

# ***STATE OF MONTANA***

## **Public Employees' Retirement Board**

*A Component Unit of the State of Montana*

## **Comprehensive Annual Financial Report**



**For the Fiscal Year Ended  
June 30, 2006**

**Public Employees' Retirement System - Defined Benefit Retirement Plan**

**Judges' Retirement System**

**Highway Patrol Officers' Retirement System**

**Sheriffs' Retirement System**

**Game Wardens' and Peace Officers' Retirement System**

**Municipal Police Officers' Retirement System**

**Firefighters' Unified Retirement System**

**Volunteer Firefighters' Compensation Act**

**Public Employees' Retirement System - Defined Contribution Retirement Plan**

**Deferred Compensation (457) Plan**

**Prepared By:  
The Fiscal Services Bureau  
Public Employee Retirement Administration  
100 North Park, Suite 200 ~ P O Box 200131  
Helena, MT 59620-0131  
(406) 444-3154**

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### *Mission Statement of the PERB*

*The Montana Public Employees' Retirement Board will fiduciarily administer its retirement plans and trust funds, acting in the best interest of the members and beneficiaries.*

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### *Mission Statement of the MPERA*

*The Montana Public Employee Retirement Administration will efficiently provide quality benefits, education and service to help our plan members and beneficiaries achieve a quality retirement.*

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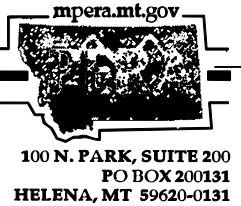
## PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION



BRIAN SCHWEITZER  
GOVERNOR

STATE OF MONTANA

HELENA (406) 444-3154  
TOLL FREE (877) 275-7372  
FAX (406) 444-5428



November 28, 2006

The Honorable Brian Schweitzer  
Governor of Montana  
Room 204, State Capitol  
PO Box 200801  
Helena, MT 59620-0801

Dear Governor Schweitzer:

The Public Employees' Retirement Board (PERB) and its staff, the Montana Public Employee Retirement Administration (MPERA), are pleased to submit this *Comprehensive Annual Financial Report* (CAFR) for the fiscal year ended June 30, 2006, in accordance with 19-2-407, Montana Code Annotated. The purpose of this letter is to introduce the basic financial statements and provide an analytical overview of the trust funds' financial activities.

The financial information presented in this report is the responsibility of the management of Montana Public Employee Retirement Administration and sufficient internal accounting controls exist to provide reasonable assurance regarding the safekeeping of assets and fair presentation of the financial statements, supporting schedules and statistical tables. This CAFR was prepared in conformance with the principles of governmental accounting and reporting set forth by the Governmental Accounting Standards Board, including the Management's Discussion and Analysis (MD&A). Defined benefit and defined contribution transactions are reported on the accrual basis of accounting. The Management Discussion & Analysis (MD&A) beginning on page 15, is a discussion, by management, of the financial position of the retirement plans. It provides an overview and analysis of the plans' basic financial statements. This letter of transmittal is intended to complement the MD&A and the two should be read in conjunction.

### ORGANIZATIONAL STRUCTURE AND REPORT CONTENTS

The PERB is a discretely presented component unit Pension Trust Fund of the State of Montana financial reporting entity. For this reason, the financial statements contained in this report are also included in the State of Montana's *Comprehensive Annual Financial Report*. Fiduciary responsibility for the systems rests with the PERB, which consists of seven members, appointed by the Governor. The members are assigned five-year, staggered terms. The Board is required to approve a final budget before the beginning of the fiscal year. The management of MPERA develops the budget for all plans administered and presents it to the Board. As governed by statute, the Board's defined benefit administrative expenses may not exceed 1.5% of

## INTRODUCTORY SECTION

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the total defined benefit plan retirement benefits paid. Costs for the Board to administer the defined contribution plans are included as part of the administrative expenses of the plans. The budget is monitored throughout the year and quarterly updates are provided.

The Public Employees' Retirement Board administers ten separate retirement plans, each reported in this CAFR. They include the *Public Employees' Retirement System-Defined Benefit Retirement Plan* (in its 62<sup>nd</sup> year of operation) and *Public Employees' Retirement System-Defined Contribution Retirement Plan*, *Judges' Retirement System*, *Highway Patrol Officers' Retirement System*, *Sheriffs' Retirement System*, *Game Wardens' and Peace Officers' Retirement System*, *Municipal Police Officers' Retirement System*, *Firefighters' Unified Retirement System*, *Volunteer Firefighters' Compensation Act* and the *Deferred Compensation (457) Plan*. The CAFR is divided into the following five sections:

- an *Introductory Section*, which contains the table of contents, this letter of transmittal and administrative organization;
- a *Financial Section*, which contains the report of the Independent Auditors, the Management's Discussion and Analysis, the financial statements of the PERB, the notes to the financial statements, certain required supplementary information and supporting schedules of administrative expenses, investment expenses and payments to consultants;
- an *Investment Section*, which contains a report on investment activity, investment policies, investment results and various investment schedules;
- an *Actuarial Section*, which contains the Actuary's Certification Letter and the results of the latest actuarial valuation; and,
- a *Statistical Section*, which includes significant data pertaining to the plans.

The pages that follow report the facts and figures that are the result of dedicated work, new initiatives, improved processes and continuing efforts made to meet the needs of our customers. We trust that you and the members of the plans will find this CAFR helpful in understanding the retirement plans.

## ECONOMIC CONDITION AND OUTLOOK

The economic outlook of the plans is based primarily upon investment earnings. For 2006, the PERS-DBRP experienced a 9.07 percent fair value rate of return, for the last three years an average annualized rate of return of 10.19 percent and for the last five years an average annualized rate of return of 5.76 percent. The plans are required by law to be maintained on an actuarially sound basis thus protecting participants' future benefits.

The PERB contracts with consultants for professional services, which are essential to the effective and efficient operation of the plans. A listing of consultants the PERB has contracted with can be found on page 87.

The investments of the pension trust funds are governed, primarily, by an investment standard known as the "prudent expert principle." The prudent expert principle is constitutionally and statutorily mandated and establishes a standard for all fiduciaries, which includes

anyone having authority with respect to the pension trusts. The prudent expert principle states that fiduciaries will discharge their duties solely in the interest of the trust funds' participants and beneficiaries and with the degree of diligence, care and skill which prudent experts would ordinarily exercise under similar circumstances in a like position. By following the prudent expert principle and permitting further diversification of investments within a fund, the fund may reduce overall risk and increase returns. The prudent expert principle permits the PERB to establish an investment policy based upon certain investment criteria and allows for the delegation of investment authority to the Board of Investments (BOI), Department of Commerce. The statement of investment policy outlines the responsibility for the investment of the funds and the degree of risk that is deemed appropriate for the trust funds. Investment officers are to execute the investment policy in accordance with statutory authority, the PERB's policy and their respective guidelines, but are to use full discretion within the policy and guidelines. A summary of the asset allocations can be found in the *Investment Section* of this annual report.

Pension trust funds are well-funded when there is enough money in reserve to meet all expected future obligations to participants. The PERB's funding objective is to meet long-term benefit promises through contributions that remain approximately level as a percent of member payroll. The greater the level of funding, the larger the ratio of assets accumulated to the actuarial accrued liability and the greater the level of investment potential. The advantage of a well-funded plan is participants can see assets that are committed to the payment of benefits. A detailed discussion of funding is provided in the *Actuarial Section* of this annual report beginning on page 111. More information has been added to the *Statistical Section* of this annual report including the five objectives according to GASB 44: financial trends, revenue capacity, debt capacity, demographic and economic information and operating information.

The previous bear market had a negative affect on earnings and although recovery has been slow, we anticipate that over the long-term the earning rates will continue to meet the actuarial assumed rate of 8 percent. Current member benefits will not be changed, although the legislature will review the funding and assure the plans are funded on an actuarially sound basis. Based on the report of our actuary for July 1, 2006, one of the eight defined benefit plans had surplus funding and three of the eight defined benefit plans (PERS, GWPORS and SRS) have an actuarial liability that does not amortize over the required 30 years. Legislation seeking to increase employer contributions in those three systems was not approved by the 2005 Legislature, nor the Special Session. MPERA is hopeful that the 2007 Legislature will address the plans' funding needs.

The PERS-DCRP was implemented July 1, 2002. New hires of the PERS have the option of choosing participation in either the defined benefit retirement plan (DBRP) or the defined contribution retirement plan (DCRP). University employees also have a third option of joining the Optional Retirement Program (ORP) administered by the Teachers Insurance and Annuity Association - College Retirement Equities Fund (TIAA-CREF New York, NY).

All new hires are offered Plan Choice Educational workshops funded by a percentage of em-

## INTRODUCTORY SECTION

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ployer contributions. Education to our members and employers is a top priority. We continue to add workshops and member services through our website.

The web reporting systems take advantage of advanced technology and result in more accurate reporting and more timely deposits to participants' accounts. All payrolls must be reported within five working days of each payday. These web reporting systems continue to be enhanced as we receive comments recommending improvements from employers and staff and to assure compatibility with software upgrades.

The MPERA web page was recently redesigned to comply with the state standard for web pages. The new look will make it easier for users to find desired topics and extract necessary information from the web site. Our web site includes descriptions and information on all plans administered by the PERB; the organization of the PERB along with the goals, objectives and how to contact the PERB; meeting dates and times; administrative rules; access to the employer reporting system; frequently asked questions; and publications including newsletters, member and employer handbooks, actuary valuations, and this *Comprehensive Annual Financial Report* (CAFR).

### CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Montana Public Employees' Retirement Board for its comprehensive annual financial report for the fiscal year ended June 30, 2005. This was the eighth consecutive year that the Montana Public Employees' Retirement Board has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government entity must publish an easily readable and efficiently organized *Comprehensive Annual Financial Report*. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current *Comprehensive Annual Financial Report* continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

### ACKNOWLEDGEMENTS

The compilation of this report reflects the efforts of the fiscal services bureau accounting staff of the Montana Public Employee Retirement Administration. This report is intended to provide complete and reliable information to facilitate the management decision process, as a means of determining compliance with legal provisions, and as a means of determining responsible stewardship of the funds of the plans. As in the past, MPERA received an unqualified opinion from our independent auditors on the financial statements included in this report. This opinion provides assurance that the financial statements can be relied upon. The independent auditor's opinion letter can be found on page 13.



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The reporting employers of each retirement system form the link between the plans and the members. Their cooperation contributes significantly to the success of the plans. We hope the employers and their employees find this report informative.

We would like to take this opportunity to express our gratitude to the staff, the advisors and the many people who have worked so diligently to assure the successful operation of the plans.

Respectfully submitted,

*Signature on file*

Roxanne Minnehan, Executive Director  
Montana Public Employee Retirement Administration

*Signature on file*

Carole Carey, President  
Public Employees' Retirement Board

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

## Montana Public Employees' Retirement Board

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2005

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

### Public Employees' Retirement Board

*A Component Unit of the State of Montana*



Photo taken by Kim Flatow

Back Row: Jay Klawon, Terrence Smith, Troy McGee and John Paull,  
Front Row: Carole Carey, Robert Griffith, and Elizabeth Nedrow.

**Carole Carey**, President  
Ekalaka  
Active Public Employee  
Clerk of District Court  
Carter County  
Term Expires 3/31/2007

**Troy McGee**  
Helena  
PERS Retired Member  
Term Expires 3/31/2008

**Terrence Smith**  
Bozeman  
PERS-DCRP Active Public  
Employee  
Financial Officer  
Big Sky Water & Sewer  
District  
Term Expires 3/31/2009

**John Paull**, Vice President  
Butte  
Active Public Employee  
Fireman  
Term Expires 3/31/2010

**Robert Griffith**  
Helena  
Member at Large  
Term Expires 3/31/2008

**N. Jay Klawon**  
Hamilton  
Investment Experience  
Investment Representative  
Edward Jones  
Term Expires 3/31/2009

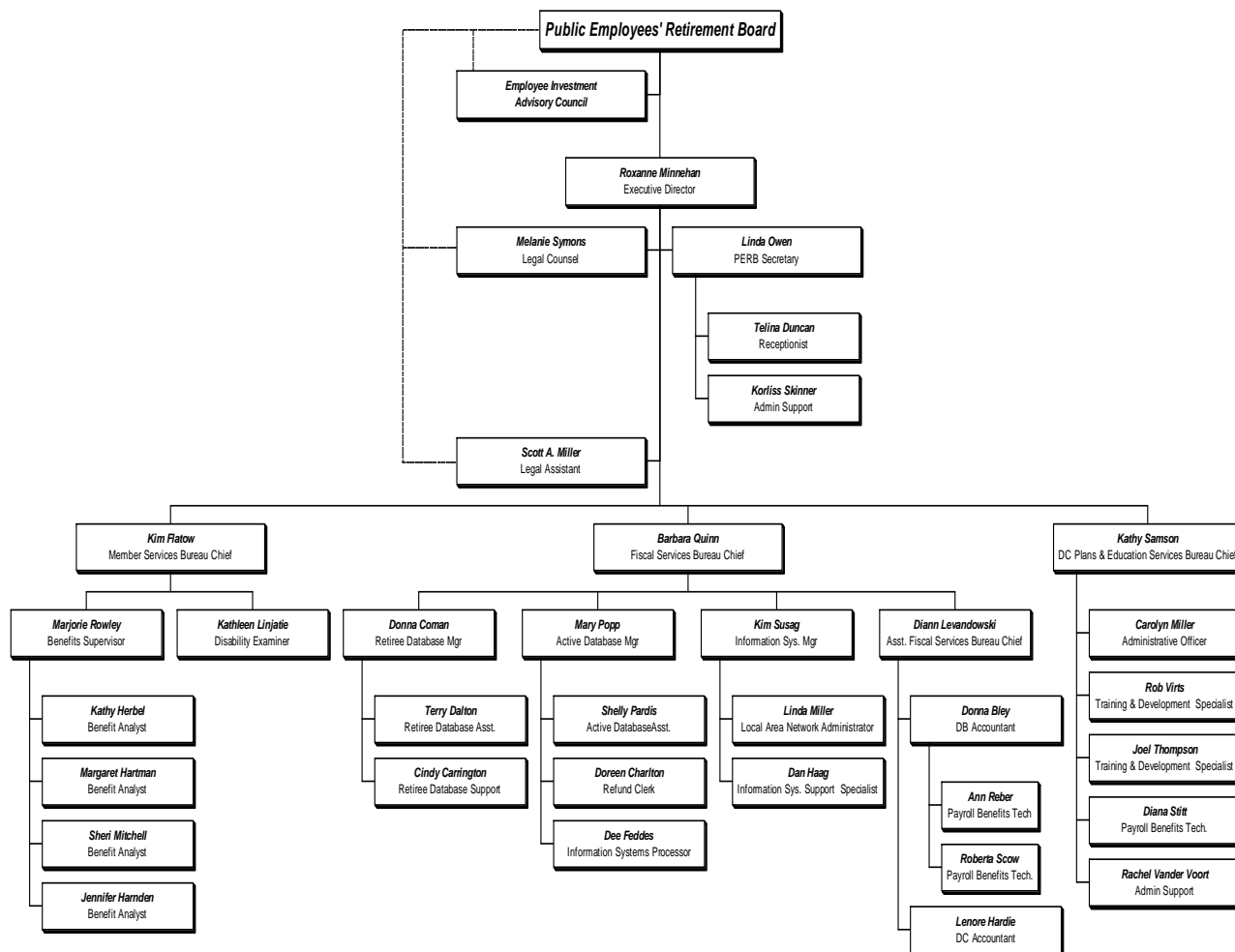
**Elizabeth Nedrow**  
Billings  
Member at Large  
Attorney  
Holland & Hart  
Term Expires 3/31/2011

## INTRODUCTORY SECTION

### Public Employees' Retirement Board

*A Component Unit of the State of Montana*

#### MPERA Organizational Chart



## LEGISLATIVE AUDIT DIVISION

Scott A. Seacat, Legislative Auditor  
John W. Northey, Legal Counsel

Deputy Legislative Auditors:  
Jim Pellegrini, Performance Audit  
Tori Hunthausen, IS Audit & Operations  
James Gillett, Financial-Compliance Audit

### INDEPENDENT AUDITOR'S REPORT

The Legislative Audit Committee  
of the Montana State Legislature:

We have audited the accompanying Statement of Fiduciary Net Assets – Pension Trust Funds of the Public Employees' Retirement Board, a component unit of the state of Montana, as of June 30, 2006, and the related Statement of Changes in Fiduciary Net Assets – Pension Trust Funds for the year ended June 30, 2006. These financial statements are the responsibility of the Public Employees' Retirement Board. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Public Employees' Retirement Board as of June 30, 2006, and the changes in fiduciary net assets for the fiscal year then ended, in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis, the Schedule of Funding Progress, and the Schedule of Employer Contributions & Other Contributing Entities are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and pres-

sensation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the Public Employees' Retirement Board. The Schedules of Administrative Expenses, Investment Expenses, and Consultants; the Detail of Fiduciary Net Assets (PERS-DBRP and PERS-DBEd) and the Detail of Fiduciary Net Assets (PERS-DCRP, PERS-DCEd and PERS-DC Disability) as of June 30, 2006; and the related Detail of Changes in Fiduciary Net Assets (PERS-DBRP and PERS-DBEd) and the Detail of Changes in Fiduciary Net Assets (PERS-DCRP, PERS-DCEd and PERS-DC Disability) for the fiscal year then ended are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

At July 1, 2006, three systems, Public Employees' (PERS-DBRP), Game Warden's Peace Officers' (GWPORS), and Sheriffs' (SRS) retirement systems were not actuarially sound with an Unfunded Actuarially Accrued Liability (UAAL) totaling \$460.2 million, \$5.3 million, and \$8.8 million, respectively. The maximum UAAL to comply with the amortization period of 30 years at June 30, 2006, is \$269.9 million for PERS-DBRP, \$5.1 million for GWPORS, and \$(5) million for SRS. The negative \$5 million for SRS indicates that the current employer and employee contributions do not cover the current costs of the system.

Respectfully submitted,

/s/ James Gillett

James Gillett, CPA  
Deputy Legislative Auditor

November 2, 2006

# Public Employees' Retirement Board

## *A Component Unit of the State of Montana*

### Management's Discussion and Analysis

*This section presents management's discussion and analysis of the Montana Public Employees' Retirement Board's financial presentation and performance of the plans administered by the Board for the year ending June 30, 2006. It is presented as a narrative overview and analysis and should be read in conjunction with the Letter of Transmittal included in the Introductory Section, the financial statements and other information which are presented in the Financial Section of this Component Unit Financial Report.*

#### **Financial Highlights**

- ◆ *The Montana Public Employees' Retirement Board's combined total net assets of the defined benefit plans increased by \$342.1 million or 8.7 percent in fiscal year 2006. The increase was primarily due to the investment income in each of the plans and the \$25 million lump sum received from the State of Montana General Fund.*
- ◆ *The Montana Public Employees' Retirement Board's defined contribution plans combined total net assets increased by \$15.3 million or 5.8 percent in fiscal year 2006. The total increase in Net Assets was due to investment income and contributions in both the DCRP and the 457 plan.*
- ◆ *Revenues (additions to plan net assets) for the Board's defined benefit plans for fiscal year 2006 was \$556.1 million, which includes member and employer contributions of \$203.1 million and net investment income of \$352.9 million.*
- ◆ *Revenues (additions to plan net assets) for the Board's defined contribution plans for fiscal year 2006 was \$29.4 million, which includes member and employer contributions of \$23.7 million and net investment income of \$5.7 million.*
- ◆ *Expenses (deductions to plan net assets) for the Board's defined benefit plans increased from \$200.5 million in fiscal year 2005 to \$214.0 million in fiscal year 2006 or about 6.7 percent. The increase in 2006 is primarily due to an increase in total benefit recipients and plan expenses.*
- ◆ *Expenses (deductions to plan net assets) for the Board's defined contribution plans decreased from \$18.9 million in fiscal year 2005 to \$14.4 million in fiscal year 2006 or about 23.6 percent. The decrease in expenses is primarily due to a decrease in distributions.*
- ◆ *The Montana Public Employees' Retirement Board's defined benefit plans funding objective is to meet long-term benefit obligations. As of June 30, 2006, the date of the latest actuarial valuation, three of the defined benefit plans were not able to pay off the unfunded liabilities over 30 years or less. As a whole the plans were actuarially funded at an average of 86 percent. It is important to understand this measure reflects the actuarial value of the defined benefit plans' net assets, which is less than the actual fair value published in the financial statements. Investment earnings are critical to the defined benefit plans and the market decline and associated investment*



## FINANCIAL SECTION

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*losses in fiscal years 2001 and 2002 have had major impacts on the plans due to the smoothing of market value gains and losses over four years. In 2005 the last part of the 2002 investments loss was recognized. The PERB introduced legislation in the 2005 Legislative Session; however, no legislation was passed to correct the funding problem. The Public Employees' Retirement Board is committed to work with the 2007 Montana Legislature to resolve the funding issues of the PERS, GWPORS and SRS.*

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Public Employees' Retirement Board's (PERB) financial reporting which is comprised of the following components:

- (1) Financial Statements
- (2) Notes to the Financial Statements
- (3) Required Supplementary Information

Collectively, this information presents the combined net assets held in trust for pension benefits for each of the plans administered by the Public Employees' Retirement Board as of June 30, 2006. This financial information also summarizes the combined changes in net assets held in trust for pension benefits for the year then ended. The information in each of these components is briefly summarized as follows:

- (1) Financial Statements. For the fiscal year ended June 30, 2006, financial statements are presented for the fiduciary funds administered by the PERB. Fiduciary funds are used to account for resources held for the benefit of parties outside of the PERB. The fiduciary funds are held for participants in eight defined benefit plans and two defined contribution plans.
  - The Statement of Fiduciary Net Assets is presented for the pension trust funds at June 30, 2006. These financial statements reflect the resources available to pay benefits to retirees and beneficiaries, at the end of the year reported.
  - The Statement of Changes in Fiduciary Net Assets is presented for the pension trust funds for the year ended June 30, 2006. These financial statements reflect the changes in the resources available to pay benefits to retirees and beneficiaries, at the end of the year reported.
- (2) Notes to the Financial Statements. The Notes to the Financial Statements provide additional information that is essential for a full understanding of the data provided in the financial statements. The information in the Notes to the Financial Statements is described as follows:
  - Note A provides a summary of significant accounting policies, including the basis of accounting, capital assets and equipment used in operations, operating lease, GASB 40 Disclosures, methods used to value investments, summaries of investment vendors and other significant accounting policies or explanations.
  - Note B provides information about litigation.
  - Note C describes the debt obligation of the PERS-DCRP. The INTERCAP implementation loan for the PERS-DCRP is to be paid back over fifteen years. For the fiscal year ended June 30,



2006, the MPORS Defined Benefit fund received a \$2,000 inter-entity loan from Department of Administration's (DOA) General fund. This loan was paid in full on August 8, 2006.

- Note D describes the plans' membership and descriptions of the plans administered by the Public Employees' Retirement Board. Summaries of benefits and contribution information are also provided.
- (3) Required Supplementary Information. The required supplementary information consists of the schedules of funding progress and required contributions and related notes concerning actuarial information of the defined benefit pension plans administered by the PERB.

### ***Financial Analysis of the Systems – Defined Benefit Plans***

#### **Investments**

The State of Montana Board of Investments (BOI), as authorized by state law, invests the defined benefit plans' assets in investment pools. Each plan owns an equity position in the pools and receives proportionate investment income from the pool in accordance with respective ownership. The investment pools are: Montana Short Term Investment Pool, Montana Domestic Equity Pool, Retirement Fund Bond Pool, Montana International Pool and Montana Private Equity Pool. Each plan's allocated share of the investment in the pools is shown in the Statement of Fiduciary Net Assets of the plan. Investment gains and losses are reported in the Statement of Changes in Fiduciary Net Assets.

#### **Defined Benefit Plans Total**

##### **Investments**

At June 30, 2006, the PERB's defined benefit plans held total investments of \$4.1 billion, an increase of \$303 million from fiscal year 2005 investment totals. On the next page are the schedules of Net Assets and Changes in Net Assets for the defined benefit plans.

### ***Analysis of Individual Systems***

#### **PERS-DBRP and Education**

*The PERS-DBRP provides retirement, disability, and death benefits for covered employees of the State, local governments and certain employees of the university systems and school districts. Member and employer contributions and earnings on investments fund the benefits of the plan. The PERS-DBRP and the Education Fund have been combined in these comparisons.* The PERS-DBRP net assets held in trust for benefits at June 30, 2006 amounted to \$3.5 billion, an increase of \$278 million (8.6 percent) from \$3.2 billion at June 30, 2005.

Additions to the PERS-DBRP net assets held in trust for benefits include employer, member, and state contributions and investment income. For the fiscal year ended June 30, contributions increased to \$155.1 million in fiscal year 2006 from \$127.8 million in fiscal year 2005, an increase of \$27.3 million (21.4 percent). Contributions increased due to increased salaries being reported to PERS. The plan recognized net investment income of \$293.7 million for the fiscal year ended June 30, 2006 compared with net investment income of \$245.0 million for the fiscal year ended June 30, 2005. The increase in investment income is due to greater investment returns.

## FINANCIAL SECTION

Deductions from the PERS-DBRP net assets held in trust for benefits primarily include retirement benefits, refunds/distributions and administrative expenses. For fiscal year 2006, benefits amounted to \$153.9 million, an increase of \$11.0 million (7.8 percent) from fiscal year 2005. The increase in benefit payments was due to the increase in benefit recipients and the increase in the average recipient's benefit due to guaranteed annual

benefit adjustment (GABA). For fiscal year 2006, refunds/distributions amounted to \$13.3 million, a decrease of \$356 thousand (2.6 percent) from fiscal year 2005. The decrease in refunds/distributions was due to a decrease in number of refunds and the average amount of distributions. For fiscal year 2006, the costs of administering the plan's benefits amounted to \$2.9 million, an increase of \$317 thousand (12.4 percent) from

### Fiduciary Net Assets - Defined Benefit Plans

**As of June 30, 2006** - and comparative totals for June 30, 2005

(dollars in thousands)

	PERS		JRS		HPORS		SRS	
	2006	2005	2006	2005	2006	2005	2006	2005
<b>Assets:</b>								
Cash and Receivables	102,576	69,284	1,627	1,399	2,320	2,191	5,820	3,953
Securities Lending Collateral	67,426	140,880	1,044	2,191	1,760	3,779	3,268	6,858
Investments	3,419,270	3,174,677	51,067	47,140	86,474	81,601	159,936	147,565
Property and Equipment		1						
Intangible Assets	103	319	1	3	1	3	2	4
<b>Total Assets</b>	<b>3,589,375</b>	<b>3,385,161</b>	<b>53,739</b>	<b>50,733</b>	<b>90,555</b>	<b>87,574</b>	<b>169,026</b>	<b>158,380</b>
<b>Liabilities:</b>								
Securities Lending Collateral	67,426	140,880	1,044	2,191	1,760	3,779	3,268	6,858
Other Payables	966	862	7	7	27	28	89	52
<b>Total Liabilities</b>	<b>68,392</b>	<b>141,742</b>	<b>1,051</b>	<b>2,198</b>	<b>1,787</b>	<b>3,807</b>	<b>3,357</b>	<b>6,910</b>
<b>Total Net Assets</b>	<b>3,520,983</b>	<b>3,243,419</b>	<b>52,688</b>	<b>48,535</b>	<b>88,768</b>	<b>83,767</b>	<b>165,669</b>	<b>151,470</b>

### Changes In Fiduciary Net Assets - Defined Benefit Plans

**For the year ended June 30, 2006** - and comparative totals for June 30, 2005

(dollars in thousands)

	PERS		JRS		HPORS		SRS	
	2006	2005	2006	2005	2006	2005	2006	2005
<b>Additions:</b>								
Contributions	155,161	127,861	1,562	1,574	4,033	4,855	7,245	5,801
Investment Income (Loss)	293,679	244,976	4,344	3,640	7,453	6,353	13,566	11,381
<b>Total Additions</b>	<b>448,840</b>	<b>372,837</b>	<b>5,906</b>	<b>5,214</b>	<b>11,486</b>	<b>11,208</b>	<b>20,811</b>	<b>17,182</b>
<b>Deductions:</b>								
Benefits	153,886	142,789	1,743	1,624	6,365	5,790	6,152	5,527
Refunds/Distributions	13,322	13,678			90	230	383	634
Administrative Expenses	2,886	2,569	12	9	31	29	77	57
Miscellaneous Expenses	1,248	1,073						
<b>Total Deductions</b>	<b>171,342</b>	<b>160,109</b>	<b>1,755</b>	<b>1,633</b>	<b>6,486</b>	<b>6,049</b>	<b>6,612</b>	<b>6,218</b>
<b>Incr/(Decr) in Net Assets</b>	<b>277,498</b>	<b>212,728</b>	<b>4,151</b>	<b>3,581</b>	<b>5,000</b>	<b>5,159</b>	<b>14,199</b>	<b>10,964</b>
<b>Prior Period Adjustments</b>	<b>65</b>	<b>13</b>		<b>-1</b>				<b>1</b>

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fiscal year 2005. The increase in administrative expenses for the fiscal year 2006 was mainly due to personal services and computer processing costs.

An actuarial valuation of the PERS-DBRP assets and benefit obligations is usually performed every two years. An additional valuation was performed in 2005. At June 30, 2006, the date of the most recent actuarial

valuation, the funded status of the plan increased to 88 percent from 85 percent at June 30, 2005. The PERS-DBRP actuarial value of assets is less than actuarial liabilities by \$460.2 million at June 30, 2006, compared with \$540.9 million at June 30, 2005. The increase in funded status as of the last actuarial valuation is a result of investment returns greater than the actuarial assumption and the \$25 million lump sum received from the

GWPORS		MPORS		FURS		VFCA		TOTAL	
2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
2,907	3,415	12,958	10,396	12,185	9,760	1,921	2,086	142,314	102,484
1,158	2,296	3,349	7,083	3,189	6,725	464	922	81,658	170,734
56,614	48,458	165,079	151,478	157,225	144,044	21,563	19,552	4,117,228	3,814,515
									1
2	4	1	4	1	4	3	5	114	346
60,681	54,173	181,387	168,961	172,600	160,533	23,951	22,565	4,341,314	4,088,080
1,158	2,296	3,349	7,083	3,189	6,725	464	922	81,658	170,734
58	51	66	64	56	53	46	43	1,315	1,160
1,216	2,347	3,415	7,147	3,245	6,778	510	965	82,973	171,894
59,465	51,826	177,972	161,814	169,355	153,755	23,441	21,600	4,258,341	3,916,186

GWPORS		MPORS		FURS		VFCA		TOTAL	
2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
5,418	5,077	14,766	13,920	13,333	12,008	1,610	1,527	203,128	172,623
4,594	3,696	14,091	11,708	13,409	11,141	1,853	1,550	352,989	294,445
10,012	8,773	28,857	25,628	26,742	23,149	3,463	3,077	556,117	467,068
1,835	1,539	12,032	11,363	11,040	10,386	1,564	1,517	194,617	180,535
490	613	599	798	46	101			14,930	16,054
49	42	68	65	58	53	48	47	3,229	2,871
						11	11	1,259	1,084
2,374	2,194	12,699	12,226	11,144	10,540	1,623	1,575	214,035	200,544
7,638	6,580	16,158	13,402	15,598	12,609	1,840	1,502	342,082	266,524
	1		1		1		3	65	19

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State of Montana General Fund for the purpose of reducing the unfunded liability.

### JRS

*The JRS provides retirement, disability and death benefits for all Montana judges of the district courts, justices of the Supreme Court and the Chief Water Judge. Member and employer contributions and earnings on investments fund the benefits of the plan.* The JRS net assets held in trust for benefits at June 30, 2006 amounted to \$52.7 million, an increase of \$4.2 million (8.6 percent) from \$48.5 million at June 30, 2005.

Additions to the JRS net assets held in trust for benefits include member and employer contributions and investment income. For the fiscal year ended June 30, 2006, contributions amounted to \$1.56 million a decrease of \$12 thousand (0.7 percent) from fiscal year 2005. Contributions decreased due to fewer members contributing to the plan and experience of the system. The plan recognized net investment income of \$4.3 million for the fiscal year ended June 30, 2006 compared with net investment income of \$3.6 million for the fiscal year ended June 30, 2005. The increase in investment income is due to greater investment returns.

Deductions from the JRS net assets held in trust for benefits mainly include retirement benefits and administrative expenses. For fiscal year 2006, benefits amounted to \$1.7 million an increase of \$119 thousand (7.3 percent) from fiscal year 2005. The increase for benefits was due to an increase in the average recipient's benefit (GABA), and benefits commencing for new retirees. For fiscal year 2006, administrative expenses amounted to \$12 thousand, an increase of \$3 thousand (30.7 percent) from fiscal year 2005. The increase in administrative expenses for the fis-

cal year 2006 was mostly due to increased costs to administer the plan.

An actuarial valuation of the JRS assets and benefit obligations is usually performed every two years. An additional valuation was performed in 2005. At June 30, 2006, the date of the most recent actuarial valuation, the funded status of the plan increased to 139 percent from 138 percent at June 30, 2005. The JRS actuarial assets were more than actuarial liabilities by \$15.0 million at June 30, 2006, compared with \$13.0 million actuarial surplus at June 30, 2005. The increase in funded status as of the last actuarial valuation is due to investment returns greater than the actuarial assumption.

### HPORS

*The HPORS provides retirement, disability and death benefits for members of the Montana Highway Patrol. Member and employer contributions, registration fees and earnings on investments fund the benefits of the plan.* The HPORS net assets held in trust for benefits at June 30, 2006 amounted to \$88.8 million, an increase of \$5 million (6.0 percent) from \$83.8 million at June 30, 2005.

Additions to the HPORS net assets held in trust for benefits include employer and member contributions, registration fees and investment income. For the fiscal year ended June 30, contributions decreased to \$4.0 million in fiscal year 2006 from \$4.8 million in fiscal year 2005, a decrease of \$822 thousand (16.9 percent). Contributions decreased due to the number of participating members contributing to the plan decreased. The plan recognized net investment income of \$7.5 million for the fiscal year ended June 30, 2006 compared with net investment income of \$6.4 million for the fiscal year ended June 30, 2005. The increase in investment income is due to greater investment returns.

Deductions from the HPORS net assets held in trust for benefits mainly include retirement benefits, refunds/distributions and administrative expenses. For fiscal year 2006, benefits amounted to \$6.4 million, an increase of \$575 thousand (9.9 percent) from fiscal year 2005. The increase in benefit payments was due to the increase in benefit recipients and increases in the average recipient's benefit, (GABA). For fiscal year 2006 refunds/distributions amounted to \$90 thousand, a decrease of \$140 thousand (61.0 percent) from fiscal year 2005. The decrease in refunds/distributions was due to fewer distributions and smaller amounts distributed. For fiscal year 2006, administrative expenses were \$31 thousand, an increase of \$2 thousand (5.8 percent) from fiscal year 2005. The increase in administrative expenses is due to increased costs to administer the plan.

An actuarial valuation of the HPORS assets and benefit obligations is usually performed every two years. An additional valuation was performed in 2005. At June 30, 2006, the date of the most recent actuarial valuation, the funded status of the plan increased to 78 percent from 73 percent at June 30, 2005. The HPORS actuarial assets were less than actuarial liabilities by \$25.0 million at June 30, 2006, compared with \$31.0 million at June 30, 2005. The increase in funded status as of the last actuarial valuation is due to investment returns greater than the actuarial assumption.

### **SRS**

*The SRS provides retirement, disability and death benefits for all Department of Justice criminal investigators hired after July 1, 1993, detention officers and all Montana sheriffs. Member and employer contributions and earnings on investments fund the benefits of the plan. The SRS net assets held in trust for benefits at June 30, 2006 amounted to*

\$165.7 million, an increase of \$14.2 million (9.4 percent) from \$151.5 million at June 30, 2005.

Additions to the SRS net assets held in trust for benefits include member and employer contributions and investment income. For the fiscal year ended June 30, contributions increased to \$7.2 million in fiscal year 2006 from \$5.8 million in fiscal year 2005, for an increase of \$1.4 million (24.9 percent). Contributions increased because the number of participating members contributing to the plan increased as a result of the detention officers having the option to elect either PERS or SRS, and an increase in the total compensation reported for active members. The plan recognized net investment income of \$13.6 million for the fiscal year ended June 30, 2006 compared with net investment income of \$11.4 million for the fiscal year ended June 30, 2005. The increase in investment income is due to greater investment returns.

Deductions from the SRS net assets held in trust for benefits mainly include retirement benefits, refunds/distributions and administrative expenses. For fiscal year 2006, benefits amounted to \$6.2 million, an increase of \$625 thousand (11.3 percent) from fiscal year 2005. The increase in benefit payments was due to an increase in benefit recipients and an increase in the average recipient's benefit (GABA). For fiscal year 2006, refunds/distributions amounted to \$383 thousand, a decrease of \$251 thousand (39.7 percent) from fiscal year 2005. The decrease in refunds/distributions was due to smaller balances being refunded to an increased number of members caused resulting from detention officers election. For fiscal year 2006, administrative expenses increased \$21 thousand (35.9 percent) from fiscal year 2005. The increase is due to increased costs to administer the plan.



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An actuarial valuation of the SRS assets and benefit obligations is usually performed every two years. An additional valuation was performed in 2005. At June 30, 2006, the date of the most recent actuarial valuation, the funded status of the plan increased to 95 percent from 93 percent at June 30, 2005. The SRS actuarial assets were less than actuarial liabilities by \$8.8 million at June 30, 2006, compared with \$10.9 million at June 30, 2005. The increase in funded status as of the last actuarial valuation is due to investment returns greater than the actuarial assumptions and experience of the plan.

### **GWPORS**

*The GWPORS provides retirement, disability and death benefits for game wardens, warden supervisory personnel and state peace officers. Member and employer contributions and earnings on investments fund the benefits of the plan.* The GWPORS net assets held in trust for benefits at June 30, 2006 amounted to \$59.5 million, an increase of \$7.6 million (14.7 percent) from \$51.8 million at June 30, 2005.

Additions to the GWPORS net assets held in trust for benefits include member and employer contributions and investment income. For the fiscal year ended June 30, contributions increased to \$5.4 million in fiscal year 2006 from \$5.1 million in fiscal year 2005, for an increase of \$341 thousand (6.7 percent). Contributions increased because the number of members contributing to the plan increased. The plan recognized net investment income of \$4.6 million for the fiscal year ended June 30, 2006 compared with net investment income of \$3.7 million for the fiscal year ended June 30, 2005. The increase in investment income is due to greater investment returns.

Deductions from the GWPORS net assets

held in trust for benefits mainly include retirement benefits, refunds/distributions and administrative expenses. For fiscal year 2006, benefits amounted to \$1.8 million, an increase of \$296 thousand (19.2 percent) from fiscal year 2005. The increase in benefit payments was due to the increase in benefit recipients and the increase in the average recipient's benefit (GABA). For fiscal year 2006, refunds/distributions amounted to \$490 thousand, a decrease of \$123 thousand (20.1 percent) from fiscal year 2005. The decrease in refunds/distributions was due to refunds for smaller amounts and fewer refunds. For fiscal year 2006, administrative expenses amounted to \$49.0 thousand, an increase of \$6.6 thousand (15.8 percent) from fiscal year 2005. The increase in administrative expenses in fiscal year 2006 is due to increased costs to administer the plan.

An actuarial valuation of the GWPORS assets and benefit obligations is usually performed every two years. An additional valuation was performed in 2005. At June 30, 2006, the date of the most recent actuarial valuation, the funded status of the plan increased slightly to 92 percent from 90 percent at June 30, 2005. The GWPORS actuarial assets were less than actuarial liabilities by \$5.4 million at June 30, 2006, compared with \$5.5 million at June 30, 2005. The change in unfunded liability as of the last actuarial valuation is due to investment returns greater than the actuarial assumption and the experience of the plan.

### **MPORS**

*The MPORS provides retirement, disability and death benefits for municipal police officers employed by first- and second-class cities and other cities that adopt the plan. MPORS also has an option for members to participate in a Deferred Retirement Option Plan (DROP). Member, employer and state*

*contributions and earnings on investments fund the benefits of the plan.* The MPORS net assets held in trust for benefits at June 30, 2006 amounted to \$177.9 million, an increase of \$16.1 million (10.0 percent) from \$161.8 million at June 30, 2005.

Additions to the MPORS net assets held in trust for benefits include employer, member, and state contributions and investment income. For the fiscal year ended June 30, contributions increased to \$14.8 million in fiscal year 2006 from \$13.9 million in fiscal year 2005, for an increase of \$846 thousand (6.1 percent). Contributions increased because the total compensation reported for active members increased and membership increased. The plan recognized net investment income of \$14.1 million for the fiscal year ended June 30, 2006 compared with net investment income of \$11.7 million for fiscal year ended June 30, 2005. The increase in investment income is due to greater investment returns.

Deductions from the MPORS net assets held in trust for benefits mainly include retirement benefits, refunds/distributions and administrative expenses. For fiscal year 2006, benefits amounted to \$12.0 million, an increase of \$669 thousand (5.9 percent) from fiscal year 2005. The increase in benefit payments was due to the increase in benefit recipients and the increase in the average recipient's benefit (GABA). For fiscal year 2006, refunds/distributions amounted to \$599 thousand, a decrease of \$199 thousand (24.9 percent) from fiscal year 2005. The decrease in refunds/distributions was due to fewer refunds and smaller DROP refunds. For fiscal year 2006, administrative expenses were \$68 thousand, an increase of \$3 thousand (5.0 percent) from fiscal year 2005. The increase in administrative expenses in fiscal year 2006 is due to increased costs to administer the plan.

An actuarial valuation of the MPORS assets and benefit obligations is usually performed every two years. An additional valuation was performed in 2005. At June 30, 2006, the date of the most recent actuarial valuation, the funded status of the plan increased to 60 percent from 58 percent at June 30, 2005. The MPORS actuarial assets were less than actuarial liabilities by \$115.2 million at June 30, 2006, compared with \$116.9 million actuarial liabilities at June 30, 2005. The increase in funded status as of the last actuarial valuation is due to investment returns greater than the actuarial assumption and experience of the plan.

### **FURS**

*The FURS provides retirement, disability and death benefits for firefighters employed by first- and second-class cities and other cities that adopt the plan, and firefighters hired by the Montana Air National Guard on or after October 1, 2001. Member, employer, and state contributions and earnings on investments fund the benefits of the plan.* The FURS net assets held in trust for benefits at June 30, 2006 amounted to \$169.4 million, an increase of \$15.6 million (10.1 percent) from \$153.8 million at June 30, 2005.

Additions to the FURS net assets held in trust for benefits include employer, member, and state contributions and investment income. For the fiscal year ended June 30, contributions increased to \$13.3 million in fiscal year 2006 from \$12.0 million in fiscal year 2005, an increase of \$1.3 million (11.0 percent). Contributions increased because the number of members contributing to the plan increased and the total compensation reported for active members increased. The plan recognized net investment income of \$13.4 million for the fiscal year ended June 30, 2006 compared with net investment income of \$11.1 million for the fiscal year ended June 30, 2005. The

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increase in investment income is due to greater investment returns.

Deductions from the FURS net assets held in trust for benefits mainly include retirement benefits, refunds/distributions and administrative expenses. For fiscal year 2006, benefits amounted to \$11.0 million, an increase of \$654 thousand (6.3 percent) from fiscal year 2005. The increase in benefit payments was due to the increase in benefit recipients and the increase in the average recipient's benefit (GABA). For fiscal year 2006, refunds/distributions amounted to \$46 thousand, a decrease of \$55 thousand (54.8 percent) from fiscal year 2005. The decrease in refunds/distributions was due to refunds of accounts with smaller balances. For fiscal year 2006, administrative expenses were \$58 thousand, an increase of \$5 thousand (9 percent). The increase in administrative expenses is due to increased costs to administer the plan.

An actuarial valuation of the FURS assets and benefit obligations is usually performed every two years. At June 30, 2006, the date of the most recent actuarial valuation, the funded status of the plan increased to 65 percent from 64 percent at June 30, 2005. The FURS actuarial assets were less than actuarial liabilities by \$88.2 million at June 30, 2006, compared with \$86.8 million actuarial liability at June 30, 2005. The increase in funded status as of the last actuarial valuation is due to investment returns greater than the actuarial assumption.

### VFCA

*The VFCA provides retirement, disability and death benefits for volunteer firefighters who are members of eligible volunteer fire companies in unincorporated areas. State contributions and earnings on investments fund the benefits of the plan.* The VFCA net assets held in trust for benefits at June 30,

2006 amounted to \$23.4 million, an increase of \$1.8 million (8.5 percent) from \$21.6 million at June 30, 2005.

Additions to the VFCA net assets held in trust for benefits include state contributions and investment income. For the fiscal year ended June 30, contributions increased to 1.6 million in fiscal year 2006 from \$1.5 million in fiscal year 2005, an increase of \$83 thousand (5.5 percent). Contributions increased because there was an increase in the fire insurance premium taxes collected. The plan recognized net investment income of \$1.9 million for the fiscal year ended June 30, 2006 compared with net investment income of \$1.6 million for the fiscal year ended June 30, 2005. The increase in investment income is due to greater investment returns.

Deductions from the VFCA net assets held in trust for benefits mainly include retirement benefits, administrative expenses and supplemental insurance payments. For fiscal year 2006, benefits amounted to \$1.6 million, an increase of \$47 thousand (3.1 percent) from fiscal year 2005. For fiscal year 2006, administrative expenses amounted to \$48 thousand, an increase of \$1 thousand (1 percent) from fiscal year 2005. The increase in administrative expenses was due to increased costs to administer the plan. For fiscal year 2006, supplemental insurance payments amounted to \$11.4 thousand, an increase of \$300 from fiscal year 2005.

An actuarial valuation of the VFCA assets and benefit obligations is usually performed every two years. At June 30, 2006, the date of the most recent actuarial valuation, the funded status of the plan increased to 73 percent from 69 percent at June 30, 2005. The VFCA actuarial assets were less than actuarial liabilities by \$8.6 million at June 30, 2006, compared with \$9.5 million at June 30, 2005.



The increase in funded status as of the last actuarial valuation is due to investment returns greater than the actuarial assumption and experience of the plan.

### ***Actuarial Valuations and Funding Progress***

An actuarial valuation of each of the PERB's defined benefit plans is usually performed every two years. An additional valuation was performed in 2005. At the date of the most recent actuarial valuation, June 30, 2006, the funded status of each of the plans is shown in the Schedule of Funding Progress on page 78.

The PERB funding objective is to meet long-term benefit obligations through investment income and contributions. Accordingly, the collection of employer and member contributions, and the income from investments provide the reserves needed to finance future retirement benefits. Since investment earnings are critical to the defined benefit plans' funding, the market decline and associated investment losses in fiscal year 2000 through fiscal year 2003 have deteriorated the plans' funding. However, in more recent years there have been better returns and an increased funding status has occurred in all Defined Benefit plans over the previous valuation. The investment losses reduced the assets available to pay previously incurred benefit obligations. Public pension plans are considered actuarially sound if the unfunded accrued actuarial liability amortization period is less than 30 years. Montana's constitution requires that public retirement plans be funded on an actuarially sound basis.

The PERB has been concerned with the funding of three of the eight defined benefit retirement plans administered. The three plans are the PERS-Defined Benefit Retirement Plan

(PERS-DBRP), the Game Wardens' and Peace Officers' Retirement System (GWPORS) and the Sheriffs' Retirement System (SRS). The PERS and GWPORS statutory contribution rates are able to pay the normal cost of the plan, but are insufficient to pay off unfunded liability. The SRS statutory contribution rate is not sufficient to pay the normal cost of the plan or the unfunded liability. Based on the PERB's June 30, 2006 Actuarial Valuations the unfunded liability in these three plans will not be amortized in 30 years. As of June 30, 2006, the estimated shortfalls in statutory contributions rates were 1.01% in PERS-DBRP, 0.04% in GWPORS, and 1.84% in SRS.

Funding ratios range from a high of 139.42 percent (JRS) to a low of 60.43 percent (MPORS). The Schedule of Funding Progress on pages 78 and 79 show the June 30, 2006 funding ratios compared with the ratios at June 30, 2005, June 30, 2004 and June 30, 2002. The table also shows the amount by which actuarial assets exceeded or fell short of actuarial liabilities. The funding ratio increase is a result of the overall investment performance this past year and the actual experience of the plans. The actuary performs a smoothing of investment gains/losses over a period of four years. At June 30, 2006, the actuarial value of assets was less than the market value of assets by \$71 million. At June 30, 2005, the actuarial value of assets was less than the market value of assets by \$76 million.

### ***Defined Contribution Plans***

The MPERA administers two defined contribution plans: The Public Employees' Retirement System-Defined Contribution Retirement Plan (PERS-DCRP) and the Deferred Compensation (457) Plan. The schedules of

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### Fiduciary Net Assets - Defined Contribution Plans

**As of June 30, 2006** - and comparative totals for June 30, 2005

(dollars in thousands)

	PERS-DCRP		457-PLAN		TOTAL	
	2006	2005	2006	2005	2006	2005
<b>Assets:</b>						
Cash and Receivables	1,119	605	350	303	1,469	908
Securities Lending Collateral	14		5		19	
Investments	30,934	24,948	247,944	239,143	278,878	264,091
Intangible Assets	2	4	105	145	107	149
<b>Total Assets</b>	<b>32,069</b>	<b>25,557</b>	<b>248,404</b>	<b>239,591</b>	<b>280,473</b>	<b>265,148</b>
<b>Liabilities:</b>						
Securities Lending Collateral	14		5		19	
Other Payables	1,435	1,448	172	186	1,607	1,634
<b>Total Liabilities</b>	<b>1,449</b>	<b>1,448</b>	<b>177</b>	<b>186</b>	<b>1,626</b>	<b>1,634</b>
<b>Total Net Assets</b>	<b>30,620</b>	<b>24,109</b>	<b>248,227</b>	<b>239,405</b>	<b>278,847</b>	<b>263,514</b>

### Changes In Fiduciary Net Assets - Defined Contribution Plans

**For the year ended June 30, 2006** - and comparative totals for June 30, 2005

(dollars in thousands)

	PERS-DCRP		457-PLAN		TOTAL	
	2006	2005	2006	2005	2006	2005
<b>Additions:</b>						
Contributions	6,506	5,411	17,251	15,723	23,757	21,134
Investment Income (Loss)	2,098	1,768	3,618	15,267	5,716	17,035
<b>Total Additions</b>	<b>8,604</b>	<b>7,179</b>	<b>20,869</b>	<b>30,990</b>	<b>29,473</b>	<b>38,169</b>
<b>Deductions:</b>						
Refunds/Distributions	1,570	1,873	11,443	15,591	13,013	17,464
Administrative Expenses	227	231	204	289	431	520
Miscellaneous Expenses	295	256	737	698	1,032	954
<b>Total Deductions</b>	<b>2,092</b>	<b>2,360</b>	<b>12,384</b>	<b>16,578</b>	<b>14,476</b>	<b>18,938</b>
<b>Incr/(Decr) in Net Assets</b>	<b>6,512</b>	<b>4,819</b>	<b>8,485</b>	<b>14,412</b>	<b>14,997</b>	<b>19,231</b>
<b>Prior Period Adjustments</b>		<b>-8</b>	<b>336</b>	<b>246</b>	<b>336</b>	<b>238</b>

Net Assets and Changes in Net Assets for the two defined contribution plans are above.

earnings on investments fund the benefits of the plan.

#### PERS-DCRP

*The PERS-DCRP is established under Section 401(a) of the Internal Revenue Code. This plan provides retirement, disability and death benefits for plan members. This plan was available to all active PERS members effective July 1, 2002. All new hires to PERS have a 12-month window to file an irrevocable election to join the plan. The plan member and employer contributions and*

The PERB has received a long-term INTERCAP loan through the Montana Department of Administration from the BOI to fund the plan start-up and implementation costs. The loan was renegotiated in 2005 and the term extended to 2018. As of June 30, 2006, the loan balance is \$1.38 million, which is reported in the financial statements as a long-term payable of \$1.36 million plus a current payable of \$20 thousand.

The plan net assets held in trust for benefits at June 30, 2006 amounted to \$30.6 million, an increase of \$6.5 million (27.0 percent) from \$24.1 million at June 30, 2005.

Additions to the Defined Contribution Retirement Plan net assets held in trust for benefits include contributions and investment income. Contributions increased \$1.1 million (20.2 percent) from \$5.4 million in fiscal year 2005 to \$6.5 million in fiscal year 2006. Contributions increased because of the number of members contributing to the plan increased. The plan recognized net investment income of \$2.1 million in fiscal year 2006, up from \$1.8 million in fiscal year 2005. The increase in investment income is due to greater investment returns.

Deductions from the Defined Contribution Retirement Plan net assets mainly include member refunds/distributions, administrative expenses and miscellaneous expenses. Refunds/distributions decreased from \$1.9 million in fiscal year 2005 to \$1.6 million in fiscal year 2006. The \$303 thousand decrease in refunds/distributions from 2005 to 2006 was due to fewer defined contribution members taking a distribution immediately after electing the plan and smaller distributions. The costs of administering the plan decreased from \$231 thousand in fiscal year 2005 to \$227 thousand in fiscal year 2006, a decrease of \$4 thousand (1.7 percent) from fiscal year 2005. The decrease in administrative costs was due to vacancy savings resulting from staff turnover. Miscellaneous expenses increased from \$256.0 thousand in fiscal year 2005 to \$295 thousand in fiscal year 2006, an increase of \$39 thousand (15.3 percent) from fiscal year 2005. The increase in miscellaneous expenses was due to increased membership.

## **Deferred Compensation (457) Plan**

*The deferred compensation plan is established under Section 457 of the Internal Revenue Code. This plan is a voluntary supplemental retirement savings plan for those who choose to participate. The deferred compensation plan is funded by contributions and by investment earnings.* The plan's net assets held in trust for benefits at June 30, 2006 amounted to \$248.2 million, an increase of \$8.8 million (3.7 percent) from \$239.4 million at June 30, 2005.

Additions to the deferred compensation plan net assets held in trust for benefits include contributions and investment income. For fiscal year 2006, contributions increased from those of fiscal year 2005 from \$15.7 million to \$17.3 million, an increase of \$1.6 million (9.7 percent). Contributions increased because of the number of members participating in the plan increased due to new employers joining the plan. The plan recognized net investment income of \$3.6 million for fiscal year 2006 compared with net investment income of \$15.2 million for fiscal year 2005.

Deductions from the deferred compensation plan net assets mainly include member and beneficiary refunds/distributions, administrative expenses and miscellaneous expenses. For fiscal year 2006, refunds/distributions amounted to \$11.4 million, a decrease of \$4.1 million (26.6 percent) from \$15.6 million at June 30, 2005. The costs of administering the plan decreased from \$289 thousand in fiscal year 2005 to \$204 thousand in fiscal year 2006, a decrease of \$85 thousand (29.5 percent) from fiscal year 2005. The decrease in administrative costs was due to less time being spent on development and maintenance of the 457 web payroll reporting. Miscellaneous expenses increased from \$698 thousand in

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fiscal year 2005 to \$737 thousand in fiscal year 2006, an increase of \$39 thousand (5.6 percent) from fiscal year 2005. The increase in miscellaneous expense was due to the increased membership.

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# FINANCIAL SECTION

## Public Employees' Retirement Board

*A Component Unit of the State of Montana*

### Statement of Fiduciary Net Assets - Pension Trust Funds as of June 30, 2006

	PERS-DBRP	JRS	HPORS	SRS	GWPORS	MPORS
<b>Assets</b>						
Cash and Short-term Investments	\$ 93,688,932	1,520,236	2,138,719	5,289,414	2,790,734	4,338,910
Securities Lending Collateral (Note A5)	67,425,935	1,043,832	1,759,894	3,267,725	1,158,265	3,349,214
Receivables						
Interest	7,173,427	106,701	180,781	333,304	115,918	342,415
Accounts Receivable	1,223,678			197,356		94,752
Due from Other Funds	323,838					
Due from Primary Government	28,811					8,181,861
Due from Component Unit	1,995					
Notes Receivable	135,357					
<b>Total Receivables</b>	<b>8,887,106</b>	<b>106,701</b>	<b>180,781</b>	<b>530,660</b>	<b>115,918</b>	<b>8,619,028</b>
Investments, at fair value (Note A5)						
Montana Domestic Equity Pool (MDEP)	1,586,747,062	23,744,351	40,231,879	74,632,967	26,704,722	76,683,078
Retirement Fund Bond Pool (RFBP)	932,047,876	14,685,077	24,889,288	45,822,462	15,805,769	46,943,773
Montana International Pool (MTIP)	630,135,329	9,364,981	15,794,686	29,262,553	10,518,496	30,633,241
Montana Private Equity Pool (MPEP)	203,406,134	3,047,260	5,178,135	9,507,757	3,329,864	10,088,571
Montana Real Estate Pool (MTRP)	15,200,000	225,000	380,000	710,000	255,000	730,000
Real Estate Investments	8,636,356					
Mortgages & Commercial Loans						
net of Accumulated Mortgage Discount	43,096,807					
Defined Contributions Fixed Investments						
Defined Contributions Variable Investments						
Deferred Compensation Life Insurance						
<b>Total Investments</b>	<b>3,419,269,564</b>	<b>51,066,669</b>	<b>86,473,988</b>	<b>159,935,739</b>	<b>56,613,851</b>	<b>165,078,663</b>
Capital Assets						
Property and Equipment, at cost,						
net of Accumulated Depreciation (Note A2)	513					
Intangible Assets, at cost,						
net of Amortization Expense (Note A2)	103,058	728	912	1,505	1,534	1,430
<b>Total Capital Assets</b>	<b>103,571</b>	<b>728</b>	<b>912</b>	<b>1,505</b>	<b>1,534</b>	<b>1,430</b>
<b>Total Assets</b>	<b>3,589,375,108</b>	<b>53,738,166</b>	<b>90,554,294</b>	<b>169,025,043</b>	<b>60,680,302</b>	<b>181,387,245</b>
<b>Liabilities</b>						
Securities Lending Collateral Liability	67,425,935	1,043,832	1,759,894	3,267,725	1,158,265	3,349,214
Accounts Payable	502,593	232	787	18,412	13,939	307
Due to Other Funds	94,227	7,059	25,877	70,397	43,632	62,748
Due to Primary Government	50,135					2,000
Due to Component Unit						
Advances from Primary Government (Note C)						
Deferred Revenue	70,942			14	136	570
Compensated Absences	248,600					35
<b>Total Liabilities</b>	<b>68,392,432</b>	<b>1,051,123</b>	<b>1,786,558</b>	<b>3,356,548</b>	<b>1,215,972</b>	<b>3,414,874</b>
<b>Net Assets Held in Trust for Pension Benefits</b>						
(see schedule of funding progress, page 78)	\$ 3,520,982,676	52,687,043	88,767,736	165,668,495	59,464,330	177,972,371
<i>The notes to the financial statements are an integral part of this statement.</i>						

# FINANCIAL SECTION

Defined Benefit Pension Plans			Defined Contribution Plans			Total Pension Trust Funds
FURS	VFCA	Total Defined Benefit Pension Plans	PERS-DCRP	457 Plan	Total Defined Contribution Plans	2006
4,247,446	1,875,296	115,889,687	1,024,331	350,271	1,374,602	117,264,289
3,188,555	463,503	81,656,923	14,329	5,310	19,639	81,676,562
325,820	45,253	8,623,619				8,623,619
78,747		1,594,533	8	7	15	1,594,548
		323,838	94,227		94,227	418,065
7,532,591		15,743,263				15,743,263
		1,995				1,995
		135,357				135,357
7,937,158	45,253	26,422,605	94,235	7	94,242	26,516,847
73,144,442	9,871,678	1,911,760,179				1,911,760,179
44,649,947	6,232,966	1,131,077,158				1,131,077,158
29,143,147	4,023,023	758,875,456				758,875,456
9,587,346	1,340,772	245,485,839				245,485,839
700,000	95,000	18,295,000				18,295,000
		8,636,356				8,636,356
		43,096,807				43,096,807
			1,832,487	143,870,263	145,702,750	145,702,750
			29,101,644	104,061,001	133,162,645	133,162,645
				12,316	12,316	12,316
157,224,882	21,563,439	4,117,226,795	30,934,131	247,943,580	278,877,711	4,396,104,506
		513				513
1,221	3,410	113,798	2,215	104,720	106,935	220,733
1,221	3,410	114,311	2,215	104,720	106,935	221,246
172,599,262	23,950,901	4,341,310,321	32,069,241	248,403,888	280,473,129	4,621,783,450
3,188,555	463,503	81,656,923	14,329	5,310	19,639	81,676,562
232		536,502	7,797	155,692	163,489	699,991
52,257	46,360	402,557	10,752	4,756	15,508	418,065
		52,135	21,308	899	22,207	74,342
			24,248		24,248	24,248
			1,360,195		1,360,195	1,360,195
3,806		75,468				75,468
		248,635	10,344	10,878	21,222	269,857
3,244,850	509,863	82,972,220	1,448,973	177,535	1,626,508	84,598,728
169,354,412	23,441,038	4,258,338,101	30,620,268	248,226,353	278,846,621	4,537,184,722

# FINANCIAL SECTION

## Public Employees' Retirement Board

*A Component Unit of the State of Montana*

### Statement of Changes in Fiduciary Net Assets - Pension Trust Funds for the year ended June 30, 2006

	PERS-DBRP	JRS	HPORS	SRS	GWPORS	MPORS
<b>Additions</b>						
<b>Contributions (Note D)</b>						
Employer	\$ 63,445,414	1,229,014	2,905,165	3,523,607	2,391,091	4,035,331
Plan Member	66,002,308	333,319	847,311	3,682,968	3,007,242	2,545,437
Membership Fees	83					
Interest Reserve Buyback	143,047		3,372	38,445	19,761	3,227
Retirement Incentive Program	123,784					
Registration Fee Collections			277,178			
Miscellaneous Revenue	25,003,605			26		7
State Contributions	442,994					8,181,861
Nonvested Member Forfeitures						
<b>Total Contributions</b>	<b>155,161,235</b>	<b>1,562,333</b>	<b>4,033,026</b>	<b>7,245,046</b>	<b>5,418,094</b>	<b>14,765,863</b>
<b>Investments (Note A5)</b>						
Net Appreciation (Depreciation)						
in Fair Value of Investments	185,484,598	2,816,662	4,300,075	9,021,235	3,243,729	9,752,251
Interest	98,921,274	1,386,960	2,913,412	4,104,926	1,201,444	3,891,789
Dividends	14,161,359	211,305	361,462	661,262	223,072	678,147
Investment Expense	(5,008,119)	(72,823)	(125,327)	(227,403)	(76,494)	(237,074)
<b>Net Investment Income</b>	<b>293,559,112</b>	<b>4,342,104</b>	<b>7,449,622</b>	<b>13,560,020</b>	<b>4,591,751</b>	<b>14,085,113</b>
<b>Securities Lending Income</b>						
Securities Lending Income	5,130,656	79,790	136,753	249,384	86,460	259,165
Securities Lending Rebate and Fees	(5,011,163)	(77,965)	(133,615)	(243,680)	(84,521)	(253,236)
<b>Net Securities Lending Income</b>	<b>119,493</b>	<b>1,825</b>	<b>3,138</b>	<b>5,704</b>	<b>1,939</b>	<b>5,929</b>
<b>Total Net Investment Income</b>	<b>293,678,605</b>	<b>4,343,929</b>	<b>7,452,760</b>	<b>13,565,724</b>	<b>4,593,690</b>	<b>14,091,042</b>
<b>Total Additions</b>	<b>448,839,840</b>	<b>5,906,262</b>	<b>11,485,786</b>	<b>20,810,770</b>	<b>10,011,784</b>	<b>28,856,905</b>
<b>Deductions (Note D)</b>						
Benefits	153,885,649	1,742,859	6,365,115	6,151,890	1,834,767	12,031,585
Refunds/Distributions	12,753,802		89,223	365,372	476,629	550,830
Refunds to Other Plans	568,003		416	17,214	13,423	48,394
Transfers to DCRP	1,064,447					
Transfers to ORP	183,135					
Supplemental Insurance Payments						
Administrative Expenses	2,886,404	11,767	30,668	77,470	48,616	68,276
Miscellaneous Expenses						
<b>Total Deductions</b>	<b>171,341,440</b>	<b>1,754,626</b>	<b>6,485,422</b>	<b>6,611,946</b>	<b>2,373,435</b>	<b>12,699,085</b>
<b>Net Increase (Decrease)</b>	<b>277,498,400</b>	<b>4,151,636</b>	<b>5,000,364</b>	<b>14,198,824</b>	<b>7,638,349</b>	<b>16,157,820</b>
<b>Net Assets Held in Trust for Pension Benefits</b>						
<b>Beginning of Year</b>	<b>3,243,418,873</b>	<b>48,535,407</b>	<b>83,767,372</b>	<b>151,469,671</b>	<b>51,825,981</b>	<b>161,814,551</b>
<b>Prior Period Adjustment</b>	<b>65,403</b>					
<b>End of Year</b>	<b>\$ 3,520,982,676</b>	<b>52,687,043</b>	<b>88,767,736</b>	<b>165,668,495</b>	<b>59,464,330</b>	<b>177,972,371</b>

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



## FINANCIAL SECTION

Defined Benefit Pension Plans			Defined Contribution Plans			Total Pension
FURS	VFCA	Total Defined Benefit Pension Plans	PERS-DCRP	457 Plan	Total Defined Contribution Plans	Trust Funds
						2006
3,328,408		80,858,030	2,319,167	52,457	2,371,624	83,229,654
2,470,766		78,889,351	3,699,360	16,990,026	20,689,386	99,578,737
		83				83
1,406		209,258				209,258
		123,784				123,784
		277,178				277,178
9		25,003,647	223,324	208,964	432,288	25,435,935
7,532,591	1,610,462	17,767,908				17,767,908
			263,685		263,685	263,685
13,333,180	1,610,462	203,129,239	6,505,536	17,251,447	23,756,983	226,886,222
9,351,521	1,263,347	225,233,418	991,131	(5,336,756)	(4,345,625)	220,887,793
3,631,704	534,281	116,585,790	1,106,594	9,428,347	10,534,941	127,120,731
645,789	86,065	17,028,461				17,028,461
(225,582)	(31,538)	(6,004,360)		(473,422)	(473,422)	(6,477,782)
13,403,432	1,852,155	352,843,309	2,097,725	3,618,169	5,715,894	358,559,203
246,550	34,374	6,223,132	503	223	726	6,223,858
(240,911)	(33,591)	(6,078,682)	(501)	(222)	(723)	(6,079,405)
5,639	783	144,450	2	1	3	144,453
13,409,071	1,852,938	352,987,759	2,097,727	3,618,170	5,715,897	358,703,656
26,742,251	3,463,400	556,116,998	8,603,263	20,869,617	29,472,880	585,589,878
11,039,519	1,563,795	194,615,179				194,615,179
45,619		14,281,475	1,570,066	11,443,043	13,013,109	27,294,584
		647,450				647,450
		1,064,447				1,064,447
		183,135				183,135
	11,400	11,400				11,400
57,783	47,529	3,228,513	227,170	203,727	430,897	3,659,410
			295,105	737,382	1,032,487	1,032,487
11,142,921	1,622,724	214,031,599	2,092,341	12,384,152	14,476,493	228,508,092
15,599,330	1,840,676	342,085,399	6,510,922	8,485,465	14,996,387	357,081,786
153,755,082	21,600,362	3,916,187,299	24,109,346	239,405,278	263,514,624	4,179,701,923
		65,403		335,610	335,610	401,013
169,354,412	23,441,038	4,258,338,101	30,620,268	248,226,353	278,846,621	4,537,184,722

# Public Employees' Retirement Board

*A Component Unit of the State of Montana*

## Notes to the Financial Statements

*for the Fiscal Year Ended June 30, 2006*

The Public Employees' Retirement Board (PERB) administers ten retirement plans and the related member education funds. The retirement plans are eight defined benefit plans and two defined contribution plans. The *defined benefit* retirement plans are the Public Employees' Retirement System (PERS-DBRP), Judges' Retirement System (JRS), Highway Patrol Officers' Retirement System (HPORS), Sheriffs' Retirement System (SRS), Game Wardens' and Peace Officers' Retirement System (GWPORS), Municipal Police Officers' Retirement System (MPORS), Firefighters' Unified Retirement System (FURS), and the Volunteer Firefighters' Compensation Act (VFCA). The *defined contribution* retirement plans are the Public Employees' Retirement System (PERS-DCRP) and the Deferred Compensation (IRC §457) Plan. The PERS-DCRP was implemented July 1, 2002. All PERS new hires after July 1, 2002 have a twelve-month window to file an election. The Deferred Compensation Plan is available to employees of the state and university system, and to local political subdivisions that contract for the plan.

PERS members are provided member education as a tool to help them decide between participation in the Defined Benefit Retirement Plan (PERS-DBRP) or the Defined Contribution Retirement Plan (PERS-DCRP). If members are employees of the university system they have a third choice, the Optional Retirement Program (ORP). The plan choice is a one-time irrevocable election. Further education is provided for the members who

choose the PERS-DCRP, including information on investment choices.

The assets of each plan are maintained separately, including member education funds, and may be used only for the payment of benefits to the members and administrative expenses of the appropriate plan, in accordance with the terms of each plan as prescribed in Title 19, of the Montana Code Annotated (MCA). The financial statements are presented by combining the PERS-DBRP and the DBRP Education Fund and by combining the PERS-DCRP, the DCRP Education Fund and the DCRP Disability Fund. A presentation of each individual fund is shown at the end of the financial section.

### A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 1. BASIS OF ACCOUNTING

The PERB is a discretely presented component unit Pension Trust Fund of the State of Montana financial reporting entity. The Montana Public Employee Retirement Administration (MPERA), staff of the PERB, prepares the accounting records and financial statements for the fiduciary/pension trust funds using the accrual basis of accounting. For the pension trust funds, member contributions are recognized in the period in which contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Revenues are rec-

ognized in the accounting period in which they are earned and become measurable. Benefits and refunds/distributions are recognized in the accounting period in which they are due and payable. Expenses are recognized in the period incurred. Administrative expenses are financed through investment earnings on the pension trust fund for the defined benefit plans. Interfund receivables and payables exist at year-end because all defined benefit administrative expenses are accounted for within PERS-DBRP and then allocated to the other defined benefit plans at year-end.

Adjustments to the fiscal year 2006 financial statements consist of a prior period adjustment to the PERS-DBRP plan for prior years employer reporting errors. A prior period adjustment to the 457 plan include an entry made to balance the fixed annuity based on the reconciliation process.

The PERS requested an inter-entity loan in the amount of \$2,000 from the Department of Administration general fund to the Municipal Police Officers Retirement System (MPORS) fund at the end of fiscal year 2006. This loan was due to a check that was returned for insufficient funds. This check was processed before June 30, 2006 and was returned the first week of July. Department of Administration (DOA) treasury reversed the cash entries as fiscal year 2006, putting the MPORS fund in the situation of negative cash at June 30, 2006. This loan was repaid on August 8, 2006.

House Bill No. 1: "Appropriate Funds for Schools, TRS, & PERS" was passed in the Legislative Special Session of December 2005. This Bill saw the appropriation

of \$25 million from the State of Montana general fund to the PERS pension trust fund for unfunded liability. This amount is shown as a miscellaneous revenue item in the financial statements.

Participants of the PERS-DCRP are charged, on a quarterly basis, a flat fee plus a basis point fee on their account balance. The flat fee covers the recordkeeping provided by Great West Retirement Services (Great West). The basis point fee is remitted to the PERB to cover the PERB's administrative expenses of the plan. The fees returned to the PERB are recorded as *Miscellaneous Revenue* in the financial statements.

Participants of the deferred compensation (457) plan are charged fees, quarterly, based on individual account balances. The record keeper, Great West, withholds fees and after payment of the Great West's contractual expenses, the excess fees are remitted to the PERB. The excess fees, recorded as *Miscellaneous Revenue* in the financial statements, are used to pay the PERB's related administrative expenses.

## 2. CAPITAL ASSETS AND EQUIPMENT USED IN OPERATIONS

Assets under \$5,000 are expensed in the year purchased. Assets valued at \$5,000 or more, are recorded at cost less straight-line depreciation over the estimated useful life of five to ten years. Equipment for the MPERA consists of a microfiche reader/printer and a server. Capital assets include the web-based employer reporting software and the MPERA Website.

The accumulated depreciation on the web based reporting system is \$1,206,664 as

## FINANCIAL SECTION

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of June 30, 2006. The carrying value as of June 30, 2006 is \$66,318. For the 457 web based employer-reporting system the accumulated depreciation as of June 30, 2006 is \$89,263 and the carrying value is \$98,423. The accumulated depreciation on the MPERA website as of June 30, 2006 is \$18,492 and the carrying value is \$49,786. A new server was purchased in September 2005. The accumulated depreciation of the server as of June 30, 2006 is \$1,659 and the carrying value is \$6,305.

### 3. OPERATING LEASE

Operating leases are rental agreements where the payments are chargeable as rent and recorded as administrative expenses. The MPERA entered into a 10-year lease for office space in November 2003, at the location of 100 North Park. The lease is payable monthly and includes inflationary adjustments over the period of the lease.

### 4. GASB 40 DISCLOSURES

Effective June 30, 2005, the State of Montana Board of Investments (BOI), Department of Commerce, implemented the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 40 – Deposit and Investment Risk Disclosures. The definition of the investment risk disclosures are as follows:

*Credit Risk* is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligation.

*Custodial Credit Risk* for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the

value of the investment or collateral securities that are in the possession of an outside party.

*Concentration of Credit Risk* is the risk of loss attributed to the magnitude of a government's investment in a single issuer. Investments issued or explicitly guaranteed by the U.S. government are excluded from the concentration of credit risk requirement.

*Interest Rate Risk* is the risk that changes in interest rates will adversely affect the fair value of an investment.

*Foreign Currency Risk* is the risk that changes in exchange rates will adversely affect the fair value of an investment.

If applicable, investment risks are disclosed within the investment summaries that begin on the next page.

### 5. METHOD USED TO VALUE INVESTMENTS

According to Article VIII, Section 13 of the Montana Constitution and 19-2-504, MCA, the BOI has a fiduciary responsibility for investing the defined benefit retirement plan assets on behalf of the defined benefit plans. Investments are determined in accordance with the statutorily and constitutionally mandated "prudent expert principle." Pursuant to Article VIII, Section 15 of the Montana Constitution and 19-2-502, MCA, the PERB has a fiduciary responsibility for the administration of the pension trust funds. Investments are reported at fair value. As of June 30, 2006, there were six major diversified pools, Montana Short Term Investment Pool (STIP), Montana Domestic Equity Pool (MDEP), Retire-

ment Funds Bond Pool (RFBP), Montana International Pool (MTIP), Montana Private Equity Pool (MPEP) and Montana Real Estate Investment Pool (MTRP).

The PERS-DCRP and the deferred compensation plan's fixed assets were invested and managed on behalf of the plans by Pacific Investment Management Company (PIMCO)/State Street Bank Kansas City (SSKC). The third party record keeper, Great West Retirement Services, tracks and reports the daily trading and valuations of all investment options including the assets held by the individual mutual fund companies. In addition to the laws cited above, the PERS-DCRP is also governed by 19-3-2122, MCA and there are separate investment policies for the 401(a) defined contribution and 457 deferred compensation plans. The investment policies are reviewed on an annual basis and the investment options are reviewed at least annually by an independent third party consultant and investment analyst. In the review, each investment alternative is compared to its peers and the appropriate benchmark and compared against the relevant Investment Policy Statement. In addition, each investment alternative is reviewed for other indicators including, but not limited to, style drift, duplication, fund manager or other organizational changes. Investment alternatives that are determined to have a sub-standard performance rating or other negative indicators may be recommended for probation or termination. Investments are reported at fair value as of June 30, 2006.

The following are the PERB summaries of the BOI's fiscal year end statements, the PIMCO/SSKC contract and a statement about the variable investments.

**STIP** portfolio may include asset-backed securities, commercial paper, corporate and government securities, repurchase agreements and variable-rate (floating-rate) instruments. These securities provide a diversified portfolio earning a competitive total rate of return. Funds may be invested for relatively short periods. State agencies are legally required to invest in STIP and the PERB elects to have all STIP income automatically reinvested. Investments are reported at fair value based on market prices supplied to the BOI by the BOI's custodial bank. The unit value is fixed at \$1.00. A purchased unit earns income on the purchase date and ceases to earn income on the day before the unit is sold. STIP income reflects the monthly earnings of the STIP portfolio and is distributed on the first calendar day of the month, with the exception of the June distribution. Income for June is distributed on the last calendar day of the month. Administrative expenses incurred by the BOI are charged daily to STIP based on their expenses applicable to STIP. As of June 30, 2006, the carrying and fair value of the underlying securities on loan, categorized as U.S. Government indirect-backed bonds, for the Short Term Investment Pool was \$35,271,669 and \$35,219,601 respectively. STIP did not participate in any securities lending transactions in fiscal year 2005. STIP is considered an external investment pool per the Governmental Accounting Standards Board (GASB) Statement No. 31 and is classified as a "2a7-like" pool. STIP is not registered with the Securities and Exchange Commission (SEC) but does operate in a manner consistent with SEC rules. *Credit Risk* is that the issuer of a STIP security may default in making timely principal and interest payments. Obligations of the U.S. government or



## FINANCIAL SECTION

Security Investment Type (in thousands)	Fair Value 2006	Credit Quality Rating
Commercial Paper	\$ 1,421,009	A1
Corporate Fixed	293,960	A1+
Corporate Variable-Rate	224,992	A1+
US Gov. Indirect-Backed	248,885	A1+
Total Investments	<u>\$ 2,188,846</u>	A1+
Securities Lending		
Collateral Investment Pool	\$ <u>36,072</u>	NR

obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality. STIP securities have credit risk as measured by major credit rating services. STIP investments are required to have the highest rating in the short-term category by at least one Nationally Recognized Statistical Rating Organization (NRSRO). The table above displays all STIP investments for the State of Montana. The PERB portion of STIP is 4.0 percent. Investments are categorized to disclose credit rate risk as of June 30, 2006. If a security investment type is unrated, the quality type is indicated by NR (not rated). As an external investment pool, STIP has not been rated by the NRSRO. For *Custodial Credit Risk* as of June 30, 2006, all the investments were registered in the nominee name for the BOI and held in the possession of the BOI's custodial bank, State Street Bank (SSB). According to the STIP Investment Policy "repurchase agreements require electronic delivery of U.S. Government Treasury collateral, priced at 102 percent market value, to the designated State of Montana Federal Reserve Bank account." *Concentration of Credit Risk* as of June 30, 2006, the STIP had concentration of credit risk exposure to the Federal Home Loan Bank of 6.59%. As of June 30, 2005, there were no single issuer invest-

ments that exceeded 5% of the STIP portfolio. The STIP Investment Policy Statement does not specifically address concentration of credit risk. The policy does provide for "minimum 3 percent or \$15 million, whichever is higher, to be invested in Repurchase Agreements." *Interest Rate Risk* disclosures are not required for "2a7-like" pools. Corporate asset-backed securities are based on cash flows from principal and interest payments on underlying auto loan receivables, credit card receivables and other assets. These securities, while sensitive to prepayments due to interest rate changes, have less credit risk than securities not backed by pledged assets. While variable-rate (floating-rate) securities have credit risk identical to similar fixed-rate securities, their interest rate risk is more sensitive to interest rate changes. However, their fair value may be less volatile than fixed-rate securities because their value will usually remain at or near par as a result of their interest rates being periodically reset to maintain a current market yield. STIP security transactions are recorded as of the trade date rather than the settlement date. Because of this generally accepted practice, the STIP portfolio at June 30 may include receivables from brokers for securities sold, but not delivered, and payables to brokers for securities purchased, but not received. There are no legal risks that the BOI is aware of regarding any STIP investments.

**MDEP** portfolio may include common stock, equity index, preferred stock, convertible equity securities, American Depositary Receipts and equity derivatives. The MDEP was established in April 2003. Effective May 1, 2003, the retirement funds transferred all the Barclays Global Investors (BGI) S&P 500 Equity

Index Fund A and the Dimensional Fund Advisors (DFA) Small Cap Subtrust investments totaling \$740 million, at cost, from the All Other Funds portfolio to the new pool. The pensions also exchanged their investment in the Montana Stock Pool (MTCP) for units in the new MDEP. In July 2003, the BOI closed the STIP account and a Stock Performance Index Futures Fund (SPIFF) account was opened to securitize MDEP cash by investing in an equity derivative. The value of MDEP units purchased and sold by participants is the result of an asset allocation decision and pool participants' cash needs. Investments are presented at fair value. Unit values are calculated weekly and at the close of the last business day of the month. Equity investments, on valuation date, are stated at the closing price of the security's primary exchange. Depending on stock market conditions and the investment officer's decision, MDEP participants may then buy or sell units on the first calendar day of each month. MDEP security transactions are recorded as of trade date rather than settlement date. Because of this generally accepted practice, the MDEP portfolio at June 30 may include receivables from brokers for securities sold but not delivered, and payables to brokers for securities purchased but not received. Administrative expenses incurred by the BOI are charged daily to MDEP based on the board's expenses applicable to MDEP. The PERB portion of MDEP is 60.64 percent. For *Custodial Credit Risk* as of June 30, 2006, all the MDEP securities were registered in the nominee name for the BOI and held in the possession of the BOI's custodial bank, State Street Bank. The BGI S&P 500 Equity Index Fund A, S&P 400 MidCap Equity Index fund, DFA Small Cap Subtrust, Goldman Sachs

and Western Asset (WAMCO) commingled funds are registered in the name of the Montana BOI. *Concentration of Credit Risk* as of June 30, 2006 - there were no single issuer investments that exceeded 5% of the MDEP portfolio.

On October 11, 2002, the BOI received a summons and complaint regarding the bankruptcy of Owens-Corning. The company seeks a determination that the dividend payments paid from October 1996 through July 2000 represent "fraudulent transfers under Chapter 11 Bankruptcy provisions and applicable state law, and are, therefore, voidable". The complaint states the BOI was the "recipient of dividends in the amount of \$357,099 for the relevant period". The BOI has prepared a response to the complaint. As of September 22, 2006, this matter is still pending.

In July 2005, the BOI agreed to lease a Portfolio Order Management System (POMS) from Bloomberg Financial Services. This electronic securities trading system reduces trading time and paperwork, increases trading and accounting accuracy, and provides certain controls not previously available. Electronic trading began with the internally-managed component of the MDEP in August 2005. Implementation of electronic trading for the STIP and the other fixed income portfolios, as managed by the BOI staff, was completed in fiscal year 2006.

**RFBP** portfolio includes corporate securities, foreign government bonds, U.S. government direct-backed, U.S. government indirect-backed and cash equivalents. RFBP investments are presented at fair value. Fair values are determined, primarily, by reference to fair market prices supplied to the BOI by its custodial

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bank, State Street Bank. Premiums and discounts are amortized/accreted using the straight-line or scientific method to the call, average life or maturity date of the securities. Unit values are calculated weekly and at month end, based on portfolio pricing, to allow for participant transactions to occur as determined by the BOI's staff. The June 30, 2006 unit value of \$99.81 decreased from the June 30, 2005 unit value of \$105.31. The yield on longer term bonds increased during the fiscal year, which has the effect of decreasing bond prices and the pool unit value. The pension funds were rebalanced in fiscal year 2006 to adjust the portfolios toward the stated equity/fixed income allocation. RFBP security transactions are recorded as of the trade date rather than the settlement date. Because of this generally accepted practice, the RFBP portfolio at June 30 may include receivables from brokers for securities sold, but not delivered, and payables to brokers for securities purchased, but not received. Accumulated income is distributed monthly on the first calendar day of the month. Realized portfolio gains/losses are distributed at least annually. Administrative expenses incurred by the BOI are charged daily to RFBP based on applicable BOI expenses. *Credit Risk* is that the issuer of a fixed income security may default in making timely principal and interest payments. RFBP fixed income investments are required to be rated an investment grade as defined by Moody's or by S&P rating services. Refer to the table at the top of the next column. Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality. For *Custodial Credit Risk* as of June 30, 2006, all the investments were registered

Security Investment Type (in thousands)	Fair Value 2006	Credit Quality Rating	Effective Duration
Corporate Bonds (Rated)	\$ 930,859	A	5.20
Corporate Bonds (Unrated)	13,929	NR	3.81
Foreign Government Bonds	4,850	BBB	5.83
U.S. Government Direct-Backed	55,508	AAA	6.87
U.S. Government Indirect-Backed	722,334	AAA	4.73
State Street Repurchase Agrmt Short Term	448	AA-	NA
Investment Pool	<u>109,117</u>	<u>NR</u>	<u>NA</u>
Total Fixed Income Investments	\$ <u>1,837,045</u>	<u>AA-</u>	<u>5.05</u>
Securities Lending Collateral Investment Pool	\$ 84,097	NR	NA

in the nominee name for the BOI and held in the possession of the BOI's custodial bank, State Street Bank. The State Street repurchase agreement was purchased in the State of Montana BOI name. As of June 30, 2006 the RFBP had *Concentration of Credit Risk* exposure to the Federal Home Loan Mortgage Corp of 5.50%. According to the RFBP Investment Policy, "with the exception of the U.S. government indirect-backed securities, additional RFBP portfolio purchases will not be made if the credit risk exceeds 2 percent of the portfolio at the time of purchase". The RFBP investment policy does not formally address *Interest Rate Risk*. In accordance with GASB Statement No. 40, the BOI has selected the effective duration method to disclose interest rate risk. The table above displays RFBP investments for the State of Montana. The PERB portion of RFBP is 50.74 percent. If a bond investment type is unrated, the quality type is indicated by NR (not rated). Both the credit quality ratings



and duration have been calculated excluding cash equivalents. If duration has not been calculated, duration is indicated by NA (not applicable).

Corporate asset-backed securities are based on cash flows from principal and interest payments on underlying auto loan receivables, credit card receivables and other assets. These securities, while sensitive to prepayments due to interest rate changes, have less credit risk than securities not backed by pledged assets. The RFBP portfolio holds REMICs (Real Estate Mortgage Investment Conduits) totaling \$387,052 in amortized cost as of June 30, 2006. These securities are based on separate or combined cash flows from principal and interest payments on underlying mortgages. The interest-only (IO) are more sensitive to prepayments by mortgagees resulting from interest rate changes than other REMIC securities. The IO securities purchased in August and September 1992 carry an amortized cost of \$3 as of June 30, 2006.

As of June 30, 2005, Delta Airlines Corp. presented a higher credit risk to the BOI. The RFBP holds \$3 million par 10.0% Delta Airlines Corp. bond maturing June 5, 2013, a \$1.971 million par 10.0% Delta Airlines Corp. bond maturing June 5, 2011 and a \$6 million par 10.14% Delta Airlines Corp. bond maturing August 14, 2012. Due to a weak credit outlook and potential bankruptcy, the BOI stopped the interest income accruals after the December 2004 and February 2005 pay dates. Although the interest accruals were stopped, the BOI received the interest due in June 2005 and August 2005. The combined book value of these securities was \$11 million as of June 30, 2005. Due to the company's filing for Chapter 11 bank-

ruptcy protection on September 14, 2005, the book values were reduced to \$1.5 million, \$985,500 and \$3 million, respectively. On March 20, 2006, the BOI sold these securities and recorded a combined gain of \$892,680.

As of June 30, 2006, Northwest Airlines Inc. presented a higher credit risk to the BOI. The RFBP held a \$5.7 million par 4.64% Northwest Airlines Inc. real estate backed bond maturing July 7, 2010. The 4.64% bond maturing July 7, 2010 is secured by Northwest Airlines Inc.'s corporate headquarters' building and land. As of June 30, 2005 the RFBP held a \$9.9 million par 6.81% Northwest Airlines Inc. bond maturing February 1, 2020 and a \$7.8 million par 7.935% Northwest Airlines Inc. MBIA Insurance Corp. insured bond maturing April 1, 2019. The combined book value of these securities was \$17.2 million as of June 30, 2005. On September 14, 2005, the company filed for Chapter 11 bankruptcy protection. Due to this action, the BOI stopped the interest income accruals for the 6.81% bond maturing February 1, 2020 after the August 2005 pay date. This issue was sold on September 20, 2005 generating a loss of \$642,183. The sale included accrued interest from August 1, 2005 to September 20, 2005. Since the 7.935% bond maturing April 1, 2019 is insured by MBIA Insurance Corp. to support the payment of any interest due and outstanding principal balance, the BOI did not stop the interest income accrual or reduce book value. On January 11, 2006 Northwest Airlines Inc. called the 7.935% bond maturing April 1, 2019 at par and included accrued interest from October 1, 2005 to January 11, 2006. The BOI recorded a gain of \$132,710 on this transaction.

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As of June 30, 2006, Burlington Industries, Inc. presented legal and higher credit risks to the BOI. The BOI owns a Burlington Industries, Inc., \$6 million par, 7.25% bond maturing September 15, 2005. In September 2000, the company announced a reduction of stockholders' equity. Due to an increasing senior bank line and declining credit trend, the bond ratings for this issue were downgraded, in May 2001, by the Moody's and Standard & Poor's rating agencies. During fiscal year 2001, the book value of Burlington Industries Inc. was reduced from the August 31, 2000 book value of \$5.6 million to \$2.4 million. Due to the company's filing for Chapter 11 bankruptcy protection on November 11, 2001, the book value was reduced to \$1.2 million. In October 2003, Burlington Industries, Inc. received court approval to sell its assets. Under the company's recovery plan, the BOI received \$1.5 million in August 2004 for its unsecured claim. This transaction reduced the book value to \$0 and generated a gain of \$254,961. In February 2005 and May 2005, the BOI received an additional \$208,771 and \$194,247 respectively for this unsecured claim. In May 2006, the BOI received an additional payment of \$158,278. The BOI is expected to receive the final distribution in September 2006.

The BOI received a summons and complaint, dated September 3, 2002, regarding the sale of a Pennzoil Quaker State, \$5 million par, 6.75% corporate bond maturing April 1, 2009. Deutsche Bank Securities claims a "breach of contract" for the March 25, 2002 sale of the bond at a price of \$94.669 plus accrued interest. Deutsche Bank Securities seeks damages of \$538,632 for the additional costs incurred to acquire the bond from third par-

ties, plus any statutory interest, costs and expenses. On October 1, 2002, Shell Oil Company acquired Pennzoil and subsequently announced a public tender of Pennzoil Quaker State debt. The BOI tendered the Pennzoil Quaker State holdings on October 8, 2002 at a price of \$113.099. The tender was accepted with a settlement date of November 1, 2002. On November 4, 2002, the BOI received \$5.7 million in principal and interest plus \$150,000 as a consent fee. As of June 30, 2006, this matter is still pending.

**MTIP** portfolio includes equities with six externally managed funds at June 30, 2006: Schroder Investment Management NA, Nomura Asset Management, Barclays Global Investors (BGI) Equity Index Fund Europe, Barclays Global Investors (BGI) Passive Pacific Index Strategy, Dimensional Fund Advisors (DFA) International Small Co., and State Street EAFE SPIFF. In November 2005, the BOI approved the securitization of MTIP cash by investing in an international equity derivative, the State Street EAFE (Europe, Asia, Far East) International Stock Performance Index Futures Fund (SPIFF). MTIP cash was previously invested in the domestic SPIFF. In December 2005, the BOI terminated Pyrford International, the European external manager. The BOI transferred \$1.2 million Pyrford International units held by MTIP at a gain of \$39.5 million to the BGI Restructure account. Closure of the BGI Restructure account to the BGI MSCI Europe Index Fund resulted in additional gains of \$1.5 million. Because transactions are recorded as of the trade date rather than settlement date, the MTIP portfolio may include receivables from brokers for securities sold, but not delivered, and payables to brokers for securi-

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<b>MTIP Cash by Currency</b>	
Cash (in thousands)	Fair Value 2006
Australian Dollar	\$ 68
Hong Kong Dollar	699
Japanese Yen	1,317
South Korean Won	24
Malaysian Ringgit	9
Philippine Peso	3
Singapore Dollar	1,367
New Taiwan Dollar	168
Total Cash	\$ 3,655
<b>MTIP Investment by Security Type</b>	
Security Investment Type (in thousands)	Fair Value 2006
BGI MSCI Europe Index	\$ 768,769
BGI MSCI Pacific Index	65,943
BGI Cash and Money Market	-
DFA International Small Co.	93,071
State Street EAFE SPIFF	30,496
Schroder Investment Mgmt	139,113
Nomura Asset Management	143,656
Total Investments	\$ 1,241,048
Securities Lending Collateral	
Investment Pool	\$ 31,331

ties purchased, but not received. Investments are presented at current U.S. dollar value after conversion from foreign currency by the custodial bank, State Street Bank and Trust. Unit values are calculated weekly and once a month at the close of the last business day of the month, based upon the fair value of the MTIP equity holdings, other assets and liabilities. Based on the BOI Investment Officer's decision, participants are allowed to buy or sell units on the first business day of each month. Realized gains/losses from the sale of securities and related foreign exchange transactions are retained by each fund. MTIP income is distributed at least monthly to the retirement funds, net of external manager

fees and administrative expenses, on the first business day of the following month. For *Custodial Credit Risk* as of June 30, 2006, all MTIP securities were registered in the nominee name for the Montana BOI and held in the possession of the BOI's custodial bank, State Street Bank. The BGI MSCI Europe and Pacific Index and the DFA Small Company Portfolio are registered in the name of the Montana BOI. *Foreign Currency Risk* is the risk that changes in exchange rates will adversely affect the fair value of an investment. The MTIP has significant investments in 11 foreign countries. Future economic and political developments in these countries could adversely affect the liquidity or value or both of the securities in which MTIP is invested. The table to the left discloses the investments by currency and investment type in U.S. dollars. The PERB portion of MTIP is 50.77 percent.

**MPEP** portfolio includes venture capital, leveraged buyout, mezzanine, distressed debt, special situation and secondary investments. The MPEP was established in April 2002 to allow retirement funds the opportunity to participate in the venture capital and leveraged buyout markets and other private equity investments via a diversified pool. Given the complexity and specialization of private equity investment, the BOI contracts with eleven private equity managers. The private equity managers include Adams Street Partners (formerly Brinson Partners); Kohlberg, Kravis, Roberts and Company (KKR); Welsh Carson Anderson and Stowe; Madison Dearborn Partners; Lexington Partners; Oaktree Capital Management; ArcLight Energy Partners; Oak Hill Capital Partners; JLL Partners, Inc.; Odyssey Investment Partners and Carlyle Partners.

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Investments are presented at fair value and because no recognized market exists for private equity investment, the investments, on valuation date, are stated at the fair value reported in the most recent external managers' valuation reports. The pool portfolio is priced quarterly. Unit values are calculated at month end and participant transactions will most likely occur on a quarterly basis. Based on the BOI Investment Officer's decision, participants are allowed to buy, reinvest or sell units on the first business day of each month. Administrative expenses incurred by the BOI are charged daily to the MPEP based on the BOI's expenses applicable to MPEP. For *Custodial Credit Risk* as of June 30, 2006, all MPEP investments were recorded in the name of the Montana BOI. The State Street Bank and Trust repurchase agreement for \$447,174, as of June 30, 2005 was purchased in the Montana BOI's name. This repurchase agreement was collateralized at \$458,263 by a AAA rated Federal Home Loan Mortgage Corporation note maturing February 15, 2006. *Foreign Currency Risk* includes several MPEP investments that represent limited partnership investments in various foreign countries. Per GASB Statement No. 40, no foreign currency risk disclosure is required for these limited partnership investments. Private equity investments are recognized as investments with a higher degree of risk with a higher return potential. *Specific Risk* associated with MPEP is portfolio diversification achieved through multiple partnership relationships and investments diversified by time, financing stage, industry sector, investment size and geographical region. Private equity investments typically have a low correlation relative to other investment asset classes and contribute to the reduction of

portfolio risk. The PERB portion of MPEP is 61.25 percent.

In October 2004, the BOI committed \$25 million to Inter Mountain Private Equity Partners, LP, a regional venture capital "fund of funds" with Credit Suisse First Boston (CSFB), as the General Partner. This commitment was contingent upon CSFB raising an additional \$15 million from other investors in the region. Despite best efforts, the Fund dissolved May 2006 and the Board's commitment was withdrawn. For a private equity commitment the BOI on August 24, 2006 funded the initial capital call in Carlyle Venture Fund III of \$4.4 million which included investment and management fees. In July 2006, the staff committed \$25 million to JC Flowers Sidecare Fund II, a buyout fund focused on the global financial services industry. On August 14, 2006, the board made the initial investment of \$1.8 million. In July 2006, the staff committed \$30 million to First Reserve Corp Fund XI, a buyout fund focused on the energy industry. In August 2006, the staff committed \$35 million to Lehman Brothers Co-Investment Fund I and \$30 million to CCMP Capital Investors Fund II. Both managers invest in mid-market buyout funds.

**MTRP** was approved by BOI on April 26, 2006, to permit the state's retirement systems to participate in a diversified real estate portfolio. The BOI approved the original MTRP May 1998, to allow retirement and endowment funds the opportunity to participate in the Real Estate Investment Trust (REIT) equity market via a diversified pool. The original was created on July 1, 1998 by a spin-off of the REIT stock investments held in the Montana Stock Pool (MTCP). On March 1,

2001, BOI approved liquidation of the MTRP and all REIT securities were sold. As of June 30, 2001, all accounts related to the original Montana Real Estate Pool reported a zero balance. Investments are presented at fair value. The MTRP will invest with external real estate managers with both open-end and closed-end pooled funds. The MTRP, as an internal investment pool, invests its excess cash in the BOI's STIP. The pension funds sold STIP shares totaling \$30 million to fund the MTRP on June 1, 2006. Each pension fund participant was issued units in the new pool at an initial unit value of \$100. Unit values are calculated on the close of the last business day of the month. Based on the investment officer's decision, participants may buy or sell units on the first business day of each month. MTRP will not participate in security lending because of the characteristics of the portfolio. At June 30, 2006, no securities were on loan for the MTRP. *Credit Risk:* STIP, as an external investment pool, has not been rated by a Nationally Recognized Statistical Rating Organizations (NRSRO). The six NRSRO's include Standard and Poors (S&P), Moody's, Duff and Phelps, Fitch, IBCA and Thompson's Bank Watch. The *Custodial Credit Risk* as of June 30, 2006 for the MTRP investment in STIP was recorded in the name of the BOI. The *Concentration of Credit Risk* as of June 30, 2006 is MTRP's single investment of the Montana's STIP. *Interest Rate Risk* according to GASB Statement No. 40, "interest rate disclosure are not required for pooled investments if the pool is a 2a-7-like pool". This is the case for the MTRP. *Specific Risks* associated with MTRP are achieved through multiple manager relationships and investments diversified by time, real estate type, real estate size, and geographical region. As

of September 22, 2006 BOI has made commitments, but not yet funded, the following real estate managers: AG Core Plus Realty Fund II, Apollo Real Estate Finance Corp., ABR Chesapeake III, and TA Associates Realty Fund VIII. The PERB portion of MTRP, which only is applicable to PERS, is 15.1 percent.

**All Other Funds (AOF) Investments** are owned by various State of Montana agencies and managed on their behalf by the BOI. The portfolio for the pension plans include real estate, mortgages and other equity. Fair values are determined, primarily, by reference to market prices supplied to the BOI by its custodial bank, State Street Bank and Trust. The real estate investments and residential and multifamily mortgages are valued based on a discounted cash flow. The mortgages receivable funded by the retirement systems consist of residential mortgages. As of June 30, 2006, there were no uncollectible account balances for mortgages. Real estate investments held, in part, for the PERS include buildings at 100 North Park Avenue in Helena, MT; in 2004 a building constructed at 2273 Boot Hill Court in Bozeman, MT; a building at 2401 Colonial Drive in Helena, MT; and property located on California Street in Helena, MT. The BOI also holds the building located at 1712 Ninth Avenue in Helena, MT for the sole benefit of the PERS. *Credit Risk* as of June 30, 2006 the PERB did not hold fixed income investments in the AOF financial statements. The U.S. government securities are guaranteed directly or indirectly by the U.S. government and are not considered to have credit risk and do not require disclosure of credit quality. For Montana mortgages, there is a lien on the real estate property. In the event of default, the prop-



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erty can be sold. *Custodial Credit Risk* as of June 30, 2006 has all other equity, real estate, and mortgage investments registered in the name of the Montana BOI. *Concentration of Credit Risk* is not addressed in the investment policy statements. The single issuer for residential mortgages would be the residential borrower and there are no single issuers that have a principal balance in excess of 5 percent. *Interest Rate Risk* is not formally addressed in the AOF investment policies. In accordance with GASB Statement No. 40, the BOI has selected the effective duration method to disclose interest rate risk.

**Securities Lending Collateral**, governed under the provisions of state statutes, authorizes the custodial bank, State Street Bank and Trust, to lend the BOI's securities to broker-dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. This is accomplished by the BOI via a Securities Lending Authorization Agreement. During the period the securities are on loan, the BOI receives a fee and the custodial bank must initially receive collateral equal to 102 percent of the fair value of the loaned security and maintain collateral equal to 100 percent of the fair value of the loaned security. These percentages for foreign currency is 105 percent of both loaned security and maintaining collateral. The BOI retains all rights and risks of ownership during the loan period. During fiscal year 2006, State Street Bank and Trust loaned, on behalf of the BOI, certain securities held by State Street Bank and Trust, as custodian, and received U.S. dollar and foreign (international investing) currency cash, U.S. government securities, sovereign debt of foreign countries, and

irrevocable bank letters of credit. State Street Bank and Trust does not have the ability to pledge or sell collateral securities unless the borrower defaults. The BOI did not impose any restrictions during fiscal year 2006 on the amount of the loans that State Street Bank and Trust made on its behalf. There were no failures by any borrowers to return loaned securities or pay distributions thereon during fiscal year 2006. Moreover, there were no losses during fiscal year 2006 resulting from a default of the borrowers or State Street Bank and Trust. During fiscal year 2006, the BOI and the borrowers maintained the right to terminate all securities lending transactions on demand. The cash collateral received on each loan was invested, together with the cash collateral of other qualified plan lenders, in a collective investment pool, the Securities Lending Quality Trust. The relationship between the average maturities of the investment pool and the BOI's loans was affected by the maturities of the loans made by other plan entities that invested cash collateral in the collective investment pool, which the BOI could not determine. At year-end, the BOI has no *Credit Risk* exposure to borrowers because the amounts the BOI owes the borrowers exceed the amounts the borrowers owe the system. For MTCP and MDEP as of June 30, 2006, the carrying and fair values of the underlying securities on loan were \$12 million and \$12.6 million, respectively. The cash collateral provided for the securities on loan totaled \$12.9 million. For RFBP as of June 30, 2006, the carrying and fair values of the underlying securities on loan were \$82.1 million and \$81.7 million, respectively. The cash collateral provided for the securities on loan totaled

\$84.1 million in cash and \$381,000 in securities collateral. For MTIP as of June 30, 2006, the carrying and fair values of the underlying securities on loan were \$31.3 million. The cash collateral provided for the securities on loan totaled \$31.3 million.

**Fixed Investments** are administered through outside vendors Pacific Investment Management Company (PIMCO) and custodial bank State Street Bank Kansas City (SSKC). When participants invest in the fixed investment they are guaranteed a rate of return. The fixed investment employs a synthetic stable value strategy where the investment manager manages a diversified bond portfolio and the third party insurer guarantees the participants principal investments and earnings. The third party insurer resets the rate of return each quarter.

The PERS-DCRP fixed money is invested in a PIMCO mutual fund. The deferred compensation fixed investment is a separately managed fund that is benchmarked against the Lehman Intermediate Government/Credit/Yankee index with a duration not to exceed four years. The minimum average portfolio quality must be an A-rating; the minimum issue quality must be a BB-rating and the minimum commercial paper quality must be A2/P2. The quality ratings applied are the higher of Moody's, Standard & Poor or Fitch. PIMCO has the discretion to invest in a broad array of public and private asset classes and investment vehicles including: money market instruments; U.S. Treasury and Agency notes and bonds; municipal bonds; corporate securities; Yankee and Euro bonds; mortgage-backed securities; mortgage derivatives; asset-backed securities; convertible secu-

rities; non-U.S. dollar denominated securities; non-leveraged structured notes; futures; options; swaps; credit default swaps; emerging market securities; and PIMCO pooled funds. All investments, including those with derivative characteristics, are reported at fair value. PIMCO may not invest in: caps and floors; preferred stock; event-linked bonds; and bank loans. *Concentration of Credit Risk* is not addressed in the investment policy. However, principal and rate of return are guaranteed for participants.

**Variable Investments** are held and managed by a selection of retail and institutional mutual funds, which cover all standard asset classes and categories. The selection of offered mutual funds is designed to provide plan participants with the ability to diversify and meet their individual investment goals and strategies. The PERB, with the advice of the statutorily created Employee Investment Advisory Council and the assistance of an independent contracted third-party consultant and investment analyst, conducts an annual review of the offered mutual funds. The goal of the annual review is to ensure the offered mutual funds meet standards established in the Investment Policy Statement adopted by the PERB. The investment policy states that "Participants make individual investment decisions, subject to the investments offered under the plan and, ultimately, bear the risks and rewards of investment returns." In the annual review, each investment alternative is compared to its peers and the appropriate benchmark. In addition, each investment alternative is reviewed for other indicators including, but not limited to, style drift, duplication, fund manager or other organizational changes. Investment alternatives that are

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determined to have a sub-standard performance rating or other negative indicators may be recommended for probation or termination. During the annual review, the PERB may decide to retain, replace or place in a watch status, any of the offered mutual funds. *Concentration of Credit Risk* is not addressed in the investment policy and investments in mutual funds are not required to be disclosed.

Investments are reported at fair value as of June 30, 2006. Available mutual funds are listed on pages 67 and 70 or a listing can be obtained by contacting the MPERA.

### B. LITIGATION

Each of the plans administered by the PERB may be involved in various claims and legal actions arising in the ordinary course of business. In the opinion of management and legal counsel, the disposition of those matters will not have a material, adverse affect on any plans' financial position as a whole.

A lawsuit, *Baumgardner v. PER Board* (Cause No. ADV-2002-450, First Judicial District), has been filed challenging the constitutionality of that portion of Chapter 149, L. of 2001 which, in the definition of "actuarial equivalent", substituted "the mortality table and interest rate assumptions adopted by the Board" for "the 1971 Group Annuity Mortality Table, with ages set back 4 years and an interest rate of 8% compounded annually". This amendment was effective March 29, 2001. Subsequent to the legislation, effective July 1, 2001, the PERB adopted new actuarial assumptions, including new mortality tables, resulting in new actuarial equivalent option factors. The legal chal-

lenge is the use of these new actuarial equivalent option factors in determining the actuarial equivalent benefit payout when a single life benefit is converted to an alternate form of benefit payment. The plaintiff seeks recalculation of benefit payments and attorney's fees. The action was filed by a PERS member, but was certified as a class action lawsuit and could affect other systems where members have the option to choose a benefit payment other than for the member's life only.

Three constitutional claims have been made: 1) that the legislation contained more than one subject matter, not properly reflected in the title; 2) that the legislation was an unconstitutional delegation of legislative authority; and 3) that the legislation constituted an unconstitutional impairment of contract. The District Court dismissed the first claim; found in favor of the plaintiff on the second claim; and has not ruled on the third claim. The Montana Supreme Court (Cause No. 04-861) reversed the District Court's ruling on the second issue, and the case has been returned to the District Court on remittitur. The Plaintiff requested amendments to his complaint alleging two additional claims, violation of equal protection and noncompliance with the Montana Administrative Procedure Act in the adoption of the new option factors. The District Court denied the plaintiff's request to amend his complaint.

An adverse decision would have different actuarial consequences depending on the breadth of the court's ultimate decision. Accurately assessing the chances of ultimately prevailing on the remaining claim is very difficult due to the complexity of the issues presented and the status of the



case. This case is expected to be heard in November 2006.

***Bean, et al v. Montana and MPERA*** (Cause No. ADV-2004-707, First Judicial District) challenges the constitutionality of Chapter 290, L. of 2001 which allowed firefighters hired by the Montana Air National Guard on or after October 1, 2001 to join the Firefighters' Unified Retirement System (FURS) rather than the Public Employees' Retirement System (PERS). Plaintiffs, hired before October 1, 2001, claim the law is a violation of equal protection and seek coverage under FURS. A counterclaim seeks proper FURS employee contributions from plaintiffs if they are determined to be covered by FURS. Cross motions for summary judgment were filed, following which District Judge Dorothy McCarter determined that the legislation violates the equal protection clause of the constitution. Pending determination of attorney fees to be awarded, the matter will be appealed to the Montana Supreme Court. If the lower court's decision stands, the PERB will then determine the proper remedy. If the statute is in fact unconstitutional, members hired on or after October 1, 2001 may be moved to PERS. Meanwhile, "new" members remain in FURS and members hired prior to October 1, 2001 remain in PERS. The actuarial impact on the PERS and FURS has not been determined. However, a material actuarial impact of an adverse decision is remote.

***Hall v. State of Montana and the Public Employees' Retirement Board*** (Cause No. 05-124, Montana Supreme Court) was appealed to the Montana Supreme Court from a District Court decision dismissing a FURS equal protection claim

on a statute of limitations basis. The Montana Supreme Court upheld the dismissal, but for different reasons. Specifically, the court determined that it is the employer's responsibility to determine the amount of compensation that should be reported to the PERB for each employee. The PERB did not err in receiving contributions and paying retirement benefits based on compensation reported to the PERB by the plaintiffs' employers. No actuarial impact, material or otherwise, resulted from this determination.

***Internal Revenue Service Voluntary Correction Program Filing*** (September 7, 2005). MPERA has identified an employer who has claimed as compensation the amounts paid for group insurance that were not paid by employees through a properly administered IRC Section 125 plan. This procedure was used for the employer's PERS, MPORS, and FURS contributions for a number of years. The identified employer has proposed a self-correction plan for its Section 125 plan which, if acceptable to the IRS and applied to all affected employers, would settle the issue without unanticipated financial consequences to the pension funds. Acceptance is pending.

The PERB filed a Voluntary Correction Program Filing with the IRS, seeking approval of the PERB's related rules and policies, and approval of the PERB's acceptance of the employer's self-correction plan. The IRS has voiced acceptance of the PERB's proposal for all individuals other than highly compensated employees (HCEs). The PERB has acquiesced to correcting the reporting error with respect to the one HCE, and is awaiting IRS approval. Meanwhile, MPERA is working with the Montana Department of Reve-

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nue's Local Government auditors to include IRC Section 125 plan issues in that Department's random audits to avoid future issues. Given the IRS's tentative approval of the PERB's VCP, the probability of a net material, adverse affect on any plan's financial position as a whole is remote.

***Thane v. Montana Public Employee Retirement Administration.*** Mr. Thane recently requested that he be permitted to transfer his Teacher's Retirement system (TRS) service into the Public Employees' Retirement System (PERS). Based on 19-3-511(3), MCA, MPERA permits transfer of TRS service to PERS on a month-to-month basis. Therefore, if the member worked nine months in TRS-covered employment over the course of a fiscal year, the member receives nine months service credit in PERS for that time. Mr. Thane believes he should receive 12 months service credit in PERS for each year he worked in a TRS-covered position, regardless the number of months actually worked in that year. If Mr. Thane prevails, he will receive a total of 24 additional months of service credit in PERS at no additional cost. The total increase of all past TRS members who transfer their TRS time to PERS is unknown, but the impact to PERS could be material should Mr. Thane prevail.

### C. DEBT OBLIGATION

The PERS defined contribution retirement plan has an implementation loan through the Department of Administration, with the BOI. Authorization for the INTERCAP loan was provided by the Legislature, Chapter 471, Laws of 1999. Five draws were taken in the total amount of \$1,498,000. Interest repayments began immediately following the draws. Principal repayments began August 15, 2003, the year following the DCRP implementation date. The loan was renegotiated as a single sum in fiscal year 2004 to be repaid over a period of 15 years. The interest rate is variable and changes every February, impacting the interest due on the outstanding principal balance. The financial statements report the long-term payable in Advances from Primary Government for the amount \$1,360,195. The additional \$20,000 is reported in Due To Primary Government as a current payable.

Debt service requirements (principal and interest) for the defined contribution plan are explained in the chart on the top of the next page.

Schedule of Debt Repayment				
INTERCAP Loan				
Fiscal Year Ended	Rate*	Principal	Interest	Total
2007	4.75%	\$ 20,000	\$ 65,320	\$ 85,320
2008	4.75%	30,000	64,075	94,075
2009	4.75%	40,000	62,878	102,878
2010	4.75%	50,000	60,686	110,686
2011	4.75%	70,000	58,071	128,071
2012-2018	4.75%	1,170,195	247,636	1,417,831
		<u>\$ 1,380,195</u>		<u>\$ 1,938,861</u>

\* Interest rate is variable. As of June 30, 2006 the interest rate was 4.75 %.

#### D. PLAN MEMBERSHIP, DESCRIPTIONS AND CONTRIBUTION INFORMATION

The plans are established and amended statutorily by the Legislature. In all defined benefit plans (except VFCA), if a member leaves covered employment before retirement, the member contributions plus accrued interest may be refunded to the member. If a member

returns to service and repays the withdrawn contributions plus the interest the contributions would have earned had they remained on deposit, membership service is fully restored. Membership of each plan as of June 30, 2006 and June 30 2005 is detailed in the charts below and on the following pages:

PERS-DBRP Membership					
	<u>2006</u>	<u>2005</u>		<u>2006</u>	<u>2005</u>
Number of participating employers	524	530			
Active plan members	27,962	28,213	Retirees and beneficiaries receiving benefits		
Terminated plan members entitled to but not yet receiving benefits or a refund			Service Retirements	14,988	14,579
Vested	2,530	2,418	Disability Retirements	342	338
Non-vested	7,178	8,153	Survivor Benefits	324	303
	<u>9,708</u>	<u>10,571</u>		<u>15,654</u>	<u>15,220</u>

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<b>JRS Membership</b>					
	<u>2006</u>	<u>2005</u>		<u>2006</u>	<u>2005</u>
Number of participating employers	1	1			
Active plan members	50	50	Retirees and beneficiaries receiving benefits		
Terminated plan members entitled to but not yet receiving benefits or a refund			Service Retirements	49	47
Vested	3	4	Disability Retirements	-	-
Non-vested	-	-	Survivor Benefits	2	2
	<u>3</u>	<u>4</u>		<u>51</u>	<u>49</u>

<b>HPORS Membership</b>					
	<u>2006</u>	<u>2005</u>		<u>2006</u>	<u>2005</u>
Number of participating employers	1	1			
Active plan members	197	201	Retirees and beneficiaries receiving benefits		
Terminated plan members entitled to but not yet receiving benefits or a refund			Service Retirements	265	258
Vested	13	10	Disability Retirements	7	8
Non-vested	11	9	Survivor Benefits	10	10
	<u>24</u>	<u>19</u>		<u>282</u>	<u>276</u>

<b>SRS Membership</b>					
	<u>2006</u>	<u>2005</u>		<u>2006</u>	<u>2005</u>
Number of participating employers	57	56			
Active plan members	1,006	680	Retirees and beneficiaries receiving benefits		
Terminated plan members entitled to but not yet receiving benefits or a refund			Service Retirements	313	291
Vested	39	42	Disability Retirements	33	34
Non-vested	102	81	Survivor Benefits	15	15
	<u>141</u>	<u>123</u>		<u>361</u>	<u>340</u>

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<b>GWPORS Membership</b>				
	<u>2006</u>	<u>2005</u>		<u>2006</u> <u>2005</u>
Number of participating employers	7	8		
Active plan members	793	711	Retirees and beneficiaries receiving benefits	
Terminated plan members entitled to but not yet receiving benefits or a refund			Service Retirements	102    91
Vested	30	22	Disability Retirements	1    -
Non-vested	81	81	Survivor Benefits	3    3
	<u>111</u>	<u>103</u>		<u>106</u> <u>94</u>

<b>MPORS Membership</b>				
	<u>2006</u>	<u>2005</u>		<u>2006</u> <u>2005</u>
Number of participating employers	22	22		
Active plan members	617	605	Retirees and beneficiaries receiving benefits	
Terminated plan members entitled to but not yet receiving benefits or a refund			Service Retirements	538    532
Vested	29	26	Disability Retirements	14    15
Non-vested	40	35	Survivor Benefits	28    28
	<u>69</u>	<u>61</u>		<u>580</u> <u>575</u>

<b>FURS Membership</b>				
	<u>2006</u>	<u>2005</u>		<u>2006</u> <u>2005</u>
Number of participating employers	17	15		
Active plan members	467	444	Retirees and beneficiaries receiving benefits	
Terminated plan members entitled to but not yet receiving benefits or a refund			Service Retirements	480    477
Vested	10	13	Disability Retirements	6    3
Non-vested	64	50	Survivor Benefits	23    24
	<u>74</u>	<u>63</u>		<u>509</u> <u>504</u>

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VFCA Membership					
	<u>2006</u>	<u>2005</u>		<u>2006</u>	<u>2005</u>
Active plan members	2,733	2,754	Retirees and beneficiaries receiving benefits		
Terminated plan members entitled to but not yet receiving benefits			Service Retirements	994	959
Vested	687	687	Disability Retirements	-	-
			Survivor Benefits	7	7
				<u>1,001</u>	<u>966</u>

PERS-DCRP Membership					
	<u>2006</u>	<u>2005</u>		<u>2006</u>	<u>2005</u>
Number of participating employers	229	230			
Active plan members	1,362	1,136	Retirees and beneficiaries receiving benefits		
Terminated plan members entitled to but not yet receiving benefits or a refund			Benefit Payments	2	10
Vested	95	61	Disability Payments	-	-
Non-vested	182	93	Survivor Payments	-	3
	<u>277</u>	<u>154</u>		<u>2</u>	<u>13</u>

Deferred Compensation (457) Membership					
	<u>2006</u>	<u>2005</u>		<u>2006</u>	<u>2005</u>
Number of participating employers	12	10	Number of participating plan members	7,935	7,759
Number of participating employers that provide contributions on members' behalf	1	1	Number of participating plan members that are actively contributing to their deferred compensation accounts	5,357	5,281

## ***Public Employees' Retirement System-DBRP (PERS-DBRP)***\_\_\_\_\_

**Plan Description:** The PERS-Defined Benefit Retirement Plan (DBRP) is a multiple-employer, cost-sharing plan established July 1, 1945, and governed by Title 19, chapters 2 & 3, Montana Code Annotated (MCA). This plan covers the State, local governments and certain employees of the university system and school districts.

All new hires are initially members of the PERS-DBRP. New hires have a 12-month window during which they may choose to remain in the PERS-DBRP or join the PERS-DCRP. Members may not be members of both the *defined contribution* and *defined benefit* retirement plans. The choice is irrevocable. All new hires of the universities also

have a third option to join the university system's Optional Retirement Program (ORP). For members that choose to join the PERS-DCRP or the ORP, a percentage of the employer contribution will be used to maintain the funding of the PERS-DBRP.

The PERS-DBRP provides retirement, disability and death benefits to plan members and their beneficiaries. Benefits are established by state law and can only be amended by the Legislature. Benefits are based on eligibility, years of service and highest average compensation. Member rights are vested after five years of service. A brief summary of eligibility and benefits follows:

### **PERS-DBRP Summary of Benefits**

#### **Member's highest average compensation (HAC)**

Highest average compensation during any consecutive 36 months

#### **Eligible for benefit**

Service retirement:

- 30 years of membership service, any age;
- Age 60, 5 years of membership service; or
- Age 65, regardless of service

Early retirement, actuarially reduced:

- Age 50, 5 years of membership service; or
- Any age, 25 years of membership service

**Vesting**     5 years of membership service

#### **Monthly benefit formula**

Less than 25 years of membership service: 1.785% of HAC per year of service credit;  
25 years of membership service or more: 2% of HAC per year of service credit

#### **Guaranteed Annual Benefit Adjustment (GABA)**

After the member has completed 12 full months of retirement, the member's benefit increases by a maximum of 3% each January, inclusive of other adjustments to the member's benefit



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At June 30, 2006 PERS had 524 participating employers, a decrease of 6 from FY2005. The participating employers consist of:

<b>PERS-DBRP EMPLOYERS</b>		
<u>Employers</u>	<u>June 30, 2006</u>	<u>June 30, 2005</u>
State Agencies	36	35
Counties	55	55
Cities and Towns	94	95
Colleges and Universities	5	5
School Districts	233	238
High Schools	6	5
Other Agencies	<u>95</u>	<u>97</u>
Total	524	530

**Contributions:** Member and employer contribution rates are established by state law and may be amended only by the Legislature. The member contribution rate for fiscal year 2006 was 6.9% of PERS-covered payroll. Contributions are deducted from each member's salary and remitted by participating employers. An individual account is established for each member's contributions and interest allocations until a request for retirement or refund is processed. Each state agency and university system employer contributed 6.9% of PERS-covered payroll during fiscal year 2006. Participating local governments and school district employers contributed 6.8% of PERS-covered payroll during fiscal year 2006. The State contributed the remaining 0.1% for local governments and school district employers from the state general fund. A percentage of the employers' contributions is used to fund the employee education program. (Reference Schedule of Contribution Rates on page 76).

**Plan Membership Elections:** MPERA has also included in the financial statements transfers of \$1,064,447 to Transfers to DCRP

and \$183,135 to Transfers to ORP. These transfers reflect the DCRP and ORP contributions of participants that filed elections at or near the June 30 cutoff date but the contributions were moved in early fiscal year 2007.

Effective July 1, 2005, Senate Bill 270 provided membership for county detention officers in the SRS. All detention officers hired after July 1, 2005 will be in the SRS. Existing detention officers may elect to remain in the PERS or elect to become a member of the SRS.

<b>PERS-DBRP Active Membership by Employer Type</b>		
<u>Employer Type</u>	<u>June 30, 2006</u>	<u>June 30, 2005</u>
State Agencies	10,607	10,549
Counties	5,225	5,526
Cities	3,061	3,002
Universities	2,615	2,642
High Schools	66	56
School Districts	5,258	5,312
Other Agencies	<u>1,130</u>	<u>1,126</u>
Total	27,962	28,213

*Additional Service Purchase:* A provision (19-2-706, MCA) related to the Employee Protection Act allows state and university system employees, who are eligible for a service retirement and whose positions have been eliminated, to have their employer pay a portion of the total cost of purchasing up to three years of “1-for-5” additional service. The total number of participants decreased at the end of fiscal year 2006. This decrease was due to 165 employees under HB490 being removed from the count because the outstanding accounts were paid in full in fiscal year 2006. The remaining employees participating under HB567 increased from 158 in fiscal year 2005 to 165 in fiscal year 2006. The employer has up to ten years to complete payment for the service purchases and is charged 8% interest on the unpaid balance. The retirement incentive contributions received (including interest) during fiscal year 2006 totaled \$123,784. The outstanding balance at June 30, 2006, totaled \$49,261.

*Public Employees’ Retirement System-DBRP Education Fund:* Education is provided to all members of the PERS regardless of plan choice as governed by section 19-3-112, MCA. The education must be presented with impartial and balanced information about plan choices, investments and retirement planning.

### ***Judges’ Retirement System (JRS)***

*Plan Description:* The JRS is a single-employer defined benefit plan established in 1967, and governed by Title 19, chapters 2 & 5 of the MCA. This system provides benefits for all Montana judges of the district courts, justices of the Supreme Court, and the Chief Water Judge. Benefits are established by state law and can only be amended by the Legisla-

The education program consists of three primary components:

- 1) initial transfer education - complete as of July 1, 2003.
- 2) ongoing transfer education - for new hire members after the July 1, 2002 plan start date; and
- 3) ongoing investment/retirement planning education - for all active members.

The education program was funded by 0.04% of PERS-covered payroll in fiscal year 2006.

*Actuarial Status:* The statutory funding rate is tested in the valuation to determine if it is sufficient to cover the Normal Cost Rate plus an amortization payment of the Unfunded Actuarial Liability, if any, over no more than 30 years. Based on the current Actuarial Value of Assets and all future experience emerging as assumed, the Unfunded Actuarial Liability will not be amortized over the next 30 years. In general, the deterioration of the funded status is primarily due to the dramatic decline in the domestic equity markets from 2000 through 2002. Based on the actuarial assumptions as of June 30, 2006, an additional funding rate of 1.01% of payroll would be required to fund the current and projected benefits from the DB plan in accordance with GASB standards and state law.

ture. The JRS provides retirement, disability and death benefits to plan members and their beneficiaries. Benefits are based on eligibility, years of service and compensation. Member rights are vested after five years of service. A brief summary of eligibility and benefits is on the following page:

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### JRS Summary of Benefits

#### **Member's current salary<sup>1</sup> or highest average compensation (HAC)<sup>2</sup>**

<sup>1</sup>Hired prior to July 1, 1997 and non-GABA - monthly compensation at time of retirement;

<sup>2</sup>Hired after June 30, 1997 or electing GABA - HAC during any consecutive 36 months

#### **Eligibility for benefit**

Age 60, 5 years of membership service;

Any age with 5 years of membership service - involuntary termination, actuarially reduced

**Vesting** 5 years of membership service

#### **Monthly benefit formula**

3 1/3% of current salary<sup>1</sup> (non-GABA) OR HAC<sup>2</sup> (GABA) per year of service credit for the first 15 years, plus 1.785% per year for each year after 15 years

#### **Guaranteed Annual Benefit Adjustment (GABA)**

Hired after July 1, 1997, or those electing GABA - after the member has completed 12 full months of retirement, the member's benefit increases by a maximum of 3% each January, inclusive of all other adjustments to the member's benefit

#### **Minimum benefit adjustment (non-GABA)**

Hired prior to July 1, 1997 - current salary is used in the calculation of the monthly benefit each time the Legislature increases salaries for active judges.

At June 30, 2006 JRS had one participating employer, the same as FY2005. The participating employer consists of:

<b>JRS EMPLOYERS</b>		
<u>Employer</u>	<u>June 30, 2006</u>	<u>June 30, 2005</u>
State Agency - Supreme Court	<u>1</u>	<u>1</u>
Total	1	1

**Contributions:** Member and employer contribution rates are established by state law and may be amended only by the Legislature. The member contribution rate for fiscal year 2006 was 7.0% of the member's monthly compensation. Contributions are deducted from each member's salary and remitted by the participating employer. An individual account is established for each member's contributions and interest allocations until a retirement or refund request is processed. As

the employer, the State contributed 25.81% of the total JRS-covered payroll to the retirement plan during fiscal year 2006. (Reference Schedule of Contribution Rates on page 76).

<b>JRS Active Membership by Employee Type</b>		
<u>Employee Type</u>	<u>June 30, 2006</u>	<u>June 30, 2005</u>
GABA	27	25
Non-GABA	23	25
Total	50	50

## ***Highway Patrol Officers' Retirement System (HPORS)***\_\_\_\_\_

*Plan Description:* The HPORS is a single-employer, defined benefit plan established July 1, 1971, and governed by Title 19, chapters 2 & 6 of the MCA. This system provides retirement benefits to all members of the Montana Highway Patrol, including supervisory personnel. Benefits are established by state law and can only be amended by the

Legislature. The HPORS provides retirement, disability and death benefits to plan members and their beneficiaries. Benefits are based on eligibility, years of service and highest average compensation. Member rights are vested after five years of service. A brief summary of eligibility and benefits follows:

### **HPORS Summary of Benefits**

#### **Member's highest average compensation (HAC)**

Highest average compensation during any consecutive 36 months

#### **Eligibility for benefit**

20 years of membership service, regardless of age;

#### **Early Retirement**

5 years of membership service, actuarially reduced from age 60

**Vesting**     5 years of membership service

#### **Monthly benefit formula**

2.5% of HAC per year of service credit

#### **Guaranteed Annual Benefit Adjustment (GABA)**

Hired after July 1, 1997, or those electing GABA - after the member has completed 12 full months of retirement, the member's benefit increases by a maximum of 3% each January, inclusive of all other adjustments to the member's benefit

#### **Minimum benefit adjustment (non-GABA)**

Hired prior to July 1, 1997 - monthly benefits for non-GABA members are increased each July when they fall below a statutorily guaranteed minimum. Any annual increase is limited to 5% over the current benefit and may not exceed 60% of the current base salary of a probationary officer.

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At June 30, 2006 HPORS had one participating employer, the same as FY2005. The participating employer consists of:

HPORS EMPLOYERS		
<u>Employer</u>	<u>June 30, 2006</u>	<u>June 30, 2005</u>
State Agency - Dept. of Justice	<u>1</u>	<u>1</u>
Total	1	1

**Contributions:** Member and employer contribution rates are established by state law and may be amended only by the Legislature. The member contribution rates for fiscal year 2006 is 9.05% of the member's total compensation if hired after June 30, 1997 or for members electing GABA and 9.0% for those members hired prior to July 1, 1997 and not electing GABA (all active members hired prior to July 1, 1997 have elected the GABA). Contributions are deducted from each member's salary and remitted by the participating employer. An individual account is established for each member's contributions and interest allocations until a retirement or refund request is processed. As the employer, the State contributed 36.33% of the total HPORS-covered payroll during fiscal year 2006. The first 26.15% is payable from the same source used to pay members' compensation. The remaining amount, equal to 10.18%, is payable from a portion of the fees collected from drivers' license and duplicate drivers' license applications. (Reference Schedule of Contribution Rates on page 76).

**Additional Service Purchase:** A provision (19-2-706, MCA) related to the Employee Protection Act allows state and university system employees, who are eligible for a service retirement and whose positions have been eliminated, to have their employer pay a portion of the total cost of purchasing up to three years of "1-for-5" additional service. The employer has up to ten years to complete payment for the service purchases and is charged 8% interest on the unpaid balance. No employees have taken advantage of this provision to date.

**Supplemental Benefit:** Montana highway patrol officers retired prior to July 1, 1991, or their survivors, may be eligible for an annual supplemental lump-sum payment distributed each September. This lump-sum payment is funded by a request of the PERB from the general fund. Many factors must be considered for eligibility, including the number of years the recipient has received a benefit and the recipient's age. The average annual supplemental payment for non-GABA retirees was \$3,139 in September 2006.

HPORS Active Membership by Employee Type		
<u>Employee Type</u>	<u>June 30, 2006</u>	<u>June 30, 2005</u>
GABA	197	201
Non-GABA	<u>0</u>	<u>0</u>
Total	197	201

## ***Sheriffs' Retirement System (SRS)***

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

Member rights are vested after five years of service.

Effective July 1, 2005, Senate Bill 370 provided membership for county detention officers in the SRS. All detention officers hired after July 1, 2005 will be in the SRS. Existing detention officers may elect to remain in the PERS or elect to become a member of the SRS. A brief summary of eligibility and benefits follows:

### **SRS Summary of Benefits**

#### **Member's highest average compensation (HAC)**

Highest average compensation during any consecutive 36 months

#### **Eligibility for benefit**

20 years of membership service, regardless of age;

#### **Early Retirement**

Age 50, 5 years of membership service, actuarially reduced

**Vesting**     5 years of membership service

#### **Monthly benefit formula**

2.5% of HAC per year of service credit

#### **Guaranteed Annual Benefit Adjustment (GABA)**

After the member has completed 12 full months of retirement, the member's benefit increases by a maximum of 3% each January, inclusive of all other adjustments to the member's benefit.

At June 30, 2006 SRS had 57 participating employers, one more than FY2005. The participating employers consist of:

<b>SRS EMPLOYERS</b>		
<u>Employers</u>	<u>June 30, 2006</u>	<u>June 30, 2005</u>
State Agencies - Dept. of Justice	1	1
Counties	<u>56</u>	<u>55</u>
Total	57	56



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**Contributions:** Member and employer contribution rates are established by state law and may be amended only by the Legislature. The member contribution rate for fiscal year 2006 was 9.245% of member's compensation. Contributions are deducted from each member's salary and remitted by participating employers. An individual account is established for each member's contributions and interest allocations until a retirement or refund request is processed. Each employer contributed 9.535% of total SRS-covered payroll to the retirement plan during fiscal year 2006. (Reference Schedule of Contribution Rates on page 76).

SRS Active Membership by Employer Type		
Employer Type	June 30, 2006	June 30, 2005
Dept of Justice	46	40
Counties	960	640
Total	1,006	680

**Additional Service Purchase:** A provision (19-2-706, MCA) related to the Employee Protection Act allows state employees, who are eligible for a service retirement and whose positions have been eliminated, to have their employer pay a portion of the total cost of purchasing up to three years of "1-for-

5" additional service. The employer has up to ten years to complete payment for the service purchases and is charged 8% interest on the unpaid balance. Three employees have taken advantage of this provision to date.

**Actuarial Status:** The statutory funding rate is tested in the valuation to determine if it is sufficient to cover the Normal Cost Rate plus an amortization payment of the Unfunded Actuarial Liability, if any, over no more than 30 years. Based on the current Actuarial Value of Assets and all future experience emerging as assumed, the Unfunded Actuarial Liability will not be amortized over the next 30 years. In general, the deterioration of the funded status is primarily due to the dramatic decline in the domestic equity markets from 2000 through 2002. Based on the actuarial assumptions as of June 30, 2006, an additional funding rate of 1.84% of payroll would be sufficient to fund the current and projected benefits from the plan in accordance with GASB standards and state law.

### ***Game Wardens' and Peace Officers' Retirement System (GWPORS)***\_\_\_\_\_

**Plan Description:** The GWPORS is a multiple-employer, cost-sharing defined benefit plan established in 1963 and is governed by Title 19, chapters 2 & 8, MCA. This system provides retirement benefits to all persons employed as a game warden, warden supervisory personnel, or state peace officer. Benefits are established by state law and can only be amended by the Legislature. The GWPORS provides retirement, disability and

death benefits to plan members and their beneficiaries. Benefits are based on eligibility, years of service and highest average compensation. Member rights are vested after five years of service. A brief summary of eligibility and benefits is on the following page:

**GWPORS Summary of Benefits**

**Member's highest average compensation (HAC)**

Highest average compensation during any consecutive 36 months

**Eligibility for benefit**

Age 50, 20 years of membership service;

**Early Retirement**

Age 55, 5 years of membership service

**Vesting**

5 years of membership service

**Monthly benefit formula**

2.5% of HAC per year of service credit

**Guaranteed Annual Benefit Adjustment (GABA)**

After the member has completed 12 full months of retirement, the member's benefit increases by a maximum of 3% each January, inclusive of all other adjustments to the member's benefit.

At June 30, 2006 GWPORS had seven participating employers, one less than FY2005. The participating employers consist of:

<b>GWPORS EMPLOYERS</b>		
<u>Employers</u>	<u>June 30, 2006</u>	<u>June 30, 2005</u>
State Agencies	4	5
Colleges and Universities	<u>3</u>	<u>3</u>
Total	7	8

*Contributions:* Member and employer contribution rates are established by state law and may be amended only by the Legislature. The member contribution rate for fiscal year 2006 was 10.56% of member's compensation. Contributions are deducted from each member's salary and remitted by participating employers. An individual account is established for each member's contributions and interest allocations until a retirement or refund request is processed. Each state agency and university employer contributed 9.0% of total GWPORS-covered payroll to

the retirement plan during fiscal year 2006. (Reference Schedule of Contribution Rates on page 76).

<b>GWPORS Active Membership by Employer</b>		
<u>Employer</u>	<u>June 30, 2006</u>	<u>June 30, 2005</u>
Dept of Corrections	576	496
Dept FW&P	94	94
Dept of Justice	0	5
Dept of Livestock	29	28
Dept of Trans.	69	61
Universities	<u>25</u>	<u>27</u>
Total	793	711

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***Additional Service Purchase:*** A provision (19-2-706, MCA) related to the Employee Protection Act allows state and university system employees, who are eligible for a service retirement and whose positions have been eliminated, to have their employer pay a portion of the total cost of purchasing up to three years of “1-for-5” additional service. The employer has up to ten years to complete payment for the service purchases and is charged 8% interest on the unpaid balance. No employees have taken advantage of this provision to date.

***Actuarial Status:*** The statutory funding rate is tested in the valuation to determine if it

is sufficient to cover the Normal Cost Rate plus an amortization payment of the Unfunded Actuarial Liability, if any, over no more than 30 years. Based on the current Actuarial Value of Assets and all future experience emerging as assumed, the Unfunded Actuarial Liability will not be amortized over the next 30 years. In general, the deterioration of the funded status is primarily due to prior investment losses less than the long-term assumed rate of 8% per year. Based on the actuarial assumptions as of June 30, 2006, an additional funding rate of 0.04% of payroll is required to fund the current and projected benefits from the plan in accordance with GASB standards and state law.

### ***Municipal Police Officers’ Retirement System (MPORS)***\_\_\_\_\_

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

MPORS provides retirement, disability and death benefits to plan members and their beneficiaries. Benefits are based on eligibility, years of service and compensation. Member rights for death and disability are vested immediately. All other rights are vested after five years of service. A brief summary of eligibility and benefits follows:

#### **MPORS Summary of Benefits**

##### **Member’s final average compensation (FAC)**

Hired prior to July 1, 1977 - average monthly compensation of final year of service;

Hired after June 30, 1977 - final average compensation (FAC) for last consecutive 36 months

##### **Eligibility for benefit**

20 years of membership service, regardless of age;

##### **Early Retirement**

Age 50, 5 years of membership service

##### **Vesting**

5 years of membership service

**Monthly benefit formula**

2.5% of FAC per year of service credit

**Guaranteed Annual Benefit Adjustment (GABA)**

After the member has completed 12 full months of retirement, the member's benefit increases by a maximum of 3% each January, inclusive of all other adjustments to the member's benefit.

**Minimum benefit adjustment (non-GABA)**

If hired before July 1, 1997 and member did not elect GABA, the monthly retirement, disability or survivor's benefit may not be less than ½ the compensation of a newly confirmed officer in the city where the member was last employed.

At June 30, 2006 MPORS had 22 participating employers, the same as in FY2005. The participating employers consist of:

MPORS EMPLOYERS		
<u>Employers</u>	<u>June 30, 2006</u>	<u>June 30, 2005</u>
Cities and Towns	<u>22</u>	<u>22</u>
Total	22	22

**Contributions:** Member and employer contribution rates are established by state law and may be amended only by the Legislature. Member contribution rates are dependent upon date of hire as a police officer. For fiscal year 2006, member contributions as a percentage of salary were 5.8% (if employed on or before June 30, 1975); 7.0% (if employed after June 30, 1975 and prior to July 1, 1979); 8.5% (if employed after June 30, 1979 and prior to July 1, 1997); and, 9.0% (if employed on or after July 1, 1997 and for members electing GABA). Contributions are deducted from each member's salary and remitted by participating employers. An individual account is established for each member's contributions and interest allocations until a retirement or refund request is processed. Employer contributions to the retirement plan are 14.41% of total MPORS-covered payroll. The State contributions are requested at the beginning of the fiscal year based on the previous fiscal year compensation and are due

no later than November 1. The State's contribution rate for 2006 was 29.37%. (Reference Schedule of Contribution Rates on page 76).

MPORS Active Membership by Employee Type		
<u>Employee Type</u>	<u>June 30, 2006</u>	<u>June 30, 2005</u>
GABA	605	593
Non-GABA	<u>12</u>	<u>12</u>
Total	617	605

**Deferred Retirement Option Plan (DROP):** Beginning July 2002, eligible members of MPORS can participate in the DROP by filing a one-time irrevocable election with the PERB. The DROP is governed by Title 19, chapter 9, part 12, MCA. An eligible member must have completed at least twenty years of membership service. They may elect to participate in the DROP for a minimum of one month and a maximum of 60 months and may participate in the DROP

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only once. A participant remains a member of the MPORS, but will not receive membership service or service credit in the system for the duration of the member's DROP period. During the participation in the DROP, all mandatory contributions continue to the retirement system. A monthly benefit is calculated based on salary and years of service to the date of the beginning of the DROP period. The monthly benefit is paid into the DROP account until the end of the DROP participation period. At the end of the DROP period, the participant may receive the balance of the DROP account in a lump-sum payment or in a direct rollover to another eligible plan, as allowed by the IRS. If the participant continues employment after the DROP period ends they will again accrue membership service

DROP Participation		
	6/30/2006	6/30/2005
Participants Beginning of Year	35	32
Participants Added	6	9
Completed DROP	3	6
Participants End of Year	38	35
DROP Distributions	\$233,615	\$510,348

and service credit. The DROP account cannot be distributed until employment is formally terminated. As of June 30, 2006, a total of 54 members have participated in the DROP.

### ***Firefighters' Unified Retirement System (FURS)***

**Plan Description:** The FURS is a multiple-employer, cost-sharing defined benefit plan established in 1981, and governed by Title 19, chapters 2 & 13, MCA. This system provides retirement benefits to firefighters employed by first- and second-class cities and other cities that adopt the plan, and subject to the Montana Air National Guard (MANG) lawsuit, to firefighters hired by the MANG

on or after October 1, 2001. Benefits are established by state law and can only be amended by the Legislature. The FURS provides retirement, disability and death benefits to plan members and their beneficiaries. Benefits are based on eligibility, years of service and compensation. Member rights are vested after five years of service. A brief summary of eligibility and benefits follows:

#### **FURS Summary of Benefits**

##### **Member's compensation**

Hired prior to July 1, 1981 and not electing GABA – highest monthly compensation (HMC);  
Hired after June 30, 1981 and those electing GABA - highest average compensation (HAC) during any consecutive 36 months

##### **Eligibility for benefit**

20 years of membership service, regardless of age;

##### **Early Retirement**

Age 50, 5 years of membership service

##### **Vesting**

5 years of membership service

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### Monthly benefit formula

Members hired prior to July 1, 1981 and not electing GABA are entitled to the greater of:

2.5% of HAC per year of service, OR

i) if less than 20 years of service,

2% of HMC for each year of service

ii) if more than 20 years of service,

50% of the member's HMC plus 2% of the member's HMC for each year of service over 20 years

Members hired after June 30, 1981 and those electing GABA:

2.5% of HAC per year of service

### Guaranteed Annual Benefit Adjustment (GABA)

After the member has completed 12 full months of retirement, the member's benefit increases by a maximum of 3% each January, inclusive of all other adjustments to the member's benefit.

### Minimum benefit adjustment (non-GABA)

If hired before July 1, 1997 and member did not elect GABA, the monthly retirement, disability or survivor's benefit may not be less than ½ the compensation of a newly confirmed firefighter employed by the city that last employed the member (provided the member has at least ten years of service credit).

At June 30, 2006 FURS had 17 participating employers, two more than FY2005. The participating employers consist of:

FURS EMPLOYERS		
<u>Employers</u>	<u>June 30, 2006</u>	<u>June 30, 2005</u>
State Agencies - Dept. of Military Affairs	1	1
Cities and Towns	<u>16</u>	<u>14</u>
Total	17	15

**Contributions:** Member and employer contribution rates are established by state law and may be amended only by the Legislature. The member contribution rates for fiscal year 2006 are 9.5% for members hired prior to July 1, 1997, and 10.7% for members hired after June 30, 1997 and members electing GABA coverage. Contributions are deducted from each member's salary and remitted by participating employers. An individual account is established for each member's contributions and interest allocations until a retirement or refund request is processed. Employer contribution rates for fiscal year 2006 were 14.36% of the total FURS-covered pay-

roll. The State contribution was 32.61% of total compensation for all covered firefighters in fiscal year 2006. State contributions are requested at the beginning of each fiscal year based on previous fiscal year salary and are due no later than November 1. (Reference Schedule of Contribution Rates on page 76).

FURS Active Membership by Employee Type		
<u>Employee Type</u>	<u>June 30, 2006</u>	<u>June 30, 2005</u>
GABA	460	436
Non-GABA	<u>7</u>	<u>8</u>
Total	467	444



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### ***Volunteer Firefighters' Compensation Act (VFCA)***

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**Plan Description:** The VFCA is a state-wide retirement and disability plan. This compensation plan was established in 1965 and is governed by Title 19, chapter 17, MCA. All members are unpaid volunteers and the State of Montana is the only contributor to the plan. Benefits are established by state law and can only be amended by the Legislature. The VFCA provides pension, disability and survivorship benefits for all volunteer firefighters who are members of qualified volunteer fire companies in unincorporated areas, towns or villages under the laws of the State of Montana. Benefits are based on eligibility and years of service. Member rights are vested after ten years of credited membership service. VFCA also

provides limited benefits for injuries incurred in the line of duty.

A member can obtain greater than 20 years of service and when the member retires, a benefit can be drawn on the increased years of service. The maximum years of service allowed is 30 years. For each additional year of service the member's monthly benefit is increased by \$7.50.

A member that chooses to retire and draw a pension benefit may return to service with the volunteer fire department without loss of benefits. A returning retired member may not be considered an active member accruing service credit. A brief summary of eligibility and benefits follows:

#### **VFCA Summary of Benefits**

##### **Eligibility for benefit**

Age 55, 20 years of service credit;

Age 60, 10 years of service credit

##### **Additional Benefit**

After April 25, 2005, members that have greater than 20 years of service credit (with a maximum of 30 years) may receive additional benefits (maximum benefit \$225).

**Vesting**     10 years of service credit

##### **Monthly benefit formula**

\$7.50 per year of service credit, maximum \$225 (no more than 30 years).

**Contributions:** The State is the only contributor to the VFCA. Contributions are 5% of fire insurance premium taxes collected on certain fire risks. The State Auditor makes annual payments from the general fund to the Volunteer Firefighters' Pension Fund from fire insurance premiums. (Reference Schedule of Contribution Rates on page 76).

**Group Insurance Payments:** Supplemental payments are available to qualified volunteer fire companies that provide additional group medical insurance for their members in case of death or injury incurred while in the line of duty. The payment is made to the volunteer fire companies and is equal to \$75 per year for each mobile firefighting unit owned by the volunteer fire company, up to a maximum of two units.

***Public Employees' Retirement System-DCRP (PERS-DCRP)***\_\_\_\_\_

**Plan Description:** The defined contribution retirement plan (DCRP) is a multiple employer plan established July 1, 2002 and governed by Title 19, chapters 2 & 3, MCA. This plan covers eligible employees of the State, university system, local government and certain employees of the school districts that elect the defined contribution retirement plan. All new hires, initially, are members of the PERS-DBRP. New hires have a 12-month window during which they may choose to transfer to the PERS-DCRP or remain in the PERS-DBRP. The choice is irrevocable. Members may not be members of both the *defined contribution* and *defined benefit* retirement plans. The PERS-DCRP provides retirement, disability and death benefits to plan members and their beneficiaries. Contribution rates can only be amended by the Legislature. Benefits are based on eligibility and account balance.

The PERB has received a long-term INTERCAP loan from the Montana Board of Investments through the Montana Department of Administration to fund the plan start-up/implementation costs. Authorization for the loan was provided by the Legislature, Chapter 471, Laws of 1999. As of June 30, 2004, all of the draws have been combined into one loan and the maturity date extended to February 2018. The loan is discussed in Note C of the Financial Section.

The investment options offered within the PERS-DCRP are selected by the PERB within the scope of the Investment Policy Statement with the assistance of the statutorily-created Employee Investment Advisory Council and with the advice of a third-party investment analyst. Members of the DCRP decide how to invest their contributions and a

portion of their employer's contributions among the offered investment options. The remaining portion of employer's contributions is used to reduce the Plan Choice Rate unfunded actuarial liability to fund the long-term disability benefits to members of the DCRP, and to fund an employee education program. Members are able to invest in any number of the offered investment options and transfer between options. The offered investment options fall into two primary types: (1) the fixed investment option and (2) the variable investment options. The variable investment options include mutual funds and bond funds. All options range from aggressive to conservative. The mutual funds cover all standard asset classes and categories. The investment options as of June 30, 2006 are as follows:

PERS-DCRP Investment Options

***International Stock Funds***

American Funds New Perspective  
SSGA International Growth Opportunities  
Oakmark International  
Barclay's Global Equity Index

***Small Company Stock Funds***

Brown Capital Small Co Instl  
Vanguard Small Cap Index Adm  
Hotchkis & Wiley Small Cap Value

***Mid-Sized Company Stock Funds***

Artisan Mid Cap  
Janus Mid Cap Value Investors

***Large Company Stock Funds***

American Funds Growth Fund A  
Vanguard Equity-Income Adm  
Vanguard Growth & Income Adm

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### ***Balanced Funds***

Vanguard Balanced Index

### ***Bond Funds***

Vanguard Total Bond Market Index

### ***Fixed Investment Options***

DCRP Fixed Fund

Mutual fund administrative costs are not presented on the financial statements. Mutual fund earnings are generally declared net of expenses in accordance with the Securities Exchange Commission and other regulatory authorities. Current reporting standards for mutual companies do not require costs to be made available in the detailed cost reports.

The fixed investment option guarantees both principal (the deferred salary) and a quarterly rate of return. The fixed investment option requires the services of two external providers who were selected through the State's competitive bidding process. The external providers are: Aegon and Pacific Investment Management Company (PIMCO). Aegon provides a guarantee of principal for the fixed assets and sets a quarterly rate of return based upon the investment manager's portfolio yield and duration. PIMCO, the investment manager, directs the investment of fixed assets. Fixed assets are invested in the mutual

market in accordance with established guidelines for credit quality, duration and issue concentration.

Fees on the fixed investments are charged by each of the providers. The fees are defined per each contract for specific services rendered. The record keeper, Great West, charges a fixed administrative fee for all plan participants plus a basis point (or percent) fee based on account balances. On a quarterly basis, the contracted record keeper withholds the fees from each plan participant's account. The basis point fees withheld are submitted to the PERB to pay administrative expenses. These amounts are recorded as *Miscellaneous Revenue* in the financial statements.

Administrative expenses and the revenues that fund them are accounted for within the plan. For the PERS-DCRP, the fixed investment is invested in a PIMCO mutual fund and all fees for investment expense are netted from the mutual fund earnings; therefore, the fees are not presented on our financial statements. The fees charged by Great West and Aegon are classified as *Miscellaneous Expense*.

A brief summary of eligibility and benefits follows:

### **PERS-DCRP Summary of Benefits**

#### **Eligibility for Benefit**

Termination of service

#### **Vesting**

Immediate for member's contributions and attributable income;  
5 years for a portion of employer's contributions and attributable income

#### **Benefit**

Dependent upon individual account balance;  
IRS permitted rollovers are also possible

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At June 30, 2006 PERS-DCRP had 229 reporting employers, one less than in FY2005. The participating employers consist of:

<b>PERS-DCRP EMPLOYERS</b>		
<u>Employers</u>	<u>June 30, 2006</u>	<u>June 30, 2005</u>
State Agencies	29	27
Counties	43	46
Cities and Towns	41	40
Universities	5	5
School Districts	79	79
High Schools	2	0
Other Agencies	<u>30</u>	<u>33</u>
Total	229	230

**Contributions:** Member and employer contribution rates are established by state law and may be amended only by the Legislature. The member contribution rate for fiscal year 2006 was 6.9% of PERS-covered payroll. Contributions are deducted from each member's salary and remitted by participating employers. The entire amount of the member's contribution is credited to the member's retirement account. An individual account is maintained by the third-party record keeper. Each state agency and university system employer contributed 6.9% of PERS-covered payroll during fiscal year 2006. Participating local governments and school district employers contribute 6.8% of PERS-covered payroll during fiscal year 2006. The State contributes the remaining 0.1% for local governments and school employers from the state general fund. The employer rate of 6.9% is allocated as follows: 4.19% allocated to the member's retirement account, 2.37% allocated to the defined benefit plan choice rate, 0.04% allocated to defined contribution education fund and 0.3% allocated to the long-term disability plan. (Reference Schedule of Contribution Rates on page 76).

**Plan Membership Elections:** Included in the financial statements are employer contribution transfers of \$16,000 and member contribution transfers of \$26,000. These transfers reflect the contribution transfers of DCRP participants that filed elections at or near the June 30 cutoff date but the contributions were moved in early fiscal year 2007.

<b>PERS-DCRP Active Membership by Employer Type</b>		
<u>Employer Type</u>	<u>June 30, 2006</u>	<u>June 30, 2005</u>
State Agencies	579	467
Counties	265	230
Cities	183	156
Universities	57	44
High Schools	2	0
School Districts	172	158
Other Agencies	<u>104</u>	<u>81</u>
Total	1,362	1,136

**DCRP Education Fund:** Implemented July 1, 2002, the DCRP Education Fund (DCEd), as governed by section 19-3-112, MCA, provides education to the members that have joined the PERS-DCRP. The DCEd

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is funded by 0.04% of the employers' contributions.

*DCRP Disability Fund:* Implemented July 1, 2002, the DCRP Disability Fund (DC Disability), as governed by section 19-3-2117,

MCA, will provide disability benefits to eligible members of the PERS-DCRP. The DC Disability is funded by 0.3% of the employers' contribution.

### ***Deferred Compensation Plan (457)***

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*Plan Description:* The deferred compensation (457) plan is a voluntary supplemental retirement savings plan established in 1976. The deferred compensation plan is governed by Title 19, chapter 50, MCA, in accordance with Internal Revenue Service Code (IRC) §457. All employees of the State, the Montana University System and contracting political subdivisions, are eligible to participate.

Assets of the deferred compensation plan are required to be held in trusts, custodial accounts or insurance company contracts for the exclusive benefit of participants and their beneficiaries. Great West is the third-party record keeper for the deferred compensation plan. Participants elect to defer a portion of their salary, within Internal Revenue Code limits. The deferred salary is not available to employees until separation from service, retirement, death, or upon an unforeseeable emergency while still employed, provided IRS-specified criteria are met.

Plan participants direct their deferred salary into investment options offered within the plan. The investment options offered are selected by the PERB and pursuant to the plan's Investment Policy Statement, with the assistance of the statutorily-created Employee Investment Advisory Council and with the advice of a third-party investment analyst. Plan participants may invest in as many of the offered investment options as desired.

The offered investment options fall into two primary types: (1) the fixed investment option and (2) the variable investment options. The variable investment options include mutual funds and profile funds. All options range from aggressive to conservative. The mutual funds cover all standard asset classes and categories. The profile funds are preset funds that invest in underlying mutual funds to achieve a set objective such as time horizon or investment style. The investment options as of June 30, 2006 are as follows:

#### Deferred Compensation (457) Plan Investment Options

##### ***International Stock Funds***

Artisan International  
Mutual Discovery Z  
Templeton Foreign A  
American Funds New Perspective

##### ***Small Company Stock Funds***

Neuberger Berman Genesis  
RS Diversified Growth  
Munder Small Cap Value

##### ***Mid-Sized Company Stock Funds***

Artisan Mid Cap Investors  
Hotchkis & Wiley Mid-cap Value

##### ***Large Company Stock Funds***

Davis NY Venture A  
Fidelity Contrafund



TCW Galileo Select Equities N  
Vanguard 500 Index  
Calvert Social Investors

***Balanced Funds***

Dodge & Cox Balanced

***Bond Funds***

Neuberger Berman High Income  
PIMCO Total Return Admin

***Fixed Investment Options***

Montana Fixed Fund

***Profile Funds***

Aggressive  
Moderately Aggressive  
Moderate  
Moderately Conservative  
Conservative

Mutual fund administrative costs are not presented on the financial statements. Mutual fund earnings are generally declared net of expenses in accordance with the Securities Exchange Commission and other regulatory authorities. Current reporting standards for mutual companies do not require costs to be made available in the detailed cost reports.

The fixed investment option guarantees both principal (the deferred salary) and a quarterly rate of return. The fixed investment option requires the services of three external providers who were selected through the State's competitive bidding process. The external providers are: Aegon, Pacific Investment Management Company (PIMCO) and State Street Bank Kansas City (SSKC). Aegon provides a guarantee of principal and sets a quarterly rate of return based upon the investment manager's portfolio yield and duration. PIMCO, the investment manager, directs the investment of fixed assets. Fixed assets are invested in the bond market in accordance with established guidelines for credit quality,

duration and issue concentration. SSKC is PIMCO's custodial bank and holder of the fixed assets. SSKC exchanges the assets as directed by PIMCO.

In addition to the above investment options, plan participants previously had the option to direct a portion of their deferrals to a term life insurance policy provided through Allianz Life Insurance. The ability to invest in life insurance is allowed under the IRC and was offered to plan participants prior to life insurance being offered as a standard component of health insurance benefit packages. This investment option has been discontinued; however, plan participants who had previously or originally elected this option may continue.

Fees on the fixed investments are charged by each of the three providers. The fees are defined per each contract for specific services rendered. The record keeper, Great West, charges a fixed administrative fee for all plan participants. The fixed record-keeping fee, by contract, is a flat dollar amount. On a quarterly basis, the contracted record keeper withholds the basis point fee from each plan participant's account. The basis point fees collected are reconciled to the contractual flat dollar amount and any fees withheld in excess of the contractual flat dollar fee are submitted to the PERB. Also submitted to the PERB are 12(b)(1) or re-allotment fees from certain mutual fund companies. These fees are normally charged by the mutual funds for the purpose of individual record keeping. Because the mutual fund companies involved in the deferred compensation plan do not need to keep records of participants' accounts, the fees are returned to the PERB. The PERB uses the excess and 12(b)(1) fees to pay administrative expenses associated with the deferred compensation plan. These amounts are recorded as *Miscellaneous Revenue*.



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Administrative expenses and the revenues that fund them are accounted for within the plan. The fees charged by PIMCO and SSKC for the externally managed fixed investments

are classified as *Investment Expense*. The fees charged by Great West and Aegon are classified as *Miscellaneous Expense*. A brief summary of eligibility and benefits follow:

### **Deferred Compensation Plan Summary**

#### **Contribution**

Voluntary, tax-deferred

#### **Eligibility of Benefit**

Not available to participant until separation from service; retirement; death; or upon an unforeseeable emergency, while still employed, provided IRS-specified criteria are met.

#### **Vesting**

Participants are fully vest in their accounts at the time of deposit

#### **Benefit**

Lump sum or periodic benefit payment, at the option of the participant. Based on individual account balances and plan provisions. IRS permitted rollovers are also possible.

At June 30, 2006 the deferred compensation plan had 12 participating employers an increase, of two from FY 2005. The participating employers consist of:

<b>DEFERRED COMPENSATION EMPLOYERS</b>		
<u>Employers</u>	<u>June 30, 2006</u>	<u>June 30, 2005</u>
State of Montana *	1	1
Counties	2	0
Colleges and Universities	6	6
School Districts	1	1
Other	<u>2</u>	<u>2</u>
Total	12	10
*The State of Montana includes 36 agencies; however, due to the nature of the reporting for the 457 plan we are unable to specifically determine which agencies participate.		

**Contributions:** The deferred compensation plan is a voluntary, tax-deferred retirement plan designed to supplement retirement, Social Security and other retirement plans and savings. Participants designate the amount to contribute within IRC limitations.

The deferred salary is withheld through payroll deduction prior to federal and state taxes. Social Security and Medicare taxes are withheld on the deferred salary. The contributions are either directed to the fixed investment or to any number of the available variable in-

vestments. The money designated as fixed is invested by PIMCO. The money designated as variable is remitted to the third-party record keeper who in turn invests the contributions in selected investments as directed by the participant.

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<b>FY 2006 Schedule of Contribution Rates</b>			
<b>System</b>	<b>Member</b>	<b>Employer</b>	<b>State</b>
<b>PERS-DBRP</b>	<b>6.9%</b> [19-3-315, MCA]	<b>6.9%</b> State & University <b>6.8%</b> Local Governments [19-3-316, MCA]	<b>0.1%</b> of local government payroll – paid from the General Fund [19-3-319, MCA]
<b>PERS-DCRP</b>	<b>6.9%</b> [19-3-315, MCA]	<b>6.9%</b> State & University <b>6.8%</b> Local Governments [19-3-316, MCA]	<b>0.1%</b> of local government payroll – paid from the General Fund [19-3-319, MCA]
<b>JRS</b>	<b>7.0%</b> [19-5-402, MCA]	<b>25.81%</b> [19-5-404, MCA]	
<b>HPORS</b>	<b>9.0%</b> - hired prior to 7-01-97 & not electing GABA <b>9.05%</b> - hired after 6-30-97 & members electing GABA [19-6-402, MCA]	<b>26.15%</b> [19-6-404(1), MCA] <b>10.18%</b> of salaries – paid from drivers' license fees [19-6-404(2), MCA]	
<b>SRS</b>	<b>9.245%</b> [19-7-403, MCA]	<b>9.535%</b> [19-7-404, MCA]	
<b>GWPORS</b>	<b>10.56%</b> [19-8-502, MCA]	<b>9.0%</b> [19-8-504, MCA]	
<b>MPORS</b>	<b>5.8%</b> - hired on or before 6-30-75 & not electing GABA [19-9-710(a), MCA] <b>7.0%</b> - hired after 6-30-75 & prior to 7-1-79 & not electing GABA [19-9-710(b), MCA] <b>8.5%</b> - hired after 6-30-79 and prior to 7-1-97 & not electing GABA [19-9-710(c), MCA] <b>9.0%</b> - hired after 6-30-97 & members electing GABA [19-9-710(d), MCA]	<b>14.41%</b> [19-9-703, MCA]	<b>29.37%</b> of salaries – paid from the General Fund [19-9-702, MCA]
<b>FURS</b>	<b>9.5%</b> - hired prior to 7-01-97 & not electing GABA [19-13-601(2)(a), MCA] <b>10.7%</b> - hired after 06-30-97 & members electing GABA [19-13-601(2)(b), MCA]	<b>14.36%</b> [19-13-605, MCA]	<b>32.61%</b> of salaries – paid from the General Fund [19-13-604, MCA]
<b>VFCA</b>			<b>5.0%</b> of fire insurance premiums, paid from the General Fund [19-17-301, MCA]

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## FINANCIAL SECTION

### Public Employees' Retirement Board

*A Component Unit of the State of Montana*

#### Required Supplementary Information

#### Schedule of Funding Progress

(in thousands)

System	Actuarial Valuation Date	Actuarial Value of Assets <sup>1</sup> (a)	Actuarial Accrued Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
<b>PERS-DBRP</b>	06/30/02	\$ 3,076,781	\$ 3,077,764	\$ 983	99.97%	\$ 808,747	0.12%
	06/30/04	3,047,287	3,514,085	466,798	86.72	832,847	56.05
	06/30/05	3,179,010	3,719,998	540,988	85.46	847,431	63.84
	<b>06/30/06</b>	<b>3,459,084</b>	<b>3,919,313</b>	<b>460,229</b>	<b>88.26</b>	<b>880,708</b>	<b>52.26</b>
<b>JRS</b>	06/30/02	44,963	30,882	(14,081)	145.60	4,000	-352.03
	06/30/04	45,134	34,724	(10,410)	129.98	4,403	-236.43
	06/30/05	47,552	34,525	(13,027)	137.73	4,462	-291.95
	<b>06/30/06</b>	<b>51,808</b>	<b>37,159</b>	<b>(14,649)</b>	<b>139.42</b>	<b>4,762</b>	<b>-307.62</b>
<b>HPORS</b>	06/30/02	81,734	94,850	13,116	86.17	7,536	174.04
	06/30/04	79,104	104,069	24,965	76.01	7,844	318.27
	06/30/05	82,050	112,938	30,888	72.65	9,104	339.28
	<b>06/30/06</b>	<b>87,189</b>	<b>112,002</b>	<b>24,813</b>	<b>77.85</b>	<b>7,878</b>	<b>314.97</b>
<b>SRS</b>	06/30/02	138,590	121,625	(16,965)	113.95	24,521	-69.19
	06/30/04	141,022	148,608	7,586	94.90	27,373	27.71
	06/30/05	148,458	159,347	10,889	93.17	28,423	38.31
	<b>06/30/06</b>	<b>163,003</b>	<b>171,841</b>	<b>8,838</b>	<b>94.86</b>	<b>34,242</b>	<b>25.81</b>

Analysis of the dollar amounts of plan net assets, actuarial accrued liability, and unfunded actuarial accrued provides one indication of the plan's funding status on a going-concern basis. Analysis of this percentage percentage, the stronger the plan. Trends in the unfunded actuarial accrued liability and annual covered covered payroll approximately adjusts for the effects of inflation and aids analysis of the plan's progress stronger the plan.

<sup>1</sup>Refer to the "Notes to the Required Supplementary Information" for the Actuarial Asset Valuation Method (Page 82).

<sup>2</sup>This schedule reflects a subsequent letter from Milliman, MPERA's actuary, dated January 20, 2003. If the actual rates of termination were used for the corrections officers that transferred into the GWPORS the Funded Status of the system would have been a slight Actuarial Surplus rather than a slight Unfunded Actuarial Liability.

## FINANCIAL SECTION

System	Actuarial Valuation Date	Actuarial Value of Assets <sup>1</sup> (a)	Actuarial Accrued Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll ( c )	UAAL as a Percentage of Covered Payroll ((b-a)/c)
<b>GWPORS</b>	06/30/02 <sup>2</sup>	38,730	38,340	(390)	101.02%	17,151	-2.27%
	06/30/04	45,210	50,310	5,100	89.86	21,442	23.79
	06/30/05	50,961	56,414	5,453	90.33	22,496	24.24
	<b>06/30/06</b>	<b>58,813</b>	<b>64,183</b>	<b>5,370</b>	<b>91.63</b>	<b>25,846</b>	<b>20.78</b>
<b>MPORS</b>	06/30/02	143,516	226,827	83,311	63.27	22,229	374.79
	06/30/04	149,510	260,094	110,584	57.48	24,531	450.79
	06/30/05	159,417	276,379	116,962	57.68	26,198	446.45
	<b>06/30/06</b>	<b>175,919</b>	<b>291,099</b>	<b>115,180</b>	<b>60.43</b>	<b>27,644</b>	<b>416.65</b>
<b>FURS</b>	06/30/02	136,392	197,946	61,554	68.90	17,953	342.86
	06/30/04	142,109	227,599	85,490	62.44	20,248	422.21
	06/30/05	151,393	238,157	86,764	63.57	20,474	423.78
	<b>06/30/06</b>	<b>167,343</b>	<b>255,513</b>	<b>88,170</b>	<b>65.49</b>	<b>22,917</b>	<b>384.74</b>
<b>VFCA</b>	06/30/02	19,254	26,808	7,554	71.82	N/A	N/A
	06/30/04	20,058	28,680	8,622	69.94	N/A	N/A
	06/30/05	21,311	30,773	9,462	69.25	N/A	N/A
	<b>06/30/06</b>	<b>23,238</b>	<b>31,883</b>	<b>8,645</b>	<b>72.89</b>	<b>N/A</b>	<b>N/A</b>

Covered payroll is not applicable to VFCA because members are unpaid volunteers.

liability in isolation can be misleading. Expressing plan net assets as a percentage of the actuarial accrued liability over time indicates whether the plan is becoming financially stronger or weaker. Generally, the greater this payroll are both affected by inflation. Expressing the unfunded actuarial accrued liability as a percentage of annual made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the



## FINANCIAL SECTION

### Public Employees' Retirement Board

*A Component Unit of the State of Montana*

#### Required Supplementary Information

#### Schedule of Employer Contributions & Other Contributing Entities

System	Year Ended June 30	Annual Required Contributions	Actuarial Required Contribution Rate <sup>1</sup>	Percentage Contributed	Annual Required State Contribution <sup>2</sup>	Percentage Contributed
PERS- DBRP	2001	\$ 29,238,994	3.79%	181.98%	\$ 382,481	100.00%
	2002	55,803,545	6.90	99.54	373,721	100.00
	2003	58,573,696	6.90	98.16	388,954	100.00
	2004	67,044,215	8.05	86.20	402,566	100.00
	2005	71,523,156	8.44	82.06	420,658	100.00
	<b>2006</b>	<b>69,311,689</b>	<b>7.87</b>	<b>91.54</b>	<b>442,994</b>	<b>100.00</b>
JRS	2001	638,282	17.46	147.82		
	2002	801,137	20.03	128.86		
	2003	816,691	20.03	128.86		
	2004	304,277	6.91	373.52		
	2005	143,222	3.21	811.43		
	<b>2006</b>	<b>112,854</b>	<b>2.37</b>	<b>1,089.03</b>		
HPORS	2001	637,399	8.67	414.48	335,107	100.00
	2002	2,737,999	36.33	101.16	308,973	100.00
	2003	2,836,992	36.33	101.02	353,589	100.00
	2004	2,849,545	36.33	100.32	348,137	100.00
	2005	3,307,439	36.33	100.50	668,748	100.00
	<b>2006</b>	<b>2,862,188</b>	<b>36.33</b>	<b>101.50</b>	<b>277,178</b>	<b>100.00</b>
SRS	2001	1,672,537	7.39	133.17		
	2002	2,338,104	9.54	102.10		
	2003	2,435,269	9.54	102.70		
	2004	3,198,485	11.69	84.57		
	2005	3,474,750	12.23	80.95		
	<b>2006</b>	<b>3,896,731</b>	<b>11.38</b>	<b>90.42</b>		

Refer to the "Notes to the Required Supplementary Information" (Page 82).

This schedule was revised in FY2005 to reflect the actuarially calculated ARC rather than the statutory rate that was previously used.

<sup>1</sup> The Annual Required Contribution for FY01 and FY03 is based on prior year-end actuarial study.

<sup>2</sup> The Annual Required Contribution for HPORS includes the required registration fees and for MPORS and FURS is based on covered payroll, which includes payroll adjustments.

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System	Year Ended June 30	Annual Required Contributions	Actuarial Required Contribution Rate <sup>1</sup>	Percentage Contributed	Annual Required State Contribution <sup>2</sup>	Percentage Contributed
<b>GWPORS</b>	2001	\$ 805,073	5.41%	169.66%		
	2002	1,759,644	10.26	90.64		
	2003	2,055,590	10.26	89.28		
	2004	1,979,117	9.23	102.12		
	2005	2,083,154	9.26	98.58		
	<b>2006</b>	<b>2,336,515</b>	<b>9.04</b>	<b>102.34</b>		
<b>MPORS</b>	2001	3,011,475	14.41	100.12	\$ 6,137,893	100.16%
	2002	3,203,173	14.41	102.15	6,528,604	100.02
	2003	3,355,991	14.41	104.89	6,840,073	99.39
	2004	3,534,920	14.41	102.68	7,204,760	100.05
	2005	3,775,191	14.41	100.41	7,694,474	100.14
	<b>2006</b>	<b>3,983,471</b>	<b>14.41</b>	<b>101.30</b>	<b>8,118,982</b>	<b>100.77</b>
<b>FURS</b>	2001	2,401,328	14.36	98.81	5,453,155	98.45
	2002	2,578,021	14.36	97.80	5,854,406	98.46
	2003	2,672,133	14.36	106.04	6,068,123	98.98
	2004	2,876,584	14.36	100.09	6,532,410	100.00
	2005	2,940,092	14.36	100.65	6,676,629	100.63
	<b>2006</b>	<b>3,290,840</b>	<b>14.36</b>	<b>101.14</b>	<b>7,473,141</b>	<b>100.80</b>
<b>VFCA</b>	2001				1,002,992	100.00
	2002				1,133,741	100.00
	2003				1,310,088	100.00
	2004				1,434,068	100.00
	2005				1,527,264	100.00
	<b>2006</b>				<b>1,610,462</b>	<b>100.00</b>

## FINANCIAL SECTION

### Public Employees' Retirement Board

#### *A Component Unit of the State of Montana*

#### Notes to the Required Supplementary Information

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

	PERS-DBRP	JRS	HPORS
Valuation date	June 30, 2006	June 30, 2006	June 30, 2006
Actuarial cost method	Entry Age	Entry Age	Entry Age
Amortization method	Level percentage of payroll, open	Level percentage of payroll, open	Level percentage of payroll, open
Remaining amortization period in years:			
Unfunded Liability	does not amortize <sup>1</sup>		18
Unfunded Credit <sup>2</sup>		30	
Asset valuation method	4-Year smoothed market	4-Year smoothed market	4-Year smoothed market
<i>Actuarial assumptions:</i>			
Investment rate of return compounded annually	8%	8%	8%
Projected salary increases			
General Wage Growth*	4.25%	4.25%	4.25%
Merit	0% - 6%	None	0% - 7.3%
* includes inflation rate at	3.25%	3.25%	3.25%
Benefit Adjustments			
GABA	3% after 1 yr	3% after 1 yr	3% after 1 yr
Non-GABA	N/A	Annual increase to salary of active member in like position	2% per yr service for newly confirmed officer

<sup>1</sup> The amortization period for the unfunded actuarial liability in the PERS and SRS exceeds 40 years. The amortization period for the unfunded actuarial liability for GWPORS is 32.4 years. Based on actuarial assumptions as of June 30, 2006, additional funding is required at a rate of 1.01% for PERS, 1.84% for SRS and .04% for GWPORS. The PERB anticipates legislation to be enacted within fiscal year 2007 to actuarially fund the systems.

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

## FINANCIAL SECTION

SRS	GWPORS	MPORS	FURS	VFCA
June 30, 2006 Entry Age	June 30, 2006 Entry Age	June 30, 2006 Entry Age	June 30, 2006 Entry Age	June 30, 2006 Entry Age
Level percentage of payroll, open	Level percentage of payroll, open	Level percentage of payroll, open	Level percentage of payroll, open	Level percentage of revenue, open
does not amortize <sup>1</sup>	32.4 <sup>1</sup>	21.4	15.5	20
4-Year smoothed market	4-Year smoothed market	4-Year smoothed market	4-Year smoothed market	4-Year smoothed market
8%	8%	8%	8%	8%
4.25%	4.25%	4.25%	4.25%	N/A
0% - 7.3%	0% - 7.3%	0% - 7.3%	0% - 7.3%	N/A
3.25%	3.25%	3.25%	3.25%	N/A
3% after 1 yr N/A	3% after 1 yr N/A	3% after 1 yr 50% newly confirmed officer	3% after 1 yr 50% newly confirmed officer	N/A N/A

## FINANCIAL SECTION

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## FINANCIAL SECTION

### Public Employees' Retirement Board

*A Component Unit of the State of Montana*

#### Schedule of Administrative Expenses

**Year Ended June 30, 2006**

	Defined Benefit Plans	PERS-DBRP Education Fund	Defined Contribution PERS-DCRP	Deferred Compensation 457 Plan
<b>Personal Services</b>				
Salaries	\$ 1,110,828	\$ 105,216	\$ 66,206	\$ 66,481
Board Members' Per Diem	8,187		432	432
Employee Benefits	319,145	31,335	19,872	19,234
<b>Total Personal Services</b>	<b>1,438,160</b>	<b>136,551</b>	<b>86,510</b>	<b>86,147</b>
<b>Other Services</b>				
Consulting Services	417,570	191	27,184	29,741
Legal Fees and Court Costs	24,547		178	178
Payroll Fees	973	82	75	65
Audit Fees	32,047		1,023	1,023
Medical Services	13,199			
Records Storage	9,134	21		
Pre-Retirement Seminars		3,000		
Computer Processing	296,193	2,748	10,811	6,752
Printing and Photocopy Charges	21,077	30,768	965	1,245
Warrant Writing Services	35,004		1,117	1,117
Other	8,283	698	639	552
<b>Total Other Services</b>	<b>858,027</b>	<b>37,508</b>	<b>41,992</b>	<b>40,673</b>
<b>Communications</b>				
Recruitment Costs	8,069	201	781	704
Postage and Mailing	82,837	14,768	1,138	5,761
Telephone	24,357	2,644	1,771	1,540
<b>Total Communications</b>	<b>115,263</b>	<b>17,613</b>	<b>3,690</b>	<b>8,005</b>
<b>Other Expenses</b>				
Supplies and Materials	49,206	7,061	3,090	2,128
Travel	38,648	8,462	3,677	3,649
Rent	185,863	17,668	14,347	12,391
Repairs and Maintenance	432	36	33	29
Depreciation/Amortization	294,099	114	3,305	47,563
Compensated Absences	(20,434)	4,601	1,543	(413)
Interest Payments			57,441	
Miscellaneous	44,036	(4,401)	11,542	3,555
<b>Total Other Expenses</b>	<b>591,850</b>	<b>33,541</b>	<b>94,978</b>	<b>68,902</b>
<b>Total Administrative Expenses</b>	<b>\$ 3,003,300</b>	<b>\$ 225,213</b>	<b>\$ 227,170</b>	<b>\$ 203,727</b>



## FINANCIAL SECTION

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### Public Employees' Retirement Board

*A Component Unit of the State of Montana*

#### **Schedule of Investment Expenses**

***Year Ended June 30, 2006***

<u>Plan</u>	<u>Investment Manager</u>	<u>Fees</u>
PERS-DBRP	Board of Investments	\$ 5,008,119
JRS	Board of Investments	72,823
HPORS	Board of Investments	125,327
SRS	Board of Investments	227,403
GWPORS	Board of Investments	76,494
MPORS	Board of Investments	237,074
FURS	Board of Investments	225,582
VFCA	Board of Investments	31,538
457	PIMCO	418,871
	State Street Bank	<u>54,551</u>
<b><i>Total Investment Expense</i></b>		<b><u>\$ 6,477,782</u></b>

## FINANCIAL SECTION

### Public Employees' Retirement Board

*A Component Unit of the State of Montana*

#### **Schedule of Consultants**

***Year Ended June 30, 2006***

<b>Individual or Firm</b>	<b>Nature of Service</b>	<b>Amount Paid</b>
Wisetek Provider Inc	Web Reporting Systems Development	\$ 213,745
Amdec Software	Computer Programming Services	165,060
Milliman	Actuarial Consultant	77,691
Arnerich Massena & Associates, Inc.	Mutual Funds Performance Review	37,900
Legislative Audit Division, Legislative Branch	Independent Auditors	34,093
Ice Miller	Tax Consultant	26,433
Communications & Management Service	Human Resources Consulting	11,325
Lawrence R. McEvoy, MD	Medical Consultant	7,418
Legal Services Division, Department of Justice	Legal Services	6,512
Goetz, Gallik, Baldwin & Dolan	Legal Services	4,217
Professional Development Center, Department of Administration	Retirement Planning Seminars	3,000

## FINANCIAL SECTION

### Public Employees' Retirement Board

*A Component Unit of the State of Montana*

**Detail of Fiduciary Net Assets (PERS-DBRP and PERS-DBEd)**  
**as of June 30, 2006**

	PERS-DBRP	PERS-DBEd	TOTAL
<b>Assets</b>			
Cash and Short-term Investments	\$ 92,501,686	\$ 1,187,246	\$ 93,688,932
Securities Lending Collateral	67,406,590	19,345	67,425,935
Receivables			
Interest	7,173,427		7,173,427
Accounts Receivable	1,223,670	8	1,223,678
Due from Other Funds	316,196	7,642	323,838
Due from Primary Government	28,811		28,811
Due from Component Unit	1,995		1,995
Notes Receivable	135,357		135,357
<i>Total Receivables</i>	8,879,456	7,650	8,887,106
Investments, at fair value			
Montana Domestic Equity Pool (MDEP)	1,586,747,062		1,586,747,062
Retirement Fund Bond Pool (RFBP)	932,047,876		932,047,876
Montana International Pool (MTIP)	630,135,329		630,135,329
Montana Private Equity Pool (MPEP)	203,406,134		203,406,134
Montana Real Estate Pool (MTRP)	15,200,000		15,200,000
Real Estate Investments	8,636,356		8,636,356
Mortgages & Commercial Loans			
net of Accumulated Mortgage Discount	43,096,807		43,096,807
<i>Total Investments</i>	3,419,269,564		3,419,269,564
Capital Assets			
Property and Equipment, at cost,			
net of Accumulated Depreciation	513		513
Intangible Assets, at cost,			
net of Amortization Expense	102,626	432	103,058
<i>Total Capital Assets</i>	103,139	432	103,571
<b>Total Assets</b>	3,588,160,435	1,214,673	3,589,375,108
<b>Liabilities</b>			
Securities Lending Collateral Liability	67,406,590	19,345	67,425,935
Accounts Payable	495,023	7,570	502,593
Due to Other Funds	93,863	364	94,227
Due to Primary Government	45,866	4,269	50,135
Deferred Revenue	70,942		70,942
Compensated Absences	233,019	15,581	248,600
<b>Total Liabilities</b>	68,345,303	47,129	68,392,432
<b>Net Assets Held in Trust for Pension Benefits</b>	<b>\$ 3,519,815,132</b>	<b>\$ 1,167,544</b>	<b>\$ 3,520,982,676</b>

## FINANCIAL SECTION

### Public Employees' Retirement Board

*A Component Unit of the State of Montana*

**Detail of Changes in Fiduciary Net Assets (PERS-DBRP and PERS-DBEd)  
for the Fiscal Year Ended June 30, 2006**

	PERS-DBRP	PERS-DBEd	TOTAL
<b>Additions</b>			
<b>Contributions</b>			
Employer	\$ 63,089,060	\$ 356,354	\$ 63,445,414
Plan Member	66,002,308		66,002,308
Membership Fees	83		83
Interest Reserve Buyback	143,047		143,047
Retirement Incentive Program	123,784		123,784
Miscellaneous Revenue	25,003,468	137	25,003,605
State Contributions	442,994		442,994
<b>Total Contributions</b>	<b>154,804,744</b>	<b>356,491</b>	<b>155,161,235</b>
<b>Investment Income</b>			
Net Appreciation (Depreciation) in Fair Value of Investments	185,484,598		185,484,598
Interest	98,875,075	46,199	98,921,274
Dividends	14,161,359		14,161,359
Investment Expense	(5,008,119)		(5,008,119)
<b>Net Investment Income</b>	<b>293,512,913</b>	<b>46,199</b>	<b>293,559,112</b>
<b>Securities Lending Income</b>			
Securities Lending Income	5,129,851	805	5,130,656
Securities Lending Rebate and Fees	(5,010,361)	(802)	(5,011,163)
<b>Net Securities Lending Income</b>	<b>119,490</b>	<b>3</b>	<b>119,493</b>
<b>Total Net Investment Income</b>	<b>293,632,403</b>	<b>46,202</b>	<b>293,678,605</b>
<b>Total Additions</b>	<b>448,437,147</b>	<b>402,693</b>	<b>448,839,840</b>
<b>Deductions</b>			
Benefits	153,885,649		153,885,649
Refunds/Distributions	12,753,802		12,753,802
Refunds to Other Plans	568,003		568,003
Transfers to DCRP	1,064,447		1,064,447
Transfers to ORP	183,135		183,135
Administrative Expenses	2,661,191	225,213	2,886,404
<b>Total Deductions</b>	<b>171,116,227</b>	<b>225,213</b>	<b>171,341,440</b>
<b>Net Increase (Decrease)</b>	<b>277,320,920</b>	<b>177,480</b>	<b>277,498,400</b>
<b>Net Assets Held in Trust for Pension Benefits</b>			
Beginning of Year	3,242,428,809	990,064	3,243,418,873
Prior Period Adjustment	65,403		65,403
End of Year	<b>\$ 3,519,815,132</b>	<b>\$ 1,167,544</b>	<b>\$ 3,520,982,676</b>

## FINANCIAL SECTION

### Public Employees' Retirement Board

*A Component Unit of the State of Montana*

#### **Detail of Fiduciary Net Assets (PERS-DCRP, PERS-DCEd and PERS-DC Disability) as of June 30, 2006**

	PERS-DCRP	PERS-DCEd	PERS-DC DISABILITY	TOTAL
<b>Assets</b>				
Cash and Short-term Investments	\$ 507,485	\$ 65,227	\$ 451,619	\$ 1,024,331
Securities Lending Collateral	5,876	1,064	7,389	14,329
Receivables				
Due from Other Funds	91,431	364	2,440	94,235
<b>Total Receivables</b>	91,431	364	2,440	94,235
Investments, at fair value				
Defined Contributions Fixed Investments	1,832,487			1,832,487
Defined Contributions Variable Investments	29,101,644			29,101,644
<b>Total Investments</b>	30,934,131			30,934,131
Intangible Assets, at cost, net of Amortization Expense	2,215			2,215
<b>Total Assets</b>	31,541,138	66,655	461,448	32,069,241
<b>Liabilities</b>				
Securities Lending Collateral Liability	5,876	1,064	7,389	14,329
Accounts Payable	7,435	362		7,797
Due to Other Funds	2,364	8,388		10,752
Due to Primary Government	21,308			21,308
Due to Component Unit	24,248			24,248
Advances from Primary Government	1,360,195			1,360,195
Compensated Absences	9,311	1,033		10,344
<b>Total Liabilities</b>	1,430,737	10,847	7,389	1,448,973
<b>Net Assets Held in Trust for Pension Benefits</b>	<b>\$ 30,110,401</b>	<b>\$ 55,808</b>	<b>\$ 454,059</b>	<b>\$ 30,620,268</b>

### Public Employees' Retirement Board

*A Component Unit of the State of Montana*

#### **Detail of Changes in Fiduciary Net Assets (PERS-DCRP, PERS-DCEd and PERS-DC Disability) for the Fiscal Year Ended June 30, 2006**

	PERS-DCRP	PERS-DCEd	PERS-DC DISABILITY	TOTAL
<b>Additions</b>				
<b>Contributions</b>				
Employer	\$ 2,143,543	\$ 25,930	\$ 149,694	\$ 2,319,167
Plan Member	3,699,360			3,699,360
Miscellaneous Revenue	223,324			223,324
Forfeiture of Nonvested Member	263,685			263,685
<b>Total Contributions</b>	6,329,912	25,930	149,694	6,505,536
<b>Investment Income</b>				
Net Appreciation (Depreciation) in Fair Value of Investments	991,131			991,131
Interest	1,088,646	2,341	15,607	1,106,594
<b>Net Investment Income</b>	2,079,777	2,341	15,607	2,097,725
<b>Securities Lending Income</b>				
Securities Lending Income	190	41	272	503
Securities Lending Rebate and Fees	(189)	(41)	(271)	(501)
<b>Net Securities Lending Income</b>	1	0	1	2
<b>Total Net Investment Income</b>	2,079,778	2,341	15,608	2,097,727
<b>Total Additions</b>	8,409,690	28,271	165,302	8,603,263
<b>Deductions</b>				
Refunds/Distributions	1,570,066			1,570,066
Administrative Expenses	213,706	13,464		227,170
Miscellaneous Expenses	295,105			295,105
<b>Total Deductions</b>	2,078,877	13,464	-	2,092,341
<b>Net Increase (Decrease)</b>	6,330,813	14,807	165,302	6,510,922
<b>Net Assets Held in Trust for Pension Benefits</b>				
Beginning of Year	23,779,588	41,001	288,757	24,109,346
Prior Period Adjustment				-
<b>End of Year</b>	<b>\$ 30,110,401</b>	<b>\$ 55,808</b>	<b>\$ 454,059</b>	<b>\$ 30,620,268</b>

## **Public Employees' Retirement Board**

### *A Component Unit of the State of Montana*

## **Report on Investment Activity**

### **INTRODUCTION**

The Montana Constitution and Montana statutes govern the investment activity of the retirement funds administered by the Public Employees' Retirement Board (PERB). The "prudent expert principle," contained in the Montana Constitution and Montana statute, requires the fiduciaries of the funds, including the Montana Board of Investments (BOI), to discharge their duties in the same manner that a prudent expert acting in a fiduciary capacity and under the same circumstances, exercises in the conduct of an enterprise of a similar character with similar objectives.

The prudent expert principle permits further diversification of the holdings of the fund to minimize the risk of loss and maximize the rate of return. The opportunity to diversify among various asset classes does enable a fund to reduce volatility and increase returns.

The BOI prepares and provides information related to the defined benefit investments for the PERB. The Montana Public Employee Retirement Administration (MPERA), staff of the PERB, is responsible for the presentation of the report of investment activity.

### **INVESTMENT GOALS AND OBJECTIVES**

The basic goal influencing the investment activity for the PERB is two-fold. First is to realize compound rates of return sufficient to fund promised benefits; and the second is to provide benefit services at the lowest possible cost to employers and members.

The basic investment objective of the BOI is achievement of a total rate of return which exceeds the rate of inflation as measured by the Consumer Price Index by 3% over any five-year rolling period, while out-performing the market indices for each asset class over the current five-year rolling period.

To calculate the PERB's defined benefit investment returns, State Street Bank and Trust, BOI's custodial bank and an independent third party, use the industry performance presentation standards times weighted total rate of return method.

### **RISK TOLERANCE**

In view of the long time horizon of the pension plans and adequacy of cash flow to meet retiree payments, all funds have an above average ability to assume risk. For Montana loans, the maximum loan size is \$5 million.

### **INVESTMENT MANAGEMENT AND RESULTS**

The funds of each defined benefit plan are invested by the BOI as part of the unified investment program. The portfolio is broadly diversified between the various asset classes (stocks, bonds, real estate, venture capital, etc.). A complete list of portfolio information is available through the BOI. State Street Bank and Trust compiles the rates of return for the investments using the Association for Investment Management and Research (AIMR) Performance Presentation Standards. The total rates of return for fiscal year 2006 are reported for each defined benefit fund by the BOI. The following tables are a summary of the information received from the BOI.



## INVESTMENT SECTION

TOTAL RATES OF RETURN BY ASSET CLASS					
12-Month Period ending June 30, 2006					
Asset Class	<u>INDEX</u>	<u>PERS- DBRP</u>	<u>JRS</u>	<u>HPORS</u>	<u>SRS</u>
STIP		4.33%	4.33%	4.33%	4.33%
91 day T-Bill	3.95%				
Equities <sup>1</sup>		13.00%	12.99%	13.02%	12.99%
S&P 500	9.22%				
Fixed Income		0.53%	0.34%	0.34%	0.34%
LB Aggregate Bond	-0.81%				
Miscellaneous <sup>2</sup>		4.27%			
<b>All Assets</b>		<b>9.07%</b>	<b>8.96%</b>	<b>8.99%</b>	<b>8.96%</b>
<b>Index Composite<sup>3</sup></b>		<b>8.82%</b>	<b>8.69%</b>	<b>8.72%</b>	<b>8.68%</b>
	<u>INDEX</u>	<u>GWPORS</u>	<u>MPORS</u>	<u>FURS</u>	<u>VFCA</u>
STIP		4.33%	4.33%	4.33%	4.33%
91 day T-Bill	3.95%				
Equities <sup>1</sup>		13.01%	13.06%	13.06%	13.26%
S&P 500	9.22%				
Fixed Income		0.34%	0.34%	0.34%	0.34%
LB Aggregate Bond	-0.81%				
<b>All Assets</b>		<b>8.67%</b>	<b>8.95%</b>	<b>8.94%</b>	<b>8.80%</b>
<b>Index Composite<sup>3</sup></b>		<b>8.39%</b>	<b>8.68%</b>	<b>8.68%</b>	<b>8.53%</b>
<sup>1</sup> Includes MDEP, MTIP and Real Estate Investments					
<sup>2</sup> Montana Mortgages					
<sup>3</sup> An Index Composite paralleling the Fund's Asset Allocation at Market Value					
The rates of return are based on the industry performance presentation standards times weighted total rate of return method (AIMR Performance Presentation Standards)					

## INVESTMENT SECTION

TOTAL RATES OF RETURN BY ASSET CLASS					
Three-Year Period ending June 30, 2006					
Asset Class	<u>INDEX</u>	<u>PERS- DBRP</u>	<u>JRS</u>	<u>HPORS</u>	<u>SRS</u>
STIP		2.57%	2.57%	2.57%	2.57%
91 day T-Bill	2.31%				
Equities <sup>1</sup>		13.74%	13.73%	13.75%	13.73%
S&P 500	12.13%				
Fixed Income		3.31%	3.08%	3.08%	3.08%
LB Aggregate Bond	2.05%				
Miscellaneous <sup>2</sup>		5.75%			
<b>All Assets</b>		<b>10.19%</b>	<b>10.07%</b>	<b>10.12%</b>	<b>10.08%</b>
<b>Index Composite<sup>3</sup></b>		<b>10.01%</b>	<b>9.87%</b>	<b>9.92%</b>	<b>9.88%</b>
	<u>INDEX</u>	<u>GWPORS</u>	<u>MPORS</u>	<u>FURS</u>	<u>VFCA</u>
STIP		2.57%	2.57%	2.57%	2.57%
91 day T-Bill	2.31%				
Equities <sup>1</sup>		13.77%	13.76%	13.76%	13.81%
S&P 500	12.13%				
Fixed Income		3.08%	3.08%	3.08%	3.08%
LB Aggregate Bond <sup>3</sup>	2.05%				
<b>All Assets</b>		<b>9.90%</b>	<b>9.91%</b>	<b>9.93%</b>	<b>9.91%</b>
<b>Index Composite<sup>3</sup></b>		<b>9.71%</b>	<b>9.72%</b>	<b>9.74%</b>	<b>9.71%</b>
<sup>1</sup> Includes MDEP, MTIP and Real Estate Investments					
<sup>2</sup> Montana Mortgages					
<sup>3</sup> An Index Composite paralleling the Fund's Asset Allocation at Market Value					
The rates of return are based on the industry performance presentation standards times weighted total rate of return method (AIMR Performance Presentation Standards)					

## INVESTMENT SECTION

### TOTAL RATES OF RETURN BY ASSET CLASS

Five-Year Period ending June 30, 2006

<b>Asset Class</b>	<b><u>INDEX</u></b>	<b><u>PERS- DBRP</u></b>	<b><u>JRS</u></b>	<b><u>HPORS</u></b>	<b><u>SRS</u></b>
STIP		2.44%	2.44%	2.45%	2.44%
91 day T-Bill	2.16%				
Equities <sup>1</sup>		4.09%	4.03%	4.02%	4.01%
S&P 500	3.33%				
Fixed Income		6.53%	6.71%	6.71%	6.71%
LB Aggregate Bond	4.97%				
Miscellaneous <sup>2</sup>		6.21%			
<b>All Assets</b>		<b>5.76%</b>	<b>5.75%</b>	<b>5.73%</b>	<b>5.76%</b>
<b>Index Composite<sup>3</sup></b>		<b>5.71%</b>	<b>5.59%</b>	<b>5.56%</b>	<b>5.56%</b>

	<b><u>INDEX</u></b>	<b><u>GWPORS</u></b>	<b><u>MPORS</u></b>	<b><u>FURS</u></b>	<b><u>VFCA</u></b>
STIP		2.44%	2.45%	2.45%	2.44%
91 day T-Bill	2.16%				
Equities <sup>1</sup>		3.97%	4.00%	3.99%	4.37%
S&P 500	3.33%				
Fixed Income		6.71%	6.71%	6.71%	6.71%
LB Aggregate Bond	4.97%				
<b>All Assets</b>		<b>5.65%</b>	<b>5.68%</b>	<b>5.67%</b>	<b>6.78%</b>
<b>Index Composite<sup>3</sup></b>		<b>5.47%</b>	<b>5.48%</b>	<b>5.46%</b>	<b>6.55%</b>

<sup>1</sup> Includes MDEP, MTIP and Real Estate Investments

<sup>2</sup> Montana Mortgages

<sup>3</sup> An Index Composite paralleling the Fund's Asset Allocation at Market Value

The rates of return are based on the industry performance presentation standards times weighted total rate of return method (AIMR Performance Presentation Standards)

## INVESTMENT SECTION

### ASSET ALLOCATION

Correct asset allocation is the main determinant of the BOI's success in meeting long-term investment objectives. The asset mix

with the highest probability of achieving the basic investment objective and the actual asset mix for fiscal year 2006 is listed in the following table for both fixed income investments and equity investments.

### FY2006 ASSET ALLOCATION

		Investment Objective	Actual Investment			Investment Objective	Actual Investment
<b>PERS-DBRP</b>				<b>GWPORS</b>			
Fixed	30% to 40%	30.38%		Fixed	30% to 40%	31.29%	
Equity	60% to 70%	69.62%		Equity	60% to 70%	68.71%	
<b>JRS</b>				<b>MPORS</b>			
Fixed	30% to 40%	30.82%		Fixed	30% to 40%	30.27%	
Equity	60% to 70%	69.18%		Equity	60% to 70%	69.73%	
<b>HPORS</b>				<b>FURS</b>			
Fixed	30% to 40%	30.50%		Fixed	30% to 40%	30.27%	
Equity	60% to 70%	69.50%		Equity	60% to 70%	69.73%	
<b>SRS</b>				<b>VFCA</b>			
Fixed	30% to 40%	30.89%		Fixed	30% to 40%	34.58%	
Equity	60% to 70%	69.11%		Equity	60% to 70%	65.42%	

### INVESTMENT FEES AND COMMISSIONS

Throughout the fiscal year, the investment expense for certain investments (pools, real estate) are netted against the investment earnings. At year end, investment earnings

are "grossed up" to report the investment expense for the external manager, custodial bank fees and the BOI administrative cost. This process was implemented July 1, 1995, in compliance with GASB Statement 25.

Fiscal 2006 Administrative Investment Expense (\$)										
	STIP	MDEP	MPEP	MTIP	MTRP	RFBP	AOF	Real Estate	AOF Pension Admin	Total
PERS	14,522	1,171,467	2,317,143	1,199,461	169	172,097	104,311	28,950	133,261	5,008,119
POLICE	980	56,098	112,887	58,310	8	8,790			-	237,074
GAME WARDENS	617	18,453	35,855	18,661	3	2,906			-	76,494
SHERIFFS	818	54,701	107,700	55,701	8	8,474			-	227,403
JUDGES	255	17,480	34,547	17,826	3	2,713			-	72,823
HWY PATROL	336	29,901	59,682	30,737	4	4,666			-	125,327
TRS	11,506	902,631	1,776,491	922,386	130	131,023	90,270	25,350	115,620	3,859,788
VOL FIREMANS	187	7,120	15,267	7,802	1	1,162			-	31,538
FIREFIGHTERS	958	53,421	107,365	55,474	8	8,356			-	225,582
Totals	30,178	2,311,273	4,566,936	2,366,359	333	340,187	194,581	54,300	248,881	9,864,148

## INVESTMENT SECTION

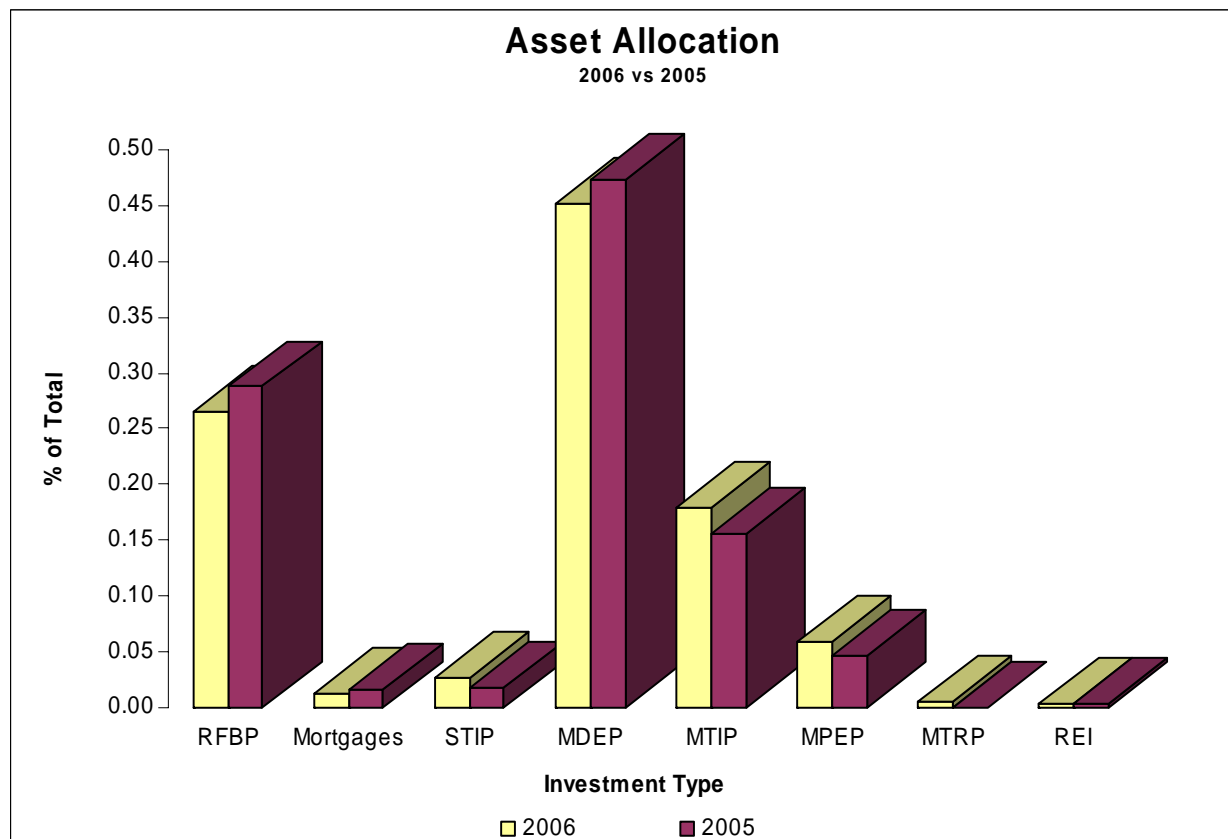
### PERS-DBRP

#### Asset Mix (fair value)

as of June 30, 2006 and 2005

(in thousands)

Investment Type	2006 Fair Value	% of Total	2005 Fair Value	% of Total	Dollar Change	% Change
<b>Fixed Income:</b>						
Retirement Funds Bond Pool (RFBP)	\$ 932,048	26.55%	\$ 930,369	28.78%	\$ 1,679	0.18%
Montana Mortgages	43,097	1.23%	50,658	1.57%	(7,561)	-14.93%
STIP	91,182	2.60%	58,112	1.80%	33,070	56.91%
<b>Total Fixed Income</b>	<b>\$ 1,066,327</b>	<b>30.38%</b>	<b>\$ 1,039,139</b>	<b>32.15%</b>	<b>\$ 27,188</b>	<b>2.62%</b>
<b>Equities:</b>						
Montana Domestic Equity Pool (MDEP)	\$ 1,586,747	45.20%	\$ 1,529,418	47.31%	\$ 57,329	3.75%
Montana International Pool (MTIP)	630,135	17.95%	505,112	15.62%	125,023	24.75%
Montana Private Equity Pool (MPEP)	203,406	5.79%	150,595	4.66%	52,811	35.07%
Montana Real Estate Pool (MTRP)	15,200	0.43%	-	0.00%	15,200	100.00%
Real Estate Investments (REI)	8,636	0.25%	8,525	0.26%	111	1.30%
<b>Total Equities</b>	<b>\$ 2,444,124</b>	<b>69.62%</b>	<b>\$ 2,193,650</b>	<b>67.85%</b>	<b>\$ 250,474</b>	<b>11.42%</b>
<b>Total</b>	<b>\$ 3,510,451</b>	<b>100.00%</b>	<b>\$ 3,232,789</b>	<b>100.00%</b>	<b>\$ 277,662</b>	<b>8.59%</b>

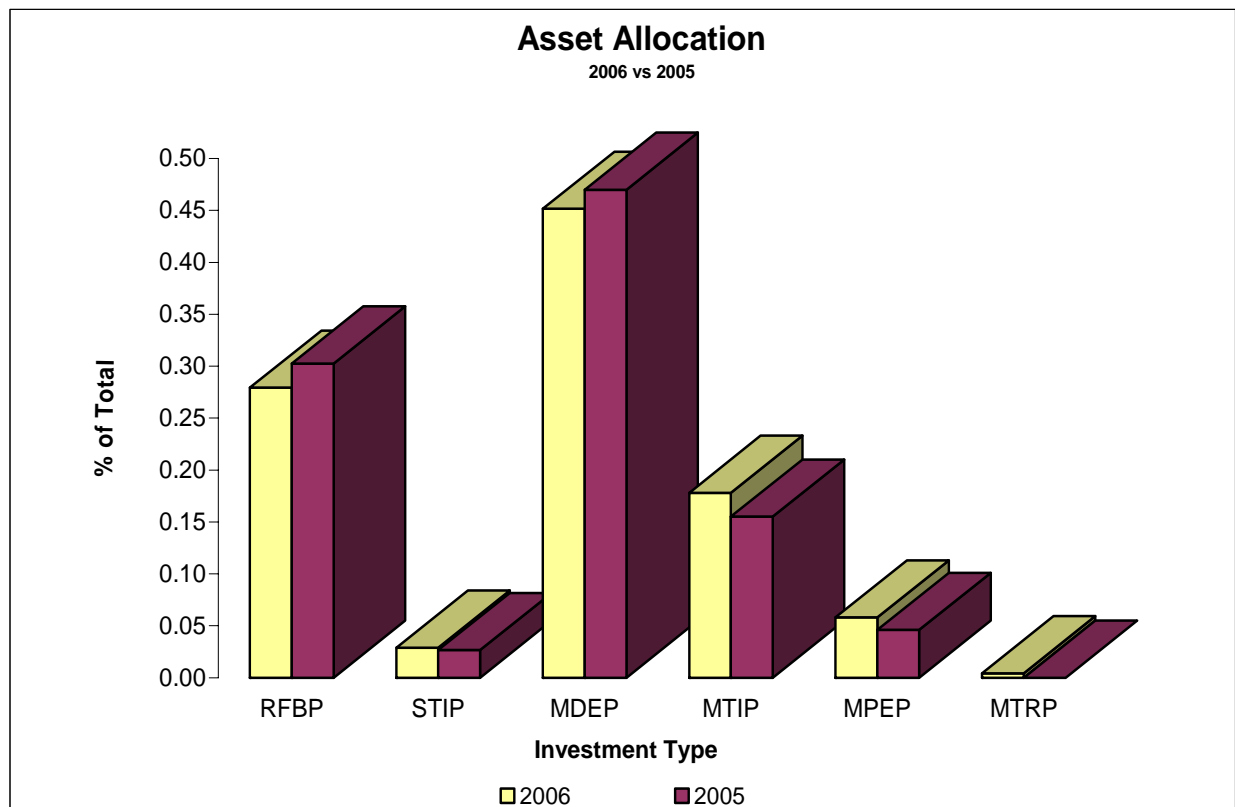


## JRS

**Asset Mix (fair value)****as of June 30, 2006 and 2005**

(in thousands)

Investment Type	2006 Fair Value	% of Total	2005 Fair Value	% of Total	Dollar Change	% Change
<b>Fixed Income:</b>						
Retirement Funds Bond Pool (RFBP)	\$ 14,685	27.93%	\$ 14,655	30.26%	\$ 30	0.20%
STIP	1,519	2.89%	1,284	2.65%	235	18.30%
<b>Total Fixed Income</b>	<b>\$ 16,204</b>	<b>30.82%</b>	<b>\$ 15,939</b>	<b>32.91%</b>	<b>\$ 265</b>	<b>1.66%</b>
<b>Equities:</b>						
Montana Domestic Equity Pool (MDEP)	\$ 23,744	45.15%	\$ 22,749	46.99%	\$ 995	4.37%
Montana International Pool (MTIP)	9,365	17.81%	7,507	15.50%	1,858	24.75%
Montana Private Equity Pool (MPEP)	3,047	5.79%	2,229	4.60%	818	36.70%
Montana Real Estate Pool (MTRP)	225	0.43%	-	0.00%	225	100.00%
<b>Total Equities</b>	<b>\$ 36,381</b>	<b>69.18%</b>	<b>\$ 32,485</b>	<b>67.09%</b>	<b>\$ 3,896</b>	<b>11.99%</b>
<b>Total</b>	<b>\$ 52,585</b>	<b>100.00%</b>	<b>\$ 48,424</b>	<b>100.00%</b>	<b>\$ 4,161</b>	<b>8.59%</b>





## INVESTMENT SECTION

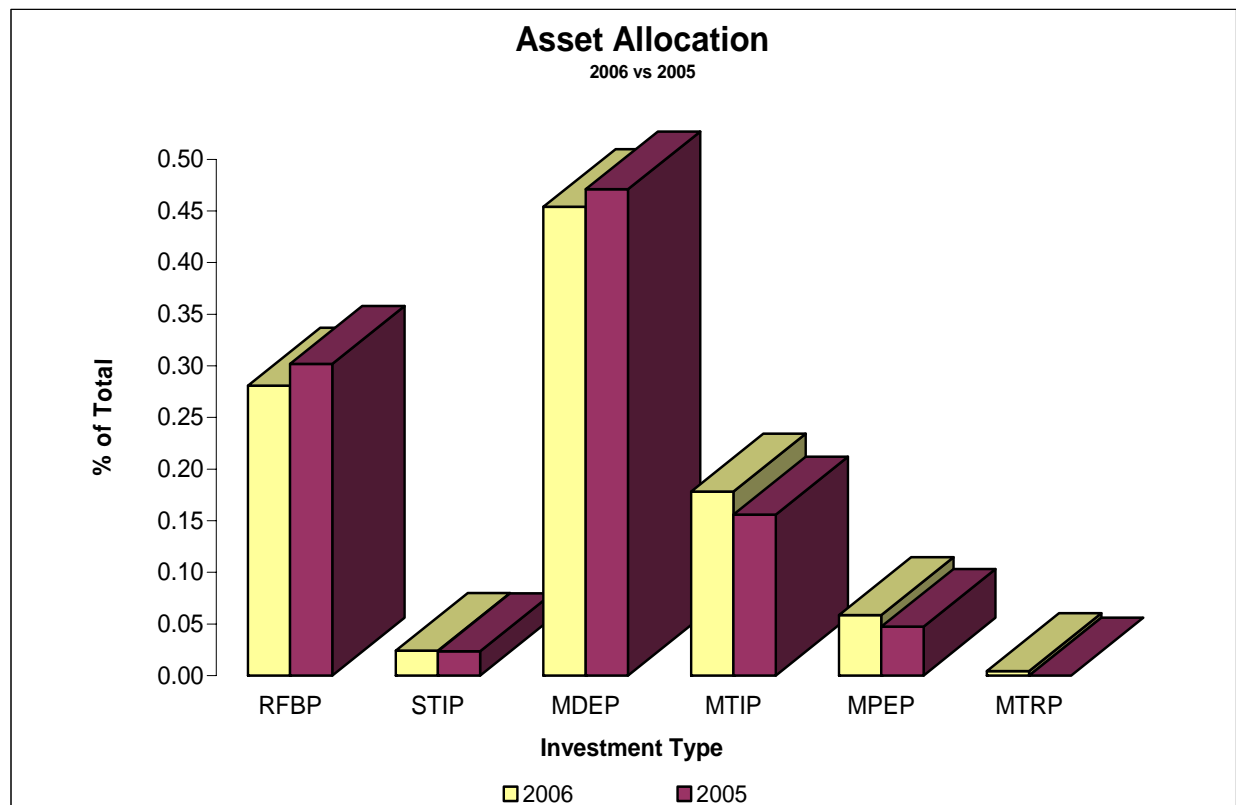
### HPORS

#### Asset Mix (fair value)

as of June 30, 2006 and 2005

(in thousands)

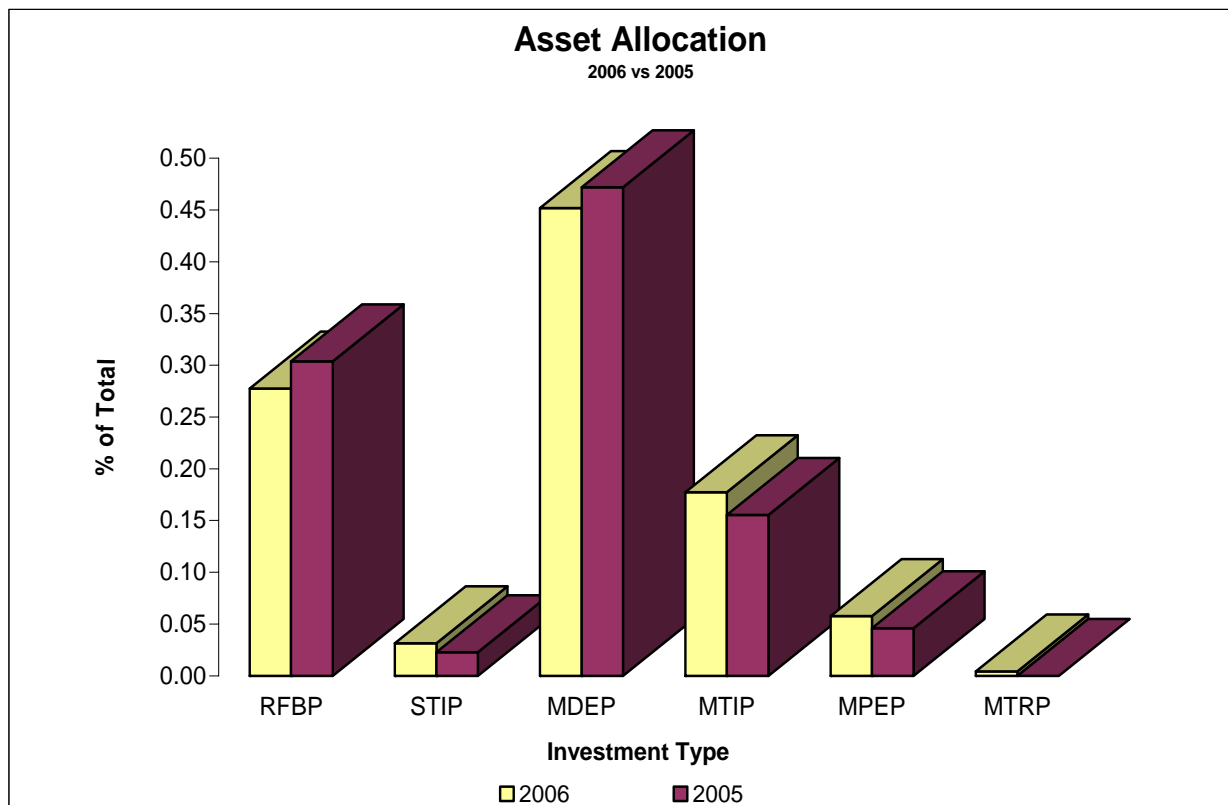
Investment Type	2006 Fair Value	% of Total	2005 Fair Value	% of Total	Dollar Change	% Change
<b>Fixed Income:</b>						
Retirement Funds Bond Pool (RFBP)	\$ 24,889	28.09%	\$ 25,244	30.20%	\$ (355)	-1.41%
STIP	2,134	2.41%	1,978	2.37%	156	7.89%
<i>Total Fixed Income</i>	<i>\$ 27,023</i>	<i>30.50%</i>	<i>\$ 27,222</i>	<i>32.57%</i>	<i>\$ (199)</i>	<i>-0.73%</i>
<b>Equities:</b>						
Montana Domestic Equity Pool (MDEP)	\$ 40,232	45.39%	\$ 39,376	47.10%	\$ 856	2.17%
Montana International Pool (MTIP)	15,795	17.83%	13,035	15.60%	2,760	21.17%
Montana Private Equity Pool (MPEP)	5,178	5.85%	3,946	4.73%	1,232	31.22%
Montana Real Estate Pool (MTRP)	380	0.43%	-	0.00%	380	100.00%
<i>Total Equities</i>	<i>\$ 61,585</i>	<i>69.50%</i>	<i>\$ 56,357</i>	<i>67.43%</i>	<i>\$ 5,228</i>	<i>9.28%</i>
<b>Total</b>	<b>\$ 88,608</b>	<b>100.00%</b>	<b>\$ 83,579</b>	<b>100.00%</b>	<b>\$ 5,029</b>	<b>6.02%</b>



# SRS

## Asset Mix (fair value) as of June 30, 2006 and 2005 (in thousands)

Investment Type	2006 Fair Value	% of Total	2005 Fair Value	% of Total	Dollar Change	% Change
<b>Fixed Income:</b>						
Retirement Funds Bond Pool (RFBP)	\$ 45,822	27.75%	\$ 45,890	30.39%	\$ (68)	-0.15%
STIP	5,182	3.14%	3,441	2.28%	1,741	50.60%
<b>Total Fixed Income</b>	<b>\$ 51,004</b>	<b>30.89%</b>	<b>\$ 49,331</b>	<b>32.67%</b>	<b>\$ 1,673</b>	<b>3.39%</b>
<b>Equities:</b>						
Montana Domestic Equity Pool (MDEP)	\$ 74,633	45.20%	\$ 71,278	47.20%	\$ 3,355	4.71%
Montana International Pool (MTIP)	29,263	17.72%	23,457	15.53%	5,806	24.75%
Montana Private Equity Pool (MPEP)	9,508	5.76%	6,941	4.60%	2,567	36.98%
Montana Real Estate Pool (MTRP)	710	0.43%	-	0.00%	710	100.00%
<b>Total Equities</b>	<b>\$ 114,114</b>	<b>69.11%</b>	<b>\$ 101,676</b>	<b>67.33%</b>	<b>\$12,438</b>	<b>12.23%</b>
<b>Total</b>	<b>\$ 165,118</b>	<b>100.00%</b>	<b>\$ 151,007</b>	<b>100.00%</b>	<b>\$14,111</b>	<b>9.34%</b>



## INVESTMENT SECTION

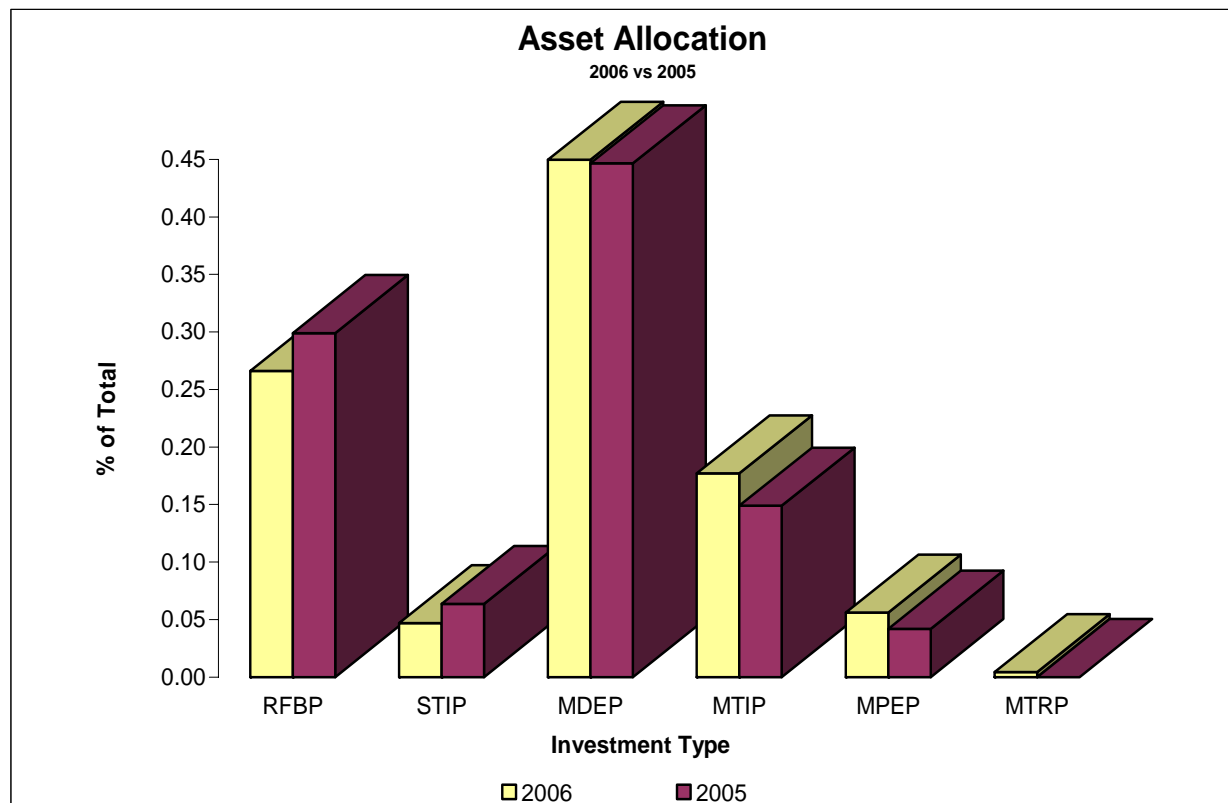
### GWPORS

#### Asset Mix (fair value)

as of June 30, 2006 and 2005

(in thousands)

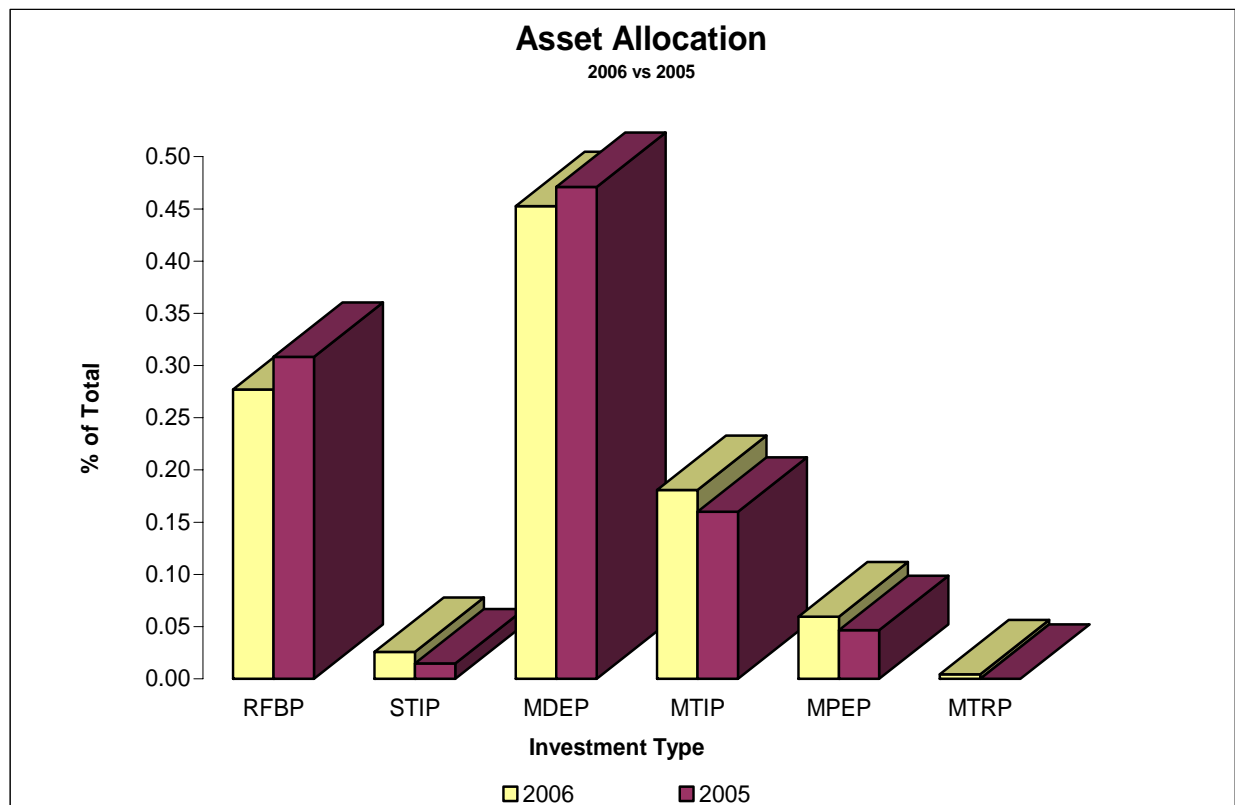
Investment Type	2005 Fair Value	% of Total	2005 Fair Value	% of Total	Dollar Change	% Change
<b>Fixed Income:</b>						
Retirement Funds Bond Pool (RFBP)	\$ 15,806	26.61%	\$ 15,471	29.90%	\$ 335	2.17%
STIP	2,782	4.68%	3,292	6.36%	(510)	-15.49%
<b>Total Fixed Income</b>	<b>\$ 18,588</b>	<b>31.29%</b>	<b>\$ 18,763</b>	<b>36.26%</b>	<b>\$ (175)</b>	<b>-0.93%</b>
<b>Equities:</b>						
Montana Domestic Equity Pool (MDEP)	\$ 26,705	44.96%	\$ 23,111	44.66%	\$ 3,594	15.55%
Montana International Pool (MTIP)	10,518	17.71%	7,705	14.89%	2,813	36.51%
Montana Private Equity Pool (MPEP)	3,330	5.61%	2,170	4.19%	1,160	53.46%
Montana Real Estate Pool (MTRP)	255	0.43%	-	0.00%	255	100.00%
<b>Total Equities</b>	<b>\$ 40,808</b>	<b>68.71%</b>	<b>\$ 32,986</b>	<b>63.74%</b>	<b>\$ 7,822</b>	<b>23.71%</b>
<b>Total</b>	<b>\$ 59,396</b>	<b>100.00%</b>	<b>\$ 51,749</b>	<b>100.00%</b>	<b>\$ 7,647</b>	<b>14.78%</b>



# MPORS

## Asset Mix (fair value) as of June 30, 2006 and 2005 (in thousands)

Investment Type	2006 Fair Value	% of Total	2005 Fair Value	% of Total	Dollar Change	% Change
<b>Fixed Income:</b>						
Retirement Funds Bond Pool (RFBP)	\$ 46,944	27.71%	\$ 47,395	30.83%	\$ (451)	-0.95%
STIP	4,338	2.56%	2,246	1.46%	2,092	93.14%
<b>Total Fixed Income</b>	<b>\$ 51,282</b>	<b>30.27%</b>	<b>\$ 49,641</b>	<b>32.29%</b>	<b>\$ 1,641</b>	<b>3.31%</b>
<b>Equities:</b>						
Montana Domestic Equity Pool (MDEP)	\$ 76,683	45.26%	\$ 72,390	47.09%	\$ 4,293	5.93%
Montana International Pool (MTIP)	30,633	18.08%	24,555	15.98%	6,078	24.75%
Montana Private Equity Pool (MPEP)	10,089	5.96%	7,138	4.64%	2,951	41.34%
Montana Real Estate Pool (MTRP)	730	0.43%	-	0.00%	730	100.00%
<b>Total Equities</b>	<b>\$ 118,135</b>	<b>69.73%</b>	<b>\$ 104,083</b>	<b>67.71%</b>	<b>\$ 14,052</b>	<b>13.50%</b>
<b>Total</b>	<b>\$ 169,417</b>	<b>100.00%</b>	<b>\$ 153,724</b>	<b>100.00%</b>	<b>\$ 15,693</b>	<b>10.21%</b>

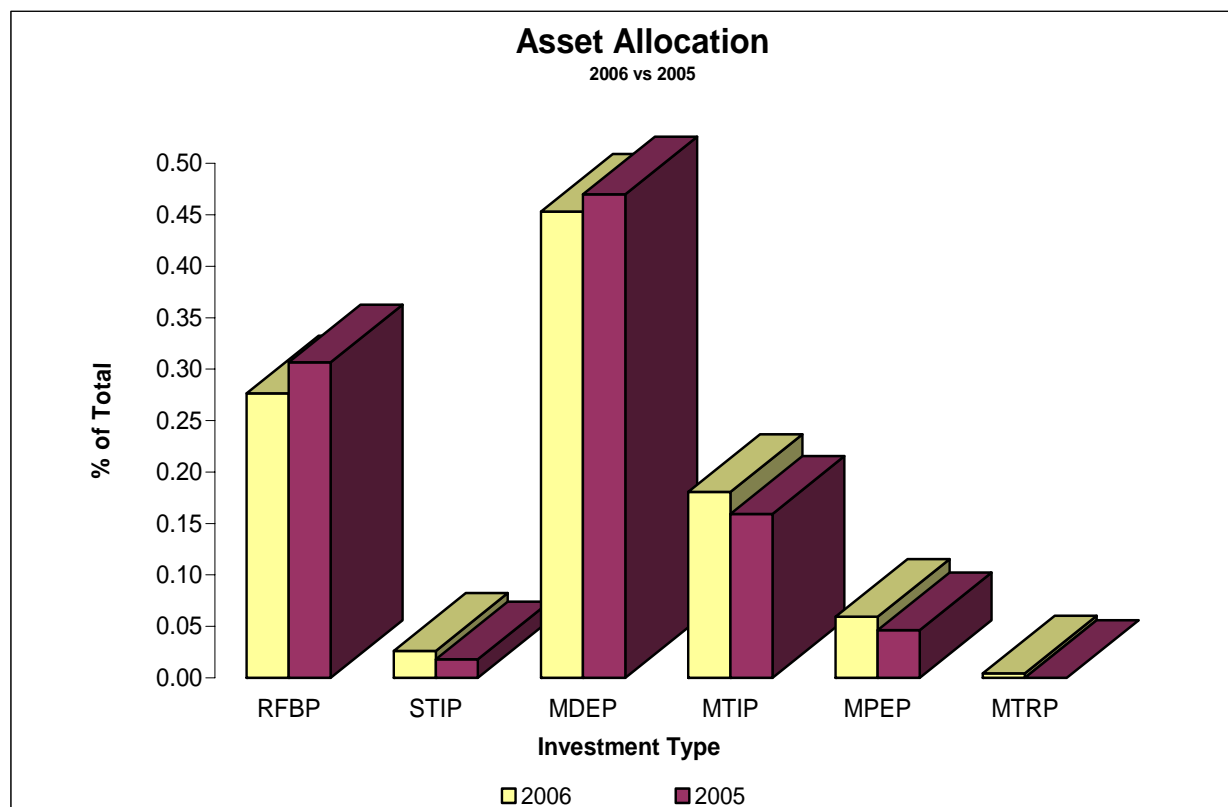


## INVESTMENT SECTION

### FURS

#### Asset Mix (fair value) as of June 30, 2006 and 2005 (in thousands)

Investment Type	2006 Fair Value	% of Total	2005 Fair Value	% of Total	Dollar Change	% Change
<b>Fixed Income:</b>						
Retirement Funds Bond Pool (RFBP)	\$ 44,650	27.64%	\$ 44,975	30.65%	\$ (325)	-0.72%
STIP	4,241	2.63%	2,641	1.80%	1,600	60.58%
<i>Total Fixed Income</i>	<u>\$ 48,891</u>	<u>30.27%</u>	<u>\$ 47,616</u>	<u>32.45%</u>	<u>\$ 1,275</u>	<u>2.68%</u>
<b>Equities:</b>						
Montana Domestic Equity Pool (MDEP)	\$ 73,144	45.30%	\$ 68,911	46.98%	\$ 4,233	6.14%
Montana International Pool (MTIP)	29,143	18.06%	23,361	15.94%	5,782	24.75%
Montana Private Equity Pool (MPEP)	9,587	5.94%	6,797	4.63%	2,790	41.05%
Montana Real Estate Pool (MTRP)	700	0.43%		0.00%	700	100.00%
<i>Total Equities</i>	<u>\$ 112,574</u>	<u>69.73%</u>	<u>\$ 99,069</u>	<u>67.55%</u>	<u>\$13,505</u>	<u>13.63%</u>
<b>Total</b>	<b>\$ 161,465</b>	<b>100.00%</b>	<b>\$ 146,685</b>	<b>100.00%</b>	<b>\$14,780</b>	<b>10.08%</b>



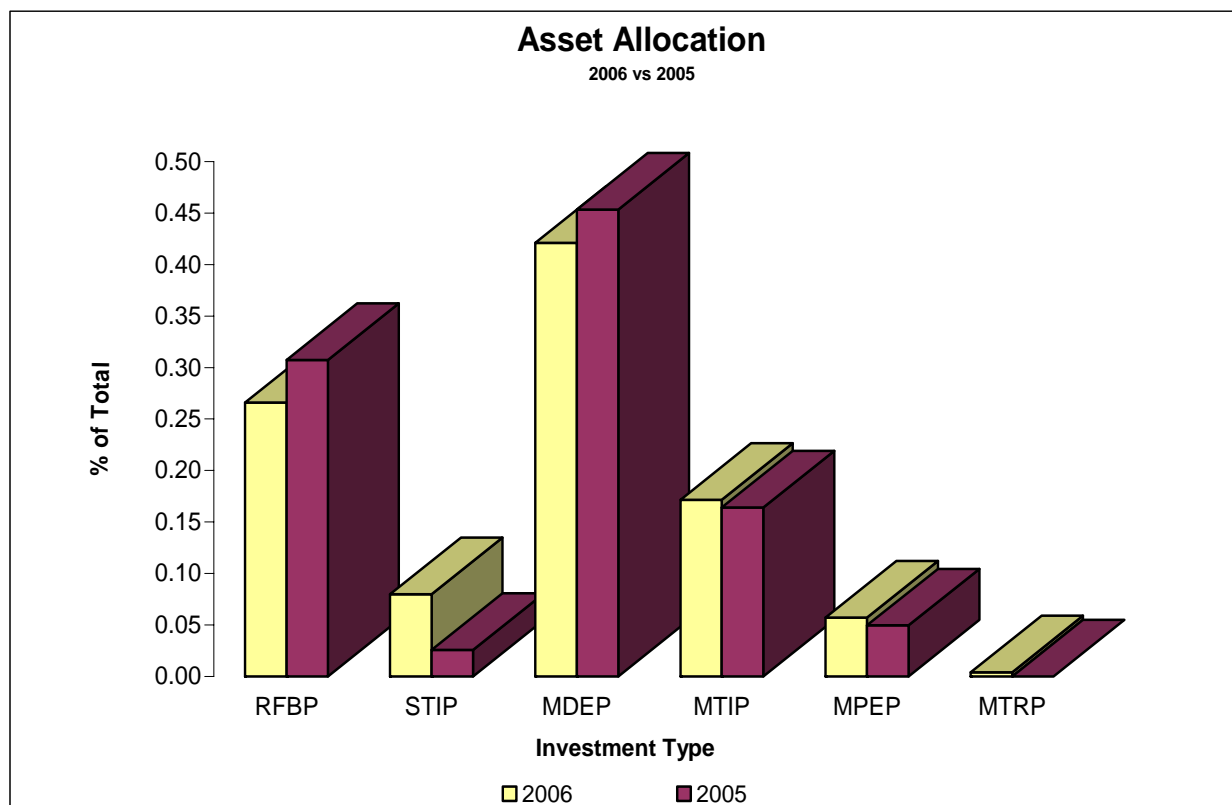
# VFCA

## Asset Mix (fair value)

as of June 30, 2006 and 2005

(in thousands)

Investment Type	2006 Fair Value	% of Total	2005 Fair Value	% of Total	Dollar Change	% Change
<b>Fixed Income:</b>						
Retirement Funds Bond Pool (RFBP)	\$ 6,233	26.60%	\$ 6,170	30.75%	\$ 63	1.02%
STIP	1,870	7.98%	512	2.55%	1,358	265.23%
<b>Total Fixed Income</b>	<b>\$ 8,103</b>	<b>34.58%</b>	<b>\$ 6,682</b>	<b>33.30%</b>	<b>\$ 1,421</b>	<b>21.27%</b>
<b>Equities:</b>						
Montana Domestic Equity Pool (MDEP)	\$ 9,872	42.13%	\$ 9,096	45.34%	\$ 776	8.53%
Montana International Pool (MTIP)	4,023	17.16%	3,294	16.42%	729	22.13%
Montana Private Equity Pool (MPEP)	1,341	5.72%	992	4.94%	349	35.18%
Montana Real Estate Pool (MTRP)	95	0.41%	-	0.00%	95	100.00%
<b>Total Equities</b>	<b>\$ 15,331</b>	<b>65.42%</b>	<b>\$ 13,382</b>	<b>66.70%</b>	<b>\$ 1,949</b>	<b>14.56%</b>
<b>Total</b>	<b>\$ 23,434</b>	<b>100.00%</b>	<b>\$ 20,064</b>	<b>100.00%</b>	<b>\$ 3,370</b>	<b>16.80%</b>





## INVESTMENT SECTION

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### Public Employees' Retirement Board

*A Component Unit of the State of Montana*

#### **Largest Holdings (by portfolio fair value) as of June 30, 2006**

A complete list of the portfolio holdings can be obtained by contacting the Montana Board of Investments.  
The information below is PERB's presentation of the largest holdings.

<b>Shares/Par</b>	<b>Mortgages Portfolio</b>	<b>Fair Value</b>
212,353,581	Montana Permanent Coal Trust Loans	\$ 212,353,581
92,939,453	Montana Residential Mortgages	93,811,197

PERS' 43,605,272 shares represent 15.1% of the total Mortgages portfolio at market.

<b>Shares/Par</b>	<b>MDEP Portfolio</b>	<b>Fair Value</b>
3,340,346	BGI S&P Equity Index Fund A	\$ 1,178,260,317
199,064	Dimensional Fund Advisors Inc	213,902,449
9,982,317	BGI S&P 400 Midcap Equity Index Fund	191,367,605
8,976,856	Western Asset Management Co (WAMCO)	125,424,632
9,330,103	Goldman Sachs	124,463,571
2,017,700	General Electric Co	66,503,392
746,500	Exxon Mobil Corp	45,797,775
813,900	Citigroup Inc	39,262,536
538,500	Johnson+Johnson	32,266,920
605,700	Bank America Corp	29,134,170

PERS' 11,497,084 shares represent 50.33% of the total MDEP portfolio at market.

JRS' 172,044 shares represent 0.75% of the total MDEP portfolio at market.

HPORS' 291,508 shares represent 1.28% of the total MDEP portfolio at market.

SRS' 540,768 shares represent 2.37% of the total MDEP portfolio at market.

GWPORS' 193,494 shares represent 0.85% of the total MDEP portfolio at market.

MPORS' 555,622 shares represent 2.43% of the total MDEP portfolio at market.

FURS' 529,982 shares represent 2.32% of the total MDEP portfolio at market.

VFCA's 71,527 shares represent 0.31% of the total MDEP portfolio at market.

# Public Employees' Retirement Board

*A Component Unit of the State of Montana*

## Largest Holdings (by portfolio fair value)

*as of June 30, 2006*

Shares/Par	RFBP Portfolio		Fair Value
35,000,000	Freddie Mac	\$	33,381,005
150,000,000	Federal Home Loan Mortgage Corp		32,912,550
33,196,585	Federal Home Loan Pool G11812		31,961,188
30,000,000	Federal National Mortgage Assn		30,282,939
30,000,000	DOT Headquarters II Lease Mtg		30,142,500
29,501,080	Federal Home Loan Pool G02070		28,353,960
28,684,645	FNMA Pool 745250		27,634,772
27,514,971	Federal Home Loan Pool G11777		26,491,013
27,483,855	Federal Home Loan Pool G11670		25,677,265
25,000,000	Aria CDO		24,874,570

PERS' 933,776,053 shares represent 50.74% of the total RFBP portfolio at market.

JRS' 14,712,306 shares represent 0.80% of the total RFBP portfolio at market.

HPORS' 24,935,437 shares represent 1.35% of the total RFBP portfolio at market.

SRS' 45,907,425 shares represent 2.49% of the total RFBP portfolio at market.

GWPORS' 15,835,076 shares represent 0.86% of the total RFBP portfolio at market.

MPORS' 47,030,815 shares represent 2.43% of the total RFBP portfolio at market.

FURS' 44,732,736 shares represent 2.43% of the total RFBP portfolio at market.

VFCA's 6,244,523 shares represent 0.34% of the total RFBP portfolio at market.

Shares/Par	MTIP Portfolio		Fair Value
60,418,608	BGI Equity Index Fund Europe	\$	768,768,601
5,303,193	DFA International Small Co		93,071,030
3,578,423	BGI Pacific Index Strategy Fund		65,943,278
1,218,712	State Street EAFE Stock Performance Index		30,495,834
583	Mitsubishi UFJ Fin Group		8,146,369
756	Sumitomo Mitsui Group		7,988,821
10,953	Samsung Electronic		6,961,432
533,000	Nissan Motor Co		5,818,523
108,200	Toyota Motor Corp		5,660,172
217,010	BHP Billiton Ltd		4,671,194

PERS' 4,152,606 shares represent 50.77% of the total MTIP portfolio at market.

JRS' 61,715 shares represent 0.75% of the total MTIP portfolio at market.

HPORS' 104,087 shares represent 1.27% of the total MTIP portfolio at market.

SRS' 192,841 shares represent 2.36% of the total MTIP portfolio at market.

GWPORS' 69,317 shares represent 0.85% of the total MTIP portfolio at market.

MPORS' 201,874 shares represent 2.47% of the total MTIP portfolio at market.

FURS' 192,054 shares represent 2.35% of the total MTIP portfolio at market.

VFCA's 26,512 shares represent 0.32% of the total MTIP portfolio at market.

## INVESTMENT SECTION

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### Public Employees' Retirement Board

*A Component Unit of the State of Montana*

#### **Largest Holdings (by portfolio fair value)**

***as of June 30, 2006***

<b>Shares/Par</b>	<b>MPEP Portfolio</b>	<b>Fair Value</b>
68,290,738	Brinson Partnership Fund Trust	\$ 73,292,830
15,014,222	Lexington Capital Partnership V	33,854,248
30,072,119	Adams Street Partnership Fund	33,495,559
184,326	State Street SPIFF	31,043,496
35,414,941	KKR 1996	29,422,804
24,913,712	Adams Street Fund V	22,756,035
14,140,769	WCAS IX	22,227,620
16,081,329	KKR European Fund	21,567,105
13,218,761	Madison Dearborn Capital Partners IV	16,639,921
14,168,812	Arclight Energy Partners FD II	14,526,815

PERS' 1,500,613 shares represent 50.76% of the total MPEP portfolio at market.

JRS' 22,481 shares represent 0.76% of the total MPEP portfolio at market.

HPORS' 38,201 shares represent 1.29% of the total MPEP portfolio at market.

SRS' 70,143 shares represent 2.37% of the total MPEP portfolio at market.

GWPORS' 24,566 shares represent 0.83% of the total MPEP portfolio at market.

MPORS' 74,428 shares represent 2.52% of the total MPEP portfolio at market.

FURS' 70,730 shares represent 2.39% of the total MPEP portfolio at market.

VFCA's 9,891 shares represent 0.33% of the total MPEP portfolio at market.

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## INVESTMENT SECTION

### Public Employees' Retirement Board

*A Component Unit of the State of Montana*

#### Investment Summary

**as of June 30, 2006**

(in thousands)

Type of Investment	PERS-DBRP		JRS		HPORS	
	Fair Value	% of Total Fair Value	Fair Value	% of Total Fair Value	Fair Value	% of Total Fair Value
<i>Fixed Income</i>						
Retirement Funds Bond Pool	\$ 932,048	26.55%	\$ 14,685	27.93%	\$ 24,889	28.09%
<i>Equities</i>						
Montana Domestic Equity Pool	1,586,747	45.20%	23,744	45.15%	40,232	45.39%
Montana International Pool	630,135	17.95%	9,365	17.81%	15,795	17.83%
Montana Real Estate Pool	15,200	0.43%	225	0.43%	380	0.43%
<i>Alternative Equities</i>						
Montana Private Equity Pool	203,406	5.79%	3,047	5.79%	5,178	5.85%
Real Estate Investments	8,636	0.25%	N/A		N/A	
<i>Montana Mortgages &amp; Loans</i>						
Mortgages	43,097	1.23%	N/A		N/A	
<i>Short Term Investments</i>						
Short Term Investment Pool	91,182	2.60%	1,519	2.89%	2,134	2.41%
<b>Total</b>	<b>\$ 3,510,451</b>	<b>100.00%</b>	<b>\$ 52,585</b>	<b>100.00%</b>	<b>\$ 88,608</b>	<b>100.00%</b>

## INVESTMENT SECTION

SRS		GWPORS		MPORS		FURS		VFCA	
Fair Value	% of Total Fair Value	Fair Value	% of Total Fair Value	Fair Value	% of Total Fair Value	Fair Value	% of Total Fair Value	Fair Value	% of Total Fair Value
\$ 45,822	27.75%	\$ 15,806	26.61%	\$ 46,944	27.71%	\$ 44,650	27.64%	\$ 6,233	26.60%
74,633	45.20%	26,705	44.96%	76,683	45.26%	73,144	45.30%	9,872	42.13%
29,263	17.72%	10,518	17.71%	30,633	18.08%	29,143	18.06%	4,023	17.16%
710	0.43%	255	0.43%	730	0.43%	700	0.43%	95	0.41%
9,508	5.76%	3,330	5.61%	10,089	5.96%	9,587	5.94%	1,341	5.72%
N/A		N/A		N/A		N/A		N/A	
N/A		N/A		N/A		N/A		N/A	
5,182	3.14%	2,782	4.68%	4,338	2.56%	4,241	2.63%	1,870	7.98%
<b>\$ 165,118</b>	<b>100.00%</b>	<b>\$ 59,396</b>	<b>100.00%</b>	<b>\$ 169,417</b>	<b>100.00%</b>	<b>\$ 161,465</b>	<b>100.00%</b>	<b>\$ 23,434</b>	<b>100.00%</b>

## INVESTMENT SECTION

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**Milliman**
*Consultants and Actuaries*

111 SW Fifth Avenue, Suite 3700  
 Portland, OR 97204-3690  
 Tel +1 503 227.0634  
 Fax +1 503 227.7956  
[www.milliman.com](http://www.milliman.com)

November 29, 2006

Public Employees' Retirement Board  
 State of Montana

Dear Members of the Board:

Actuarial valuations are normally performed every two years, as of June 30 of each even-numbered year. The previous regular valuations were performed as of June 30, 2004. At the Board's request, we completed special interim actuarial valuations as of June 30, 2005. We have now completed the actuarial valuations as of June 30, 2006 for the following retirement systems:

- Public Employees' Retirement System – Defined Benefit Retirement Plan
- Municipal Police Officers' Retirement System
- Game Wardens' and Peace Officers' Retirement System
- Sheriffs' Retirement System
- Judges' Retirement System
- Highway Patrol Officers' Retirement System
- Firefighters' Unified Retirement System
- Volunteer Firefighters' Compensation Act

The member, employer, and state contributions are set forth in statute. Our findings indicate the projected income stream from the expected contributions will be sufficient to pay the Normal Costs and amortize the Unfunded Actuarial Liability as a level percentage of future payroll, for the following systems. The amortization periods are shown below.

- |  |            |
|--|------------|
| - Municipal Police Officers' Retirement System | 21.4 years |
| - Highway Patrol Officers' Retirement System   | 18.0 years |
| - Firefighters' Unified Retirement System      | 15.5 years |

Based on the assumed level of future revenue, the Unfunded Actuarial Liability for the Volunteer Firefighters' Compensation Act is expected to be amortized over less than 20 years. The Judges' Retirement System had an Actuarial Surplus as of June 30, 2006.

Our findings indicate the projected income stream from the expected contributions will not be sufficient to pay the Normal Costs and amortize the Unfunded Actuarial Liability for the following systems. The additional contributions necessary as of June 30, 2006 to amortize the Unfunded Actuarial Liabilities over 30 years are shown below.

- |   |                  |
|---|------------------|
| - Public Employees' Retirement System - DBRP          | 1.01% of payroll |
| - Game Wardens' and Peace Officers' Retirement System | 0.04% of payroll |
| - Sheriffs' Retirement System                         | 1.84% of payroll |

The general decline in the funded status for each system over the last several years is primarily due to the fact that recent investment returns have been less than the long-term actuarial assumption of 8% per year.



In preparing the 2006 valuations, we relied upon the financial and membership data furnished by the Public Employees' Retirement Administration. Although we did not audit this data, we compared the data for this and the prior valuation and tested for reasonableness. Based on these tests, we believe the data to be sufficiently accurate for the purposes of our calculations. It should be noted that if any data or other information is inaccurate or incomplete, our calculations might need to be revised.

Information presented in this Actuarial Section as of June 30, 2006, including the following supporting tables, is based on information found in our actuarial valuation reports:

- Summary of Actuarial Assumptions and Methods
- Schedule of Active Member Composition
- Solvency Test
- Summary of Actuarial (Gain) or Loss by Source
- Summary of Defined Benefit Plan Provisions

In addition, data for the fiscal year ending June 30, 2006, contained in the Schedule of Funding Progress in the Financial Section, are based on information in our valuation reports.

The Retirement Board has sole authority to determine the actuarial assumptions and methods used for the actuarial valuations. The Board adopted all of the actuarial methods and assumptions used in the 2006 valuations.

The findings have been determined according to actuarial assumptions and methods that were chosen on the basis of recent experience of the systems and of current expectations concerning future economic conditions. In our opinion, the assumptions used in the actuarial valuations are appropriate for purposes of the valuations, are internally consistent, and reflect reasonable expectations. The assumptions represent our best estimate of future conditions affecting the systems. Nevertheless, the emerging costs will vary from those presented in the reports to the extent that actual experience differs from that projected by the assumptions.

I certify that the information included in this report is complete and accurate to the best of my knowledge and belief. The actuarial valuations were prepared in accordance with generally recognized and accepted actuarial principles and practices which are consistent with the applicable Standards of Practice adopted by the Actuarial Standards Board of the American Academy of Actuaries. In addition, the assumptions and methods used meet the parameters set for disclosures by Statement No. 25 of the Governmental Accounting Standards Board.

Milliman has been engaged by the Retirement Board as an independent actuary. The undersigned is a Fellow of the Society of Actuaries, a Member of the American Academy of Actuaries, an Enrolled Actuary, and experienced in performing valuations for large public employee retirement systems.

Respectfully submitted,

*Signature on file*

Mark O. Johnson, F.S.A., M.A.A.A., E.A.  
Consulting Actuary

## Public Employees' Retirement Board

### *A Component Unit of the State of Montana*

#### **SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS**

##### **BACKGROUND**

An actuarial valuation of the plans was completed for fiscal year 2006 by the actuary, Milliman. The most recent actuarial experience study was completed for fiscal year 2004 by the actuary, Milliman. This experience study investigates the actual experience of each plan administered by the PERB. The actuarial methods and assumptions are described in this section. The methods and assumptions chosen by the PERB, were based on the actuary's recommendation. The actuarial assumptions were adopted by the PERB on September 23, 2004. The recommendations were formed on the basis of recent experience of the plans and on current expectations as to future economic conditions. Economic assumptions are based on inflation and include general wage increases, investment return and interest on member accounts. Demographic assumptions include general salary increases (including promotions and longevity), retirement, disability, mortality for the specific groups (active members, retired members, disabled members and beneficiaries), other terminations and probability of retaining membership.

The assumptions are intended to estimate the future experience of the plans and the members of the plans in areas which affect the projected benefit flow and anticipated investment earnings. Any variations in future experience from that expected from these assumptions will result in corresponding changes in the estimated cost of the plans' benefits.

##### **RECORDS AND DATA**

The data used in the valuation consists of financial information and records of age, service and income of contributing members, former contributing members and their survivors. All data supplied to the actuary by the MPERA was accepted for valuation purposes without audit.

##### **ACTUARIAL COST METHOD**

A fundamental principle in financing the liabilities of a retirement program is that the cost of benefits should be related to when they are earned, rather than when they are paid. There are a number of methods in use for making the determination.

The funding method used in the valuations is the Entry Age Cost Method. Under this method, the actuarial present value of projected benefits for each individual member included in the valuation is allocated on a level basis over the earnings of the individual between entry age and assumed exit age. The portion of this actuarial present value allocated to a valuation year is called the Normal Cost. The portion of this actuarial present value not provided for at a valuation date by the actuarial present value of future Normal Cost is called the Actuarial Liability.

The excess of the Actuarial Liability over the Actuarial Value of Assets is called the Unfunded Actuarial Liability. If the Actuarial Value of Assets exceeds the Actuarial Liability, the difference is called the Actuarial Surplus.

## ACTUARIAL SECTION

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### ASSET VALUATION METHOD

Asset values were supplied by the PERB and were accepted without audit by the actuary. The Actuarial Value of Assets is the market value, adjusted by a four-year recognition of gains and losses.

### INVESTMENT RETURN

The future investment earnings of the assets of the plans are assumed to accrue at a net annual rate of 8%, net of all administrative and investment-related expenses.

### INTEREST ON MEMBER CONTRIBUTIONS

With the exception of VFCA, interest on member contributions at the time of the valuation was assumed to accrue at a net annual rate of 5%.

### FUTURE SALARIES

Estimates of future salaries are based on two types of assumptions. Rates of increase in the general wage level of the membership are directly related to inflation, while individual salary changes due to promotion and longevity, referred to as the merit scale, occur even in the absence of inflation. The assumed increase in future salaries due to general wage growth is 4.25% per year for all plans. The merit scale is based on years of service and is in addition to the wage growth. The merit scale is calculated independently for each plan based on the factors applicable to the plan. VFCA is excluded from this calculation because members are unpaid volunteers.

### MORTALITY

The probabilities of mortality for Healthy Retirees, Beneficiaries and Non-Retired

Members are based on 1994 Uninsured Pensioner Tables for males and females and adjusted for each plan as stated in the following table:

Healthy Retirees, Beneficiaries and Non-Retired Members		
	<u>Males</u>	<u>Females</u>
PERS	-1	-1
JRS	-1	-1
HPORS	-1	0
SRS	-1	0
GWPORS	-1	0
MPORS	-1	0
FURS	-1	0
VFCA	-1	-1

The probabilities of mortality for Disabled Retirees are based on the 1994 Uninsured Pensioner Tables for males and females for each plan except PERS, JRS, and VFCA, which are based on the IRS Revenue Ruling of 96-7 Males/Females Table and adjusted for each plan as stated below:

Disabled Retirees		
	<u>Males</u>	<u>Females</u>
PERS	-3	+1
JRS	-3	+1
HPORS	+3	+2
SRS	+3	+2
GWPORS	+3	+2
MPORS	+3	+2
FURS	+3	+2
VFCA	-3	+1

### SERVICE RETIREMENT

The assumed rates of service retirement used in the valuations are dependent upon age and years of service and differ between plans. The rates are based on the actual experience of the individual plans as determined in the 2004 experience study. Under all plans, vested, terminated members are assumed to retire when first eligible for an unreduced benefit.

### **DISABLEMENT**

The assumed rates of disablement are dependent upon ages and differ between plans. It is further assumed that 10% of all disabilities are duty-related, that all disabilities are permanent and that no disabled member will recover and return to work.

### **OTHER TERMINATIONS OF MEMBERSHIP**

The assumed rates of termination, other than for retirement, death, or disability, are calculated individually for each plan. The JRS does not assume termination for any other reason than retirement, death or disability.

### **TERMINATING MEMBERS ELECTING A REFUND**

It is assumed that all terminating members that are non-vested will receive an immediate withdrawal of their member contributions with interest. The probability of a terminating member electing a refund of the member ac-

count balance is based on age and different for each plan as described in the actuarial valuation. These assumptions do not apply to the JRS or VFCA.

### **ACTUARIAL AUDIT**

An actuarial audit was performed during the 2004 actuarial valuation by Mellon. The audit was performed in conjunction with the valuation by MPERA's actuary, Milliman. The audit was performed to express an opinion regarding the reasonableness and accuracy of the valuation data, actuarial assumptions, actuarial cost methods and valuation results. The scope of the audit included both a technical review of the valuation results and a professional peer review of the actuarial assumptions and methods used by Milliman. Mellon determined from their full scope review that the actuarial valuation of PERS prepared by Milliman fairly represents the actuarial position and funding requirements of the retirement system. Mellon offered suggestions for enhancement but finds Milliman's actuarial results to be reasonable.

## ACTUARIAL SECTION

### Public Employees' Retirement Board

*A Component Unit of the State of Montana*

#### Schedule of Active Member Valuation Data

System	Valuation Date	Number Members	Nbr ERs	Covered Payroll	Average Annual Pay	% Pay Increase
PERS-DBRP	June 30, 2001	29,641	510	\$ 771,477,410	\$ 26,027	5.80%
	June 30, 2002	29,808	515	808,747,026	27,132	4.24%
	June 30, 2003	28,604	521	848,894,150	29,677	9.38%
	June 30, 2004	28,201	526	832,847,393	29,533	-0.49%
	June 30, 2005	28,213	530	847,430,761	30,037	1.71%
	<b>June 30, 2006</b>	<b>27,962</b>	<b>524</b>	<b>880,707,616</b>	<b>31,497</b>	<b>4.86%</b>
JRS	June 30, 2001	48	1	3,655,682	76,160	0.57%
	June 30, 2002	48	1	3,999,689	83,327	9.41%
	June 30, 2003	49	1	4,077,339	83,211	-0.14%
	June 30, 2004	50	1	4,403,432	88,069	5.84%
	June 30, 2005	50	1	4,461,757	89,235	1.32%
	<b>June 30, 2006</b>	<b>50</b>	<b>1</b>	<b>4,761,755</b>	<b>95,235</b>	<b>6.72%</b>
HPORS	June 30, 2001	190	1	7,351,774	38,694	5.75%
	June 30, 2002	194	1	7,536,469	38,848	0.40%
	June 30, 2003	201	1	7,808,953	38,851	0.01%
	June 30, 2004	194	1	7,843,505	40,430	4.07%
	June 30, 2005	201	1	9,103,879	45,293	12.03%
	<b>June 30, 2006</b>	<b>197</b>	<b>1</b>	<b>7,878,304</b>	<b>39,991</b>	<b>-11.71%</b>
SRS	June 30, 2001	623	56	22,647,766	36,353	3.02%
	June 30, 2002	642	56	24,521,275	38,195	5.07%
	June 30, 2003	661	56	25,540,317	38,639	1.16%
	June 30, 2004	662	56	27,372,575	41,348	7.01%
	June 30, 2005	680	56	28,423,312	41,799	1.09%
	<sup>1</sup> <b>June 30, 2006</b>	<b>1,006</b>	<b>57</b>	<b>34,241,922</b>	<b>34,038</b>	<b>-18.57%</b>

<sup>1</sup> Senate Bill 370 provided membership for county detention officers in the SRS. Existing detention officers may elect to remain in the PERS or elect to become a member of the SRS.

The last actuarial valuation was performed as of June 30, 2006.

## ACTUARIAL SECTION

System	Valuation Date	Number Members	Nbr ERs	Covered Payroll	Average Annual Pay	% Pay Increase
<b>GWPORS</b>	June 30, 2001	521	8	\$ 14,881,202	\$ 28,563	18.82%
	June 30, 2002	609	8	17,150,523	28,162	-1.40%
	June 30, 2003	664	8	20,034,988	30,173	7.14%
	June 30, 2004	685	8	21,442,218	31,303	3.74%
	June 30, 2005	711	8	22,496,263	31,640	1.08%
	<b>June 30, 2006</b>	<b>793</b>	<b>7</b>	<b>25,846,410</b>	<b>32,593</b>	<b>3.01%</b>
<b>MPORS</b>	June 30, 2001	580	21	20,898,510	36,032	1.59%
	June 30, 2002	585	22	22,228,818	37,998	5.46%
	June 30, 2003	601	22	23,289,318	38,751	1.98%
	June 30, 2004	603	22	24,531,018	40,682	4.98%
	June 30, 2005	605	22	26,198,414	43,303	6.44%
	<b>June 30, 2006</b>	<b>617</b>	<b>22</b>	<b>27,643,794</b>	<b>44,804</b>	<b>3.46%</b>
<b>FURS</b>	June 30, 2001	425	14	16,722,339	39,347	-0.38%
	June 30, 2002	437	16	17,952,794	41,082	4.41%
	June 30, 2003	441	16	18,608,166	42,195	2.71%
	June 30, 2004	438	15	20,031,923	45,735	8.39%
	June 30, 2005	444	15	20,474,175	46,113	0.83%
	<b>June 30, 2006</b>	<b>467</b>	<b>17</b>	<b>22,916,716</b>	<b>49,072</b>	<b>6.42%</b>
<b>VFCA</b>	June 30, 2001	2,524				
	June 30, 2002	2,609				
	June 30, 2003	2,629				
	June 30, 2004	2,687				
	June 30, 2005	2,754				
	<b>June 30, 2006</b>	<b>2,733</b>				

Covered payroll is not applicable. Members are unpaid volunteers and do not contribute to the fund.



# ACTUARIAL SECTION

## Public Employees' Retirement Board

*A Component Unit of the State of Montana*

### Schedule of Active Member Composition

*as of June 30, 2006*

	PERS-DBRP	JRS	HPORS	SRS	GWPORS	MPORS	FURS	VFCA <sup>1</sup>
<b>Average Age</b>	48.0	56.0	39.7	39.7	39.9	39.1	39.7	
<b>Average Service</b>	9.9	10.8	9.6	6.2	5.6	10.2	11.8	
<b>Average Salary</b>	\$ 31,930	\$ 94,792	\$ 39,582	\$ 39,325	\$ 33,255	\$ 44,779	\$ 48,605	N/A
<b>Under Age 25</b>								
<b>Number Members</b>	512		1	61	50	18	19	
<b>Average Salary</b>	\$ 22,052		\$ 29,024	\$ 28,208	\$ 27,280	\$ 34,136	\$ 34,430	N/A
<b>Ages 25-29</b>								
<b>Number Members</b>	1,358		23	110	85	61	51	
<b>Average Salary</b>	\$ 27,177		\$ 33,015	\$ 33,601	\$ 30,827	\$ 39,279	\$ 40,692	N/A
<b>Ages 30-34</b>								
<b>Number Members</b>	1,653		29	166	120	102	81	
<b>Average Salary</b>	\$ 30,029		\$ 35,173	\$ 38,233	\$ 31,401	\$ 39,874	\$ 43,487	N/A
<b>Ages 35-39</b>								
<b>Number Members</b>	2,497	1	48	206	150	165	93	
<b>Average Salary</b>	\$ 31,081	\$ 93,780	\$ 39,231	\$ 38,421	\$ 33,247	\$ 43,819	\$ 46,478	N/A
<b>Ages 40-44</b>								
<b>Number Members</b>	3,211	1	47	149	130	106	67	
<b>Average Salary</b>	\$ 31,869	\$ 100,590	\$ 41,980	\$ 40,094	\$ 33,780	\$ 45,284	\$ 51,433	N/A
<b>Ages 45-49</b>								
<b>Number Members</b>	4,864	9	28	120	105	80	70	
<b>Average Salary</b>	\$ 32,427	\$ 94,687	\$ 42,462	\$ 43,795	\$ 36,010	\$ 49,699	\$ 52,412	N/A
<b>Ages 50-54</b>								
<b>Number Members</b>	5,621	6	14	99	79	28	59	
<b>Average Salary</b>	\$ 33,917	\$ 93,780	\$ 44,434	\$ 45,088	\$ 37,001	\$ 48,778	\$ 56,742	N/A
<b>Ages 55-59</b>								
<b>Number Members</b>	4,807	17	6	63	57	14	25	
<b>Average Salary</b>	\$ 33,731	\$ 94,674	\$ 45,524	\$ 45,316	\$ 34,251	\$ 50,152	\$ 62,547	N/A
<b>Ages 60-64</b>								
<b>Number Members</b>	2,491	12	1	27	15	2	2	
<b>Average Salary</b>	\$ 32,387	\$ 95,483	\$ 49,059	\$ 42,259	\$ 34,827	\$ 47,265	\$ 48,949	N/A
<b>Ages 65-69</b>								
<b>Number Members</b>	685	3		5	2			
<b>Average Salary</b>	\$ 26,589	\$ 93,780		\$ 38,682	\$ 30,913			N/A
<b>Age 70 &amp; Over</b>								
<b>Number Members</b>	263	1						
<b>Average Salary</b>	\$ 21,443	\$ 93,780						N/A

<sup>1</sup> Average Salary is not applicable to VFCA, members are unpaid volunteers.

The last actuarial valuation was performed as of June 30, 2006.

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## ACTUARIAL SECTION

### Public Employees' Retirement Board

*A Component Unit of the State of Montana*

#### Schedule of Retirants and Beneficiaries

#### Added to and Removed from Rolls

Year Ended	Added		Removed		End of Year	Benefits <sup>2</sup>	Average	% Benefit Increase
	No.	Annual Benefits <sup>1</sup>	No.	Annual Benefits <sup>1</sup>			Annual Benefit <sup>3</sup>	
PERS-DBRP								
June 30, 2001	649	\$ 561,963	423	\$ 194,728	13,798	\$ 101,546,131	\$ 7,505	4.83%
June 30, 2002	777	1,352,552	459	211,484	14,116	114,662,817	8,453	12.63%
June 30, 2003	735	952,550	450	278,056	14,401	122,203,686	8,672	2.59%
June 30, 2004	861	1,216,589	428	931,433	14,834	132,683,144	9,246	6.62%
June 30, 2005	859	7,364,190	473	1,620,042	15,220	142,789,016	9,606	3.89%
June 30, 2006	929	8,873,477	495	1,801,584	15,654	153,885,649	10,172	5.89%
JRS								
June 30, 2001	8	17,030	4	8,937	51	1,430,623	28,771	-1.31%
June 30, 2002	0	8,215	0	-	51	1,566,110	30,704	6.72%
June 30, 2003	0	493	1	1,790	50	1,551,557	31,007	0.99%
June 30, 2004	1	12,298	1	2,763	50	1,670,457	33,295	7.38%
June 30, 2005	1	24,369	2	37,736	49	1,623,746	33,126	-0.51%
June 30, 2006	2	119,705	0	-	51	1,742,859	35,233	6.36%
HPORS								
June 30, 2001	5	19,358	6	5,709	260	4,624,420	16,920	4.27%
June 30, 2002	7	26,750	2	2,714	265	4,861,329	17,677	4.48%
June 30, 2003	6	26,956	4	3,658	267	5,159,762	18,669	5.61%
June 30, 2004	8	33,952	1	1,342	274	5,492,910	19,583	4.89%
June 30, 2005	6	187,797	4	14,985	276	5,789,603	20,202	3.16%
June 30, 2006	6	252,679	0	-	282	6,365,115	21,193	4.91%
SRS								
June 30, 2001	21	31,561	1	2,044	262	3,293,535	13,305	4.49%
June 30, 2002	23	41,777	5	5,462	280	3,699,727	13,959	4.92%
June 30, 2003	29	57,961	3	759	306	4,307,060	15,059	7.89%
June 30, 2004	22	56,415	5	4,447	323	4,902,832	16,250	7.91%
June 30, 2005	21	249,586	4	19,375	340	5,527,472	16,719	2.88%
June 30, 2006	24	395,529	3	19,777	361	6,151,890	17,466	4.47%

<sup>1</sup>Annual Benefits Added and Removed for fiscal years prior to June 30, 2005 are based the June monthly benefit total.

For fiscal year ended June 30, 2005 these amounts are based on annual benefit totals.

<sup>2</sup>Includes active death benefit payments.

<sup>3</sup>Based on June monthly benefit totals.

The last actuarial valuation was performed as of June 30, 2006.

## ACTUARIAL SECTION

Year Ended	Added		Removed		End of Year	Benefits <sup>2</sup>	Average Annual Benefit <sup>3</sup>	% Benefit Increase
	No.	Annual Benefits <sup>1</sup>	No.	Annual Benefits <sup>1</sup>				
GWPORS								
June 30, 2001	0	\$ -	3	\$ 2,172	79	\$ 1,235,308	\$ 15,566	3.11%
June 30, 2002	3	4,827	3	3,099	79	1,230,427	15,828	1.69%
June 30, 2003	4	12,749	1	1,094	82	1,316,309	16,955	7.12%
June 30, 2004	4	9,071	1	2,123	85	1,459,817	17,496	3.19%
June 30, 2005	11	66,165	2	11,997	94	1,538,595	17,342	-0.88%
June 30, 2006	15	190,274	3	14,106	106	1,834,767	18,198	4.93%
MPORS								
June 30, 2001	22	85,521	10	11,826	553	9,124,506	17,414	8.21%
June 30, 2002	14	49,240	13	18,007	554	9,844,541	18,045	3.62%
June 30, 2003	19	63,743	8	10,705	565	10,425,561	18,866	4.55%
June 30, 2004	17	58,062	11	15,443	571	10,885,372	19,576	3.76%
June 30, 2005	14	304,348	10	62,467	575	11,362,959	20,336	3.88%
June 30, 2006	14	387,872	9	68,117	580	12,031,585	21,174	4.12%
FURS								
June 30, 2001	21	48,753	15	17,543	474	8,017,761	17,072	4.09%
June 30, 2002	17	68,260	10	13,248	481	8,507,526	18,203	6.63%
June 30, 2003	12	50,432	13	14,906	480	9,080,598	19,132	5.10%
June 30, 2004	22	84,167	4	6,632	498	9,674,137	20,384	6.54%
June 30, 2005	15	288,761	9	88,862	504	10,385,891	20,972	2.88%
June 30, 2006	19	513,094	14	110,793	509	11,039,519	22,234	6.02%
VFCA								
June 30, 2001	54	4,750	31	2,585	862	881,855	1,032	0.26%
June 30, 2002	68	42,780	46	2,510	884	1,410,768	1,542	49.47%
June 30, 2003	62	8,160	25	3,045	921	1,411,936	1,551	0.58%
June 30, 2004	59	11,340	36	3,915	944	1,478,648	1,614	4.07%
June 30, 2005	65	72,105	43	45,038	966	1,517,098	1,557	-3.56%
June 30, 2006	68	81,945	33	22,470	1,001	1,563,795	1,578	1.39%

## ACTUARIAL SECTION

### Public Employees' Retirement Board A Component Unit of the State of Montana

#### Solvency Test

(in thousands)

System	Valuation Date	Aggregate Accrued Liabilities for			Reported Assets	Portion of Accrued Liabilities Covered by Reported Asset		
		1	2	3		1	2	3
		Active Member Accounts <sup>1</sup>	Retirants and Beneficiaries	Active Members (ER Financed Portion)				
PERS-DBRP	06/30/02	\$ 645,403	\$ 1,366,634	\$ 1,065,727	\$ 3,076,781	100	100	100
	06/30/04	684,607	1,640,145	1,189,333	3,047,287	100	100	61
	06/30/05	701,851	1,756,674	1,261,473	3,179,010	100	100	57
	<b>06/30/06</b>	<b>718,260</b>	<b>1,895,838</b>	<b>1,305,215</b>	<b>3,459,084</b>	<b>100</b>	<b>100</b>	<b>65</b>
JRS	06/30/02	2,708	18,977	9,197	44,963	100	100	253
	06/30/04	3,271	20,106	11,347	45,134	100	100	192
	06/30/05	3,479	19,411	11,635	47,552	100	100	212
	<b>06/30/06</b>	<b>3,690</b>	<b>20,362</b>	<b>13,107</b>	<b>51,808</b>	<b>100</b>	<b>100</b>	<b>212</b>
HPORS	06/30/02	6,797	68,800	19,253	81,734	100	100	32
	06/30/04	6,914	76,936	20,219	79,104	100	94	0
	06/30/05	6,981	80,701	25,256	82,050	100	93	0
	<b>06/30/06</b>	<b>7,321</b>	<b>83,954</b>	<b>20,728</b>	<b>87,189</b>	<b>100</b>	<b>95</b>	<b>0</b>
SRS	06/30/02	20,108	55,458	46,059	138,590	100	100	137
	06/30/04	21,643	75,982	50,983	141,022	100	100	85
	06/30/05	22,810	82,386	54,151	148,458	100	100	80
	<b>06/30/06</b>	<b>24,936</b>	<b>89,353</b>	<b>57,552</b>	<b>163,003</b>	<b>100</b>	<b>100</b>	<b>85</b>

<sup>(1)</sup> Active Member Accounts includes Regular and Additional Contributions with interest, and excludes all accounts of inactive members.

The last actuarial valuation was performed as of June 30, 2006.

## ACTUARIAL SECTION

System	Valuation Date	Aggregate Accrued Liabilities for			Reported Assets	Portion of Accrued Liabilities Covered by Reported Asset		
		1	2	3		1	2	3
		Active Member Accounts	Retirants and Beneficiaries	Active Members (ER Financed Portion)				
<b>GWPORS</b>	06/30/02	\$ 8,857	\$ 14,005	\$ 16,247	\$ 38,730	100	100	98
	06/30/04	12,371	18,034	19,905	45,210	100	100	74
	06/30/05	14,416	19,599	22,399	50,961	100	100	76
	<b>06/30/06</b>	<b>15,667</b>	<b>23,890</b>	<b>24,626</b>	<b>58,813</b>	<b>100</b>	<b>100</b>	<b>78</b>
<b>MPORS</b>	06/30/02	20,854	144,055	61,918	143,516	100	85	0
	06/30/04	23,317	159,767	77,010	149,510	100	79	0
	06/30/05	24,368	166,978	85,033	159,417	100	81	0
	<b>06/30/06</b>	<b>25,805</b>	<b>175,035</b>	<b>90,261</b>	<b>175,919</b>	<b>100</b>	<b>86</b>	<b>0</b>
<b>FURS</b>	06/30/02	18,297	121,922	57,727	136,392	100	97	0
	06/30/04	20,215	142,894	64,490	142,109	100	85	0
	06/30/05	21,587	148,378	68,192	151,393	100	87	0
	<b>06/30/06</b>	<b>22,738</b>	<b>159,121</b>	<b>73,654</b>	<b>167,343</b>	<b>100</b>	<b>91</b>	<b>0</b>
<b>VFCA</b>	06/30/02		15,631	11,177	19,254	100	100	32
	06/30/04		16,578	12,102	20,058	100	100	29
	06/30/05		16,997	13,776	21,311	100	100	31
	<b>06/30/06</b>		<b>17,803</b>	<b>14,080</b>	<b>23,238</b>	<b>100</b>	<b>100</b>	<b>39</b>

Active member accounts are not applicable. Members are unpaid volunteers.

## ACTUARIAL SECTION

### Public Employees' Retirement Board

*A Component Unit of the State of Montana*

#### Summary of Actuarial (Gain)/Loss by Source

(in thousands)

<b>PERS-DBRP</b>	
Investment (Gain) or Loss	\$ (39,882)
Liability (Gain) or Loss	(33,734)
<b>Total Actuarial (Gain) or Loss</b>	<b>\$ (73,616)</b>

<b>JRS</b>	
Investment (Gain) or Loss	\$ (640)
Liability (Gain) or Loss	541
<b>Total Actuarial (Gain) or Loss</b>	<b>\$ ( 99)</b>

<b>HPORS</b>	
Investment (Gain) or Loss	\$ (1,093)
Liability (Gain) or Loss	(5,314)
<b>Total Actuarial (Gain) or Loss</b>	<b>\$ (6,407)</b>

The last actuarial valuation was performed as of June 30, 2006.



<b>SRS</b>	
Investment (Gain) or Loss	\$ (1,934)
Liability (Gain) or Loss	(1,305)
Plan Change (Transfers from PERS-DBRP)	1,159
<b>Total Actuarial (Gain) or Loss</b>	<b>\$ (2,080)</b>

<b>GWPORS</b>	
Investment (Gain) or Loss	\$ (558)
Liability (Gain) or Loss	1,260
<b>Total Actuarial (Gain) or Loss</b>	<b>\$ 702</b>

<b>MPORS</b>	
Investment (Gain) or Loss	\$ (1,528)
Liability (Gain) or Loss	(1,401)
<b>Total Actuarial (Gain) or Loss</b>	<b>\$ (2,929)</b>

The last actuarial valuation was performed as of June 30, 2006.

## ACTUARIAL SECTION

### Public Employees' Retirement Board

*A Component Unit of the State of Montana*

#### Summary of Actuarial (Gain)/Loss by Source (cont.)

(in thousands)

<b>FURS</b>		
Investment (Gain) or Loss	\$	(1,501)
Liability (Gain) or Loss		4,190
<b>Total Actuarial (Gain) or Loss</b>	<b>\$</b>	<b>2,689</b>

<b>VFCA</b>		
Investment (Gain) or Loss	\$	(186)
Liability (Gain) or Loss		(245)
<b>Total Actuarial (Gain) or Loss</b>	<b>\$</b>	<b>(431)</b>

The last actuarial valuation was performed as of June 30, 2006.

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## ACTUARIAL SECTION

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### Public Employees' Retirement Board

#### *A Component Unit of the State of Montana*

#### Summary of Defined Benefit Retirement Plan Provisions

The summary of plan provisions as of June 30, 2006, is presented separately for each plan.

#### ***Public Employees' Retirement System-DBRP***

<b>Normal Retirement</b>	Eligibility:	Age 65 regardless of membership service, or Age 60 and 5 years of membership service, or 30 years of membership service regardless of age.
	Benefit:	Years of service credit, multiplied by highest average compensation (highest 36 consecutive months), multiplied by 1/56 <sup>th</sup> if membership service at retirement is less than 25 years, or multiplied by 1/50 <sup>th</sup> if membership service at retirement is at least 25 years.
	Normal Form:	Monthly benefit for the life of the member, with a death benefit equal to the remaining balance of the member's contribution account.
<b>Early Retirement</b>	Eligibility:	Age 50 and 5 years of membership service or 25 years of membership service regardless of age.
	Benefit:	Actuarial equivalent of the accrued benefit based on retirement at age 60 or 30 years of membership service.
<b>Disability Retirement</b>	Eligibility:	5 years of membership service.
	Benefit:	If hired on or before February 24, 1991, the greater of (a) and (b) below:  (a) Years of service credit, multiplied by highest average compensation, multiplied by 90% of 1/56 <sup>th</sup> (1/50 <sup>th</sup> if 25 or more years of membership service), or (b) Highest average compensation multiplied by 25%.

If hired after February 24, 1991:

Years of service credit, multiplied by highest average compensation, multiplied by  $1/56^{\text{th}}$  ( $1/50^{\text{th}}$  if 25 or more years of membership service).

<b>Death before Retirement</b>	Eligibility:	Prior to 5 years of membership service.
	Benefit:	The sum of (a) and (b) below: (a) Return of member contributions with interest, (b) Lump sum payment of one month's salary multiplied by years of service credit, up to a maximum of six months' salary.
	Eligibility:	5 years of membership service.
	Benefit:	Either the sum of (a) and (b), or (c) below: (a) Return of member contributions with interest, and (b) Lump sum payment of one month's salary multiplied by years of service credit up to a maximum of six months' salary; or (c) Actuarial equivalent of the accrued benefit at the time of death of the member.
<b>Termination Benefit</b>	Eligibility:	Prior to 5 years of membership service.
	Benefit:	Return of member contributions with interest.
	Eligibility:	5 years of membership service.
	Benefit:	Either (a) or (b) below: (a) Return of member contributions with interest, or (b) Actuarial equivalent of the accrued benefit based on a retirement age of 60.
<b>Benefit Adjustments</b>	Eligibility:	Retired members and beneficiaries.
	Benefit:	An annual adjustment (GABA) of 3.0% commencing January 1 <sup>st</sup> , one year after retirement.
<b>Contributions</b>	Members:	6.90% of members' compensation.
	Employers:	6.90% of members' compensation (offset by 0.10% of members' compensation paid by the State for local government and school district employers).

## ACTUARIAL SECTION

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### *Judges' Retirement System*

<b>Normal Retirement</b>	Eligibility:	Age 60 and 5 years of membership service.
	Benefit:	<p>(1) If hired before July 1, 1997 and not electing GABA before January 1, 1998, the sum of (a) and (b) below:</p> <p>(a) Years of service credit (up to 15), multiplied by current salary, multiplied by 3-1/3%, plus</p> <p>(b) Years of service credit (over 15), multiplied by current salary, multiplied by 1.785%.</p> <p>(2) If hired on or after July 1, 1997 or electing GABA prior to January 1, 1998:</p> <p>Same formula as above, substituting highest average compensation for current salary.</p>
	Normal Form:	The monthly benefit for the life of the member, with a final payment equal to the accumulated contributions of the member account at retirement less the sum of all payments made to the date of death. This final payment may be annuitized for non-GABA members or members electing GABA on or after January 1, 1998.
<b>Disability Retirement</b>	Eligibility:	Service disablement.
	Benefit:	<p>For non-GABA members or members electing the GABA on or after January 1, 1998 - 50% of current salary.</p> <p>For GABA members hired on or after July 1, 1997 or electing the GABA prior to January 1, 1998 - 50% of highest average compensation.</p>
	Eligibility:	Non-service disablement.
	Benefit:	Actuarial equivalent of accrued service retirement benefit.

<b>Death before Retirement</b>	Eligibility:	Service death.
	Benefit:	Accrued service retirement benefit commencing at time of death.
	Eligibility:	Non-service death before age 60.
	Benefit:	Accrued service retirement benefit commencing at time of death.
<b>Termination Benefit</b>	Eligibility:	Prior to five years of membership service.
	Benefit:	Return of member contributions with interest.
	Eligibility:	5 years of membership service and involuntary termination or 12 years of service credit.
	Benefit:	Either (a) or (b) below: (a) Return of member contributions with interest, or (b) The accrued actuarial equivalent of the service retirement benefit.
<b>Benefit Adjustments</b>	Eligibility:	Retired members and beneficiaries.
	Benefit:	Either (a) or (b) below, as elected: (a) An annual adjustment (GABA) of 3.0%, commencing January 1 <sup>st</sup> , one year after retirement for members hired on or after July 1, 1997 or if elected by the member, or (b) The annual increase proportional to the annual increase in compensation to active members.
<b>Contributions</b>	Members:	7.00% of members' compensation.
	Employers:	25.81% of members' compensation.

## ACTUARIAL SECTION

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### *Highway Patrol Officers' Retirement System*

<b>Normal Retirement</b>	Eligibility:	20 years of membership service regardless of age.
	Benefit:	Years of service credit, multiplied by highest average compensation, multiplied by 2.50%.
	Normal Form:	Monthly benefit for the life of the member, with full benefits continuing to the surviving spouse or dependent children upon the death of the member.
<b>Early Retirement</b>	Eligibility:	5 years of membership service and discontinued from service.
	Benefit:	Actuarial Equivalent of accrued benefit based on a retirement age of 60.
<b>Disability Retirement</b>	Eligibility:	Service disablement.
	Benefit:	Minimum of 50% of highest average compensation.
	Eligibility:	Non-service disablement.
	Benefit:	Actuarial equivalent of accrued benefit based on a retirement age of 60.
<b>Death before Retirement</b>	Eligibility:	Service death.
	Benefit:	50% of highest average compensation, less benefits paid from workers' compensation.
	Eligibility:	Non-service death.
	Benefit:	Actuarial equivalent of accrued benefit based on a retirement age of 60.



<b>Termination Benefit</b>	Eligibility:	Prior to 5 years of membership service.
	Benefit:	Return of member contributions with interest.
	Eligibility:	5 years of membership service.
	Benefit:	Either (a) or (b) below: (a) Return of member contributions with interest, or (b) Actuarial equivalent of the accrued benefit based on a retirement age of 60.
<b>Benefit Adjustments</b>	Eligibility:	Retired members and beneficiaries.
	Benefit:	Either (a) or (b) below, as elected: (a) An annual adjustment (GABA) of 3%, commencing January 1 <sup>st</sup> one year after retirement, or (b) 2% per year of service of the base salary of a probation officer, but not to exceed an increase of 5% per year.
	Lump Sum:	For members retired prior to July 1, 1991, a lump sum payment limited to the increase in the Consumer Price Index.
<b>Contributions</b>	Members:	Either (a) or (b) below: (a) 9.00% of members' compensation if hired prior to July 1, 1997, or (b) 9.05% for members hired after June 30, 1997 and those electing GABA.
	Employers:	36.33% of members' compensation.

## ACTUARIAL SECTION

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### *Sheriffs' Retirement System*

<b>Normal Retirement</b>	Eligibility:	20 years of membership service regardless of age.
	Benefit:	Years of service credit, multiplied by highest average compensation, multiplied by 2.50%.
	Normal Form:	Monthly benefit for the life of the member, with a death benefit equal to the remaining balance of the member's contribution account.
<b>Early Retirement</b>	Eligibility:	5 years of membership service and attainment of age 50.
	Benefit:	Actuarial equivalent of the accrued benefit based on retirement at the earlier of completing 20 years of service credit, or age 60.
<b>Disability Retirement</b>	Eligibility:	Service disablement.
	Benefit:	Minimum of 50% of highest average compensation. If more than 20 years of service credit, years of service credit, multiplied by highest average compensation, multiplied by 2.50%.
	Eligibility:	Non-service disablement.
	Benefit:	Actuarial equivalent of accrued benefit based on a retirement age after completing 20 years of membership service or age 60.
<b>Death before Retirement</b>	Eligibility:	Service death.
	Benefit:	50% of highest average compensation.
	Eligibility:	Non-service death.
	Benefit:	Actuarial equivalent of accrued benefit based on a retirement age of 65 or completing 20 years of membership service.

<b>Termination Benefit</b>	Eligibility:	Prior to 5 years of membership service.
	Benefit:	Return of member contributions with interest.
	Eligibility:	5 years of membership service.
	Benefit:	Either (a) or (b) below: (a) Return of member contributions with interest, or (b) Actuarial equivalent of the accrued benefit based on 20 years of membership service or a re- tirement age 60; commencing no sooner than the first day of the month following the member's 50 <sup>th</sup> birthday.
<b>Benefit Adjustments</b>	Eligibility:	Retired members and beneficiaries.
	Benefit:	An annual adjustment (GABA) of 3.0% commenc- ing January 1 <sup>st</sup> , one year after retirement.
<b>Contributions</b>	Members:	9.245% of members' compensation.
	Employers:	9.535% of members' compensation.

## ACTUARIAL SECTION

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### *Game Wardens and Peace Officers' Retirement System*

<b>Service Retirement</b>	Eligibility:	Age 50 and 20 years of membership service.
	Benefit:	Years of service credit, multiplied by highest average compensation, multiplied by 2.50%.
	Normal Form:	Monthly benefit for the life of the member, with a death benefit equal to the remaining balance of the member's contribution account.
<b>Early Retirement</b>	Eligibility:	5 years of membership service and age 55.
	Benefit:	Years of service credit, multiplied by highest average compensation, multiplied by 2.50%.
<b>Disability Retirement</b>	Eligibility:	5 years of membership service, and service disablement.
	Benefit:	50% of highest average compensation. If the member has more than 20 years of service credit, 2.5% of highest average compensation multiplied by years of service credit.
	Eligibility:	Non-service disablement.
	Benefit:	Actuarial equivalent of accrued benefit based on a retirement age of 50.
<b>Death before Retirement</b>	Eligibility:	Service death.
	Benefit:	50% of highest average compensation. If the member has more than 25 years of service credit, 2.0% of highest average compensation multiplied by years of service credit.
	Eligibility:	Non-service death.
	Benefit:	Actuarial equivalent of accrued benefit based on a retirement age of 55.

<b>Termination Benefit</b>	Eligibility:	Prior to 5 years of membership service.
	Benefit:	Return of member contributions with interest.
	Eligibility:	5 years of membership service.
	Benefit:	Either (a) or (b) below: (a) Return of member contributions with interest, or (b) Accrued benefit at age 55.
<b>Benefit Adjustments</b>	Eligibility:	Retired members and beneficiaries.
	Benefit:	An annual adjustment (GABA) of 3.0% commencing January 1 <sup>st</sup> , one year after retirement.
<b>Contributions</b>	Members:	10.56% of members' compensation.
	Employers:	9.00% of members' compensation.

## ACTUARIAL SECTION

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### *Municipal Police Officers' Retirement System*

<b>Normal Retirement</b>	Eligibility:	20 years of membership service regardless of age, or 5 years of membership service and age 50.
	Benefit:	Years of service credit, multiplied by 2.5%, multiplied by (a) if hired before July 1, 1977: Average monthly compensation of final year of service, or (b) if hired on or after July 1, 1977: Final average compensation for last consecutive 36 months.
	Normal Form:	Monthly benefit for the life of the member, with full benefits continuing to the surviving spouse or dependent children upon the death of the member.
<b>Disability Retirement</b>	Eligibility:	Immediate.
	Benefit:	If hired before July 1, 1977: Minimum of 50% of base salary.  If hired on or after July 1, 1977: Minimum of 50% of final average compensation.
<b>Death before Retirement</b>	Eligibility:	Immediate.
	Benefit:	If hired before July 1, 1977: Minimum of 50% of base salary.  If hired on or after July 1, 1977: Minimum of 50% of final average compensation.
<b>Termination Benefit</b>	Eligibility:	Prior to 5 years of membership service.
	Benefit:	Return of member contributions with interest.
	Eligibility:	5 years of membership service.
	Benefit:	Either (a) or (b) below: (a) Return of member contributions with interest, or (b) Actuarial equivalent of the accrued benefit based on a retirement age of 50.

## ACTUARIAL SECTION

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<b>Benefit Adjustments</b>	Eligibility:	Retired members and beneficiaries.
	Benefit:	Either (a) or (b) below, as elected by the member: (a) An annual adjustment (GABA) of 3.0%, commencing one year after retirement for members hired on or after July 1, 1997, or if elected by the member, or (b) 50% of the salary of a newly confirmed police officer in the city in which the member was employed.
<b>Contributions</b>	Members:	Either (a), (b), (c), (d), or (e) below: (a) If hired prior to June 30, 1975: 5.80% of members' compensation, or (b) If hired after June 30, 1975 and prior to July 1, 1979: 7.00%, or (c) If hired after June 30, 1979 and prior to July 1, 1997: 8.50%, or (d) If hired on or after July 1, 1997: 9.00%, or (e) For members electing the GABA, 9.00%.
	Employers:	14.41% of members' compensation.
	State:	29.37% of members' compensation.

## ACTUARIAL SECTION

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### *Municipal Police Officers' Retirement System (cont.)*

<b>MPORS DROP</b>	<b>Eligibility:</b>	20 years of membership service.
	<b>Benefits:</b>	Eligible members may elect to participate in the DROP for a period of up to 5 years.  A monthly DROP service retirement allowance is calculated based on the member's compensation and service at the beginning of the DROP period. This monthly benefit is deposited into a DROP account. The DROP account also is credited with investment earnings equal to the rate of earnings on the trust fund, but not less than 0% in any fiscal year.  The monthly DROP benefit receives GABA or minimum benefit adjustments that would apply if the member was receiving a service retirement benefit during the DROP period.  If the member dies or becomes disabled during the DROP period, the accumulated DROP account as of the date of death or disability is payable to the member or the member's beneficiary, plus the DROP annuity with increases as applied through the date of death or disability is payable to the disabled member or to the deceased member's survivors, if any.  At the end of the DROP period the DROP account is paid to the member, and the member begins receiving a monthly retirement benefit equal to the monthly DROP benefit with all GABA or minimum benefit adjustments made during the DROP period, and the monthly benefit continues to receive GABA or minimum benefit adjustments thereafter.
	<b>Contributions:</b>	During the DROP period, member, employer, and state contributions continue to be made to the trust fund at the same rates as for any other active plan member.



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## ACTUARIAL SECTION

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### *Firefighters' Unified Retirement System*

<b>Normal Retirement</b>	Eligibility:	20 years of membership service regardless of age.
	Benefit:	<p>If hired prior to July 1, 1981, and those not electing GABA - the greater of:</p> <ul style="list-style-type: none"><li>(a) 2.5% of highest average compensation, multiplied by years of service credit or</li><li>(b) i) If less than 20 years of membership service, 2% of highest monthly compensation, multiplied by years of service credit.</li><li>ii) If greater than 20 years of membership service, 50% of highest monthly compensation, plus years of service in excess of 20, multiplied by highest monthly compensation, multiplied by 2.00%.</li></ul> <p>If hired on or after July 1, 1981, and those electing GABA, years of service credit, multiplied by highest average compensation, multiplied by 2.50%.</p>
	Normal Form:	Monthly benefit for the life of the member, with full benefits continuing to the surviving spouse or dependent children upon the death of the member.
<b>Disability Retirement</b>	Benefit:	<ul style="list-style-type: none"><li>(a) If less than 20 years of membership service, 50% of highest monthly compensation.</li><li>(b) If greater than 20 years of membership service, 2.5% of highest average compensation for each year of service credit.</li></ul>
<b>Death before Retirement</b>	Benefit:	<ul style="list-style-type: none"><li>(a) If less than 20 years of membership service, 50% of highest monthly compensation.</li><li>(b) If greater than 20 years of membership service, 2.5% of highest average compensation for each year of service credit.</li></ul>

<b>Termination Benefit</b>	Eligibility:	Prior to 5 years of membership service.
	Benefit:	Return of member contributions with interest.
	Eligibility:	5 years of membership service.
	Benefit:	Either (a) or (b) below: (a) Return of member contributions with interest, or (b) Accrued benefit at age 50.
<b>Benefit Adjustments</b>	Eligibility:	Retired members and beneficiaries.
	Benefit:	Greater of (a) or (b) below:  (a) An annual adjustment (GABA) of 3.0% commencing on January 1 <sup>st</sup> , one year after retirement for members hired on or after July 1, 1997, or if elected by the member, or  (b) members with at least 10 years of service and who did not elect GABA - 50% of the salary of a newly confirmed firefighter in the city in which the member was employed.
<b>Contributions</b>	Members:	Either (a) or (b) below: (a) 9.50% of members' compensation if hired prior to July 1, 1997, or (b) 10.70% for members hired after June 30, 1997, or electing the GABA.
	Employers:	14.36% of members' compensation.
	State:	32.61 % of members' compensation.

## ACTUARIAL SECTION

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### *Volunteer Firefighters' Compensation Act*

<b>Normal Retirement</b>	Eligibility:	Age 55 and 20 (maximum of 30) years of service credit, or Age 60 and 10 years of service.
	Benefit:	\$7.50 per year of service, up to a maximum of \$225 (30 years of service credit).
	Normal Form:	Monthly benefit for the life of the member. Survivorship benefits are limited to the first 40 months of benefit payment.
<b>Return to Service</b>	Eligibility:	A member may continue to be a volunteer not receiving service credit and continue to draw a full pension benefit.
<b>Disability Retirement</b>	Eligibility:	Service disability.
	Benefit:	\$7.50 per year of service, with a minimum of \$75 and a maximum of \$225 per month.
<b>Death before Retirement</b>	Eligibility:	10 years of service.
	Benefit:	\$7.50 per year of service for 40 months.
<b>Termination Benefit</b>	Eligibility:	Accrued benefit at retirement age of 60.
<b>Contributions</b>	Members:	None.
	State:	5% of insurance premium taxes collected.

### SUMMARY OF STATISTICAL DATA

Issued in May 2004, pronouncement “*GASB Statement No. 44, Economic Conditioning Reporting: The Statistical Section*” establishes and modifies requirements related to the supplementary information presented in this section of this report.

The pensions are accounted for under the accrual basis of accounting. Information will be provided for the last ten years ending June 30, 2006 for the following five objectives: financial trends; revenue capacity; debt capacity; demographic and economic; and operating.

Financial trends are presented on pages 146 to 160. The schedules contain trend information to help the reader understand how the plans’ financial performance and well-being have changed over time. Net assets and liabilities are presented on pages 146 to 152. The change in net assets is presented in chart format with graphs for the PERS-DBRP that highlight areas of interest. Actuarial funding liabilities are presented on pages 153 to 155 in graph format for all of the retirement plans.

The existence of unfunded actuarial liabilities is not necessarily an indication of financial problems but the fluctuations are important and must be monitored and controlled.

Revenue capacity is presented on pages 156 to 163. These schedules contain information to help the reader assess the plans’ revenue sources; fair values by investment type and the contribution rate history since inception.

Debt capacity is presented on pages 164 to 187. These schedules present information to help the reader assess the plans’ current levels of outstanding debt and the plans’ ability to issue additional debt in the future. Debt capacity is represented with benefit expenses and distributions, followed by a schedule of retired members showing the number of retirees based on the type of benefit received.

Demographic and Economic information is presented on pages 188 to 199. These schedules offer demographic and economic indicators to help the reader understand the environment within which the plans’ financial activities take place. A map, on page 176, depicts the location of benefit recipients, showing that the majority, 89 percent, remain in the state of Montana after retirement. Next, the average monthly benefit is provided.

Operating information is also presented on pages 188 to 199. These schedules contain pension plan data to help the reader understand how the information in the PERBs’ financial report relates to the pension plans’ the PERB administers. This section includes a schedule of employers participating in each of the plans.

# STATISTICAL SECTION

## Public Employees' Retirement Board

### *A Component Unit of the State of Montana*

## Changes in Net Assets, Last Ten Fiscal Years

(In thousands)

Fiscal Year	1997	1998	1999	2000	2001	2002	2003
<b>PERS-DBRP</b>							
Additions							
Member Contributions <sup>1</sup>	\$ 52,728	\$ 48,547	\$ 49,304	\$ 53,100	\$ 57,119	\$ 60,030	\$ 62,628
Employer Contributions <sup>2</sup>	45,332	45,274	47,739	49,786	53,976	56,505	57,597
State Contributions		304	341	348	383	374	389
Investment Income <sup>3</sup>	341,989	347,248	293,403	215,193	(148,517)	(201,366)	167,331
Other <sup>4</sup>	56	61	110	61	26		
<b>Total Additions to Plan Net Assets</b>	<b>440,105</b>	<b>441,434</b>	<b>390,897</b>	<b>318,488</b>	<b>(37,013)</b>	<b>(84,457)</b>	<b>287,945</b>
Deductions							
Benefits	82,291	87,380	91,521	96,016	101,546	114,663	122,204
Refunds	10,226	11,569	11,294	12,098	11,874	10,683	10,218
Administrative Expenses	1,098	1,205	1,344	1,470	2,275	3,310	2,254
Other <sup>5</sup>	239	588	420	348	185	364	22,175
<b>Total Deductions to Plan Net Assets</b>	<b>93,854</b>	<b>100,742</b>	<b>104,579</b>	<b>109,932</b>	<b>115,880</b>	<b>129,020</b>	<b>156,851</b>
<b>Change in Net Assets</b>	<b>\$ 346,251</b>	<b>\$ 340,692</b>	<b>\$ 286,318</b>	<b>\$ 208,556</b>	<b>\$ (152,893)</b>	<b>\$ (213,477)</b>	<b>\$ 131,094</b>
<b>JRS</b>							
Additions							
Member Contributions <sup>1</sup>	\$ 207	\$ 229	\$ 223	\$ 244	\$ 256	\$ 280	\$ 285
Employer Contributions	177	843	823	899	944	1,032	1,052
Court Fees	951						
Investment Income <sup>3</sup>	5,007	5,285	4,291	2,852	(2,162)	(3,047)	2,661
<b>Total Additions to Plan Net Assets</b>	<b>6,342</b>	<b>6,357</b>	<b>5,337</b>	<b>3,995</b>	<b>(962)</b>	<b>(1,735)</b>	<b>3,998</b>
Deductions							
Benefits	1,203	1,304	1,319	1,379	1,431	1,566	1,552
Refunds		7					
Administrative Expenses	2	3	3	3	5	4	3
Other <sup>6</sup>	348						
<b>Total Deductions to Plan Net Assets</b>	<b>1,553</b>	<b>1,314</b>	<b>1,322</b>	<b>1,382</b>	<b>1,436</b>	<b>1,570</b>	<b>1,555</b>
<b>Change in Net Assets</b>	<b>\$ 4,789</b>	<b>\$ 5,043</b>	<b>\$ 4,015</b>	<b>\$ 2,613</b>	<b>\$ (2,398)</b>	<b>\$ (3,305)</b>	<b>\$ 2,443</b>
<b>HPORS</b>							
Additions							
Member Contributions <sup>1</sup>	\$ 586	\$ 652	\$ 598	\$ 668	\$ 716	\$ 693	\$ 805
Employer Contributions	2,286	2,395	2,309	2,558	2,642	2,770	2,866
Registration Fees	287	282	285	279	335	309	354
Investment Income <sup>3</sup>	9,450	10,013	7,951	5,109	(3,828)	(5,590)	4,611
<b>Total Additions to Plan Net Assets</b>	<b>12,609</b>	<b>13,342</b>	<b>11,143</b>	<b>8,614</b>	<b>(135)</b>	<b>(1,818)</b>	<b>8,636</b>
Deductions							
Benefits	3,580	3,771	4,085	4,396	4,624	4,861	5,160
Refunds	99	158	82	142	86	130	60
Administrative Expenses	12	13	13	15	22	20	15
Other <sup>7</sup>		21	14	25		19	48
<b>Total Deductions to Plan Net Assets</b>	<b>3,691</b>	<b>3,963</b>	<b>4,194</b>	<b>4,578</b>	<b>4,732</b>	<b>5,030</b>	<b>5,283</b>
<b>Change in Net Assets</b>	<b>\$ 8,918</b>	<b>\$ 9,379</b>	<b>\$ 6,949</b>	<b>\$ 4,036</b>	<b>\$ (4,867)</b>	<b>\$ (6,848)</b>	<b>\$ 3,353</b>

Contributions were made in accordance with actuarially determined and statutory contribution requirements.

<sup>1</sup>Includes Interest Reserve Buybacks.

<sup>2</sup>Includes Membership Fees, Retirement Incentive, Miscellaneous Revenue and Education Contributions.

<sup>3</sup>Includes Common Stock Dividends.

<sup>4</sup>Includes Operating Income.

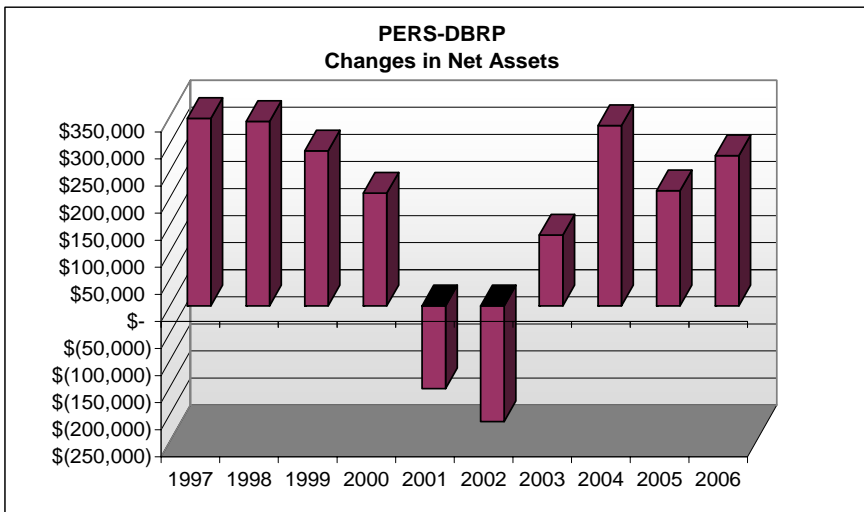
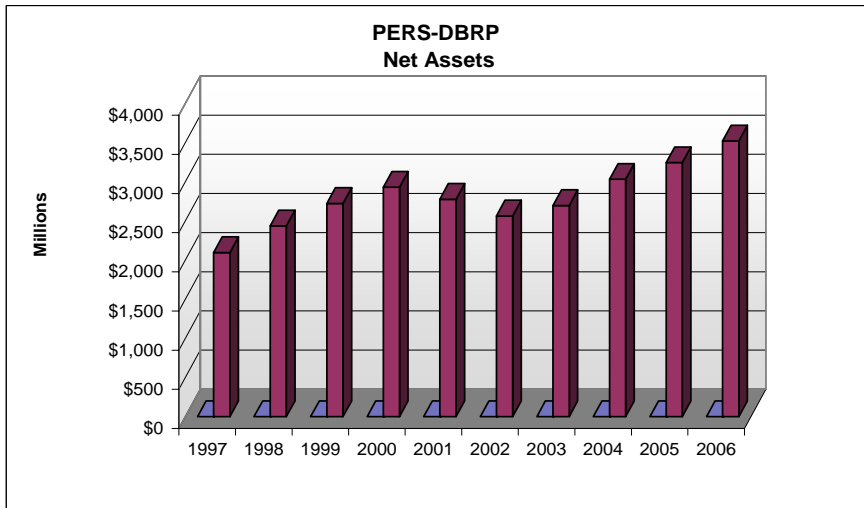
<sup>5</sup>Includes Transfers to the DC, ORP, Prior Year Adjustments and Refunds to Other Plans.

<sup>6</sup>Includes Bad Debt Expense for FY96 and FY97.

<sup>7</sup>Includes Refunds to Other Plans.

## STATISTICAL SECTION

2004	2005	2006
\$ 62,664	\$ 66,986	\$ 66,145
58,231	60,454	88,573
403	421	443
360,266	244,976	293,679
<b>481,564</b>	<b>372,837</b>	<b>448,840</b>
132,683	142,789	153,886
10,913	13,236	12,754
2,825	2,569	2,886
1,882	1,516	1,816
<b>148,303</b>	<b>160,110</b>	<b>171,342</b>
<b>\$ 333,261</b>	<b>\$ 212,727</b>	<b>\$ 277,498</b>
\$ 443	\$ 412	\$ 333
1,136	1,162	1,229
5,248	3,640	4,344
6,827	5,214	5,906
1,670	1,624	1,743
14	9	12
1,684	1,633	1,755
<b>\$ 5,143</b>	<b>\$ 3,581</b>	<b>\$ 4,151</b>
\$ 743	\$ 862	\$ 851
2,859	3,324	2,905
348	669	277
9,322	6,353	7,453
13,272	11,208	11,486
5,493	5,790	6,365
144	181	89
31	29	31
152	49	1
5,820	6,049	6,486
<b>\$ 7,452</b>	<b>\$ 5,159</b>	<b>\$ 5,000</b>



## STATISTICAL SECTION

### Public Employees' Retirement Board

#### *A Component Unit of the State of Montana*

### Changes in Net Assets, Last Ten Fiscal Years

(In thousands)

Fiscal Year	1997	1998	1999	2000	2001	2002	2003
<b>SRS</b>							
Additions							
Member Contributions <sup>1</sup>	\$ 1,827	\$ 2,162	\$ 2,160	\$ 2,169	\$ 2,262	\$ 2,496	\$ 2,669
Employer Contributions <sup>2</sup>	1,682	1,969	2,082	2,196	2,227	2,431	2,508
Investment Income <sup>3</sup>	13,853	15,081	13,115	8,223	(6,379)	(9,152)	8,164
<b>Total Additions to Plan Net Assets</b>	<b>17,362</b>	<b>19,212</b>	<b>17,357</b>	<b>12,588</b>	<b>(1,890)</b>	<b>(4,225)</b>	<b>13,341</b>
Deductions							
Benefits	1,502	1,743	2,364	2,930	3,294	3,700	4,307
Refunds	325	201	315	270	373	409	457
Administrative Expenses	20	24	22	29	43	40	32
Other <sup>5</sup>	20	2	12	5	5	37	18
<b>Total Deductions to Plan Net Assets</b>	<b>1,867</b>	<b>1,970</b>	<b>2,713</b>	<b>3,234</b>	<b>3,715</b>	<b>4,186</b>	<b>4,814</b>
<b>Change in Net Assets</b>	<b>\$ 15,495</b>	<b>\$ 17,242</b>	<b>\$ 14,644</b>	<b>\$ 9,354</b>	<b>\$ (5,605)</b>	<b>\$ (8,411)</b>	<b>\$ 8,527</b>
<b>GWPORS</b>							
Additions							
Member Contributions <sup>1</sup>	\$ 244	\$ 790	\$ 941	\$ 1,079	\$ 1,306	\$ 1,846	\$ 2,293
Employer Contributions	250	818	931	1,100	1,366	1,595	1,835
Investment Income <sup>3</sup>	3,654	3,848	3,328	2,105	(1,599)	(2,564)	2,541
<b>Total Additions to Plan Net Assets</b>	<b>4,148</b>	<b>5,456</b>	<b>5,200</b>	<b>4,284</b>	<b>1,073</b>	<b>877</b>	<b>6,669</b>
Deductions							
Benefits	1,099	1,123	1,153	1,211	1,235	1,230	1,316
Refunds		34	73	125	212	317	355
Administrative Expenses	5	12	14	19	30	30	25
Other <sup>5</sup>				7	4	14	
<b>Total Deductions to Plan Net Assets</b>	<b>1,104</b>	<b>1,169</b>	<b>1,240</b>	<b>1,362</b>	<b>1,481</b>	<b>1,591</b>	<b>1,696</b>
<b>Change in Net Assets</b>	<b>\$ 3,044</b>	<b>\$ 4,287</b>	<b>\$ 3,960</b>	<b>\$ 2,922</b>	<b>\$ (408)</b>	<b>\$ (714)</b>	<b>\$ 4,973</b>
<b>MPORS</b>							
Additions							
Member Contributions <sup>1</sup>	\$ 1,693	\$ 1,961	\$ 2,154	\$ 1,938	\$ 1,914	\$ 2,171	\$ 2,254
Employer Contributions	2,422	2,635	2,704	2,935	3,015	3,273	3,502
State Contributions <sup>4</sup>	6,879	5,265	5,576	5,909	6,148	6,529	6,798
Investment Income <sup>3</sup>	13,800	14,890	12,434	8,074	(6,165)	(9,220)	8,530
<b>Total Additions to Plan Net Assets</b>	<b>24,794</b>	<b>24,751</b>	<b>22,868</b>	<b>18,856</b>	<b>4,912</b>	<b>2,753</b>	<b>21,084</b>
Deductions							
Benefits	7,211	7,697	8,279	8,653	9,125	9,845	10,426
Refunds	203	282	299	298	386	345	326
Administrative Expenses	28	33	33	37	55	49	40
Other <sup>5</sup>	25	37	31	16	44	3	47
<b>Total Deductions to Plan Net Assets</b>	<b>7,467</b>	<b>8,049</b>	<b>8,642</b>	<b>9,004</b>	<b>9,610</b>	<b>10,242</b>	<b>10,839</b>
<b>Change in Net Assets</b>	<b>\$ 17,327</b>	<b>\$ 16,702</b>	<b>\$ 14,226</b>	<b>\$ 9,852</b>	<b>\$ (4,698)</b>	<b>\$ (7,489)</b>	<b>\$ 10,245</b>

Contributions were made in accordance with actuarially determined and statutory contribution requirements.

<sup>1</sup> Includes Interest Reserve Buybacks.

<sup>2</sup> Includes Retirement Incentive and Miscellaneous Revenue.

<sup>3</sup> Includes Common Stock Dividends.

<sup>4</sup> Includes Percent of Salary.

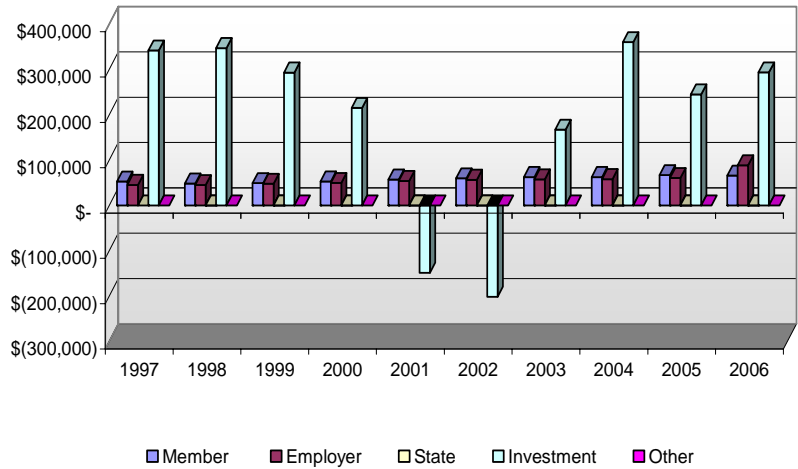
<sup>5</sup> Includes Refunds to Other Plans.



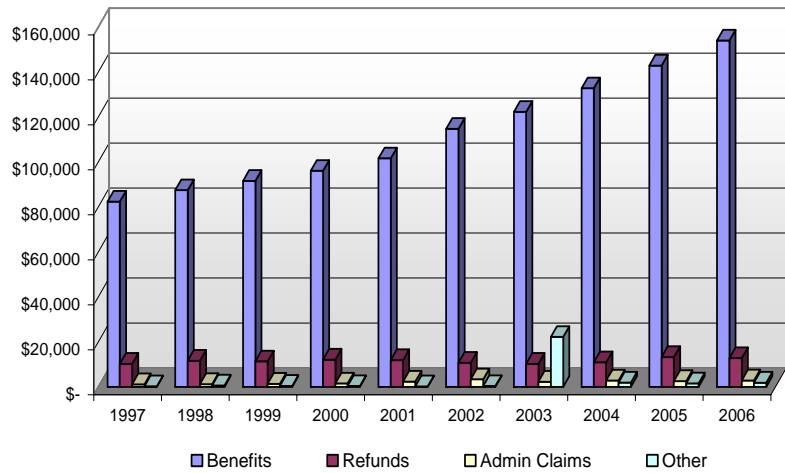
## STATISTICAL SECTION

2004	2005	2006
\$ 2,685	\$ 2,988	\$ 3,721
2,684	2,813	3,524
16,404	11,381	13,566
21,773	17,182	20,811
4,903	5,527	6,152
306	611	365
55	57	78
12	22	17
5,276	6,217	6,612
\$ 16,497	\$ 10,965	\$ 14,199
\$ 2,714	\$ 3,023	\$ 3,027
2,021	2,054	2,391
5,073	3,696	4,594
9,808	8,773	10,012
1,460	1,539	1,835
500	607	477
42	42	49
4	6	13
2,006	2,194	2,374
\$ 7,802	\$ 6,579	\$ 7,638
\$ 2,313	\$ 2,425	\$ 2,549
3,612	3,791	4,035
7,208	7,705	8,182
16,392	11,707	14,091
29,525	25,628	28,857
10,885	11,363	12,032
337	786	551
70	65	68
52	12	48
11,344	12,226	12,699
\$ 18,181	\$ 13,402	\$ 16,158

**PERS-DBRP Total Additions**



**PERS-DBRP Total Deductions**



## STATISTICAL SECTION

### Public Employees' Retirement Board

#### *A Component Unit of the State of Montana*

### Changes in Net Assets, Last Ten Fiscal Years

(In thousands)

Fiscal Year	1997	1998	1999	2000	2001	2002	2003
<b>FURS</b>							
Additions							
Member Contributions <sup>1</sup>	\$ 1,147	\$ 1,560	\$ 1,679	\$ 1,697	\$ 1,742	\$ 1,874	\$ 2,141
Employer Contributions	2,077	2,142	2,284	2,326	2,373	2,521	2,802
State <sup>2</sup>	4,773	4,796	5,075	5,277	5,369	5,764	6,006
Investment Income <sup>3</sup>	12,960	14,144	12,108	7,597	(5,997)	(8,845)	8,066
<b>Total Additions to Plan Net Assets</b>	<b>20,957</b>	<b>22,642</b>	<b>21,146</b>	<b>16,897</b>	<b>3,487</b>	<b>1,314</b>	<b>19,015</b>
Deductions							
Benefits	5,955	6,494	6,995	7,518	8,018	8,508	9,081
Refunds	22	24	61	46	44	80	83
Administrative Expenses	23	27	26	30	43	40	30
Other <sup>4</sup>							
<b>Total Deductions to Plan Net Assets</b>	<b>6,000</b>	<b>6,545</b>	<b>7,082</b>	<b>7,594</b>	<b>8,105</b>	<b>8,628</b>	<b>9,194</b>
<b>Change in Net Assets</b>	<b>\$ 14,957</b>	<b>\$ 16,097</b>	<b>\$ 14,064</b>	<b>\$ 9,303</b>	<b>\$ (4,618)</b>	<b>\$ (7,314)</b>	<b>\$ 9,821</b>
<b>VFCA</b>							
Additions							
State	\$ 911	\$ 928	\$ 944	\$ 961	\$ 1,003	\$ 1,134	\$ 1,310
Investment Income <sup>3</sup>	1,559	1,875	1,463	1,078	(260)	(591)	1,259
<b>Total Additions to Plan Net Assets</b>	<b>2,470</b>	<b>2,803</b>	<b>2,407</b>	<b>2,039</b>	<b>743</b>	<b>543</b>	<b>2,569</b>
Deductions							
Benefits	756	772	814	844	882	1,411	1,412
Insurance Payments	12	13	11	11	12	13	12
Administrative Expenses	20	23	24	28	42	38	30
<b>Total Deductions to Plan Net Assets</b>	<b>788</b>	<b>808</b>	<b>849</b>	<b>883</b>	<b>936</b>	<b>1,462</b>	<b>1,454</b>
<b>Change in Net Assets</b>	<b>\$ 1,682</b>	<b>\$ 1,995</b>	<b>\$ 1,558</b>	<b>\$ 1,156</b>	<b>\$ (193)</b>	<b>\$ (919)</b>	<b>\$ 1,115</b>

Contributions were made in accordance with actuarially determined and statutory contribution requirements.

<sup>1</sup> Includes Interest Reserve Buybacks.

<sup>2</sup> Includes Percent of Salary.

<sup>3</sup> Includes Common Stock Dividends.

<sup>4</sup> Includes Refunds to Other Plans.

## STATISTICAL SECTION

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2004	2005	2006
\$ 2,213	\$ 2,330	\$ 2,472
2,796	2,959	3,328
6,533	6,719	7,533
15,692	11,140	13,409
27,234	23,148	26,742
9,674	10,386	11,040
77	101	45
53	53	58
2		
9,806	10,540	11,143
\$ 17,428	\$ 12,608	\$ 15,599
\$ 1,434	\$ 1,527	\$ 1,611
2,271	1,550	1,853
3,705	3,077	3,464
1,479	1,517	1,564
12	11	11
40	47	48
1,531	1,575	1,623
\$ 2,174	\$ 1,502	\$ 1,841

## STATISTICAL SECTION

### Public Employees' Retirement Board

*A Component Unit of the State of Montana*

### Changes in Net Assets, Last Ten Fiscal Years<sup>1</sup>

(In thousands)

Fiscal Year	2000	2001	2002	2003	2004	2005	2006
<b>PERS-DCRP</b>							
Additions							
Member Contributions			\$ 10,389	\$ 2,661	\$ 3,184	\$ 3,699	
Employer Contributions			6,130	1,781	1,856	2,319	
Investment Income			551	2,381	1,768	2,098	
Other <sup>2</sup>			63	262	371	487	
<i>Total Additions to Plan Net Assets</i>	-	-	-	17,133	7,085	7,179	8,603
Deductions							
Refunds				629	2,240	1,873	1,570
Administrative Expenses				552	214	231	227
Other <sup>3</sup>				14	214	256	295
<i>Total Deductions to Plan Net Assets</i>	-	-	-	1,195	2,668	2,360	2,092
<i>Change in Net Assets</i>	\$ -	\$ -	\$ -	\$ 15,938	\$ 4,417	\$ 4,819	\$ 6,511
<b>DEFERRED COMPENSATION PLAN</b>							
Additions							
Member Contributions	\$ 12,294	\$ 12,010	\$ 13,314	\$ 14,725	\$ 14,623	\$ 15,501	\$ 16,990
Employer Contributions		21	46	44	40	55	52
Investment Income	14,760	(2,962)	(4,434)	8,542	16,152	15,267	3,618
Other <sup>4</sup>	371	233	223	256	267	167	209
<i>Total Additions to Plan Net Assets</i>	27,425	9,302	9,149	23,567	31,082	30,990	20,869
Deductions							
Refunds	6,944	7,102	11,460	10,648	14,446	15,592	11,443
Administrative Expenses	71	175	242	218	170	289	204
Other <sup>5</sup>	157	162	811	780	800	698	737
<i>Total Deductions to Plan Net Assets</i>	7,172	7,439	12,513	11,646	15,416	16,579	12,384
<i>Change in Net Assets</i>	\$ 20,253	\$ 1,863	\$ (3,364)	\$ 11,921	\$ 15,666	\$ 14,411	\$ 8,485

<sup>1</sup> The implementations of the Defined Contribution Retirement Plan was July 2, 2002 and MPERa began administering the (457) deferred compensation plan July 1, 1999.

<sup>2</sup> Includes Miscellaneous Revenues and Forfeitures.

<sup>3</sup> Fees paid to Great West and Aegon for services provided.

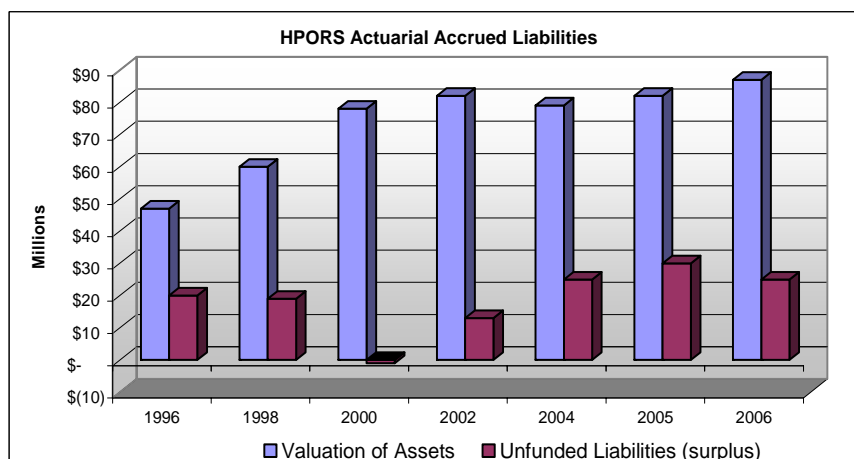
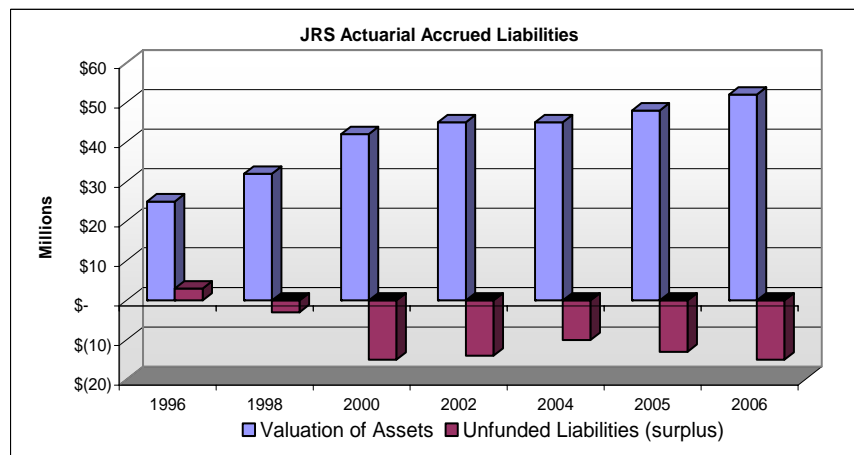
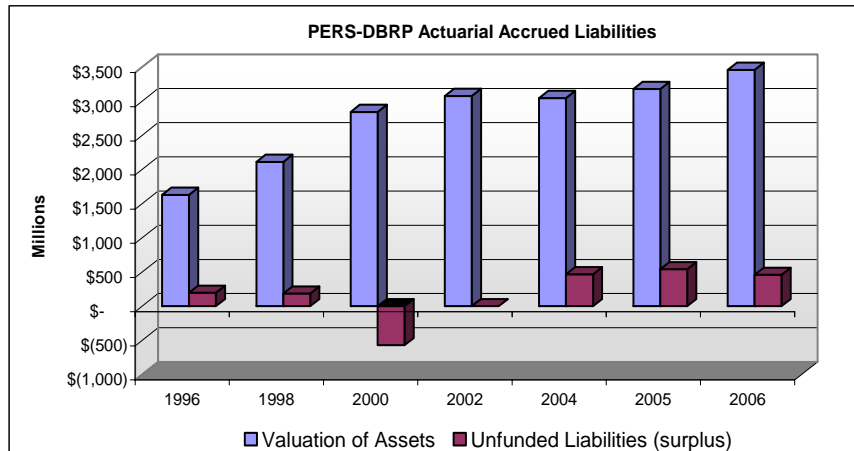
<sup>4</sup> Miscellaneous revenue remitted to MPERa to pay administrative costs.

<sup>5</sup> Fees paid to Great West, Aegon and Allianz for services provided.

# Public Employees' Retirement Board

*A Component Unit of the State of Montana*

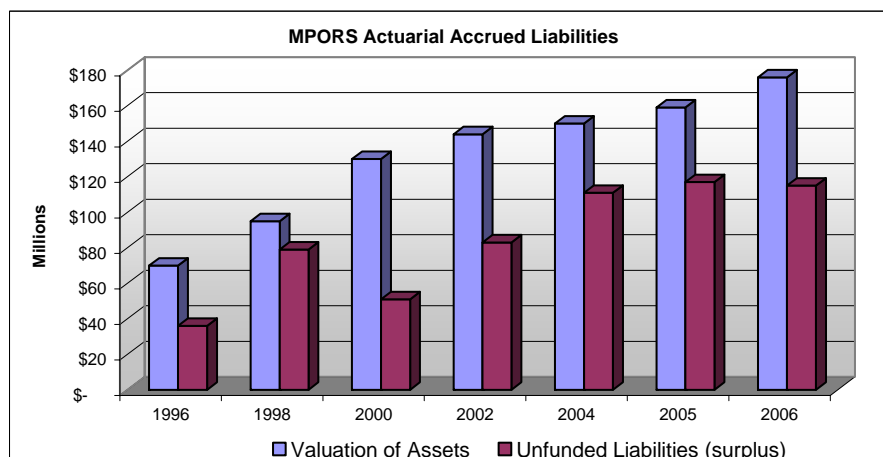
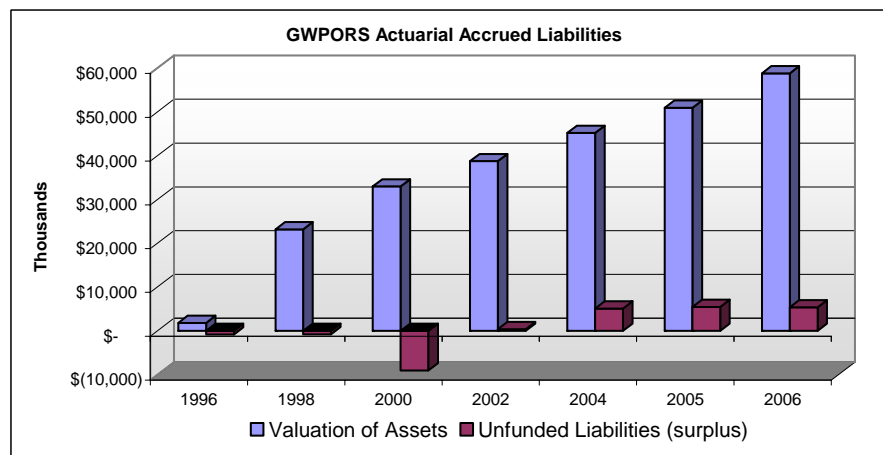
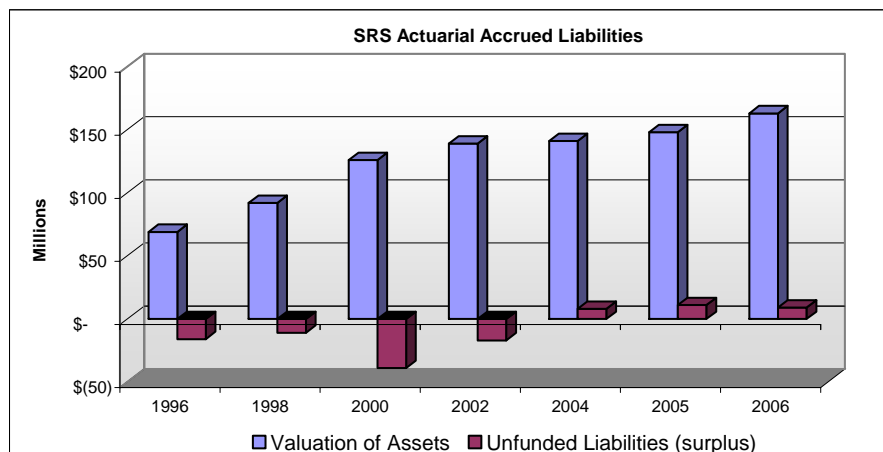
## History of Actuarial Accrued Liabilities



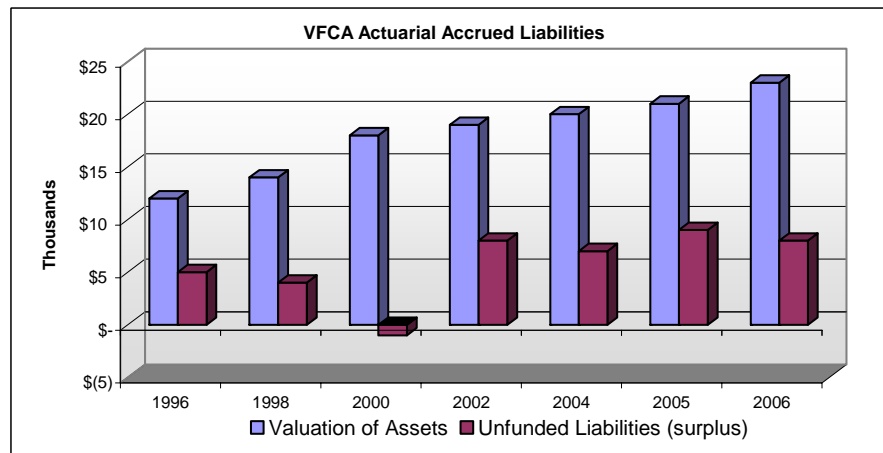
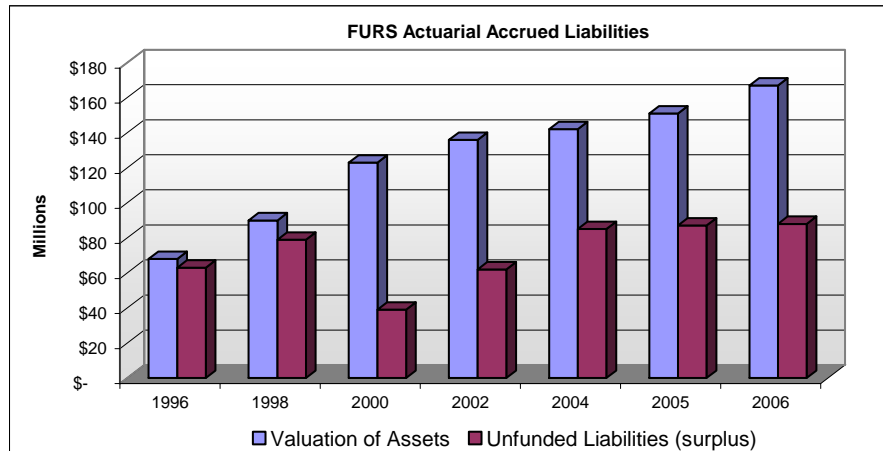
## Public Employees' Retirement Board

*A Component Unit of the State of Montana*

### History of Actuarial Accrued Liabilities (cont.)



**Public Employees' Retirement Board**  
*A Component Unit of the State of Montana*  
**History of Actuarial Accrued Liabilities (cont.)**



# STATISTICAL SECTION

## Public Employees' Retirement Board

### *A Component Unit of the State of Montana*

### Schedule of Fair Values by Type of Investment, Last Ten Years

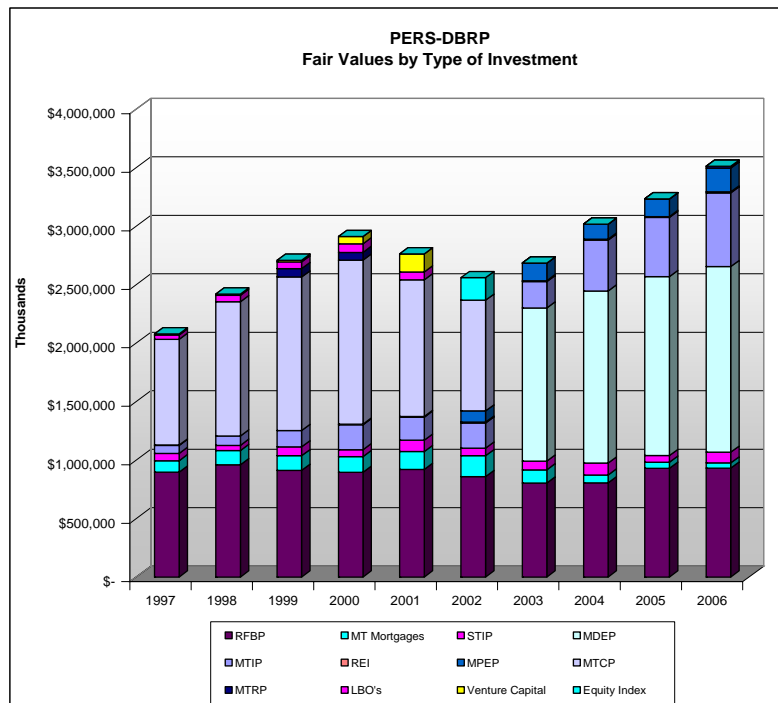
(in thousands)

System	1997	1998	1999	2000	2001	2002	2003
<b>PERS-DBRP</b>							
<i>Fixed Income:</i>							
Retirement Funds Bond Pool (RFBP)	\$ 897,177	\$ 960,282	\$ 912,162	\$ 895,919	\$ 920,352	\$ 858,467	\$ 804,470
Montana Mortgages	97,908	121,779	124,507	134,396	152,021	178,442	112,079
Short Term Investment Pool (STIP)	62,393	44,546	76,341	57,752	97,637	65,339	75,120
<i>Equities:</i>							
Montana Domic Equity Pool (MDEP)							1,308,884
Montana Internation Pool (MTIP)	68,183	79,847	140,462	213,360	196,692	215,598	225,347
Real Estate Investments (REI)	2,531			6,601	7,035	7,035	7,246
Montana Private Equity Pool (MPEP)						95,927	150,960
Montana Stock Pool (MTCP)	903,533	1,147,593	1,312,022	1,401,362	1,167,554	946,375	
Montana Real Estate Pool (MTRP)			71,597	66,935			
Leveraged Buy-Outs (LBO's)	37,740	54,464	56,644	72,930	67,250		
Venture Capital	10,164	10,740	14,543	61,621	153,616		
Equity Index						192,493	
<b>Total</b>	<b>\$ 2,079,629</b>	<b>\$ 2,419,251</b>	<b>\$ 2,708,278</b>	<b>\$ 2,910,876</b>	<b>\$ 2,762,157</b>	<b>\$ 2,559,676</b>	<b>\$ 2,684,106</b>
<b>JRS</b>							
<i>Fixed Income:</i>							
Retirement Funds Bond Pool (RFBP)	\$ 15,772	\$ 16,663	\$ 15,910	\$ 15,506	\$ 15,733	\$ 14,878	\$ 14,046
Short Term Investment Pool (STIP)	865	715	1,202	850	1,200	1,036	837
<i>Equities:</i>							
Montana Domic Equity Pool (MDEP)							19,162
Montana Internation Pool (MTIP)	628	959	2,052	3,266	2,710	2,995	3,294
Montana Private Equity Pool (MPEP)						1,353	2,243
Montana Stock Pool (MTCP)	13,148	16,809	18,936	20,283	17,712	14,012	
Montana Real Estate Pool (MTRP)			988	987			
Leveraged Buy-Outs (LBO's)	755	1,089	1,133	1,913	3,185		
Equity Index						2,900	
<b>Total</b>	<b>\$ 31,168</b>	<b>\$ 36,235</b>	<b>\$ 40,221</b>	<b>\$ 42,805</b>	<b>\$ 40,540</b>	<b>\$ 37,174</b>	<b>\$ 39,582</b>
<b>HPORS</b>							
<i>Fixed Income:</i>							
Retirement Funds Bond Pool (RFBP)	\$ 30,050	\$ 31,747	\$ 30,312	\$ 28,538	\$ 28,878	\$ 27,230	\$ 25,178
Short Term Investment Pool (STIP)	1,646	1,415	2,051	1,931	2,625	832	1,501
<i>Equities:</i>							
Montana Domic Equity Pool (MDEP)							34,191
Montana Internation Pool (MTIP)	942	1,438	3,079	5,081	5,018	5,590	5,883
Montana Private Equity Pool (MPEP)						2,468	3,933
Montana Stock Pool (MTCP)	25,080	31,851	35,882	38,435	32,490	25,563	
Montana Real Estate Pool (MTRP)			1,862	1,860			
Leveraged Buy-Outs (LBO's)	1,132	1,633	1,669	2,870	5,324		
Equity Index						5,729	
<b>Total</b>	<b>\$ 58,850</b>	<b>\$ 68,084</b>	<b>\$ 74,855</b>	<b>\$ 78,715</b>	<b>\$ 74,335</b>	<b>\$ 67,412</b>	<b>\$ 70,686</b>
<b>SRS</b>							
<i>Fixed Income:</i>							
Retirement Funds Bond Pool (RFBP)	\$ 43,618	\$ 47,270	\$ 45,401	\$ 45,386	\$ 47,203	\$ 45,736	\$ 43,639
Short Term Investment Pool (STIP)	2,334	3,512	4,902	5,414	5,872	3,338	3,186
<i>Equities:</i>							
Montana Domic Equity Pool (MDEP)							59,059
Montana Internation Pool (MTIP)	1,256	1,917	4,105	6,897	8,289	9,593	10,250
Montana Private Equity Pool (MPEP)						4,167	6,906
Montana Stock Pool (MTCP)	38,032	49,977	59,866	64,125	53,611	43,178	
Montana Real Estate Pool (MTRP)			2,912	2,910			
Leveraged Buy-Outs (LBO's)	1,509	2,179	2,266	3,826	8,227		
Equity Index						8,875	
<b>Total</b>	<b>\$ 86,749</b>	<b>\$ 104,855</b>	<b>\$ 119,452</b>	<b>\$ 128,558</b>	<b>\$ 123,202</b>	<b>\$ 114,887</b>	<b>\$ 123,040</b>



# STATISTICAL SECTION

2004	2005	2006
\$ 805,840	\$ 930,369	\$ 932,048
66,755	50,658	43,097
102,343	58,112	92,362
1,469,963	1,529,418	1,586,747
434,917	505,112	630,135
8,409	8,525	8,636
128,797	150,595	203,406
		15,200
<b>\$ 3,017,024</b>	<b>\$ 3,232,789</b>	<b>\$ 3,511,631</b>
\$ 13,024	\$ 14,655	\$ 14,685
1,733	1,284	1,519
21,739	22,749	23,744
6,393	7,507	9,365
1,906	2,229	3,047
		225
<b>\$ 44,795</b>	<b>\$ 48,424</b>	<b>\$ 52,585</b>
\$ 23,018	\$ 25,244	\$ 24,889
2,430	1,978	2,134
38,192	39,376	40,232
11,296	13,035	15,795
3,375	3,946	5,178
		380
<b>\$ 78,311</b>	<b>\$ 83,579</b>	<b>\$ 88,608</b>
\$ 40,680	\$ 45,890	\$ 45,822
5,055	3,441	5,182
68,112	71,278	74,633
20,127	23,457	29,263
5,936	6,941	9,508
		710
<b>\$ 139,910</b>	<b>\$ 151,007</b>	<b>\$ 165,118</b>



# STATISTICAL SECTION

## Public Employees' Retirement Board

### *A Component Unit of the State of Montana*

### **Schedule of Fair Values by Type of Investment, Last Ten Years (cont.)** (in thousands)

<b>System</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>
<b>GWPORS</b>							
<i>Fixed Income:</i>							
Retirement Funds Bond Pool (RFBP)	\$ 11,602	\$ 11,986	\$ 11,512	\$ 11,508	\$ 12,366	\$ 12,658	\$ 12,921
Short Term Investment Pool (STIP)	264	890	1,368	2,248	1,337	1,875	1,691
<i>Equities:</i>							
Montana Dometic Equity Pool (MDEP)							17,476
Montana Internation Pool (MTIP)	314	479	1,026	1,694	2,396	2,555	2,996
Montana Private Equity Pool (MPEP)						1,115	2,058
Montana Stock Pool (MTCP)	9,765	12,638	15,239	16,323	14,689	11,576	
Montana Real Estate Pool (MTRP)			736	736			
Leveraged Buy-Outs (LBO's)	377	545	566	957	2,315		
Equity Index						2,586	
<b>Total</b>	<b>\$ 22,322</b>	<b>\$ 26,538</b>	<b>\$ 30,447</b>	<b>\$ 33,466</b>	<b>\$ 33,103</b>	<b>\$ 32,365</b>	<b>\$ 37,142</b>
<b>MPORS</b>							
<i>Fixed Income:</i>							
Retirement Funds Bond Pool (RFBP)	\$ 43,316	\$ 46,656	\$ 45,668	\$ 45,073	\$ 47,732	\$ 46,045	\$ 43,873
Short Term Investment Pool (STIP)	2,334	2,115	2,386	2,492	2,689	1,568	1,446
<i>Equities:</i>							
Montana Dometic Equity Pool (MDEP)							59,430
Montana Internation Pool (MTIP)	1,256	1,917	4,105	6,897	8,299	9,695	10,833
Montana Private Equity Pool (MPEP)						4,167	6,975
Montana Stock Pool (MTCP)	37,507	49,341	58,883	63,073	53,867	42,820	
Montana Real Estate Pool (MTRP)			2,876	2,874			
Leveraged Buy-Outs (LBO's)	1,509	2,179	2,266	3,826	8,086		
Equity Index						8,271	
<b>Total</b>	<b>\$ 85,922</b>	<b>\$ 102,208</b>	<b>\$ 116,184</b>	<b>\$ 124,235</b>	<b>\$ 120,673</b>	<b>\$ 112,566</b>	<b>\$ 122,557</b>
<b>FURS</b>							
<i>Fixed Income:</i>							
Retirement Funds Bond Pool (RFBP)	\$ 41,065	\$ 43,685	\$ 42,831	\$ 42,273	\$ 45,197	\$ 43,775	\$ 41,757
Short Term Investment Pool (STIP)	2,142	3,000	2,464	3,899	3,335	1,349	1,641
<i>Equities:</i>							
Montana Dometic Equity Pool (MDEP)							56,638
Montana Internation Pool (MTIP)	942	1,438	3,079	5,325	7,966	9,337	10,235
Montana Private Equity Pool (MPEP)						3,929	6,546
Montana Stock Pool (MTCP)	35,913	47,411	58,047	62,177	51,462	40,946	
Montana Real Estate Pool (MTRP)			2,752	2,750			
Leveraged Buy-Outs (LBO's)	1,132	1,634	1,699	2,870	7,260		
Equity Index						8,002	
<b>Total</b>	<b>\$ 81,194</b>	<b>\$ 97,168</b>	<b>\$ 110,872</b>	<b>\$ 119,294</b>	<b>\$ 115,220</b>	<b>\$ 107,338</b>	<b>\$ 116,817</b>
<b>VFCA</b>							
<i>Fixed Income:</i>							
Retirement Funds Bond Pool (RFBP)	\$ 8,178	\$ 8,810	\$ 8,361	\$ 8,304	\$ 8,805	\$ 7,838	\$ 5,964
Short Term Investment Pool (STIP)	1,437	274	259	93	192	1,811	1,414
<i>Equities:</i>							
Montana Dometic Equity Pool (MDEP)							8,134
Montana Internation Pool (MTIP)	314	479	1,026	1,572	1,286	1,262	1,379
Montana Private Equity Pool (MPEP)						628	969
Montana Stock Pool (MTCP)	2,840	4,104	5,293	5,669	5,097	4,100	
Montana Real Estate Pool (MTRP)			248	248			
Leveraged Buy-Outs (LBO's)	377	545	566	957	1,298		
Equity Index						1,194	
<b>Total</b>	<b>\$ 13,146</b>	<b>\$ 14,212</b>	<b>\$ 15,753</b>	<b>\$ 16,843</b>	<b>\$ 16,678</b>	<b>\$ 16,833</b>	<b>\$ 17,860</b>

## STATISTICAL SECTION

	2004	2005	2006
\$	12,837	\$ 15,471	\$ 15,806
	2,472	3,292	2,782
	21,521	23,111	26,705
	6,372	7,705	10,518
	1,856	2,170	3,330
			255
\$	45,058	\$ 51,749	\$ 59,396
\$	41,584	\$ 47,395	\$ 46,944
	3,403	2,246	4,338
	69,175	72,390	76,683
	20,458	24,555	30,633
	6,105	7,138	10,089
			730
\$	140,725	\$ 153,724	\$ 169,417
\$	39,592	\$ 44,975	\$ 44,650
	3,414	2,641	4,241
	65,851	68,911	73,144
	19,469	23,361	29,143
	5,813	6,797	9,587
			700
\$	134,139	\$ 146,685	\$ 161,465
\$	5,617	\$ 6,170	\$ 6,233
	180	512	1,870
	9,221	9,096	9,872
	2,746	3,294	4,023
	848	992	1,341
			95
\$	18,612	\$ 20,064	\$ 23,434

## STATISTICAL SECTION

### Public Employees' Retirement Board

*A Component Unit of the State of Montana*

#### **Schedule of Fair Values by Type of Investment, Last Ten Years<sup>1</sup> (cont.)** (in thousands)

System	2000	2001	2002	2003	2004	2005	2006
<b>PERS-DCRP</b>							
Defined Contributions Fixed Investments			\$ 407	\$ 914	\$ 1,546	\$ 1,832	
Defined Contributions Variable Investments			8,831	19,566	23,402	26,102	
<b>Total</b>			<b>\$ 9,238</b>	<b>\$ 20,480</b>	<b>\$ 24,948</b>	<b>\$ 27,934</b>	
<b>DEFERRED COMPENSATION PLAN</b>							
Deferred Comp Fixed Annuity	\$ 40,357	\$ 114,387	\$ 122,729	\$ 137,687	\$ 143,162	\$ 152,215	\$ 143,870
Deferred Comp Trust Fund Bond	63,184						
Deferred Comp Variable Annuity	94,864	82,044	71,460	67,329	81,202	86,916	104,061
Deferred Comp Life Insurance	12	12	12	12	12	12	12
<b>Total</b>	<b>\$ 198,417</b>	<b>\$ 196,443</b>	<b>\$ 194,201</b>	<b>\$ 205,028</b>	<b>\$ 224,376</b>	<b>\$ 239,143</b>	<b>\$ 247,943</b>

<sup>1</sup> The implementation of the Defined Contribution Retirement Plan was July 1, 2002 and MPERA began administering the (457) Deferred Compensation Plan July 1, 1999.

Public Employees' Retirement Board  
*A Component Unit of the State of Montana*  
**Schedule of Contribution Rate History**

**PERS-DBRP**

Fiscal Year	Member	Employer	<u>Local Govt &amp; School Districts</u>	
			Employer	State
2000-2006	6.900%	6.900%	6.800%	0.100%
1998-1999	6.800%	6.800%	6.700%	0.100%
1994-1997	6.700%	6.700%	6.700%	
1993	6.550%	6.550%	6.550%	
1992	6.417%	6.417%	6.417%	
1991	6.300%	6.417%	6.417%	
1990	6.150%	6.417%	6.417%	
1984-1989	6.000%	6.417%	6.417%	
1982-1983	6.000%	6.320%	6.320%	
1979-1981	6.000%	6.200%	6.200%	
1978	6.000%	5.950%	5.950%	
1977	6.000%	5.550%	5.550%	
1976	6.000%	5.200%	5.200%	
1974-1975	5.750%	4.900%	4.900%	
1972-1973	5.750%	4.600%	4.600%	
1970-1971	5.750%	4.300%	4.300%	
1968-1969	5.750%	3.800%	3.800%	
1947-1967 *	2.5%-9.6%	3.300%	3.300%	
1945-1947 *	2.5%-9.6%	3.000%	3.000%	

\*1945 - 1967 Member Contributions based on age and gender.

**JRS**

Fiscal Year	Member	Employer
1998-2006	7.000%	25.810%
1993-1997	7.000%	6.000%
1968-1992	6.000%	6.000%

Prior to 1998 the employer contributed 6% and additional contributions were received based on a portion of the District Court filing fees. In 1998 the filing fees were eliminated and the employer rate was increased to 25.81%.

**HPORS**

Fiscal Year	Member		Employer
	Hired <7/1/75	Hired >6/30/75 GABA	
1998-2006	9.000%	9.050%	36.330%
1992-1997	9.000%		36.280%
1991	7.590%		36.280%
1986-1990	7.590%		26.750%
1982-1985	6.500%		16.570%
1976-1981	6.500%		16.000%
1975	6.500%		15.000%
1971-1974	5.000%		8.000%

## Public Employees' Retirement Board

*A Component Unit of the State of Montana*

### Contribution Rate History (cont.)

#### SRS

<b>Fiscal Year</b>	<b>Member</b>	<b>Employer</b>
1998-2006	9.245%	9.535%
1997	7.865%	8.540%
1996	7.865%	8.535%
1986-1995	7.000%	7.670%
1982-1985	7.000%	7.620%
1975-1981	7.000%	7.550%

#### GWPORS

<b>Fiscal Year</b>	<b>Member</b>	<b>Employer</b>
2003-2006	10.560%	9.000%
1998-2002	8.500%	9.000%
1996-1997	7.900%	8.150%
1986-1995	7.900%	7.150%
1982-1985	7.000%	7.150%
1964-1981	7.000%	7.000%

**Public Employees' Retirement Board**  
*A Component Unit of the State of Montana*  
**Contribution Rate History (cont.)**

**MPORS**

Fiscal Year	Member				Employer	State
	Hired <7/1/75	Hired >6/30/75	Hired >6/30/79	Hired >6/30/97 GABA		
2000-2006	5.800%	7.000%	8.500%	9.000%	14.410%	29.370%
1998-1999	7.800%	9.000%	10.500%	11.000%	14.410%	29.370%
1997	7.800%	9.000%	10.500%		14.360%	29.370%
1994-1996	7.800%	9.000%	10.500%		14.360%	15.660%
1993	7.800%	9.000%	10.500%		13.920%	15.660%
1992	6.000%	7.200%	8.700%		13.920%	15.660%
1986-1991	6.000%	6.000%	7.500%		13.020%	15.060%
1982-1985	6.000%	6.000%	7.500%		14.040%	14.040%
1980-1981	6.000%	6.000%	7.500%		14.000%	14.040%
1978-1979	6.000%	6.000%			12.000%	14.040%
1976-1977	6.000%	6.000%			11.000%	14.040%
1974-1975	6.000%				11.000%	14.040%

**FURS**

Fiscal Year	Member			State
	Hired <7/1/75	Hired >6/30/75 GABA	Employer	
1998-2006	9.500%	10.700%	14.360%	32.610%
1997	7.800%		14.360%	32.610%
1996	7.800%		14.360%	24.210%
1995	6.000%		13.020%	24.210%
1992-1994	6.000%		13.020%	23.270%
1986-1991	6.000%		13.020%	22.980%
1984-1985	6.000%		18.000%	18.000%
1983	6.000%		15.000%	15.000%
1981-1982	6.000%		12.000%	12.000%

**PERS-DCRP**

Fiscal Year	Member	Employer	Local Govt & School Districts	
			Employer	State
2003-2006	6.900%	6.900%	6.800%	0.100%

# STATISTICAL SECTION

## Public Employees' Retirement Board

*A Component Unit of the State of Montana*

### Schedule of Benefit Expenses by Type, Last Ten Years

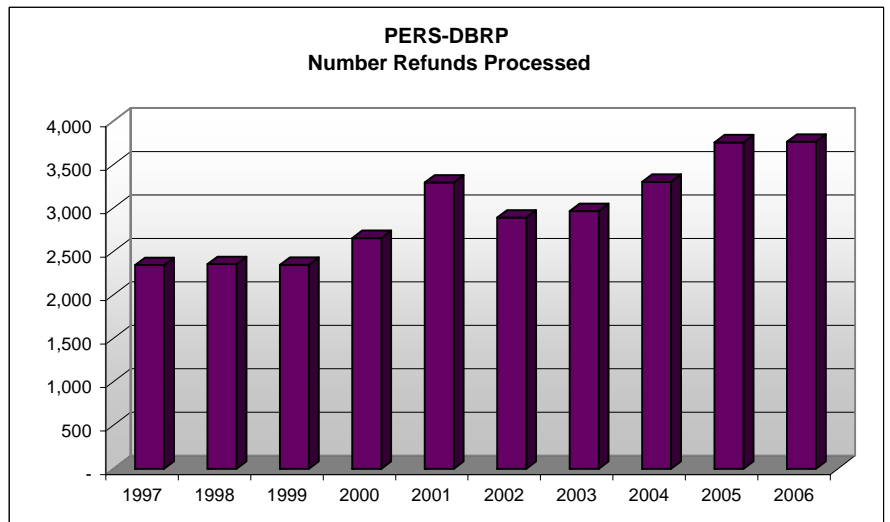
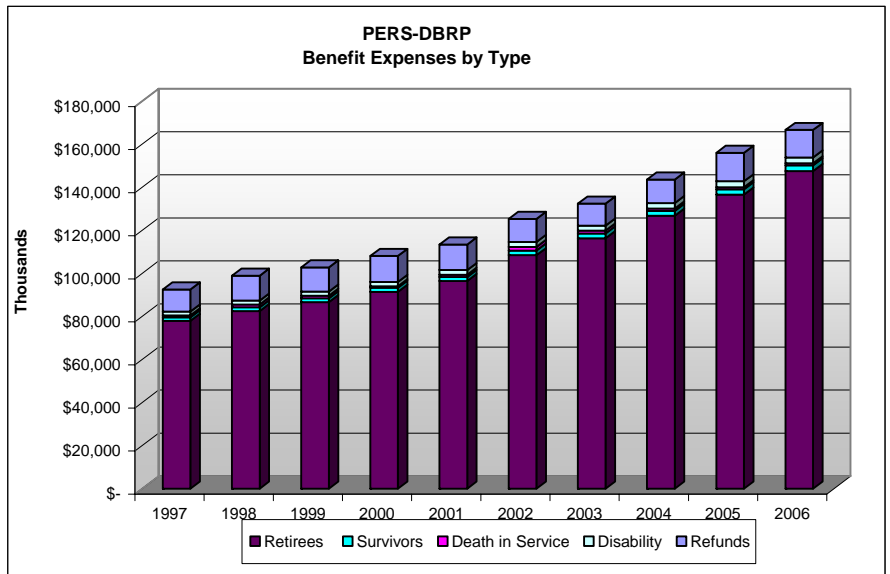
(in thousands)

System	1997	1998	1999	2000	2001	2002	2003
<b>PERS-DBRP</b>							
Type of Benefit							
Retirees	\$ 77,950	\$ 82,538	\$ 86,617	\$ 91,491	\$ 96,472	\$ 108,447	\$ 116,333
Survivors	1,659	1,727	1,793	1,808	1,869	2,180	2,248
Death In Service	887	1,319	1,225	722	1,029	1,710	1,278
Disability	1,796	1,796	1,886	1,996	2,176	2,326	2,345
Refunds	10,226	11,569	11,294	12,098	11,875	10,683	10,218
<b>Total</b>	<b>\$ 92,518</b>	<b>\$ 98,949</b>	<b>\$ 102,815</b>	<b>\$ 108,115</b>	<b>\$ 113,421</b>	<b>\$ 125,346</b>	<b>\$ 132,422</b>
<b>Refunds Processed</b>	<b>2,344</b>	<b>2,355</b>	<b>2,346</b>	<b>2,654</b>	<b>3,294</b>	<b>2,890</b>	<b>2,964</b>
<b>JRS</b>							
Type of Benefit							
Retirees	\$ 1,148	\$ 1,270	\$ 1,286	\$ 1,344	\$ 1,395	\$ 1,528	\$ 1,513
Survivors	14	34	33	36	36	38	38
Death In Service	7						
Disability	34						
Refunds		7					
<b>Total</b>	<b>\$ 1,203</b>	<b>\$ 1,311</b>	<b>\$ 1,319</b>	<b>\$ 1,380</b>	<b>\$ 1,431</b>	<b>\$ 1,566</b>	<b>\$ 1,551</b>
<b>Refunds Processed</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>HPORS</b>							
Type of Benefit							
Retirees	\$ 3,352	\$ 3,519	\$ 3,835	\$ 4,133	\$ 4,343	\$ 4,586	\$ 4,900
Survivors	165	171	161	146	150	143	134
Death In Service							
Disability	63	82	89	118	131	132	126
Refunds	99	158	82	142	86	130	60
<b>Total</b>	<b>\$ 3,679</b>	<b>\$ 3,930</b>	<b>\$ 4,167</b>	<b>\$ 4,539</b>	<b>\$ 4,710</b>	<b>\$ 4,991</b>	<b>\$ 5,220</b>
<b>Refunds Processed</b>	<b>9</b>	<b>13</b>	<b>9</b>	<b>16</b>	<b>10</b>	<b>7</b>	<b>7</b>
<b>SRS</b>							
Type of Benefit							
Retirees	\$ 1,106	\$ 1,330	\$ 1,901	\$ 2,469	\$ 2,809	\$ 3,193	\$ 3,761
Survivors	108	121	124	124	126	129	127
Death In Service			53	2			
Disability	288	292	286	334	357	378	419
Refunds	325	201	315	270	373	409	457
<b>Total</b>	<b>\$ 1,827</b>	<b>\$ 1,944</b>	<b>\$ 2,679</b>	<b>\$ 3,199</b>	<b>\$ 3,665</b>	<b>\$ 4,109</b>	<b>\$ 4,764</b>
<b>Refunds Processed</b>	<b>42</b>	<b>28</b>	<b>34</b>	<b>39</b>	<b>52</b>	<b>39</b>	<b>59</b>



## STATISTICAL SECTION

2004	2005	2006
\$ 126,751	\$ 136,632	\$ 147,502
2,298	2,436	2,681
1,093	992	965
2,541	2,729	2,738
10,913	13,236	12,754
<b>\$ 143,596</b>	<b>\$ 156,025</b>	<b>\$ 166,640</b>
<b>3,302</b>	<b>3,756</b>	<b>3,763</b>
\$ 1,611	\$ 1,583	\$ 1,699
41	41	44
18		
<b>\$ 1,670</b>	<b>\$ 1,624</b>	<b>\$ 1,743</b>
-	-	-
\$ 5,254	\$ 5,524	\$ 6,061
137	144	149
102	121	155
144	181	89
<b>\$ 5,637</b>	<b>\$ 5,970</b>	<b>\$ 6,454</b>
<b>13</b>	<b>8</b>	<b>7</b>
\$ 4,259	\$ 4,851	\$ 5,439
144	148	153
2		
498	528	560
306	612	365
<b>\$ 5,209</b>	<b>\$ 6,139</b>	<b>\$ 6,517</b>
<b>61</b>	<b>60</b>	<b>71</b>



## STATISTICAL SECTION

### Public Employees' Retirement Board

*A Component Unit of the State of Montana*

### Schedule of Benefit Expenses by Type, Last Ten Years (cont.)

(in thousands)

System	1997	1998	1999	2000	2001	2002	2003
<b>GWPORS</b>							
Type of Benefit							
Retirees	\$ 1,058	\$ 1,066	\$ 1,093	\$ 1,150	\$ 1,174	\$ 1,177	\$ 1,277
Survivors	29	29	30	30	30	25	26
Death In Service						4	
Disability	12	28	31	31	31	24	13
Refunds		34	73	125	212	317	355
<b>Total</b>	<b>\$ 1,099</b>	<b>\$ 1,157</b>	<b>\$ 1,227</b>	<b>\$ 1,336</b>	<b>\$ 1,447</b>	<b>\$ 1,547</b>	<b>\$ 1,671</b>
<b>Refunds Processed</b>	<b>-</b>	<b>8</b>	<b>30</b>	<b>30</b>	<b>83</b>	<b>85</b>	<b>80</b>
<b>MPORS</b>							
Type of Benefit							
Retirees	\$ 6,437	\$ 6,936	\$ 7,537	\$ 7,911	\$ 8,416	\$ 9,149	\$ 9,733
Survivors	385	389	422	448	452	457	452
Death In Service							
Disability	389	372	320	294	257	239	241
Refunds	203	282	299	298	386	345	326
<b>Total</b>	<b>\$ 7,414</b>	<b>\$ 7,979</b>	<b>\$ 8,578</b>	<b>\$ 8,951</b>	<b>\$ 9,511</b>	<b>\$ 10,190</b>	<b>\$ 10,752</b>
<b>Refunds Processed</b>	<b>18</b>	<b>24</b>	<b>27</b>	<b>27</b>	<b>31</b>	<b>37</b>	<b>30</b>
<b>FURS</b>							
Type of Benefit							
Retirees	\$ 5,257	\$ 5,874	\$ 6,409	\$ 6,987	\$ 7,514	\$ 6,666	\$ 8,620
Survivors	438	410	381	370	386	415	389
Death In Service							
Disability	259	209	206	160	118	98	72
Refunds	22	24	61	46	44	80	83
<b>Total</b>	<b>\$ 5,976</b>	<b>\$ 6,517</b>	<b>\$ 7,057</b>	<b>\$ 7,563</b>	<b>\$ 8,062</b>	<b>\$ 7,259</b>	<b>\$ 9,164</b>
<b>Refunds Processed</b>	<b>6</b>	<b>5</b>	<b>7</b>	<b>8</b>	<b>9</b>	<b>4</b>	<b>9</b>
<b>VFCA</b>							
Type of Benefit							
Retirees	\$ 748	\$ 771	\$ 801	\$ 842	\$ 879	\$ 1,350	\$ 1,406
Survivors		2	1	1	3	61	6
Death In Service							
Disability							
Refunds <sup>1</sup>							
<b>Total</b>	<b>\$ 748</b>	<b>\$ 773</b>	<b>\$ 802</b>	<b>\$ 843</b>	<b>\$ 882</b>	<b>\$ 1,411</b>	<b>\$ 1,412</b>

<sup>1</sup>Members are unpaid volunteers and do not contribute to the fund.

## STATISTICAL SECTION

2004	2005	2006
\$ 1,429	\$ 1,509	\$ 1,760
27	27	28
	1	27
4	2	19
501	607	477
\$ 1,961	\$ 2,146	\$ 2,311
<b>124</b>	<b>146</b>	<b>85</b>
\$ 10,208	\$ 10,646	\$ 11,256
446	473	491
231	244	285
337	786	551
\$ 11,222	\$ 12,149	\$ 12,583
<b>44</b>	<b>29</b>	<b>27</b>
\$ 9,201	\$ 9,903	\$ 10,527
385	398	408
88	85	105
77	101	46
\$ 9,751	\$ 10,487	\$ 11,086
<b>11</b>	<b>6</b>	<b>8</b>
\$ 1,455	\$ 1,494	\$ 1,561
24	23	3
\$ 1,479	\$ 1,517	\$ 1,564

## STATISTICAL SECTION

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### Public Employees' Retirement Board

*A Component Unit of the State of Montana*

#### **Schedule of Distributions Processed, Last Ten Fiscal Years <sup>1</sup>**

<b>System</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
<b>PERS-DCRP</b>				
Retirement		2	1	2
Death		2	3	2
Number of Full Refunds	29	96	97	115
Amount Refunded	\$555,923	\$ 1,789,108	\$ 1,582,125	\$ 1,474,530
Number of Partial Refunds	2	19	9	10
Amount Refunded	\$ 41,772	\$ 234,541	\$ 198,020	\$ 95,536
Number of Forfeitures	10	53	73	103
Amount of Contributions Forfeited <sup>2</sup>	\$ 31,188	\$ 135,248	\$ 192,257	\$ 263,685

<sup>1</sup>The PERS-DCRP was implemented July 1, 2002.

<sup>2</sup>Members terminating with less than 5 years of service forfeit their employer contributions.

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## STATISTICAL SECTION

### Public Employees' Retirement Board

*A Component Unit of the State of Montana*

#### Retired Members by Type of Benefit

As of June 30, 2006

PERS-DBRP	Amount of Monthly Benefit	Number of Retired Members	Type of Retirement		
			Regular	Disability	Survivor
	\$ 1 - 250	2,613	2,280	22	311
	251 - 500	3,864	3,199	103	562
	501 - 750	2,748	2,248	108	392
	751 - 1,000	1,793	1,506	51	236
	1,001 - 1,250	1,275	1,135	19	121
	1,251 - 1,500	954	859	15	80
	1,501 - 1,750	727	668	5	54
	1,751 - 2,000	498	474	4	20
	Over 2,000	1,182	1,136	2	44
	Total	15,654	13,505	329	1,820

JRS	Amount of Monthly Benefit	Number of Retired Members	Type of Retirement		
			Regular	Disability	Survivor
	\$ 1 - 250				
	251 - 500				
	501 - 750	2	1		1
	751 - 1,000	1	1		
	1,001 - 1,250	4			4
	1,251 - 1,500	1	1		
	1,501 - 1,750	3	1		2
	1,751 - 2,000				
	Over 2,000	40	32		8
	Total	51	36		15

HPORS	Amount of Monthly Benefit	Number of Retired Members	Type of Retirement		
			Regular	Disability	Survivor
	\$ 1 - 250	3	2		1
	251 - 500	8	5		3
	501 - 750	6	3		3
	751 - 1,000	10	2		8
	1,001 - 1,250	26	14	3	9
	1,251 - 1,500	90	62		28
	1,501 - 1,750	30	26	3	1
	1,751 - 2,000	25	21	1	3
	Over 2,000	84	80		4
	Total	282	215	7	60

<sup>1</sup> Option Selected:

- 1 - Beneficiary receives lump sum of member's unused contributions
- 2 - Beneficiary receives 100 percent of member's reduced monthly benefit
- 3 - Beneficiary receives 50 percent of member's reduced monthly benefit
- 4A - Guaranteed for the life of member or a minimum of 10 years after member's retirement
- 4B - Guaranteed for the life of member or a minimum of 20 years after member's retirement
- 5A - Survivorship benefit - guaranteed for life of beneficiary with GABA increases
- 5B - Survivorship benefit - guaranteed for life of beneficiary without GABA increases

GABA - Members electing the Guaranteed Annual Benefit Adjustment

NON-GABA - Member not electing the Guaranteed Annual Benefit Adjustment

## STATISTICAL SECTION

PERS-DBRP	Option Selected <sup>1</sup>							GABA	NON-GABA
	1	2	3	4A	4B	5A	5B		
	1,815	532	95	44	94	25	8	2,583	30
	2,445	943	218	55	137	62	4	3,830	34
	1,650	730	210	38	73	47		2,721	27
	1,062	454	162	25	57	33		1,774	19
	680	396	140	18	26	15		1,259	16
	457	321	137	12	17	10		943	11
	370	227	96	17	8	9		721	6
	268	139	68	12	7	4		496	2
	633	321	162	25	28	13		1,171	11
	9,380	4,063	1,288	246	447	218	12	15,498	156

JRS	Option Selected <sup>1</sup>						GABA	NON-GABA
	1	2	3	4A	4B	5A		
		1	1					2
	1							1
	1	3						4
		1					1	
	1	1				1	2	1
	8	28	3			1	16	24
	11	34	4			2	19	32

HPORS	Option Selected <sup>1</sup>						GABA	NON-GABA	
	1	2	3	4A	4B	5A			5B
		3						1	2
		6				2		2	6
		3				3		1	5
		10							10
	4	21				1		8	18
	10	78				2		17	73
	5	25						25	5
	2	23						23	2
	4	78				2		84	0
	25	247				10		161	121

## STATISTICAL SECTION

### Public Employees' Retirement Board

*A Component Unit of the State of Montana*

#### Retired Members by Type of Benefit

As of June 30, 2006

SRS	Amount of Monthly Benefit	Number of Retired Members	Type of Retirement		
			Regular	Disability	Survivor
	\$ 1 - 250	18	11	1	6
	251 - 500	30	22	2	6
	501 - 750	35	28	1	6
	751 - 1,000	40	28	2	10
	1,001 - 1,250	33	23	7	3
	1,251 - 1,500	46	36	6	4
	1,501 - 1,750	33	26	7	0
	1,751 - 2,000	35	29	5	1
	Over 2,000	91	88	2	1
	Total	361	291	33	37

GWPORS	Amount of Monthly Benefit	Number of Retired Members	Type of Retirement		
			Regular	Disability	Survivor
	\$ 1 - 250				
	251 - 500	14	14		
	501 - 750	9	5		4
	751 - 1,000	10	6		4
	1,001 - 1,250	11	6		5
	1,251 - 1,500	12	11	1	
	1,501 - 1,750	9	9		
	1,751 - 2,000	14	13		1
	Over 2,000	27	26		1
	Total	106	90	1	15

MPORS	Amount of Monthly Benefit	Number of Retired Members	Type of Retirement		
			Regular	Disability	Survivor
	\$ 1 - 250				
	251 - 500	5	5		
	501 - 750	4	4		
	751 - 1,000	3	2		1
	1,001 - 1,250	28	17	1	10
	1,251 - 1,500	189	120	6	63
	1,501 - 1,750	159	112	3	44
	1,751 - 2,000	71	62	3	6
	Over 2,000	121	111		10
	Total	580	433	13	134

<sup>1</sup> Option Selected:

- 1 - Beneficiary receives lump sum of member's unused contributions
- 2 - Beneficiary receives 100 percent of member's reduced monthly benefit
- 3 - Beneficiary receives 50 percent of member's reduced monthly benefit
- 4A - Guaranteed for the life of member or a minimum of 10 years after member's retirement
- 4B - Guaranteed for the life of member or a minimum of 20 years after member's retirement
- 5A - Survivorship benefit - guaranteed for life of beneficiary with GABA increases
- 5B - Survivorship benefit - guaranteed for life of beneficiary without GABA increases

GABA - Members electing the Guaranteed Annual Benefit Adjustment

NON-GABA - Member not electing the Guaranteed Annual Benefit Adjustment



## STATISTICAL SECTION

	Option Selected <sup>1</sup>						GABA	NON-GABA
	1	2	3	4A	4B	5A		
SRS								
	8	6				4	18	
	8	16	5			1	29	1
	16	12	5	1		1	34	1
	14	21	1			4	40	
	14	15	2		1	1	33	
	19	18	2	2	2	3	46	
	19	10	4				33	
	17	12	3	2	1		35	
	56	20	10	4	1		90	1
	171	130	32	9	5	14	358	3

	Option Selected <sup>1</sup>						GABA	NON-GABA
	1	2	3	4A	4B	5A		
GWPORS								
	5	7	2				13	1
	4	2	2			1	9	
	4	2	3			1	8	2
	4	4	2			1	11	
	6	5	1				12	
	6	2	1				9	
	5	7	1		1		14	
	13	8	6				26	1
	47	37	18		1	3	102	4

	Option Selected <sup>1</sup>						GABA	NON-GABA
	1	2	3	4A	4B	5A		
MPORS								
	3	2					4	1
	2	2					3	1
		3					3	
	2	22				4	26	2
	16	157				16	163	26
	12	144				3	123	36
	7	63				1	70	1
	13	105				3	120	1
	55	498				27	512	68

## STATISTICAL SECTION

### Public Employees' Retirement Board

*A Component Unit of the State of Montana*

#### Retired Members by Type of Benefit

As of June 30, 2006

FURS	Amount of Monthly Benefit	Number of Retired Members	Type of Retirement		
			Regular	Disability	Survivor
	\$ 1 - 250	36	29		7
	251 - 500	3	3		
	501 - 750	2	2		
	751 - 1,000	6	4		2
	1,001 - 1,250	31	19		12
	1,251 - 1,500	98	55	2	41
	1,501 - 1,750	134	88	1	45
	1,751 - 2,000	44	38	2	4
	Over 2,000	155	147	1	7
	Total	509	385	6	118

VFCA	Amount of Monthly Benefit	Number of Retired Members	Type of Retirement		
			Regular	Disability	Survivor
	\$ 1 - 250	1,001	994		7
	251 - 500				
	501 - 750				
	751 - 1,000				
	1,001 - 1,250				
	1,251 - 1,500				
	1,501 - 1,750				
	1,751 - 2,000				
	Over 2,000				
	Total	1,001	994		7

<sup>1</sup> Option Selected:

- 1 - Beneficiary receives lump sum of member's unused contributions
- 2 - Beneficiary receives 100 percent of member's reduced monthly benefit
- 3 - Beneficiary receives 50 percent of member's reduced monthly benefit
- 4A - Guaranteed for the life of member or a minimum of 10 years after member's retirement
- 4B - Guaranteed for the life of member or a minimum of 20 years after member's retirement
- 5A - Survivorship benefit - guaranteed for life of beneficiary with GABA increases
- 5B - Survivorship benefit - guaranteed for life of beneficiary without GABA increases

GABA - Members electing the Guaranteed Annual Benefit Adjustment

NON-GABA - Member not electing the Guaranteed Annual Benefit Adjustment

## STATISTICAL SECTION

Option Selected <sup>1</sup>							GABA	NON-GABA
1	2	3	4A	4B	5A	5B		
1	34				1		27	9
1	2						2	1
	2						2	
1	3				2		6	
3	27				1		27	4
2	89				7		87	11
5	120				9		112	22
3	40				1		43	1
20	133				2		154	1
36	450				23		460	49

Option Selected <sup>1</sup>							GABA	NON-GABA
1	2	3	4A	4B	5A	5B		
994	5				2			1,001

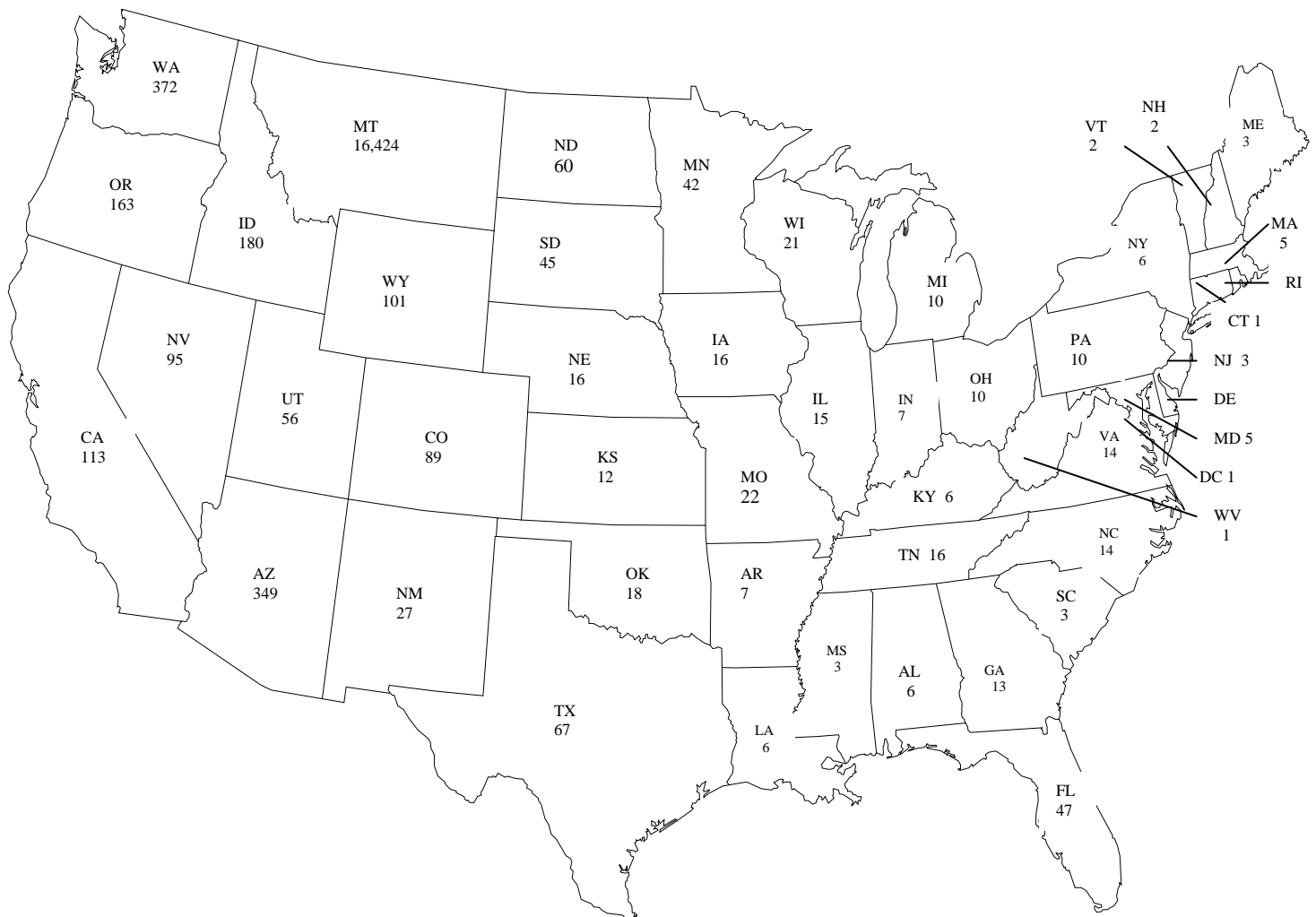
994	5				2			1,001
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## STATISTICAL SECTION

### Public Employees' Retirement Board

*A Component Unit of the State of Montana*

#### **Distribution of Defined Benefit Recipients by Location as of June 30, 2006**



Recipients outside the Continental U.S. include:  
Alaska – 14   Hawaii – 6   APO AE – 3   Canada – 11  
England – 2   Mexico – 2   Jordan – 1   Norway – 2  
Japan – 1

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## STATISTICAL SECTION

### Public Employees' Retirement Board

*A Component Unit of the State of Montana*

### Average Benefit Payments, Last Ten Fiscal Years

#### PERS - Defined Benefit Retirement Plan

Retirement Effective Dates	Years of Credited Service						
	0-5	5-10	10-15	15-20	20-25	25-30	30+
Period 7/1/1996 - 6/30/1997							
Average monthly benefit	\$ 116	\$ 260	\$ 419	\$ 659	\$ 851	\$ 1,205	\$ 1,848
Average HAC <sup>1</sup>							
Number of retired members	2	155	109	113	92	46	78
Period 7/1/1997 - 6/30/1998							
Average monthly benefit	117	270	399	664	869	1,320	1,785
Average HAC <sup>1</sup>							
Number of retired members	5	122	132	122	98	75	118
Period 7/1/1998 - 6/30/1999							
Average monthly benefit	123	283	429	659	890	1,264	1,860
Average HAC <sup>1</sup>							
Number of retired members	7	142	126	119	109	93	72
Period 7/1/1999 - 6/30/2000							
Average monthly benefit	118	269	447	674	883	1,383	1,910
Average HAC <sup>1</sup>							
Number of retired members	17	129	111	133	119	102	110
Period 7/1/2000 - 6/30/2001							
Average monthly benefit	160	267	468	691	893	1,302	2,271
Average HAC <sup>1</sup>							
Number of retired members	9	158	164	143	120	81	64
Period 7/1/2001 - 6/30/2002							
Average monthly benefit	175	241	464	627	890	1,706	2,361
Average HAC <sup>1</sup>							
Number of retired members	12	115	120	108	85	116	164
Period 7/1/2002 - 6/30/2003							
Average monthly benefit	123	256	470	683	925	1,630	2,174
Average HAC <sup>1</sup>							
Number of retired members	11	101	124	114	92	107	136
Period 7/1/2003 - 6/30/2004							
Average monthly benefit	146	255	470	715	985	1,639	2,675
Average HAC <sup>1</sup>							
Number of retired members	8	118	132	117	120	126	167
Period 7/1/2004 - 6/30/2005							
Average monthly benefit	125	272	498	691	966	1,535	2,315
Average HAC <sup>1</sup>							
Number of retired members	10	132	158	133	109	123	132
Period 7/1/2005 - 6/30/2006							
Average monthly benefit	157	257	461	714	960	1,534	2,292
Average HAC <sup>1</sup>	1,862	1,707	2,013	2,160	2,174	2,460	3,480
Number of retired members	10	131	135	136	107	128	189

<sup>1</sup>Highest Average Compensation unavailable prior to FY2006. HAC = Highest Average Compensation.

Public Employees' Retirement Board

*A Component Unit of the State of Montana*

**Average Benefit Payments, Last Ten Fiscal Years**

**Judges' Retirement System**

Retirement Effective Dates	Years of Credited Service							
	0-5	5-10	10-15	15-20	20-25	25-30	30+	
Period 7/1/1996 - 6/30/1997								
Average monthly benefit	\$	2,051	\$	-	\$	-	\$	-
Average HAC <sup>1</sup>								
Number of retired members		1						
Period 7/1/1997 - 6/30/1998								
Average monthly benefit		1,693	3,123					
Average HAC <sup>1</sup>								
Number of retired members		1	1					
Period 7/1/1998 - 6/30/1999								
Average monthly benefit			2,524					
Average HAC <sup>1</sup>								
Number of retired members			1					
Period 7/1/1999 - 6/30/2000								
Average monthly benefit								
Average HAC <sup>1</sup>								
Number of retired members								
Period 7/1/2000 - 6/30/2001								
Average monthly benefit		557	2,333	3,867			5,230	
Average HAC <sup>1</sup>								
Number of retired members		1	2	4			1	
Period 7/1/2001 - 6/30/2002								
Average monthly benefit								
Average HAC <sup>1</sup>								
Number of retired members								
Period 7/1/2002 - 6/30/2003								
Average monthly benefit								
Average HAC <sup>1</sup>								
Number of retired members								
Period 7/1/2003 - 6/30/2004								
Average monthly benefit					4,771			
Average HAC <sup>1</sup>								
Number of retired members					1			
Period 7/1/2004 - 6/30/2005								
Average monthly benefit			3,643					
Average HAC <sup>1</sup>								
Number of retired members			1					
Period 7/1/2005 - 6/30/2006								
Average monthly benefit		2,242				4,152		
Average HAC <sup>1</sup>		8,407						
Number of retired members		1				1		

<sup>1</sup>Highest Average Compensation unavailable prior to FY2006. HAC = Highest Average Compensation.

## STATISTICAL SECTION

### Public Employees' Retirement Board

#### *A Component Unit of the State of Montana*

#### Average Benefit Payments, Last Ten Fiscal Years

##### Highway Patrol Officers' Retirement System

Retirement Effective Dates	Years of Credited Service						
	0-5	5-10	10-15	15-20	20-25	25-30	30+
Period 7/1/1996 - 6/30/1997							
Average monthly benefit	\$ -	\$ -	\$ -	\$ -	1,965	\$ 2,502	\$ -
Average HAC <sup>1</sup>							
Number of retired members					3	1	
Period 7/1/1997 - 6/30/1998							
Average monthly benefit		1,599	1,544		2,065		3,312
Average HAC <sup>1</sup>							
Number of retired members		1	1		3		3
Period 7/1/1998 - 6/30/1999							
Average monthly benefit			453		1,647	2,524	3,239
Average HAC <sup>1</sup>							
Number of retired members			1		2	7	3
Period 7/1/1999 - 6/30/2000							
Average monthly benefit	1,225			1,696		2,719	3,232
Average HAC <sup>1</sup>							
Number of retired members	1			1		6	3
Period 7/1/2000 - 6/30/2001							
Average monthly benefit		1,575				2,638	3,768
Average HAC <sup>1</sup>							
Number of retired members		1				2	2
Period 7/1/2001 - 6/30/2002							
Average monthly benefit			680		2,120	2,570	3,558
Average HAC <sup>1</sup>							
Number of retired members			1		2	2	2
Period 7/1/2002 - 6/30/2003							
Average monthly benefit			1,658		2,177	3,412	3,544
Average HAC <sup>1</sup>							
Number of retired members			1		2	2	1
Period 7/1/2003 - 6/30/2004							
Average monthly benefit		1,562			2,678	3,314	3,561
Average HAC <sup>1</sup>							
Number of retired members		1			2	1	4
Period 7/1/2004 - 6/30/2005							
Average monthly benefit			1,149		2,256	2,464	3,517
Average HAC <sup>1</sup>							
Number of retired members			2		2	1	2
Period 7/1/2005 - 6/30/2006							
Average monthly benefit		1,546			1,935	2,673	3,934
Average HAC <sup>1</sup>		3,092			3,635	3,678	4,840
Number of retired members		1			2	1	1

<sup>1</sup>Highest Average Compensation unavailable prior to FY2006. HAC = Highest Average Compensation.



# Public Employees' Retirement Board

*A Component Unit of the State of Montana*

## Average Benefit Payments, Last Ten Fiscal Years

### Sheriffs' Retirement System

Retirement Effective Dates	Years of Credited Service						
	0-5	5-10	10-15	15-20	20-25	25-30	30+
Period 7/1/1996 - 6/30/1997							
Average monthly benefit	\$ -	\$ 1,068	\$ 514	\$ -	\$ 1,120	\$ 2,007	\$ -
Average HAC <sup>1</sup>							
Number of retired members		1	3		5	1	
Period 7/1/1997 - 6/30/1998							
Average monthly benefit	1,402	464	575	1,327	1,765	2,204	2,924
Average HAC <sup>1</sup>							
Number of retired members	1	1	2	3	10	6	1
Period 7/1/1998 - 6/30/1999							
Average monthly benefit	983	647	950	1,486	2,032	2,472	2,248
Average HAC <sup>1</sup>							
Number of retired members	2	7	2	4	16	8	2
Period 7/1/1999 - 6/30/2000							
Average monthly benefit	208	994	532	1,242	1,980	2,279	
Average HAC <sup>1</sup>							
Number of retired members	2	3	3	6	13	3	
Period 7/1/2000 - 6/30/2001							
Average monthly benefit	100	568	754		2,093	3,076	
Average HAC <sup>1</sup>							
Number of retired members	2	4	3		7	5	
Period 7/1/2001 - 6/30/2002							
Average monthly benefit	43		1,169	1,064	1,678	2,680	2,903
Average HAC <sup>1</sup>							
Number of retired members	1		3	2	9	4	2
Period 7/1/2002 - 6/30/2003							
Average monthly benefit	1,473	353	1,033	1,037	1,920	2,768	3,819
Average HAC <sup>1</sup>							
Number of retired members	2	2	3	5	10	7	1
Period 7/1/2003 - 6/30/2004							
Average monthly benefit		1,944	928	1,107	1,603	3,001	3,010
Average HAC <sup>1</sup>							
Number of retired members		1	1	1	10	6	3
Period 7/1/2004 - 6/30/2005							
Average monthly benefit		157	990	1,666	2,095	2,826	
Average HAC <sup>1</sup>							
Number of retired members		3	4	2	9	1	
Period 7/1/2005 - 6/30/2006							
Average monthly benefit		544	612	1,437	2,172	2,553	2,790
Average HAC <sup>1</sup>			2,639	3,157	3,422	3,974	3,958
Number of retired members		1	5	1	8	5	1

<sup>1</sup>Highest Average Compensation unavailable prior to FY2006. HAC = Highest Average Compensation.

## STATISTICAL SECTION

### Public Employees' Retirement Board

*A Component Unit of the State of Montana*

### Average Benefit Payments, Last Ten Fiscal Years

#### Game Wardens' and Peace Officers' Retirement System

Retirement Effective Dates	Years of Credited Service					
	0-5	5-10	10-15	15-20	20-25	25-30 30+
Period 7/1/1996 - 6/30/1997						
Average monthly benefit	\$ -	\$ -	\$ -	\$ -	1,426	\$ -
Average HAC <sup>1</sup>						
Number of retired members					1	
Period 7/1/1997 - 6/30/1998						
Average monthly benefit				1,808		1,726
Average HAC <sup>1</sup>						
Number of retired members				1		1
Period 7/1/1998 - 6/30/1999						
Average monthly benefit						2,247
Average HAC <sup>1</sup>						
Number of retired members						2
Period 7/1/1999 - 6/30/2000						
Average monthly benefit					1,977	
Average HAC <sup>1</sup>						
Number of retired members					2	
Period 7/1/2000 - 6/30/2001						
Average monthly benefit						
Average HAC <sup>1</sup>						
Number of retired members						
Period 7/1/2001 - 6/30/2002						
Average monthly benefit		334			1,486	
Average HAC <sup>1</sup>						
Number of retired members		2			1	
Period 7/1/2002 - 6/30/2003						
Average monthly benefit					1,334	3,111
Average HAC <sup>1</sup>						
Number of retired members					1	3
Period 7/1/2003 - 6/30/2004						
Average monthly benefit		877			893	2,210
Average HAC <sup>1</sup>						
Number of retired members		2			2	1
Period 7/1/2004 - 6/30/2005						
Average monthly benefit		442				1,566
Average HAC <sup>1</sup>						
Number of retired members		8				2
Period 7/1/2005 - 6/30/2006						
Average monthly benefit		721	910		1,839	2,871
Average HAC <sup>1</sup>		2,214			3,044	3,282
Number of retired members		5	2		1	6

<sup>1</sup>Highest Average Compensation unavailable prior to FY2006. HAC = Highest Average Compensation.

Public Employees' Retirement Board

*A Component Unit of the State of Montana*

**Average Benefit Payments, Last Ten Fiscal Years**

**Municipal Police Officers' Retirement System**

Retirement Effective Dates	Years of Credited Service						
	0-5	5-10	10-15	15-20	20-25	25-30	30+
Period 7/1/1996 - 6/30/1997							
Average monthly benefit	\$ -	\$ -	\$ -	\$ 1,801	\$ 1,925	\$ 2,810	\$ 3,135
Average HAC <sup>1</sup>							
Number of retired members				3	7	1	1
Period 7/1/1997 - 6/30/1998							
Average monthly benefit	1,182	423	1,403	1,829	1,987	3,015	
Average HAC <sup>1</sup>							
Number of retired members	1	1	3	1	16	3	
Period 7/1/1998 - 6/30/1999							
Average monthly benefit		465	1,655	1,549	2,285	4,058	
Average HAC <sup>1</sup>							
Number of retired members		1	2	2	11	3	
Period 7/1/1999 - 6/30/2000							
Average monthly benefit		1,726		1,320	2,168	3,299	
Average HAC <sup>1</sup>							
Number of retired members		1		3	4	5	
Period 7/1/2000 - 6/30/2001							
Average monthly benefit				1,937	2,333	1,944	3,706
Average HAC <sup>1</sup>							
Number of retired members				1	16	1	2
Period 7/1/2001 - 6/30/2002							
Average monthly benefit		1,367	1,144	1,789	2,467	3,796	
Average HAC <sup>1</sup>							
Number of retired members		1	3	1	8	2	
Period 7/1/2002 - 6/30/2003							
Average monthly benefit	1,586		1,826	1,420	2,032	3,949	
Average HAC <sup>1</sup>							
Number of retired members	1		1	2	11	3	
Period 7/1/2003 - 6/30/2004							
Average monthly benefit		1,161		1,773	2,015	2,603	
Average HAC <sup>1</sup>							
Number of retired members		2		2	8	4	
Period 7/1/2004 - 6/30/2005							
Average monthly benefit	1,437	1,017	1,703	1,846	2,641	3,535	5,049
Average HAC <sup>1</sup>							
Number of retired members	2	2	2	2	3	3	1
Period 7/1/2005 - 6/30/2006							
Average monthly benefit	1,355		1,120	2,937	2,316	4,900	4,671
Average HAC <sup>1</sup>	1,450		0	5,875	3,185	6,220	5,527
Number of retired members	2		1	1	4	1	2

<sup>1</sup> Highest Average Compensation unavailable prior to FY2006. HAC = Highest Average Compensation.

## STATISTICAL SECTION

### Public Employees' Retirement Board

#### *A Component Unit of the State of Montana*

#### Average Benefit Payments, Last Ten Fiscal Years

##### Firefighters' Unified Retirement System

Retirement Effective Dates	Years of Credited Service						
	0-5	5-10	10-15	15-20	20-25	25-30	30+
Period 7/1/1996 - 6/30/1997							
Average monthly benefit	\$ -	\$ -	\$ 1,579	\$ 961	\$ 1,125	\$ 2,637	\$ 2,782
Average HAC <sup>1</sup>							
Number of retired members			1	2	2	4	1
Period 7/1/1997 - 6/30/1998							
Average monthly benefit			1,316		1,793	2,359	3,292
Average HAC <sup>1</sup>							
Number of retired members			2		11	8	8
Period 7/1/1998 - 6/30/1999							
Average monthly benefit				1,637	1,568	2,735	3,839
Average HAC <sup>1</sup>							
Number of retired members				1	6	5	7
Period 7/1/1999 - 6/30/2000							
Average monthly benefit		67	1,994		2,011	2,495	3,404
Average HAC <sup>1</sup>							
Number of retired members		1	1		8	9	5
Period 7/1/2000 - 6/30/2001							
Average monthly benefit	1,263	1,029	1,189	1,126	1,920	2,909	3,489
Average HAC <sup>1</sup>							
Number of retired members	1	1	1	2	3	7	4
Period 7/1/2001 - 6/30/2002							
Average monthly benefit	1,446				2,367	3,311	3,664
Average HAC <sup>1</sup>							
Number of retired members	1				4	5	7
Period 7/1/2002 - 6/30/2003							
Average monthly benefit				225	2,230	3,096	3,544
Average HAC <sup>1</sup>							
Number of retired members				1	1	5	3
Period 7/1/2003 - 6/30/2004							
Average monthly benefit		1,687	1,677	1,758	1,725	3,062	3,668
Average HAC <sup>1</sup>							
Number of retired members		1	1	1	6	5	9
Period 7/1/2004 - 6/30/2005							
Average monthly benefit		1,753		1,566	1,853	2,249	3,368
Average HAC <sup>1</sup>							
Number of retired members		1		2	5	3	2
Period 7/1/2005 - 6/30/2006							
Average monthly benefit	1,374		2,118	1,890	2,719	2,770	\$3,916
Average HAC <sup>1</sup>	2,749		4,235	2,202		4,049	\$4,480
Number of retired members	2		1	2	1	4	8

<sup>1</sup> Highest Average Compensation unavailable prior to FY2006. HAC = Highest Average Compensation.

# Public Employees' Retirement Board

*A Component Unit of the State of Montana*

## Average Benefit Payments, Last Ten Fiscal Years

### Volunteer Firefighters' Compensation Act

Retirement Effective Dates	Years of Credited Service						
	0-5	5-10	10-15	15-20	20-25	25-30	30+
Period 7/1/1996 - 6/30/1997							
Average monthly benefit	\$ -	\$ 75	\$ 89	\$ 149	\$ -	\$ -	\$ -
Average HAC <sup>1</sup>							
Number of retired members		7	6	28			
Period 7/1/1997 - 6/30/1998							
Average monthly benefit		75	86	145			
Average HAC <sup>1</sup>							
Number of retired members		4	10	38			
Period 7/1/1998 - 6/30/1999							
Average monthly benefit		75	96	148			
Average HAC <sup>1</sup>							
Number of retired members		6	7	36			
Period 7/1/1999 - 6/30/2000							
Average monthly benefit		75	94	147			
Average HAC <sup>1</sup>							
Number of retired members		6	14	51			
Period 7/1/2000 - 6/30/2001							
Average monthly benefit		75	95	148			
Average HAC <sup>1</sup>							
Number of retired members		3	12	38			
Period 7/1/2001 - 6/30/2002							
Average monthly benefit		75	1,556	743			
Average HAC <sup>1</sup>							
Number of retired members		5	22	42			
Period 7/1/2002 - 6/30/2003							
Average monthly benefit		75	98	149			
Average HAC <sup>1</sup>							
Number of retired members		9	8	46			
Period 7/1/2003 - 6/30/2004							
Average monthly benefit		75	554	539	150	150	
Average HAC <sup>1</sup>							
Number of retired members		5	18	30	2	2	
Period 7/1/2004 - 6/30/2005							
Average monthly benefit		446	650	354	156	210	
Average HAC <sup>1</sup>							
Number of retired members		8	19	28	8	1	
Period 7/1/2005 - 6/30/2006							
Average monthly benefit			96	147	166	206	225
Average HAC <sup>1</sup>							
Number of retired members			14	17	22	14	1

<sup>1</sup> Highest Average Compensation is not applicable to the VFCA. Members are unpaid volunteers and do not contribute to the fund.

## STATISTICAL SECTION

### Public Employees' Retirement Board

*A Component Unit of the State of Montana*

#### Schedule of Average Monthly Benefit Payments, All Retirees

*For the Fiscal Year Ended 2006*

System	Years of Service	Recipients's Age										Average
		< 45	45-49	50-54	55-59	60-64	65-69	70-74	75-79	Over 80		
PERS-DBRP	0-4	\$ 201	\$ -	\$ 184	\$ 299	\$ 241	\$ 197	\$ 2,285	\$ 124	\$ 309	\$ 234	
	5-9	323	408	282	258	274	264	256	219	237	252	
	10-14	563	597	402	424	446	445	402	372	376	405	
	15-19	707	757	541	573	642	670	638	582	549	604	
	20-24	1,163	923	855	826	918	903	852	812	752	838	
	25-29		1,610	1,725	1,584	1,484	1,294	1,198	1,095	974	1,276	
	30-34		2,159	2,318	2,265	1,985	1,741	1,577	1,424	1,263	1,792	
	35-39			2,485	2,854	2,732	2,196	2,069	1,806	1,504	2,062	
	40-UP				4,002	3,380	3,076	2,314	2,357	1,752	2,384	
	Average	\$ 471	\$ 1,060	\$ 1,186	\$ 1,216	\$ 1,026	\$ 895	\$ 787	\$ 700	\$ 616	\$ 836	
JRS	0-4											
	5-9				\$ 557	\$ -	\$ 2,242	\$ 1,872	\$ 1,576	\$ 1,465	\$ 1,553	
	10-14					2,260		2,439	2,881	2,867	2,732	
	15-19						23,743	3,925	3,924	2,664	3,046	
	20-24					4,771			3,739	3,561	3,908	
	25-29						4,152		4,621	4,091	4,239	
	30-34							5,307		5,411	5,359	
	35-39											
	40-UP											
	Average				\$ 557	\$ 2,888	\$ 3,379	\$ 3,224	\$ 3,163	\$ 2,808	\$ 2,936	
HPORS	0-4	\$ 1,202	\$ -	\$ 509	\$ 627	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 895	
	5-9	1,562	1,599	1,458	1,101	1,270		1,026			1,297	
	10-14	1,708	426	1,658	567		429	235	640	524	702	
	15-19			1,551			1,342	766	488		993	
	20-24		2,196	2,017	1,794	1,382	1,336	1,268	1,317	1,056	1,476	
	25-29			3,179	2,731	2,221	2,112	1,418	1,359	1,298	1,921	
	30-34				3,282	3,295	2,989	1,940	1,947	1,425	2,583	
	35-39					3,997	3,892		2,506		3,328	
	40-UP								4,960	1,966	3,463	
	Average	\$ 1,431	\$ 1,801	\$ 1,917	\$ 2,161	\$ 2,110	\$ 1,953	\$ 1,344	\$ 1,556	\$ 1,209	\$ 1,766	
SRS	0-4	\$ 717	\$ 1,308	\$ 930	\$ 692	\$ 902	\$ 43	\$ 456	\$ 329	\$ -	\$ 708	
	5-9	754	1,593	739	874	627	580	512	440		744	
	10-14	1,897	1,360	692	792	941	618	1,063	741	426	777	
	15-19			1,537	1,016	1,018	1,304	931	908	689	987	
	20-24	1,926	1,702	1,833	1,984	1,463	1,468	889	966	746	1,656	
	25-29		2,976	2,536	2,759	2,598	2,017	1,311	506	979	2,179	
	30-34				3,167	2,242	3,087		1,158	1,604	2,293	
	35-39						2,604	2,753			2,679	
	40-UP											
	Average	\$ 1,181	\$ 1,785	\$ 1,687	\$ 1,678	\$ 1,526	\$ 1,466	\$ 1,043	\$ 734	\$ 817	\$ 1,456	

## STATISTICAL SECTION

System	Years of Service	Recipients's Age									Average
		< 45	45-49	50-54	55-59	60-64	65-69	70-74	75-79	Over 80	
GWPORS	0-4	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	5-9		1,492		568	397					562
	10-14			1,242	870	950	1,282				1,086
	15-19			1,808	520				694	776	852
	20-24			1,410	1,208	1,116	1,398	1,321	1,458	866	1,237
	25-29			1,566	1,828	2,097	1,693	1,705	1,697	1,147	1,596
	30-34			3,060	3,747	2,505	2,425	2,141	2,303	1,269	2,287
	35-39				2,497		2,622	3,069		1,890	2,250
	40-UP										
	Average	\$ 1,492	\$ 2,020	\$ 1,185	\$ 1,456	\$ 1,803	\$ 1,923	\$ 1,445	\$ 1,248	\$ 1,517	
MPORS	0-4	\$ 1,425	\$ 1,321	\$ 1,366	\$ 1,401	\$ 1,482	\$ 1,300	\$ -	\$ 1,329	\$ -	\$ 1,380
	5-9	1,726	1,251	1,217	1,090	1,476	1,450	1,264	1,450	1,478	1,327
	10-14	1,702	1,473	1,368	1,371	1,406	1,438	1,446	1,290	1,307	1,386
	15-19	1,894	-	1,633	1,591	1,521	1,373	1,597	1,487	1,485	1,528
	20-24	2,210	2,032	1,944	1,940	1,772	1,555	1,544	1,594	1,506	1,728
	25-29			3,966	3,291	2,946	2,230	2,222	1,272	1,564	2,723
	30-34				4,420	3,892		2,070	2,215	1,782	3,053
	35-39									2,194	2,194
	40-UP										
	Average	\$ 1,829	\$ 1,823	\$ 1,984	\$ 1,983	\$ 1,944	\$ 1,569	\$ 1,657	\$ 1,554	\$ 1,511	\$ 1,765
FURS	0-4	\$ 1,376	\$ 1,354	\$ 1,677	\$ 1,573	\$ -	\$ -	\$ -	\$ -	\$ 219	\$ 1,288
	5-9	1,720	193	192	1,118		1,578		1,330	1,481	1,194
	10-14	2,118	941	1,440	1,436	635	1,368	1,507	1,511	1,540	1,332
	15-19		1,361	1,630	1,349	1,327	959	1,497	1,284	1,162	1,343
	20-24		1,789	1,985	1,723	1,521	1,456	1,340	1,226	1,449	1,520
	25-29		2,507	2,836	2,798	2,525	1,869	1,586	1,302	1,395	2,012
	30-34				3,460	3,650	3,074	1,562	1,936	1,493	2,974
	35-39					4,238	4,313	3,279	2,508	1,598	3,365
	40-UP								191		191
	Average	\$ 1,614	\$ 1,623	\$ 1,970	\$ 2,274	\$ 2,374	\$ 1,938	\$ 1,616	\$ 1,346	\$ 1,418	\$ 1,857
VFCA	0-4				\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	5-9										
	10-14					89	85	87	83	86	86
	15-19					125	125	125	127	123	125
	20-24				153	150	150	150	150	150	151
	25-29				190	180	199	210			191
	30-34				225	225		225			225
	35-39										
	40-UP										
	Average				\$ 158	\$ 134	\$ 129	\$ 131	\$ 125	\$ 120	\$ 132

# STATISTICAL SECTION

## Public Employees' Retirement Board

*A Component Unit of the State of Montana*

### Principal Participating Employers

Current Year and Nine Years Ago

Participating Government	As of June 30, 2006			As of June 30, 1997		
	Covered Employees <sup>1</sup>	Rank	Percentage of Total System	Covered Employees <sup>1</sup>	Rank	Percentage of Total System
<b>PERS-DBRP</b>						
STATE OF MONTANA <sup>2</sup>	10,626	1	37.70	10,581	1	36.97
UNIVERSITY OF MONTANA	1,104	2	3.92	1,068	3	3.73
MONTANA STATE UNIVERSITY - BOZEMAN	1,043	3	3.70	1,088	2	3.80
MISSOULA COUNTY	557	4	1.98	470	6	1.64
CITY OF BILLINGS	543	5	1.93	507	5	1.77
GREAT FALLS PUBLIC SCHOOLS	424	6	1.50	461	7	1.61
FLATHEAD COUNTY	388	7	1.38	384	9	1.34
SCHOOL DISTRICT 2 - BILLINGS	372	8	1.32	422	8	1.47
CASCADE COUNTY	360	9	1.28	296	15	1.03
CITY OF GREAT FALLS	335	10	1.19	326	11	1.14
YELLOWSTONE COUNTY	334	11	1.19	546	4	1.91
BUTTE SILVER BOW	324	13	1.15	370	10	1.29
All other <sup>3</sup>	11,768		41.76	12,103		42.30
TOTAL (489 EMPLOYERS)	28,178		100.00	28,622		100.00

<sup>3</sup> In 2006, "all other" consisted of:		
Type	Number	Employees
Cities & Towns	91	1,945
Counties	51	3,704
Other Agencies	95	1,163
School Dist	237	4,524
Universities	3	432
Total	477	11,768

<sup>1</sup> Employee counts are based on June payrolls. Differences in employee counts in this schedule as compared to other CAFR schedules are due to member with multiple employers, June 30th refunded members and members with dual retirement system elections

<sup>2</sup>For the purposes of this schedule the "State of Montana" is considered one employer. There are a total of 36 individual State of Montana agencies reporting to the PERS-DBRP.



## STATISTICAL SECTION

### Public Employees' Retirement Board

*A Component Unit of the State of Montana*

#### Principal Participating Employers (cont.)

Current Year and Nine Years Ago

Participating Government	As of June 30, 2006			As of June 30, 1997		
	Covered Employees <sup>1</sup>	Rank	Percentage of Total System	Covered Employees <sup>1</sup>	Rank	Percentage of Total System
<b>JRS</b>						
STATE OF MONTANA	50	1	100.00	44	1	100
TOTAL (1 EMPLOYER)	50		100.00	44		100
<b>HPORS</b>						
STATE OF MONTANA	197	1	100.00	208	1	100
TOTAL (1 EMPLOYER)	197		100.00	208		100
<b>SRS</b>						
MISSOULA COUNTY	101	1	9.87	45	2	7.54
YELLOWSTONE COUNTY	97	2	9.48	49	1	8.21
CASCADE COUNTY	76	3	7.43	32	5	5.36
FLATHEAD COUNTY	72	4	7.04	39	3	6.53
GALLATIN COUNTY	63	5	6.16	32	4	5.36
LEWIS & CLARK COUNTY	53	6	5.18	30	7	5.03
STATE OF MONTANA	46	7	4.50	32	6	5.36
RAVALLI COUNTY	39	8	3.81	23	8	3.85
LAKE COUNTY	31	9	3.03	13	12	2.18
DAWSON COUNTY	30	10	2.93	6	35	1.01
LINCOLN COUNTY	26	11	2.54	18	9	3.01
ROSEBUD COUNTY	18	14	1.76	17	10	2.84
In 2006 All other consists of 45 Counties	371		36.27	261		43.72
TOTAL (57 EMPLOYERS)	1,023		100.00	597		100.00
<b>GWPORS</b>						
STATE OF MONTANA <sup>2</sup>	772	1	96.87	93	1	100.00
UNIVERSITY OF MONTANA	11	2	1.38	0		0.00
MONTANA STATE UNIVERSITY - BOZEMAN	10	3	1.25	0		0.00
MONTANA STATE UNIVERSITY - BILLINGS	4	4	0.50	0		0.00
TOTAL (4 EMPLOYERS)	797		100.00	93		100.00

<sup>1</sup>Employee counts are based on June payrolls. Differences in employee counts in this schedule as compared to other CAFR schedules are due to members with multiple employers.

<sup>2</sup>For the purposes of this schedule the "State of Montana" is considered one employer. There are a total of 4 State of Montana agencies reporting under the GWPORS.

# STATISTICAL SECTION

## Public Employees' Retirement Board

*A Component Unit of the State of Montana*

### Principal Participating Employers (cont.)

Current Year and Nine Years Ago

Participating Government	As of June 30, 2006			As of June 30, 1997		
	Covered Employees <sup>1</sup>	Rank	Percentage of Total System	Covered Employees <sup>1</sup>	Rank	Percentage of Total System
<b>MPORS</b>						
CITY OF BILLINGS	125	1	20.10	117	1	21.63
CITY OF MISSOULA	101	2	16.24	76	2	14.05
CITY OF GREAT FALLS	81	3	13.02	70	3	12.94
CITY OF BOZEMAN	46	4	7.40	38	6	7.02
CITY OF HELENA	45	5	7.23	42	5	7.76
BUTTE-SILVER BOW	40	6	6.43	43	4	7.95
CITY OF KALISPELL	33	7	5.31	26	7	4.81
CITY OF HAVRE	20	8	3.22	19	9	3.51
ANACONDA-DEER LODGE COUNTY	17	9	2.73	25	8	4.62
CITY OF WHITEFISH	16	10	2.57	8	16	1.48
CITY OF LEWISTOWN	14	11	2.25	14	10	2.59
In 2006 All other consists of 11 Cities	84		13.50	63	63	11.64
TOTAL (22 EMPLOYERS)	622		100.00	541		100.00
<b>FURS</b>						
CITY OF BILLINGS	109	1	23.18	106	1	23.81
CITY OF MISSOULA	75	2	15.96	70	2	15.73
CITY OF GREAT FALLS	66	3	14.04	64	3	14.38
CITY OF HELENA	35	4	7.45	35	4	7.87
CITY OF KALISPELL	35	5	7.45	21	8	4.72
BUTTE-SILVER BOW	32	6	6.81	34	5	7.64
CITY OF BOZEMAN	30	7	6.38	27	6	6.07
CITY OF HAVRE	17	8	3.62	17	9	3.82
CITY OF LIVINGSTON	15	9	3.19	16	10	3.60
CITY OF MILES CITY	13	10	2.77	14	11	3.15
CITY OF GLENDALE	5	15	1.06	22	7	4.94
In 2006 All other consists of 5 Cities and 1 State Agency	38		8.09	19		4.27
TOTAL (17 EMPLOYERS)	470		100.00	445		100.00
<b>VFCA</b>						
Participating employers is not applicable to VFCA because members are unpaid volunteers.						

<sup>1</sup> Employee counts are based on June payrolls. Differences in employee counts in this schedule as compared to other CAFR schedules are due to members with multiple employers, June 30th refunded members and members with dual retirement system elections.

# Public Employees' Retirement Board

*A Component Unit of the State of Montana*

## Principal Participating Employers (cont.)

Current Year and Nine Years Ago

Participating Government	As of June 30, 2006			As of June 30, 1997 <sup>1</sup>		
	Covered Employees <sup>2</sup>	Rank	Percentage of Total System	Covered Employees	Rank	Percentage of Total System
<b><u>PERS-DCRP</u></b>						
STATE OF MONTANA <sup>3</sup>	597	1	42.69			
CITY OF BILLINGS	43	2	3.08			
MISSOULA COUNTY	39	3	2.79			
CITY OF MISSOULA	24	4	1.72			
YELLOWSTONE COUNTY	24	5	1.72			
UNIVERSITY OF MONTANA	24	6	1.72			
YELLOWSTONE CITY-COUNTY HEALTH DEPT	23	7	1.64			
GALLATIN COUNTY	20	8	1.43			
MONTANA STATE UNIVERSITY - BOZEMAN	20	9	1.43			
CITY OF BOZEMAN	18	10	1.29			
All other <sup>4</sup>	566		40.49			
TOTAL (201 EMPLOYERS)	1,398		100.00			

<sup>4</sup> In 2006, "all other" consisted of:

Type	Number	Employees
Cities & Towns	38	103
Counties	40	188
Other Agencies	29	83
School Dist	81	176
Universities	3	16
Total	191	566

### **Deferred Compensation Plan**

STATE OF MONTANA <sup>3</sup>	4,495	1	91.63
UNIVERSITY OF MONTANA	129	2	2.64
MONTANA STATE UNIVERSITY - BOZEMAN	108	3	2.21
LEWIS & CLARK COUNTY	66	4	1.36
GREAT FALLS TRANSIT	44	5	0.91
MONTANA STATE UNIVERSITY - BILLINGS	22	6	0.45
MONTANA STATE UNIVERSITY - HAVRE	15	7	0.31
CARTER COUNTY	6	8	0.12
MSU COLLEGE OF TECHNOLOGY - GREAT FALLS	8	9	0.16
BIG SKY WATER & SEWER	5	10	0.10
DAWSON COLLEGE	5	11	0.10
SCHOOL DISTRICT 2 - BILLINGS	3	12	0.01
TOTAL (12 EMPLOYERS)	4,906		100.00

<sup>1</sup> This information was not available for the DCRP or Deferred Compensation Plan prior to this fiscal year. The implementation of the DCRP was July 1, 2002 and MPERA began administering the deferred compensation plan July 1, 1999.

<sup>2</sup> Employee counts are based on June payrolls. Differences in employee counts in this schedule as compared to other CAFR schedules are due to members with multiple employers, June 30th refunded members and members with dual retirement system elections.

<sup>3</sup> For the purposes of this schedule the "State of Montana" is considered one employer. There are a total of 29 individual State of Montana agencies reporting to the PERS-DCRP.

## STATISTICAL SECTION

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### Public Employees' Retirement Board

*A Component Unit of the State of Montana*

#### **Schedule of Participating Employers**

**As of June 30, 2006**

##### **PERS-DBRP (524)**

###### **State Agencies (36)**

Appellate Defender  
Board of Crime Control  
Board of Public Education  
Commissioner of Higher  
Education  
Commissioner of Political  
Practices  
Consumer Council  
Dept of Administration  
Dept of Agriculture  
Dept of Commerce  
Dept of Corrections  
Dept of Environmental  
Quality  
Dept of Fish, Wildlife &  
Parks  
Dept of Justice  
Dept of Labor & Industry  
Dept of Livestock  
Dept of Military Affairs  
Dept of Natural Resources  
& Conservation  
Dept of Public Health &  
Human Services  
Dept of Revenue  
Dept of Transportation  
Governor's Office  
Legislative Council  
Montana Arts Council  
Montana Consensus  
Council  
Montana Historical  
Society  
Montana State Fund  
Montana State Library  
Office of Public  
Defender  
Office of Public  
Instruction  
Public Employee  
Retirement  
Administration  
Public Service  
Commission

School for the Deaf &  
Blind  
Secretary of State  
State Auditor's Office  
Supreme Court  
Teachers' Retirement  
System

###### **Counties (55)**

Anaconda-Deer Lodge  
Beaverhead  
Big Horn  
Blaine  
Broadwater  
Carbon  
Carter  
Cascade  
Chouteau  
Custer  
Daniels  
Dawson  
Fallon  
Fergus  
Flathead  
Gallatin  
Garfield  
Glacier  
Golden Valley  
Granite  
Hill  
Jefferson  
Judith Basin  
Lake  
Lewis & Clark  
Liberty  
Lincoln  
Madison  
McCone  
Meagher  
Mineral  
Missoula  
Musselshell  
Park

Petroleum  
Phillips  
Pondera  
Powder River  
Powell  
Prairie  
Ravalli  
Richland  
Roosevelt  
Rosebud  
Sanders  
Sheridan  
Stillwater  
Sweet Grass  
Teton  
Toole  
Treasure  
Valley  
Wheatland  
Wibaux  
Yellowstone

###### **Cities & Towns (94)**

Alberton  
Baker  
Belgrade  
Belt  
Big Sandy  
Big Timber  
Billings  
Boulder  
Bozeman  
Bridger  
Broadus  
Browning  
Butte-Silver Bow  
Cascade  
Chester  
Chinook  
Choteau  
Circle  
Colstrip  
Columbia Falls

**Cities & Towns (cont.)**

Columbus  
Conrad  
Culbertson  
Cut Bank  
Deer Lodge  
Dillon  
Drummond  
East Helena  
Ekalaka  
Ennis  
Eureka  
Fairfield  
Fairview  
Forsyth  
Fort Benton  
Fort Peck  
Geraldine  
Glasgow  
Glendive  
Grass Range  
Great Falls  
Hamilton  
Hardin  
Harlem  
Harlowton  
Havre  
Helena  
Hot Springs  
Kalispell  
Laurel  
Lewistown  
Libby  
Lima  
Livingston  
Malta  
Manhattan  
Medicine Lake  
Melstone  
Miles City  
Missoula  
Moore  
Nashua  
Phillipsburg  
Plains  
Plentywood  
Polson  
Poplar  
Red Lodge  
Richey  
Ronan  
Roundup

Saco  
Scobey  
Shelby  
Sheridan  
Sidney  
St Ignatius  
Stanford  
Stevensville  
Sunburst  
Superior  
Terry  
Thompson Falls  
Three Forks  
Townsend  
Troy  
Twin Bridges  
Valier  
Westby  
White Sulphur Springs  
Whitefish  
Wibaux  
Winnett  
Wolf Point

**Colleges & Universities (5)**

Montana State University-  
Bozeman  
Montana State University-  
Billings  
Montana State University-  
Northern  
MSU College of  
Technology – Great Falls  
University of Montana-  
Missoula

**High Schools (6)**

Beaverhead County  
Garfield County  
Jefferson County  
Powder River County  
Powell County  
Sweet Grass County

**School Districts (233)**

SD 1, Big Timber  
SD 1, Butte  
SD 1, Choteau  
SD 1, Circle  
SD 1, Clancy  
SD 1, Corvallis  
SD 1, Deer Lodge  
SD 1, Fort Benton  
SD 1, Glasgow  
SD 1, Glendive  
SD 1, Great Falls  
SD 1, Heart Butte  
SD 1, Helena  
SD 1, Kalispell  
SD 1, Lewistown  
SD 1, Miles City  
SD 1, Missoula  
SD 1, Phillipsburg  
SD 1, Plains  
SD 1, Red Lodge  
SD 1, Scobey  
SD 1, Troy  
SD 1 & 7, Hysham  
SD 1 & 7, Townsend  
SD 2, Alberton  
SD 2, Alder  
SD 2, Billings  
SD 2, Bridger  
SD 2, Deer Park  
SD 2, Dodson  
SD 2, Dupuyer  
SD 2, Frazer  
SD 2, Peerless  
SD 2, Stevensville  
SD 2, Sunburst  
SD 2, Thompson Falls  
SD 2 & 3, Pryor  
SD 2 & 11, Big Sandy  
SD 2-27, Lodge Grass  
SD 3, Belfry  
SD 3, Billings  
SD 3, Cascade  
SD 3, Fair Mont Egan  
SD 3, Hamilton  
SD 3, Manhattan  
SD 3, Ramsey  
SD 3, Superior  
SD 3, Westby  
SD 3, Wolf Point  
SD 3 & 13, Fairview  
SD 4, Billings

## STATISTICAL SECTION

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### **School Districts (cont.)**

SD 4, Canyon Creek	SD 10, Conrad	SD 23, Roberts
SD 4, Forsyth	SD 10, Dillon	SD 24, Three Forks
SD 4, Hellgate	SD 10, Noxon	SD 24, Worden
SD 4, Libby	SD 11, Brorson	SD 25, Hobson
SD 4, Livingston	SD 11, Potomac	SD 26, Lockwood
SD 4, Swan River	SD 11 & 2, Drummond	SD 26, Reichle
SD 4 & 28, Highwood	SD 12, Baker	SD 27, Elliston
SD 4 & 47, Whitehall	SD 12, Harlem	SD 27, Grass Range
SD 4, Silverbow	SD 12, Lima	SD 27, Monforton
SD 5, Basin	SD 12, Rosebud	SD 27, Montana City
SD 5, Kalispell	SD 12, Saco	SD 28C, Dutton
SD 5, Melrose	SD 12, Stanford	SD 28, St Ignatius
SD 5, Park City	SD 12-12, Molt	SD 29, Belt
SD 5, Sand Coulee	SD J12-5, Shields Valley	SD 29, Somers
SD 5, Sheridan	SD 13, Box Elder	SD 29, Wyola
SD 5, Sidney	SD 13, Eureka	SD 30, Power
SD 5, Terry	SD 13, Fishtail	SD 30, Ronan
SD 6, Columbia Falls	SD 13, Lone Rock	SD 30 & 6, Fromberg
SD 6, Columbus	SD 13, Nashua	SD 32, Clinton
SD 6, Lame Deer	SD 14, Bonner	SD 32, Rapelje
SD 6, Ryegate	SD 14, Fortine	SD 32J, Ashland
SD 6, Trout Creek	SD 14, Hot Springs	SD 33, Condon
SD 6, Wibaux	SD 14, Malta	SD 33, Gold Creek
SD 6 & 1, St Regis	SD 14, Shelby	SD 34, Seeley Lake
SD 7, Boulder	SD 15, Custer	SD 35, Gallatin Gateway
SD 7, Bozeman	SD 15, Cut Bank	SD 37, Shepherd
SD 7, Charlo	SD 15, Ekalaka	SD 38, Big Fork
SD 7, Gardiner	SD 15, Kalispell	SD 38, Lincoln
SD 7, Grant	SD 15 & 6, Florence-	SD 40, Frenchtown
SD 7, Hinsdale	Carlton	SD 41, Bozeman
SD 7, Joliet	SD 15 & 17, Willow Creek	SD 41, Lavina
SD 7, Lolo	SD 16, Hardin	SD 41, Pioneer
SD 7, Medicine Lake	SD 16, Harlowton	SD 43, Lamotte
SD 7, Twin Bridges	SD 16, Havre	SD 43, Turner
SD 7, Victor	SD 17, Culbertson	SD 44, Belgrade
SD 7 & 2, Savage	SD 17, Morin	SD 44, Geraldine
SD 7 & 70, Laurel	SD 17H, Hardin	SD 44, Moore
SD 8, Arlee	SD 18, Valier	SD 44, Whitefish
SD 8, Elder Grove	SD 18, Woodman	SD 45, Augusta
SD 8, West Glacier	SD 19, Colstrip	SD 45, Golden Ridge
SD 8, White Sulphur	SD 20, Garrison	SD 45, Wolf Point
SD 9, Browning	SD 20, Kila	SD 48-1J & 48-2J, Chester
SD 9, Darby	SD 20, Plentywood	SD 49, Raynesford
SD 9, Dixon	SD 20, Whitewater	SD 50, East Glacier
SD 9, East Helena	SD 21, Broadview	SD 50, Evergreen
SD 9, Opheim	SD 21, Fairfield	SD 50, Hays
SD 9, Poplar	SD 21, Galata	SD 52, Absarokee
SD 9 & 9, Reed Point	SD 23, Billings	SD 52, Billings
SD 10, Anaconda	SD 23, Harrison	SD 52, Ennis
SD 10, Cayuse	SD 23, Lustre	SD 55, Brockton
SD 10, Chinook	SD 23, Missoula	SD 55, Plevna
	SD 23, Polson	SD 55, Roundup

## Schools Districts (cont.)

SD 55F, Sun River Valley  
SD 57, Havre  
SD 58, Geyser  
SD 58, Whitefish  
SD 58, Yellowstone  
SD 64, Bainville  
SD 64, Mountain View  
SD 64J, Melstone  
SD 65, Froid  
SD 69, West Yellowstone  
SD 72, Ophir  
SD 73, Swan Lake  
SD 74, Roy  
SD 74, Vaughn  
SD 75, Amsterdam  
SD 75, Arrowhead  
SD 75, Fairfield  
SD 78J & 2, Richey  
SD 84, Denton  
SD 85, Ulm  
SD 86 & 4, Lambert  
SD 87, Box Elder  
SD 89, Smith Valley  
SD 99M, Rudyard  
SD 104, Spring Creek  
SD 115, Winifred  
SD 159, Winnett  
Judith Gap Schools

## Other Agencies (95)

Anaconda Housing  
Authority  
Bear Paw Cooperative  
Bert Mooney Airport  
Authority  
Big Country Educational  
Cooperative  
Big Fork Water & Sewer  
Big Sky County Water &  
Sewer District  
Big Sky Economic  
Development Authority  
Big Sky Special Education  
Cooperative  
Billings Housing Authority  
Bitterroot Conservation  
District  
Bitterroot Valley SEC  
Buffalo Rapids Irrigation  
District

Butte Housing Authority  
Cascade County  
Conservation District  
Central Montana SEC  
Central Valley Fire District  
Chouteau County  
Conservation District  
Crown Hill Cemetery  
District  
Daly Ditches Irrigation  
Dawson County Urban  
Transportation District  
Dawson College  
Deer Lodge County Head  
Start Program  
Dry Prairie Rural  
Water District  
Eastern Yellowstone  
County SEC  
Fallon Medical Complex  
Fergus County  
Conservation District  
Flathead Conservation  
District  
Flathead Joint Board of  
Control  
Flathead Municipal  
Airport Authority  
Flathead Valley  
Community College  
Fort Shaw Irrigation District  
Gallatin Airport Authority  
Gallatin Canyon Consolidated  
Rural Fire District  
Gallatin-Madison SEC  
Gardiner-Park County  
Water District  
Glasgow Housing Authority  
Glasgow Irrigation District  
Golden Triangle Health Center  
Granite County Hospital &  
Nursing Home  
Granite Conservation District  
Great Divide Education  
Services  
Great Falls International Airport  
Greenfields Irrigation District  
Helena Business  
Improvement District  
Helena Housing Authority  
Helena Regional Airport  
Authority

Helena Valley Irrigation  
District  
Hill County Public  
Cemetery District  
Hinsdale Water and Sewer  
Human Resources Council  
District XI  
Human Resources Council  
District XII  
Judith Basin Conservation  
District  
Lakeside County Sewer  
District  
Larchmont Golf Course  
Lewis & Clark  
Conservation District  
Lewis & Clark Library  
Liberty County  
Conservation District  
Lincoln County Rural Fire  
District  
Lockwood Rural Fire  
District #8  
Lockwood Water District  
Malta Cemetery District  
Malta Irrigation District  
Miles City Housing Authority  
Miles Community College  
Missoula Area SEC  
Missoula County Airport  
Missoula Rural Fire District  
Northern Montana Joint  
Refuse Disposal District  
North Central Learning  
SEC  
North Valley Public Library  
Pablo-Lake County Water  
District  
Park County RFD #1  
Petroleum Conservation  
District  
Phillips Conservation  
District  
Pondera County Canal &  
Reservoir  
Pondera County Cemetery  
District 2  
Pondera County Council  
on Aging  
Port of Montana – Port  
Authority

## STATISTICAL SECTION

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### **Other Agencies (cont.)**

Prairie County Hospital  
District  
Prairie View Special  
Services Cooperative  
Prickley Pear Special  
Services Cooperative  
Richland County Housing  
Authority  
Roundup Community  
Library  
Sanders SEC  
Seeley Lake Missoula  
County Water District  
Sidney-Richland Airport  
Authority  
Teton County Cemetery  
District  
Thompson Falls RFD  
Twin Bridges Public  
Library  
Upper Musselshell  
Conservation District  
Valley County  
Conservation District  
Victor Water & Sewer  
Whitefish Housing  
Authority  
Yellowstone City-County  
Health Dept  
Yellowstone West Carbon  
SEC

### **JRS (1)**

Supreme Court

### **HPORS (1)**

Dept of Justice

### **SRS (57)**

### **State Agencies (1)**

Dept of Justice

### **Counties (56)**

Anaconda-Deer Lodge

Beaverhead  
Big Horn  
Blaine  
Broadwater  
Butte-Silver Bow  
Carbon  
Carter  
Cascade  
Chouteau  
Custer  
Daniels  
Dawson  
Fallon  
Fergus  
Flathead  
Gallatin  
Garfield  
Glacier  
Golden Valley  
Granite  
Hill  
Jefferson  
Judith Basin  
Lake  
Lewis & Clark  
Liberty  
Lincoln  
Madison  
McCone  
Meagher  
Mineral  
Missoula  
Musselshell  
Park  
Petroleum  
Phillips  
Pondera  
Powder River  
Powell  
Prairie  
Ravalli  
Richland  
Roosevelt  
Rosebud  
Sanders  
Sheridan  
Stillwater  
Sweet Grass  
Teton  
Toole  
Treasure

Valley  
Wheatland  
Wibaux  
Yellowstone

### **GWPORS (7)**

### **State Agencies (4)**

Dept of Corrections  
Dept of Fish, Wildlife &  
Parks  
Dept of Livestock  
Dept of Transportation

### **Colleges & Universities (3)**

Montana State University-  
Billings  
Montana State University-  
Bozeman  
University of Montana -  
Missoula

### **MPORS (22)**

Anaconda-Deer Lodge  
Baker  
Billings  
Bozeman  
Butte-Silver Bow  
Columbia Falls  
Fort Peck  
Glasgow  
Glendive  
Great Falls  
Havre  
Helena  
Kalispell  
Laurel  
Lewistown  
Livingston  
Miles City  
Missoula  
Plains  
Red Lodge  
Whitefish  
Wolf Point



## **FURS (17)**

### **State Agency (1)**

Dept of Military Affairs

### **Cities & Towns (16)**

Anaconda-Deer Lodge  
Billings  
Bozeman  
Butte-Silver Bow  
Columbia Falls  
Glendive  
Great Falls  
Havre  
Helena  
Kalispell  
Lewistown  
Livingston  
Miles City  
Missoula  
Red Lodge  
Whitefish

## **PERS-DCRP (229)**

### **State Agencies (29)**

Board of Crime Control  
Commissioner of Higher  
Education  
Dept of Administration  
Dept of Agriculture  
Dept of Commerce  
Dept of Corrections  
Dept of Environmental  
Quality  
Dept of Fish, Wildlife &  
Parks  
Dept of Justice  
Dept of Labor & Industry  
Dept of Livestock  
Dept of Military Affairs  
Dept of Natural Resources  
& Conservation  
Dept of Public Health &  
Human Services  
Dept of Revenue  
Dept of Transportation  
Governor's Office  
Legislative Council  
Montana Historical Society

Montana State Library  
Montana State Fund  
Office of Public Defender  
Office of Public Instruction  
Public Employee  
Retirement Administration  
Public Service Commission  
School for the Deaf & Blind  
Secretary of State  
State Auditor's Office  
Supreme Court

### **Counties (43)**

Anaconda-Deer Lodge  
Big Horn  
Blaine  
Broadwater  
Carbon  
Carter  
Cascade  
Chouteau  
Custer  
Daniels  
Dawson  
Fergus  
Flathead  
Gallatin  
Garfield  
Glacier  
Golden Valley  
Granite  
Hill  
Jefferson  
Judith Basin  
Lake  
Lewis & Clark  
Lincoln  
Madison  
McCone  
Mineral  
Missoula  
Musselshell  
Park  
Phillips  
Pondera  
Powder River  
Ravalli  
Richland  
Roosevelt  
Rosebud

Sheridan  
Stillwater  
Sweet Grass  
Toole  
Valley  
Yellowstone

### **Cities & Towns (41)**

Baker  
Belgrade  
Big Timber  
Billings  
Bozeman  
Butte-Silver Bow  
Chinook  
Choteau  
Colstrip  
Columbia Falls  
Conrad  
Cut Bank  
Dillon  
Ekalaka  
Eureka  
Fairview  
Forsyth  
Glasgow  
Glendive  
Great Falls  
Hamilton  
Hardin  
Harlem  
Havre  
Helena  
Kalispell  
Laurel  
Lewistown  
Libby  
Miles City  
Missoula  
Moore  
Polson  
Red Lodge  
Saco  
Shelby  
Sheridan  
Sidney  
Townsend  
Troy  
Whitefish

## STATISTICAL SECTION

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### **Colleges & Universities (5)**

Montana State University-  
Bozeman  
Montana State University-  
Billings  
Montana State University-  
Northern  
MSU—College of Technology  
Great Falls  
University of Montana-  
Missoula

### **High Schools (2)**

Powell County  
Sweet Grass County

### **School Districts (79)**

SD 1, Butte  
SD 1, Choteau  
SD 1, Fort Benton  
SD 1, Glasgow  
SD 1, Glendive  
SD 1, Great Falls  
SD 1, Helena  
SD 1, Lewistown  
SD 1, Missoula  
SD 1, Red Lodge  
SD 1, Scobey  
SD 1 & 7, Townsend  
SD 2, Billings  
SD 2, Deer Park  
SD 2, Peerless  
SD 2 & 7, Savage  
SD 2, Stevensville  
SD 2, Sunburst  
SD 3, Cascade  
SD 3, Hamilton  
SD 3, Westby  
SD 3 & 7, Flaxville  
SD 4, Forsyth  
SD 4, Hellgate  
SD 4, Livingston  
SD 4 & 28, Highwood  
SD 4 & 47, Whitehall  
SD 5, Kalispell  
SD 5, Sidney  
SD 6, Columbia Falls  
SD 6, Columbus  
SD 6, Trout Creek  
SD 7, Boulder

SD 7, Bozeman  
SD 7, Charlo  
SD 7, Gardiner  
SD 7, Lolo  
SD 7, Victor  
SD 7 & 70, Laurel  
SD 8, Arlee  
SD 9, Dixon  
SD 9, East Helena  
SD 9, Poplar  
SD 10, Anaconda  
SD 10, Conrad  
SD 10, Dillon  
SD 12, Saco  
SD 13, Lone Rock  
SD 15, Cut Bank  
SD 15, Ekalaka  
SD 16A, Havre  
SD 17H, Hardin  
SD 20, Plentywood  
SD 21, Galata  
SD 23, Lustre  
SD 23, Missoula  
SD 23, Polson  
SD 24, Three Forks  
SD 24, Worden  
SD 25, Hobson  
SD 26, Lockwood  
SD 29, Wyola  
SD 38, Big Fork  
SD 38, Lincoln  
SD 44, Belgrade  
SD 45, Golden Ridge  
SD 49, Raynesford  
SD 50, Evergreen  
SD 50, Hays  
SD 52, Absarokee  
SD 52, Ennis  
SD 64, Bainville  
SD 72, Ophir  
SD 75, Fairfield  
SD 85, Ulm  
SD 89, Smith Valley  
SD 115, Winifred  
SD J12-5, Shields Valley  
Judith Gap School

### **Other Agencies (30)**

Big Fork Water & Sewer  
Big Sky Co Water &  
Sewer District

Big Sky Economic  
Development Authority  
Bitterroot Valley SEC  
Dawson College  
Flathead Municipal  
Airport Authority  
Flathead Valley  
Community College  
Gallatin Airport Authority  
Gallatin Canyon Consolidated  
Rural Fire Department  
Gallatin Conservation District  
Glasgow Irrigation District  
Golden Triangle Health Center  
Granite County Hospital &  
Nursing Home  
Great Divide Education  
Services  
Great Falls International Airport  
Human Resources Council  
District XI  
Human Resources Council  
District XII  
Larchmont Golf Course  
Lewis & Clark Library  
Lincoln Conservation District  
Lockwood Water & Sewer  
District  
Miles City Community College  
Missoula County Airport  
Missoula Rural Fire District  
North Valley Public Library  
Northern Montana Joint  
Refuse Disposal District  
Park County Rural Fire  
District  
Prairie County Hospital  
District  
Teton County Cemetery  
District  
Yellowstone City-County  
Health Dept

### **Deferred Compensation (12)**

State of Montana  
Big Sky County Water & Sewer  
District  
Carter County  
Dawson Community College  
Great Falls Transit  
Lewis & Clark County

### **Deferred Compensation (cont.)**

Montana State University -

Bozeman

Montana State University -

Billings

Montana State University-

Northern

MSU College of Technology-

Great Falls

SD 2, Billings

University of Montana-

Missoula

## STATISTICAL SECTION

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