF GREAT FALLS	10,899,835	7,485,952	4,748,737
6548 PG0337 CITY OF HAMILTON	1,069,075	734,235	465,765
6550 PG0339 CITY OF HAVRE	1,458,356	1,001,591	635,363
6551 PG0340 CITY OF HELENA	5,584,227	3,835,219	2,432,883
6555 PG0343 CITY OF KALISPELL	4,244,065	2,914,803	1,849,014
6557 PG0345 CITY OF LAUREL	1,142,273	784,507	497,655
6559 PG0347 CITY OF LEWISTOWN	1,011,417	694,636	440,645
6560 PG0348 CITY OF LIBBY	384,279	263,921	167,419
6561 PG0349 CITY OF LIVINGSTON	1,081,860	743,016	471,335
6571 PG0353 CITY OF MILES CITY	1,195,638	821,159	520,905

Employer and Non-Employer Proportionate Share Allocations
Montana Municipal Police Officers' Retirement System
- Cost Sharing Plan
w/a Special Funding Situation
for the year ending June 30

Sensitivity of Employer's Proportionate Share
of the Net Pension Liability as of June 30, 2017

				1% Decrease	Discount Rate	1% Increase
				<u>6.65%</u>	<u>7.65%</u>	<u>8.65%</u>
6572	PG0354	PN0354	CITY OF MISSOULA	13,583,914	9,329,364	5,918,112
6576	PG0358		CITY OF PLAINS	249,031	171,033	108,495
6578	PG0360		CITY OF POLSON	946,503	650,054	412,364
6603	PG0385		CITY OF RED LODGE	673,368	462,466	293,367
6599			CITY OF SCOBAY	80,523	55,303	35,081
6574	PG0356		CITY OF TROY	168,676	115,846	73,487
6594	PG0376		CITY OF WHITEFISH	1,603,600	1,101,345	698,642
6596	PG0378		CITY OF WOLF POINT	556,829	382,428	242,594
6597	PG0379		TOWN OF THOMPSON FALLS	181,026	124,328	78,868
6408	PG9073		TOWN OF WEST YELLOWSTONE	463,389	318,253	201,885
6458	PG0301		ANACONDA-DEER LODGE COUNTY	1,591,509	1,093,040	693,374
6510	PG0307		BUTTE SILVER BOW	5,018,022	3,446,352	2,186,205
	PG0361		CITY OF POPLAR	-	-	-

Employer and Non-Employer Proportionate Share Allocations
Montana Municipal Police Officers' Retirement System
- Cost Sharing Plan
w/a Special Funding Situation
for the year ending June 30

Schedule of Employer's Proportionate
Share of the Net Pension Liability as of June 30, 2017

	Net Pension Liability Employer	Net Pension Liability State	Total	Employer's Covered Payroll	Employer's Proportionate Share as a % of Covered Payroll	Plan Fiduciary Net Position as a % of Total Pension Liability
Total	\$ 58,559,449	\$ 119,354,026	\$ 177,913,475	\$ 49,202,942		
State as Special Funding Entity						
Employers						
6532 PG0322 CITY OF BAKER	323,077	658,485	981,562	271,558	118.97%	68.34%
6533 PG0323 CITY OF BELGRADE	910,378	1,855,514	2,765,892	765,209	118.97%	68.34%
6508 PG0305 PN0305 CITY OF BILLINGS	12,566,878	25,613,434	38,180,313	10,538,184	119.25%	68.34%
6509 PG0306 CITY OF BOZEMAN	5,408,979	11,024,418	16,433,398	4,555,121	118.75%	68.34%
6522 PG0314 CITY OF COLUMBIA FALLS	580,032	1,182,200	1,762,232	487,536	118.97%	68.34%
6534 PG0324 CITY OF COLUMBUS	138,780	282,857	421,638	116,649	118.97%	68.34%
6525 PG0317 CITY OF CUT BANK	371,553	757,284	1,128,837	311,067	119.44%	68.34%
6531 PG0321 CITY OF DILLON	400,908	817,117	1,218,026	336,978	118.97%	68.34%
6535 PG0325 CITY OF EAST HELENA	279,172	569,002	848,174	234,655	118.97%	68.34%
6543 PG0332 CITY OF GLASGOW	544,556	1,109,896	1,654,452	457,719	118.97%	68.34%
6544 PG0333 CITY OF GLENDIVE	506,283	1,031,890	1,538,174	419,836	120.59%	68.34%
6545 PG0334 CITY OF GREAT FALLS	7,485,952	15,257,632	22,743,584	6,306,036	118.71%	68.34%
6548 PG0337 CITY OF HAMILTON	734,235	1,496,488	2,230,724	617,149	118.97%	68.34%
6550 PG0339 CITY OF HAVRE	1,001,591	2,041,408	3,042,999	841,872	118.97%	68.34%
6551 PG0340 CITY OF HELENA	3,835,219	7,816,822	11,652,041	3,223,935	118.96%	68.34%
6555 PG0343 CITY OF KALISPELL	2,914,803	5,940,859	8,855,662	2,449,995	118.97%	68.34%
6557 PG0345 CITY OF LAUREL	784,507	1,598,959	2,383,466	659,407	118.97%	68.34%
6559 PG0347 CITY OF LEWISTOWN	694,636	1,415,784	2,110,421	583,866	118.97%	68.34%
6560 PG0348 CITY OF LIBBY	263,921	537,911	801,832	221,991	118.89%	68.34%
6561 PG0349 CITY OF LIVINGSTON	743,016	1,514,389	2,257,405	624,530	118.97%	68.34%
6571 PG0353 CITY OF MILES CITY	821,159	1,673,658	2,494,817	690,213	118.97%	68.34%

Employer and Non-Employer Proportionate Share Allocations
Montana Municipal Police Officers' Retirement System
- Cost Sharing Plan
w/a Special Funding Situation
for the year ending June 30

Schedule of Employer's Proportionate
Share of the Net Pension Liability as of June 30, 2017

					Employer's	Plan Fiduciary			
	Net Pension	Net Pension		Employer's	Share as a %	Net Position as a			
	Liability	Liability	Total	Covered	of Covered	% of Total			
	<u>Employer</u>	<u>State</u>		<u>Payroll</u>	<u>Payroll</u>	<u>Pension Liability</u>			
6572	PG0354	PN0354	CITY OF MISSOULA	9,329,364	19,014,791	28,344,155	7,841,658	118.97%	68.34%
6576	PG0358		CITY OF PLAINS	171,033	348,596	519,629	143,760	118.97%	68.34%
6578	PG0360		CITY OF POLSON	650,054	1,324,918	1,974,971	546,393	118.97%	68.34%
6603	PG0385		CITY OF RED LODGE	462,466	942,585	1,405,051	388,720	118.97%	68.34%
6599			CITY OF SCOBAY	55,303	112,717	168,019	38,737	142.77%	68.34%
6574	PG0356		CITY OF TROY	115,846	236,110	351,956	97,372	118.97%	68.34%
6594	PG0376		CITY OF WHITEFISH	1,101,345	2,244,725	3,346,070	925,719	0.00%	68.34%
6596	PG0378		CITY OF WOLF POINT	382,428	779,449	1,161,877	321,444	118.97%	68.34%
6597	PG0379		TOWN OF THOMPSON FALLS	124,328	253,401	377,729	104,502	118.97%	68.34%
6408	PG9073		TOWN OF WEST YELLOWSTONE	318,253	648,656	966,910	265,610	119.82%	68.34%
6458	PG0301		ANACONDA-DEER LODGE COUNTY	1,093,040	2,227,790	3,320,831	918,736	118.97%	68.34%
6510	PG0307		BUTTE SILVER BOW	3,446,352	7,024,278	10,470,631	2,896,789	118.97%	68.34%
	PG0361		CITY OF POPLAR	-	-	-	-	N/A	N/A

Employer and Non-Employer Proportionate Share Allocations
Montana Municipal Police Officers' Retirement System
- Cost Sharing Plan
w/a Special Funding Situation
for the year ending June 30

Schedule of Employer Contributions as of June 30, 2017

	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as % Covered Payroll
Total	\$ 21,545,732	\$ 21,545,732	\$ -	\$ 49,202,942	
State as Special Funding Entity	\$ 14,454,048	\$ 14,454,048	\$ -		
Employers					
6532 PG0322 CITY OF BAKER	39,132	39,132	-	271,558	14.41%
6533 PG0323 CITY OF BELGRADE	110,266	110,266	-	765,209	14.41%
6508 PG0305 PN0305 CITY OF BILLINGS	1,522,118	1,522,118	-	10,538,184	14.44%
6509 PG0306 CITY OF BOZEMAN	655,143	655,143	-	4,555,121	14.38%
6522 PG0314 CITY OF COLUMBIA FALLS	70,254	70,254	-	487,536	14.41%
6534 PG0324 CITY OF COLUMBUS	16,809	16,809	-	116,649	14.41%
6525 PG0317 CITY OF CUT BANK	45,003	45,003	-	311,067	14.47%
6531 PG0321 CITY OF DILLON	48,559	48,559	-	336,978	14.41%
6535 PG0325 CITY OF EAST HELENA	33,814	33,814	-	234,655	14.41%
6543 PG0332 CITY OF GLASGOW	65,957	65,957	-	457,719	14.41%
6544 PG0333 CITY OF GLENDIVE	61,322	61,322	-	419,836	14.61%
6545 PG0334 CITY OF GREAT FALLS	906,709	906,709	-	6,306,036	14.38%
6548 PG0337 CITY OF HAMILTON	88,932	88,932	-	617,149	14.41%
6550 PG0339 CITY OF HAVRE	121,314	121,314	-	841,872	14.41%
6551 PG0340 CITY OF HELENA	464,527	464,527	-	3,223,935	14.41%
6555 PG0343 CITY OF KALISPELL	353,045	353,045	-	2,449,995	14.41%
6557 PG0345 CITY OF LAUREL	95,021	95,021	-	659,407	14.41%
6559 PG0347 CITY OF LEWISTOWN	84,135	84,135	-	583,866	14.41%
6560 PG0348 CITY OF LIBBY	31,966	31,966	-	221,991	14.40%
6561 PG0349 CITY OF LIVINGSTON	89,995	89,995	-	624,530	14.41%
6571 PG0353 CITY OF MILES CITY	99,460	99,460	-	690,213	14.41%

Employer and Non-Employer Proportionate Share Allocations
Montana Municipal Police Officers' Retirement System
- Cost Sharing Plan
w/a Special Funding Situation
for the year ending June 30

Schedule of Employer Contributions as of June 30, 2017

				Contractually Required <u>Contribution</u>	Contributions in Relation to the Contractually Required <u>Contributions</u>	Contribution Deficiency (<u>Excess</u>)	Employer's Covered <u>Payroll</u>	Contributions as % Covered <u>Payroll</u>
6572	PG0354	PN0354	CITY OF MISSOULA	1,129,985	1,129,985	-	7,841,658	14.41%
6576	PG0358		CITY OF PLAINS	20,716	20,716	-	143,760	14.41%
6578	PG0360		CITY OF POLSON	78,735	78,735	-	546,393	14.41%
6603	PG0385		CITY OF RED LODGE	56,015	56,015	-	388,720	14.41%
6599			CITY OF SCOBAY	5,582	5,582	-	38,737	14.41%
6574	PG0356		CITY OF TROY	14,031	14,031	-	97,372	14.41%
6594	PG0376		CITY OF WHITEFISH	133,396	133,396	-	925,719	14.41%
6596	PG0378		CITY OF WOLF POINT	46,320	46,320	-	321,444	14.41%
6597	PG0379		TOWN OF THOMPSON FALLS	15,059	15,059	-	104,502	14.41%
6408	PG9073		TOWN OF WEST YELLOWSTONE	38,547	38,547	-	265,610	14.51%
6458	PG0301		ANACONDA-DEER LODGE COUNTY	132,391	132,391	-	918,736	14.41%
6510	PG0307		BUTTE SILVER BOW	417,427	417,427	-	2,896,789	14.41%
	PG0361		CITY OF POPLAR	-	-	-	-	N/A

Public Employees' Retirement Board (PERB)

A Component Unit of the State of Montana

Municipal Police Officers' Retirement System (MPORS)

Notes to the Schedule of Employer and Non-Employer Proportionate Share Allocations

June 30, 2018

The Schedule of Employer Proportionate Share Allocations provides the required information under GASB Statement 68 for the MPORS Multiple-Employer, Cost Sharing Plan (the Plan). The individual participating employers should use this information along with fiscal year 2018 contribution data to prepare financial reports in accordance with GASB Statement 68.

GASB Statement 68 allows a measurement date of up to 12 months before the employer's fiscal year-end. The schedules provided with this report are for employers who are using a June 30, 2017 measurement date for their 2018 reporting.

As allowed by GASB Statement 68, the basis for the total pension liability as of June 30, 2017, was determined by taking the results of the June 30, 2016 actuarial valuation and applying standard roll forward procedures. The roll forward procedure uses a calculation that adds the annual normal cost (also called the service cost), subtracts the actual benefit payments and refunds for the plan year, and then applies the expected investment rate of return for the year. The update procedures are in conformity with Actuarial Standards of Practice issued by the Actuarial Standards Board.

Employer and Non-Employer Proportionate Share Allocations schedule

Under the direction and oversight of the Public Employees' Retirement Board (PERB), Cavanaugh Macdonald Consulting LLC prepared the schedule and calculated the total pension liability; however, responsibility for the schedule remains with the Montana Public Employee Retirement Administration (MPERA) management, staff of the PERB. The Employer Proportionate Share Allocations schedule was extracted from the GASB 68 Report, with totals for all employer-contributing entities at the top of each page.

The financial statements of the PERB *Comprehensive Annual Financial Report* (CAFR) and the GASB 68 Report disclose the Plan's fiduciary net position. Both reports are available on the MPERA website.

Assumptions

The calculations in the GASB 68 Report used the same facts and assumptions found in the FY2017 MPORS Actuary Valuation report. The Summary of Results for the pension plan which includes financial statement information and membership information; Actuarial Procedures and Methods; and Summary of Benefit Provisions are contained in the report.

Special Funding

The Plan has contributions that qualify as special funding from the State of Montana. These contributions should be included in the employers reporting.

As of the measurement date, the Plan had one new employer, City of Scobey. The contributions for City of Scobey started in September 2016 so the contributions were grossed up to 12 months per the GASB standards; see question 129 of the GASB 68 Implementation Guide. Therefore, the measure of required contributions for each employer's proportion uses the same period. The City of Poplar did not have any contributions, so their portion of the pension liability has been reduced and redistributed between all other employers.

Employer and Non-Employer Proportionate Share Allocations - Contributions

The schedule, on pages 1-2, provides information on the measurement date (FY2017) regarding the contribution percentages and contribution amounts for individual employers and the State of Montana, as the non-employer contributing entity.

State law defines contributions to the Plan as a percentage of salary and is consistent for all employers. The Plan's actuarial assumptions reflect the current demographics of all employers, along with the employer's expected long-term contribution effort to the Plan in relation to the other employers.

Employer and Non-Employer Proportionate Share Allocations - Net Pension Liability

The schedule, on pages 3-4, provides the proportionate share and the net pension liability for the employers and the State for fiscal years 2016 and 2017. The calculation of proportionate share used actual contributions made to the Plan during the measurement period (FY2017). The net pension liability component used the proportionate share allocation of the collective pension amounts for the employers and the State, as a non-employer contributing entity.

The employer's proportionate share for a particular employer equals the ratio of the employer's contributions to the sum of all employer and non-employer contributions. The State's proportionate share for a particular employer equals the ratio of the particular employer to the total State contributions paid.

Employer and Non-Employer Proportionate Share Allocations - Deferred Outflows and Deferred Inflows

Presented on pages 5-8 are the Deferred Outflows and Deferred Inflows by source. Since the amortization of certain expense items are over closed periods each year, the deferred portions of these items must be tracked annually. If they increased pension expense, they are labeled deferred outflows. If the amounts reduced pension expense, they are labeled deferred inflows. The amortization of amounts are calculated on a level dollar basis, with no interest included in the deferred amounts. The Total Collective Deferred Outflows and Total Collective Deferred Inflows columns are for audit purposes as the audit provides assurance of the total collective deferrals, not the individual components of the deferred items. The total collective deferred amounts in the schedule are not inclusive of the changes in proportion and differences between employer contributions and proportionate share of contributions. The total collective deferred outflows are also not inclusive of the employer contributions subsequent to the measurement date. The number signs (#) displayed in the column indicates the employer must obtain and enter this information for their FY2018 reporting. Employers should report the changes in proportion and differences between employer contributions and proportionate share of contributions and the employer contributions subsequent to the measurement date, as applicable.

Employer and Non-Employer Proportionate Share Allocations - Pension Expense

Pages 9-10 lists the amount of Pension Expense along with the Support Revenue provided by the State. Pension expense includes amounts for service cost (the annual normal cost under the entry age normal actuarial cost method), interest on the total pension liability, changes in benefit structure, amortization of increases/decreases in liability due to actuarial experience and actuarial assumption changes, and amortization of investment gains/losses.

The unrecognized portion of each year's experience, assumption changes and investment gains/losses are used to develop deferred outflows and inflows, which must be included in the employer's financial statements. Employers report their proportion of the collective pension expense based on the individual changes. Pension expense amounts that are a result of the State, as a non-employer contributing entity, are included in the total for all employers and allocated to each employer as support revenue.

Gains, Losses and Assumption Changes

The experience gains or losses are the portion of current year change in total pension liability due to actual versus expected experience for the year. The portion to recognize in the current year was determined by spreading the total change, including any assumption change impacts, over the average expected remaining service life of the entire Plan membership. The average expected remaining service life was estimated at four years. Investment gains and losses are recognized over five years.

For FY2018 reporting, there was a total actuarial experience loss. This total loss is a result of a loss in the financial experience and changes in actuarial assumptions and methods, along with a gain in the benefit changes. Detailed below are the benefit, contribution, assumption and method changes for FY2018 reporting.

The benefit changes were:

- Effective July 1, 2017, the interest rate credited to member accounts increased from 0.25% to 0.77%.
- Working Retiree Limitations apply to retirement system members who return on or after July 1, 2017 to covered employment in the system from which they retired.
- Second Retirement Benefit applies to retirement system members who return on or after July 1, 2017 to active service covered by the system from which they retired and who accrue at least 5 years of service credit before terminating service again.
- Effective July 1, 2017, lump sum payouts in all systems are limited to the member's accumulated contributions rather than the present value of the member's benefit.

There have been no contribution changes since the previous valuation.

Since the June 30, 2016 valuation, the PERB adopted the recommendations made in the experience study for the six-year period ending June 30, 2016.

The assumption changes outlined below, effective July 1, 2017, were used in the June 30, 2017 actuarial valuation.

- Lowered the interest rate from 7.75% to 7.65%.

- Lowered the inflation rate from 3.00% to 2.75%.
- Updated non-disabled mortality to the RP-2000 Combined Employee and Annuitant Mortality Table projected to 2020 using scale BB, males set back 1 year.
- Increase the rates of withdrawal.
- Lowered the merit component of the total salary increase.
- Lowered the wage base component of the total salary increase from 4.00% to 3.50%.
- Increased the administrative expense load from 0.20% to 0.24%.

The method changes outlined below, effective July 1, 2017, were used in the June 30, 2017 actuarial valuation:

- Administrative expenses are recognized by an additional amount added to the normal cost contribution rate for the System. This amount varies from year to year based on the prior year's actual administrative expenses.
- To be consistent with the wage base growth change, the payroll growth assumption for amortization a a level percent of pay was reduced from 4.00% to 3.50%.

Employer Notes and Disclosures

As required by GASB Statement 68, the information on pages 11-18 of the Employer Proportionate Share Allocations schedule are for the employer's use in their notes and required supplementary information disclosures. The Recognition of Deferred Outflows and Deferred Inflows are on pages 11-12; the Sensitivity of Employer's Proportionate Share of the Net Pension Liability on pages 13-14 shows the sensitivity of the net pension liability to the discount rate. A small change in the discount rate can create a significant change in the net pension liability. Listed on pages 15-16, the Schedule of Employer's Proportionate Share of the Net Pension Liability for 2017 includes the liability for both the employers and the State; the Employer's Covered Payroll and the ratios of the Employer's Proportionate Share as a percent of Covered Payroll and the Plan Fiduciary Net Position as a percent of Total Pension Liability. Pages 17-18, the Schedule of Employer Contributions includes the Contractually Required Contribution, the Contributions in Relation to the Contractually Required Contributions, and the Contribution Deficiency (Excess). The final columns present the Employer's Covered Payroll and the Contributions as a percent of Covered Payroll.