

LEGISLATIVE AUDIT DIVISION

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



Deputy Legislative Auditors:
Cindy Jorgenson
Joe Murray

INDEPENDENT AUDITOR'S REPORT

The Public Employees' Retirement Board:

Introduction

We have audited the Employer Contribution column for the fiscal year ended June 30, 2019, and the Employer Proportion based on Employer Contributions column as of June 30, 2019, on the accompanying Schedule of Employer and Non-Employer Proportionate Share Allocations for the Montana Firefighters' Unified Retirement System—Cost Sharing Plan. We have also audited the Net Pension Liability-Employer total as of June 30, 2019, 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 Firefighters' Unified Retirement System as of and for the fiscal year ended June 30, 2019, for the purpose of employer financial reporting for fiscal year 2020. 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, 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 responsibility includes designing, implementing, and maintaining internal controls 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 specified columns and specified total amounts on the schedule as noted above. 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 specified columns and specified total amounts 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 specified columns and specified total amounts on the schedule as noted above, and disclosures. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the specified columns and specified total amounts on the schedule as noted above, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the board's preparation and fair presentation of the specified columns and specified total amounts on the schedule as noted above 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, and 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 management, as well as the overall presentation of the specified columns and specified total amounts on the schedule as noted above.

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 (page 1), the Employer Proportion based on Employer Contributions column (page 2), 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 Firefighters' Unified Retirement System–Cost Sharing Plan as of and for the fiscal year ended June 30, 2019, for the purpose of employer financial reporting for fiscal year 2020, 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 Firefighters' Unified Retirement System as of the June 30, 2019, Measurement Date	Total Amount	Page Number
Net Pension Liability-Employer	\$114,713,892	2
Total Collective Deferred Outflows	\$22,592,985	3
Total Collective Deferred Inflows	\$1,190,089	4
Proportionate Share of Plan Pension Expense	\$24,203,483	5

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, 2019, and our report thereon, dated December 6, 2019, expressed an unmodified opinion on those financial statements. The Montana Firefighters' Unified 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 Montana Firefighters' Unified Retirement System–Cost Sharing Plan, as of and for the fiscal year ended June 30, 2019, for the purpose of employer financial reporting for fiscal year 2020, 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 Firefighters' Unified Retirement System for the fiscal year ended June 30, 2018, for the purposes of employer financial reporting for fiscal year 2019, from which such partial information was derived.

Restriction on Use

Our report is intended solely for the information and use of the Montana Public Employees' Retirement Board and its auditor, Montana Public Employees' Retirement Administration management, Montana Firefighters' Unified Retirement System employers and their auditors, the State of Montana as a Non-Employer Contributing Entity and their auditors, and the Montana Legislature. It is not intended to be, and should not be, used by anyone other than those specified parties.

Respectfully submitted,

/s/ Jeane Carstensen-Garrett

Jeane Carstensen-Garrett, CPA, Audit Manager
Financial-Compliance Audits
Helena, MT

June 2, 2020

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

Contributions for Fiscal Year Ending June 30, 2019

	<u>Member Rate</u>	<u>Employer Rate</u>	<u>State Rate</u>	<u>Employer Contribution</u>	<u>State Contribution</u>
Total				\$ 7,331,013	\$ 16,566,861
State as Special Funding Entity					
Employer					
6508 CITY OF BILLINGS	10.69%	14.36%	32.61%	1,438,261	3,478,444
6509 CITY OF BOZEMAN	10.69%	14.36%	32.61%	524,670	1,268,918
6522 CITY OF COLUMBIA FALLS	10.69%	14.36%	32.61%	9,629	23,287
6544 CITY OF GLENDIVE	10.69%	14.36%	32.61%	27,631	66,825
6545 CITY OF GREAT FALLS	10.69%	14.36%	32.61%	714,222	1,727,349
6550 CITY OF HAVRE	10.69%	14.36%	32.61%	102,809	248,646
6551 CITY OF HELENA	10.69%	14.36%	32.61%	391,924	947,870
6555 CITY OF KALISPELL	10.69%	14.36%	32.61%	277,747	671,733
6559 CITY OF LEWISTOWN	10.69%	14.36%	32.61%	65,649	158,772
6561 CITY OF LIVINGSTON	10.69%	14.36%	32.61%	137,351	332,184
6571 CITY OF MILES CITY	10.69%	14.36%	32.61%	104,660	253,120
6572 CITY OF MISSOULA	10.69%	14.36%	32.61%	1,073,900	2,597,227
6594 CITY OF WHITEFISH	10.69%	14.36%	32.61%	160,204	387,454
6458 ANACONDA-DEER LODGE COUNTY	10.69%	14.36%	32.61%	87,813	212,681
6510 BUTTE SILVER BOW	10.69%	14.36%	32.61%	371,434	898,313
8654 BIG MOUNTAIN FIRE DISTRICT	10.69%	14.36%	32.61%	41,020	99,208
6347 BIG SKY FIRE DEPARTMENT	10.69%	14.36%	32.61%	268,641	649,711
6719 CENTRAL VALLEY FIRE DISTRICT	10.69%	14.36%	32.61%	228,503	552,636
6428 COLUMBUS RURAL FIRE DISTRICT #3	10.69%	14.36%	32.61%	50,071	121,098
6414 FRENCHTOWN RURAL FIRE DISTRICT	10.69%	14.36%	32.61%	47,911	115,872
6417 HEBGEN BASIN RURAL FD	10.69%	14.36%	32.61%	85,635	207,109
6425 HYALITE RFD	10.69%	14.36%	32.61%	35,577	86,044
6730 LOCKWOOD RURAL FIRE DIST 8	10.69%	14.36%	32.61%	120,914	292,430
6661 MISSOULA RURAL FIRE DISTRICT	10.69%	14.36%	32.61%	435,855	1,054,118
7688 RED LODGE RURAL FIRE DISTRICT 7	10.69%	14.36%	32.61%	40,462	97,859
7694 SEELEY LAKE RURAL FIRE DISTRICT	10.69%	14.36%	32.61%	7,422	17,951
6850 DEPARTMENT OF MILITARY AFFAIRS	10.69%	14.36%	32.61%	469,874	-
6439 LEGISLATIVE COUNCIL	10.69%	14.36%	32.61%	11,221	-
TOWN OF RED LODGE	10.69%	14.36%	32.61%	-	-

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

	Net Pension Liability as of June 30, 2019				Net Pension Liability as of June 30, 2018			
	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	\$114,713,892	100.000000%	\$ 79,523,774	69.323577%	\$ 115,171,464	100.000000%	\$ 78,284,537	67.972164%
State as Special Funding Entity	\$ 79,523,774	69.323577%			\$ 78,284,537	67.972164%		
Employer								
6508 CITY OF BILLINGS	6,903,901	6.018365%	16,697,128	14.555454%	7,279,674	6.320727%	16,645,365	14.452681%
6509 CITY OF BOZEMAN	2,518,508	2.195469%	6,091,025	5.309753%	2,725,281	2.366282%	6,231,502	5.410631%
6522 CITY OF COLUMBIA FALLS	46,220	0.040291%	111,782	0.097444%	48,893	0.042453%	111,798	0.097071%
6544 CITY OF GLENDIVE	132,632	0.115619%	320,770	0.279626%	206,849	0.179601%	472,970	0.410666%
6545 CITY OF GREAT FALLS	3,428,389	2.988643%	8,291,572	7.228045%	3,662,058	3.179657%	8,373,484	7.270450%
6550 CITY OF HAVRE	493,503	0.430203%	1,193,542	1.040451%	528,409	0.458802%	1,208,234	1.049074%
6551 CITY OF HELENA	1,881,303	1.639996%	4,549,940	3.966338%	1,854,894	1.610550%	4,241,313	3.682608%
6555 CITY OF KALISPELL	1,333,236	1.162227%	3,224,436	2.810850%	1,482,534	1.287241%	3,389,894	2.943345%
6559 CITY OF LEWISTOWN	315,127	0.274707%	762,135	0.664379%	259,432	0.225257%	593,204	0.515061%
6561 CITY OF LIVINGSTON	659,308	0.574741%	1,594,538	1.390013%	687,285	0.596750%	1,571,515	1.364500%
6571 CITY OF MILES CITY	502,385	0.437946%	1,215,021	1.059175%	522,244	0.453449%	1,194,144	1.036841%
6572 CITY OF MISSOULA	5,154,903	4.493705%	12,467,135	10.868025%	5,454,479	4.735964%	12,471,927	10.829008%
6594 CITY OF WHITEFISH	769,008	0.670371%	1,859,848	1.621292%	850,163	0.738171%	1,943,937	1.687864%
6458 ANACONDA-DEER LODGE COUNTY	421,519	0.367452%	1,020,903	0.889956%	459,393	0.398877%	1,050,425	0.912053%
6510 BUTTE SILVER BOW	1,782,946	1.554254%	4,312,059	3.758968%	1,844,290	1.601343%	4,217,062	3.661551%
8654 BIG MOUNTAIN FIRE DISTRICT	196,905	0.171649%	476,215	0.415133%	214,320	0.186088%	490,055	0.425501%
6347 BIG SKY FIRE DEPARTMENT	1,289,524	1.124122%	3,118,725	2.718699%	1,143,743	0.993079%	2,615,229	2.270726%
6719 CENTRAL VALLEY FIRE DISTRICT	1,096,852	0.956163%	2,652,749	2.312491%	976,511	0.847876%	2,232,850	1.938718%
6428 COLUMBUS RURAL FIRE DISTRICT #3	240,350	0.209521%	581,289	0.506729%	209,900	0.182250%	479,947	0.416724%
6414 FRENCHTOWN RURAL FIRE DISTRICT	229,979	0.200480%	556,206	0.484864%	259,358	0.225193%	593,038	0.514917%
6417 HEBGEN BASIN RURAL FD	411,063	0.358338%	994,160	0.866643%	380,051	0.329987%	869,011	0.754537%
6425 HYALITE RFD	170,778	0.148873%	413,027	0.360049%	168,194	0.146038%	384,585	0.333924%
6730 LOCKWOOD RURAL FIRE DIST 8	580,406	0.505960%	1,403,713	1.223664%	591,369	0.513468%	1,352,196	1.174072%
6661 MISSOULA RURAL FIRE DISTRICT	2,092,180	1.823825%	5,059,949	4.410929%	2,203,493	1.913229%	5,038,415	4.374708%
7688 RED LODGE RURAL FIRE DISTRICT 7	194,227	0.169314%	469,740	0.409488%	199,512	0.173230%	456,196	0.396102%
7694 SEELEY LAKE RURAL FIRE DISTRICT	35,629	0.031059%	86,169	0.075117%	24,596	0.021356%	56,241	0.048832%
6850 DEPARTMENT OF MILITARY AFFAIRS	2,255,475	1.966174%	-	0.000000%	2,650,000	2.300917%	-	0.000000%
6439 LEGISLATIVE COUNCIL	53,864	0.046955%	-	0.000000%	-	0.000000%	-	0.000000%
TOWN OF RED LODGE	-	0.000000%	-	0.000000%	-	0.000000%	-	0.000000%

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

	Deferred Outflows of Resources as of June 30, 2019						
	Difference Between Expected and Actual Experience	Net Difference Between Projected Actual Investment and Actual Investment Earnings of Pension Plan Investments	Change of Assumptions	Total Collective Deferred Outflows	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Outflows of Resources	To be filled in by Employer Employer Contribution Subsequent to the Measurement Date
Total	\$ 10,312,583	\$ 3,822,626	\$ 8,457,776	\$ 22,592,985	\$ 1,998,864	\$ 24,591,849	
State as Special Funding Entity	\$ 7,149,051	\$ 2,649,981	\$ 5,863,233	\$ 15,662,265	\$ 1,186,125	\$ 16,848,390	
Employer							
6508 CITY OF BILLINGS	620,649	230,060	509,020	1,359,728	-	1,359,728	#
6509 CITY OF BOZEMAN	226,410	83,925	185,688	496,022	-	496,022	#
6522 CITY OF COLUMBIA FALLS	4,155	1,540	3,408	9,103	-	9,103	#
6544 CITY OF GLENDIVE	11,923	4,420	9,779	26,122	-	26,122	#
6545 CITY OF GREAT FALLS	308,206	114,245	252,773	675,224	-	675,224	#
6550 CITY OF HAVRE	44,365	16,445	36,386	97,196	-	97,196	#
6551 CITY OF HELENA	169,126	62,691	138,707	370,524	-	370,524	#
6555 CITY OF KALISPELL	119,856	44,428	98,299	262,582	-	262,582	#
6559 CITY OF LEWISTOWN	28,329	10,501	23,234	62,064	-	62,064	#
6561 CITY OF LIVINGSTON	59,271	21,970	48,610	129,851	-	129,851	#
6571 CITY OF MILES CITY	45,164	16,741	37,040	98,945	-	98,945	#
6572 CITY OF MISSOULA	463,417	171,778	380,067	1,015,262	-	1,015,262	#
6594 CITY OF WHITEFISH	69,133	25,626	56,698	151,457	-	151,457	#
6458 ANACONDA-DEER LODGE COUNTY	37,894	14,046	31,078	83,018	-	83,018	#
6510 BUTTE SILVER BOW	160,284	59,413	131,455	351,152	-	351,152	#
8654 BIG MOUNTAIN FIRE DISTRICT	17,701	6,561	14,518	38,781	78,863	117,644	#
6347 BIG SKY FIRE DEPARTMENT	115,926	42,971	95,076	253,973	270,871	524,843	#
6719 CENTRAL VALLEY FIRE DISTRICT	98,605	36,551	80,870	216,026	246,932	462,958	#
6428 COLUMBUS RURAL FIRE DISTRICT #3	21,607	8,009	17,721	47,337	26,015	73,352	#
6414 FRENCHTOWN RURAL FIRE DISTRICT	20,675	7,664	16,956	45,295	-	45,295	#
6417 HEBGEN BASIN RURAL FD	36,954	13,698	30,307	80,959	6,717	87,676	#
6425 HYALITE RFD	15,353	5,691	12,591	33,635	19,932	53,566	#
6730 LOCKWOOD RURAL FIRE DIST 8	52,178	19,341	42,793	114,311	-	114,311	#
6661 MISSOULA RURAL FIRE DISTRICT	188,083	69,718	154,255	412,056	90,813	502,869	#
7688 RED LODGE RURAL FIRE DISTRICT 7	17,461	6,472	14,320	38,253	29,478	67,731	#
7694 SEELEY LAKE RURAL FIRE DISTRICT	3,203	1,187	2,627	7,017	12,962	19,979	#
6850 DEPARTMENT OF MILITARY AFFAIRS	202,763	75,159	166,295	444,217	-	444,217	#
6439 LEGISLATIVE COUNCIL	4,842	1,795	3,971	10,608	30,158	40,766	#
TOWN OF RED LODGE	-	-	-	-	-	-	#

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

	Deferred Inflows of Resources as of June 30, 2019					
	Difference Between Expected and Actual Experience	Net Difference Between Projected Actual Investment and Actual Investment Earnings of Pension Plan Investments	Change of Assumptions	Total Collective Deferred Inflows	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Inflows of Resources
Total	\$ 1,190,089	\$ -	\$ -	\$ 1,190,089	\$ 1,998,864	\$ 3,188,953
State as Special Funding Entity	\$ 825,012	\$ -	\$ -	\$ 825,012	\$ -	\$ 825,012
Employer						
6508 CITY OF BILLINGS	71,624	-	-	71,624	376,751	448,375
6509 CITY OF BOZEMAN	26,128	-	-	26,128	151,321	177,449
6522 CITY OF COLUMBIA FALLS	480	-	-	480	3,061	3,540
6544 CITY OF GLENDIVE	1,376	-	-	1,376	62,036	63,411
6545 CITY OF GREAT FALLS	35,568	-	-	35,568	192,028	227,596
6550 CITY OF HAVRE	5,120	-	-	5,120	84,098	89,218
6551 CITY OF HELENA	19,517	-	-	19,517	63,803	83,321
6555 CITY OF KALISPELL	13,832	-	-	13,832	188,132	201,964
6559 CITY OF LEWISTOWN	3,269	-	-	3,269	6,068	9,338
6561 CITY OF LIVINGSTON	6,840	-	-	6,840	30,017	36,857
6571 CITY OF MILES CITY	5,212	-	-	5,212	2,478	7,690
6572 CITY OF MISSOULA	53,479	-	-	53,479	393,058	446,537
6594 CITY OF WHITEFISH	7,978	-	-	7,978	92,427	100,405
6458 ANACONDA-DEER LODGE COUNTY	4,373	-	-	4,373	18,523	22,896
6510 BUTTE SILVER BOW	18,497	-	-	18,497	113,018	131,515
8654 BIG MOUNTAIN FIRE DISTRICT	2,043	-	-	2,043	-	2,043
6347 BIG SKY FIRE DEPARTMENT	13,378	-	-	13,378	-	13,378
6719 CENTRAL VALLEY FIRE DISTRICT	11,379	-	-	11,379	-	11,379
6428 COLUMBUS RURAL FIRE DISTRICT #3	2,493	-	-	2,493	-	2,493
6414 FRENCHTOWN RURAL FIRE DISTRICT	2,386	-	-	2,386	7,028	9,414
6417 HEBGEN BASIN RURAL FD	4,265	-	-	4,265	-	4,265
6425 HYALITE RFD	1,772	-	-	1,772	-	1,772
6730 LOCKWOOD RURAL FIRE DIST 8	6,021	-	-	6,021	13,389	19,410
6661 MISSOULA RURAL FIRE DISTRICT	21,705	-	-	21,705	-	21,705
7688 RED LODGE RURAL FIRE DISTRICT 7	2,015	-	-	2,015	-	2,015
7694 SEELEY LAKE RURAL FIRE DISTRICT	370	-	-	370	-	370
6850 DEPARTMENT OF MILITARY AFFAIRS	23,399	-	-	23,399	171,459	194,858
6439 LEGISLATIVE COUNCIL	559	-	-	559	-	559
TOWN OF RED LODGE	-	-	-	-	30,168	30,168

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

Pension Expense as of June 30, 2019				
	Proportionate Share of Plan Pension Expense	Deferred Amounts from Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Employer Pension Expense (Including Support Revenue)	Support Revenue Provided by State
Total	\$ 24,203,483	\$ (0)	\$ 40,770,344	\$ 16,566,861
State as Special Funding Entity	\$ 16,778,720	\$ 193,005	\$ 16,971,725	
Employer				
6508 CITY OF BILLINGS	1,456,654	(95,497)	4,839,601	3,478,444
6509 CITY OF BOZEMAN	531,380	(35,684)	1,764,614	1,268,918
6522 CITY OF COLUMBIA FALLS	9,752	(817)	32,222	23,287
6544 CITY OF GLENDIVE	27,984	(16,558)	78,251	66,825
6545 CITY OF GREAT FALLS	723,356	(63,057)	2,387,647	1,727,349
6550 CITY OF HAVRE	104,124	(25,402)	327,368	248,646
6551 CITY OF HELENA	396,936	(21,935)	1,322,871	947,870
6555 CITY OF KALISPELL	281,299	(42,626)	910,407	671,733
6559 CITY OF LEWISTOWN	66,489	(10,763)	214,498	158,772
6561 CITY OF LIVINGSTON	139,107	(10,626)	460,665	332,184
6571 CITY OF MILES CITY	105,998	(5,319)	353,800	253,120
6572 CITY OF MISSOULA	1,087,633	(95,454)	3,589,406	2,597,227
6594 CITY OF WHITEFISH	162,253	(27,547)	522,161	387,454
6458 ANACONDA-DEER LODGE COUNTY	88,936	(1,584)	300,033	212,681
6510 BUTTE SILVER BOW	376,184	(37,740)	1,236,757	898,313
8654 BIG MOUNTAIN FIRE DISTRICT	41,545	26,706	167,459	99,208
6347 BIG SKY FIRE DEPARTMENT	272,077	82,858	1,004,646	649,711
6719 CENTRAL VALLEY FIRE DISTRICT	231,425	71,190	855,251	552,636
6428 COLUMBUS RURAL FIRE DISTRICT #3	50,711	6,143	177,951	121,098
6414 FRENCHTOWN RURAL FIRE DISTRICT	48,523	1,530	165,926	115,872
6417 HEBGEN BASIN RURAL FD	86,730	1,163	295,003	207,109
6425 HYALITE RFD	36,032	8,663	130,740	86,044
6730 LOCKWOOD RURAL FIRE DIST 8	122,460	(5,673)	409,216	292,430
6661 MISSOULA RURAL FIRE DISTRICT	441,429	56,545	1,552,092	1,054,118
7688 RED LODGE RURAL FIRE DISTRICT 7	40,980	30,292	169,131	97,859
7694 SEELEY LAKE RURAL FIRE DISTRICT	7,517	5,493	30,962	17,951
6850 DEPARTMENT OF MILITARY AFFAIRS	475,883	36,831	512,714	-
6439 LEGISLATIVE COUNCIL	11,365	6,032	17,396	-
TOWN OF RED LODGE	-	(30,168)	(30,168)	-

Employer and Non-Employer Proportionate Share Allocations
Montana Firefighters' Unified 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, 2019				
	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>Future Year</u> <u>Deferrals</u>
Total	\$ 7,358,365	\$ 3,539,547	\$ 6,427,189	\$ 4,232,993	\$ (155,198)
State as Special Funding Entity	\$ 5,294,087	\$ 2,772,914	\$ 4,693,043	\$ 3,160,595	\$ 102,740
Employer					
6508 CITY OF BILLINGS	347,356	103,963	318,879	197,286	(56,130)
6509 CITY OF BOZEMAN	125,866	39,212	114,043	69,307	(29,855)
6522 CITY OF COLUMBIA FALLS	2,148	619	1,917	1,275	(397)
6544 CITY OF GLENDIVE	(8,050)	(10,775)	(6,387)	(1,982)	(10,095)
6545 CITY OF GREAT FALLS	156,858	74,348	157,323	93,306	(34,208)
6550 CITY OF HAVRE	6,254	(7,186)	10,501	3,505	(5,095)
6551 CITY OF HELENA	98,742	29,462	87,884	69,076	2,039
6555 CITY OF KALISPELL	42,895	214	37,949	726	(21,166)
6559 CITY OF LEWISTOWN	9,451	2,372	12,658	21,005	7,242
6561 CITY OF LIVINGSTON	31,666	14,128	30,516	20,980	(4,296)
6571 CITY OF MILES CITY	26,907	16,740	28,934	21,751	(3,077)
6572 CITY OF MISSOULA	235,210	58,819	204,046	115,117	(44,467)
6594 CITY OF WHITEFISH	21,782	485	22,459	17,867	(11,541)
6458 ANACONDA-DEER LODGE COUNTY	25,455	7,718	19,644	12,743	(5,436)
6510 BUTTE SILVER BOW	76,627	20,121	77,507	55,073	(9,691)
8654 BIG MOUNTAIN FIRE DISTRICT	39,337	32,782	37,738	8,247	(2,502)
6347 BIG SKY FIRE DEPARTMENT	165,575	104,006	127,126	96,178	18,581
6719 CENTRAL VALLEY FIRE DISTRICT	141,548	96,392	114,899	83,428	15,312
6428 COLUMBUS RURAL FIRE DISTRICT #3	21,560	14,859	17,537	12,998	3,904
6414 FRENCHTOWN RURAL FIRE DISTRICT	16,283	7,465	12,461	3,812	(4,139)
6417 HEBGEN BASIN RURAL FD	27,531	12,691	22,104	17,242	3,843
6425 HYALITE RFD	19,618	8,059	13,443	10,465	210
6730 LOCKWOOD RURAL FIRE DIST 8	31,557	15,936	29,627	19,724	(1,943)
6661 MISSOULA RURAL FIRE DISTRICT	190,748	102,666	137,544	66,871	(16,665)
7688 RED LODGE RURAL FIRE DISTRICT 7	42,751	7,931	10,764	5,137	(868)
7694 SEELEY LAKE RURAL FIRE DISTRICT	7,779	6,593	2,957	825	1,456
6850 DEPARTMENT OF MILITARY AFFAIRS	181,509	(680)	81,024	42,417	(54,911)
6439 LEGISLATIVE COUNCIL	9,487	7,694	9,049	8,019	5,959
TOWN OF RED LODGE	(30,168)	-	-	-	-

Employer and Non-Employer Proportionate Share Allocations
Montana Firefighters' Unified 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, 2019

	1% Decrease 6.65%	Discount Rate 7.65%	1% Increase 8.65%
Total	\$ 200,350,291	\$ 114,713,892	\$ 45,664,471
State as Special Funding Entity	\$ 138,889,989	\$ 79,523,774	\$ 31,656,245
Employer			
6508 CITY OF BILLINGS	12,057,812	6,903,901	2,748,255
6509 CITY OF BOZEMAN	4,398,629	2,518,508	1,002,549
6522 CITY OF COLUMBIA FALLS	80,723	46,220	18,399
6544 CITY OF GLENDIVE	231,644	132,632	52,797
6545 CITY OF GREAT FALLS	5,987,755	3,428,389	1,364,748
6550 CITY OF HAVRE	861,913	493,503	196,450
6551 CITY OF HELENA	3,285,736	1,881,303	748,895
6555 CITY OF KALISPELL	2,328,525	1,333,236	530,725
6559 CITY OF LEWISTOWN	550,376	315,127	125,443
6561 CITY OF LIVINGSTON	1,151,496	659,308	262,453
6571 CITY OF MILES CITY	877,426	502,385	199,986
6572 CITY OF MISSOULA	9,003,150	5,154,903	2,052,026
6594 CITY OF WHITEFISH	1,343,089	769,008	306,121
6458 ANACONDA-DEER LODGE COUNTY	736,192	421,519	167,795
6510 BUTTE SILVER BOW	3,113,953	1,782,946	709,742
8654 BIG MOUNTAIN FIRE DISTRICT	343,899	196,905	78,383
6347 BIG SKY FIRE DEPARTMENT	2,252,182	1,289,524	513,324
6719 CENTRAL VALLEY FIRE DISTRICT	1,915,676	1,096,852	436,627
6428 COLUMBUS RURAL FIRE DISTRICT #3	419,776	240,350	95,677
6414 FRENCHTOWN RURAL FIRE DISTRICT	401,663	229,979	91,548
6417 HEBGEN BASIN RURAL FD	717,931	411,063	163,633
6425 HYALITE RFD	298,267	170,778	67,982
6730 LOCKWOOD RURAL FIRE DIST 8	1,013,692	580,406	231,044
6661 MISSOULA RURAL FIRE DISTRICT	3,654,038	2,092,180	832,840
7688 RED LODGE RURAL FIRE DISTRICT 7	339,221	194,227	77,316
7694 SEELEY LAKE RURAL FIRE DISTRICT	62,227	35,629	14,183
6850 DEPARTMENT OF MILITARY AFFAIRS	3,939,236	2,255,475	897,843
6439 LEGISLATIVE COUNCIL	94,074	53,864	21,442
TOWN OF RED LODGE	-	-	-

**Employer and Non-Employer Proportionate Share Allocations
Montana Firefighters' Unified 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, 2019**

	Net Pension Liability Employer	Net Pension Liability State	Total	Employer's Covered Payroll	Employer's Share as a % of Covered Payroll	Plan Fiduciary Net Position as a % of Total Pension Liability
Total	\$ 35,190,118	\$ 79,523,774	\$ 114,713,892	\$ 50,756,445	69.33%	80.08%
State as Special Funding Entity						
Employer						
6508 CITY OF BILLINGS	6,903,901	16,697,128	23,601,029	10,436,419	66.15%	80.08%
6509 CITY OF BOZEMAN	2,518,508	6,091,025	8,609,533	3,807,151	66.15%	80.08%
6522 CITY OF COLUMBIA FALLS	46,220	111,782	158,001	69,868	66.15%	80.08%
6544 CITY OF GLENDIVE	132,632	320,770	453,401	200,495	66.15%	80.08%
6545 CITY OF GREAT FALLS	3,428,389	8,291,572	11,719,960	5,182,586	66.15%	80.08%
6550 CITY OF HAVRE	493,503	1,193,542	1,687,044	746,015	66.15%	80.08%
6551 CITY OF HELENA	1,881,303	4,549,940	6,431,243	2,843,908	66.15%	80.08%
6555 CITY OF KALISPELL	1,333,236	3,224,436	4,557,671	2,015,410	66.15%	80.08%
6559 CITY OF LEWISTOWN	315,127	762,135	1,077,262	476,368	66.15%	80.08%
6561 CITY OF LIVINGSTON	659,308	1,594,538	2,253,846	996,655	66.15%	80.08%
6571 CITY OF MILES CITY	502,385	1,215,021	1,717,406	759,441	66.15%	80.08%
6572 CITY OF MISSOULA	5,154,903	12,467,135	17,622,038	7,792,492	66.15%	80.08%
6594 CITY OF WHITEFISH	769,008	1,859,848	2,628,856	1,162,484	66.15%	80.08%
6458 ANACONDA-DEER LODGE COUNTY	421,519	1,020,903	1,442,422	638,110	66.06%	80.08%
6510 BUTTE SILVER BOW	1,782,946	4,312,059	6,095,004	2,695,221	66.15%	80.08%
8654 BIG MOUNTAIN FIRE DISTRICT	196,905	476,215	673,120	297,655	66.15%	80.08%
6347 BIG SKY FIRE DEPARTMENT	1,289,524	3,118,725	4,408,249	1,949,337	66.15%	80.08%
6719 CENTRAL VALLEY FIRE DISTRICT	1,096,852	2,652,749	3,749,601	1,658,080	66.15%	80.08%
6428 COLUMBUS RURAL FIRE DISTRICT #3	240,350	581,289	821,639	363,331	66.15%	80.08%
6414 FRENCHTOWN RURAL FIRE DISTRICT	229,979	556,206	786,185	347,652	66.15%	80.08%
6417 HEBGEN BASIN RURAL FD	411,063	994,160	1,405,223	621,393	66.15%	80.08%
6425 HYALITE RFD	170,778	413,027	583,804	258,159	66.15%	80.08%
6730 LOCKWOOD RURAL FIRE DIST 8	580,406	1,403,713	1,984,119	877,382	66.15%	80.08%
6661 MISSOULA RURAL FIRE DISTRICT	2,092,180	5,059,949	7,152,129	3,162,683	66.15%	80.08%
7688 RED LODGE RURAL FIRE DISTRICT 7	194,227	469,740	663,967	293,608	66.15%	80.08%
7694 SEELEY LAKE RURAL FIRE DISTRICT	35,629	86,169	121,798	53,859	66.15%	80.08%
6850 DEPARTMENT OF MILITARY AFFAIRS	2,255,475	-	2,255,475	1,042,386	216.38%	80.08%
6439 LEGISLATIVE COUNCIL	53,864	-	53,864	8,298	649.13%	80.08%
TOWN OF RED LODGE	-	-	-	-	0.00%	0.00%

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

Schedule of Employer Contributions as of June 30, 2019

	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>
Total	\$ 23,890,393	\$ 23,890,393	\$ -	\$ 50,756,445	47.07%
State as Special Funding Entity	\$ 16,566,861	\$ 16,566,861	\$ -	\$ 50,756,445	32.64%
Employer					
6508 CITY OF BILLINGS	1,438,261	1,438,261	-	10,436,419	13.78%
6509 CITY OF BOZEMAN	524,670	524,670	-	3,807,151	13.78%
6522 CITY OF COLUMBIA FALLS	9,629	9,629	-	69,868	13.78%
6544 CITY OF GLENDIVE	27,631	27,631	-	200,495	13.78%
6545 CITY OF GREAT FALLS	714,222	714,222	-	5,182,586	13.78%
6550 CITY OF HAVRE	102,809	102,809	-	746,015	13.78%
6551 CITY OF HELENA	391,924	391,924	-	2,843,908	13.78%
6555 CITY OF KALISPELL	277,747	277,747	-	2,015,410	13.78%
6559 CITY OF LEWISTOWN	65,649	65,649	-	476,368	13.78%
6561 CITY OF LIVINGSTON	137,351	137,351	-	996,655	13.78%
6571 CITY OF MILES CITY	104,660	104,660	-	759,441	13.78%
6572 CITY OF MISSOULA	1,073,900	1,073,900	-	7,792,492	13.78%
6594 CITY OF WHITEFISH	160,204	160,204	-	1,162,484	13.78%
6458 ANACONDA-DEER LODGE COUNTY	87,813	87,813	-	638,110	13.76%
6510 BUTTE SILVER BOW	371,434	371,434	-	2,695,221	13.78%
8654 BIG MOUNTAIN FIRE DISTRICT	41,020	41,020	-	297,655	13.78%
6347 BIG SKY FIRE DEPARTMENT	268,641	268,641	-	1,949,337	13.78%
6719 CENTRAL VALLEY FIRE DISTRICT	228,503	228,503	-	1,658,080	13.78%
6428 COLUMBUS RURAL FIRE DISTRICT #3	50,071	50,071	-	363,331	13.78%
6414 FRENCHTOWN RURAL FIRE DISTRICT	47,911	47,911	-	347,652	13.78%
6417 HEBGEN BASIN RURAL FD	85,635	85,635	-	621,393	13.78%
6425 HYALITE RFD	35,577	35,577	-	258,159	13.78%
6730 LOCKWOOD RURAL FIRE DIST 8	120,914	120,914	-	877,382	13.78%
6661 MISSOULA RURAL FIRE DISTRICT	435,855	435,855	-	3,162,683	13.78%
7688 RED LODGE RURAL FIRE DISTRICT 7	40,462	40,462	-	293,608	13.78%
7694 SEELEY LAKE RURAL FIRE DISTRICT	7,422	7,422	-	53,859	13.78%
6850 DEPARTMENT OF MILITARY AFFAIRS	469,874	469,874	-	1,042,386	45.08%
6439 LEGISLATIVE COUNCIL	3,740	3,740	-	8,297.85	45.08%
TOWN OF RED LODGE	-	-	-	-	0.00%

Public Employees' Retirement Board (PERB)

A Component Unit of the State of Montana

Firefighters' Unified Retirement System (FURS)

Notes to the Employer and Non-Employer Proportionate Share Allocations

June 30, 2020

The Schedule of Employer Proportionate Share Allocations provides the required information under GASB Statement 68 for the FURS Multiple-Employer, Cost Sharing Plan (the Plan). The individual participating employers should use this information along with fiscal year 2020 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, 2019 measurement date for their 2020 reporting.

As allowed by GASB Statement 68, the basis for the total pension liability as of June 30, 2019, was determined by taking the results of the June 30, 2018 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.

Change in actuarial allocation calculations

The employer and state contributions on the covered payroll are adjusted by the actuary to align with the total employer and state contributions presented on the financial statements included in the PERB CAFR.

To be consistent with this year's calculation of the *State of Montana Proportionate Share Associated with Employer Percent of Collective NPL*, the June 30, 2018 percentage has been recalculated using the actual State percentage presented on the allocation calculation instead of the 100% displayed last year. This does not change the dollar amount of the Net Pension Liability as of 6/30/2018, just the percentage.

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 FY2018 FURS 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. The Actuary Valuation report may be viewed on MPERA's website at: <http://mpera.mt.gov/ABOUT/ActuarialStudies>.

Special Funding

The State of Montana, as the non-employer contributing entity, pays to the Plan, additional contributions that qualify as *special funding*. These contributions should be included in the employers reporting.

The Department of Military Affairs, as a State of Montana employer, had special funding contributions from the State of Montana similar to all other employers in the Plan. A technical inquiry was sent to GASB regarding the treatment of those contributions; specifically, when the State, as the non-contributing entity, contributes on behalf of a state agency. The response received from GASB was that technically, the State and the Department of Military Affairs are both the same entity. Therefore, the non-employer contributing entity contributions should be treated as employer contributions. For this reason, the non-employer contributions from the State were treated as the Department of Military Affairs' employer contributions for the GASB Statement 68 reporting.

The Legislative Council, as a new State of Montana employer to FURS, had special funding contributions from the State of Montana similar to all other employers in the Plan. They are treated the same as the Department of Military Affairs with the non-employer contributing entity, the State of Montana, contributions being treated as employer contributions. Legislative Council started contributing in February 2019, therefore they did not contribute the full 12 months, the liability was calculated using the actual contributions received grossed up to 12 months per GASB standards; see question 129 of the GASB 68 Implementation Guide.

As of the measurement date, the Plan had one employer with no contributions. The Town of Red Lodge did not have contributions, 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 page 1, provides information on the measurement date (FY2019) regarding the contribution percentages and contribution amounts for individual employers and the State of Montana as the non-employer contributing entity. The treatment for the Department of Military Affairs *Special Funding* was described in the section above.

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 other employers.

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

The schedule, on page 2, provides the proportionate share and the net pension liability for the employers and the State for fiscal years 2018 and 2019. The calculation of proportionate share used actual contributions made to the Plan during the measurement period (FY2019). 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 3-4 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 FY2020 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

Page 5 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 recognized 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 six years. Investment gains and losses are recognized over five years.

For FY2020 reporting, there was a total actuarial experience loss. This total loss is a result of a loss in the financial experience. There have been no benefit, contribution, assumption or method changes since the previous valuation.

The assumptions and methods utilized in the June 30, 2018 valuation were developed in the six-year experience study for the period ending June 30, 2016.

Employer Notes and Disclosures

As required by GASB Statement 68, the information on pages 6-9 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 page 6; the Sensitivity of Employer's Proportionate Share of the Net Pension Liability on page 7 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 page 8, the Schedule of Employer's Proportionate Share of the Net Pension Liability for 2019 includes the liability for the employer 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. Page 9, 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.