

# MONTANA



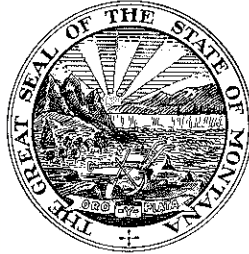
PUBLIC EMPLOYEES RETIREMENT BOARD  
A COMPONENT UNIT OF THE STATE OF MONTANA  
COMPREHENSIVE ANNUAL FINANCIAL  
REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

# ***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, 2008**

**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.*

### *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.*



Surrounded by the majestic Elkhorn Mountains in central Montana, Wheat Montana grows the highest elevation grain in North America at 5,000 feet. - Photo courtesy of Dean Folkvord, Wheat Montana.



There are approximately 28,700 farms and ranches In Montana. -Montana Department of Commerce



Old and New: Combines harvest around one of the original homesteads of the Wheat farms.  
- Photo courtesy of Dean Folkvord, Wheat Montana.

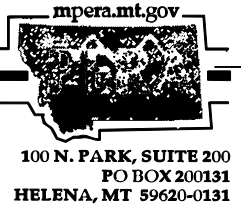
## PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION



BRIAN SCHWEITZER  
GOVERNOR

STATE OF MONTANA

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



November 21, 2008

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, 2008, 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 management of Montana Public Employee Retirement Administration assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. 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 MD&A, beginning on page 17, is a management discussion 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 MPERA management develops the budget for all plans administered and presents it to the Board. As gov-

## INTRODUCTORY SECTION

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erned by statute, the Board's defined benefit administrative expenses may not exceed 1.5% of 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 64th 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, Management's Discussion and Analysis, financial statements of the PERB, 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 fiscal year 2008, the PERS-DBRP experienced a negative 4.9 percent rate of return; for the last three years an average annualized rate of return of 6.97 percent; for the last five years an average annualized rate of return of 8.47 percent; and for the last ten years an average annualized rate of return of 5.47 percent. The plans are required by law to be maintained on an actuarially sound basis which protects participants' future benefits.

The positive returns in fiscal year 2007 and the legislation passed in the 2007 Legislative Session to address the unfunded liability of PERS, SRS and GWPORS countered the negative effect on earnings of the bear markets of 2001 and 2002 and the negative return for FY 2008. We anticipate that over the long-term the earning rates will continue to meet the actuarial assumed rate of 8 percent.



## INTRODUCTORY SECTION

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Effective July 1, 2007, House Bill 131 addressed the funding issue by increasing employer contributions or setting a new Guaranteed Annual Benefit Adjustment (GABA) or both for new hires on or after July 1, 2007 in the PERS-DBRP, PERS-DCRP, SRS and GWPORS.

The actuarial valuations for the eight defined benefit plans, dated June 30, 2008, show all the plans to be actuarially sound, with one plan having an Unfunded Credit. The amortization period for the Unfunded Liability (Actuarial Surplus) for the defined benefit plans, as of June 30, 2008, are as follows:

PERS	24.8 years	GWPORS	13.0 years
JRS	30.0 years (Actuarial Surplus)	MPORS	18.6 years
HPORS	17.4 years	FURS	11.3 years
SRS	16.3 years	VFCA	5.0 years

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 85.

The investments of the pension trust funds are governed 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 Board of Investments (BOI) to establish an investment policy based upon certain investment criteria and allows for the delegation of investment authority to the BOI. 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 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 considered well-funded when there is enough money and contributions to amortize any unfunded liability in 30 years or less. 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 versus the actuarial accrued liability and the greater the level of investment potential. A well-funded plan allows participants to see that their assets are committed to the payment of benefits. A detailed discussion of funding is provided in the *Actuarial Section* of this annual report.

## INTRODUCTORY SECTION

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The *Statistical Section* of this annual report includes the five objectives according to GASB Statement 44 - financial trends, revenue capacity, debt capacity, demographic and economic information, and operating information; and incorporates statistics regarding retirees and employers' contributions, assets held and benefits or distributions paid.

The PERS-DCRP was implemented July 1, 2002. New hires in PERS have the option of choosing participation in either the defined benefit retirement plan (DBRP) or the defined contribution retirement plan (DCRP) within 12 months of hire. University employees 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).

Education to our members and employers is a top priority and funded by a percentage of employer contributions. All new hires are offered Plan Choice Educational workshops. We continue to add workshops and provide additional member services through our website.

The PERS-DCRP investment options offered are selected by the PERB in compliance with their Investment Policy Statement and with the assistance of the statutorily-created Employee Investment Advisory Council and the advice of the third-party consultant. Participants of the PERS-DCRP direct the investment of their contributions and a portion of their employer's contributions among the offered investment options. The remaining portion of their employer's contributions is used to reduce the Plan Choice Rate unfunded actuarial liability, to fund the long-term disability benefits to participants of the DCRP and to fund an employee education program.

Fiscal year 2008 accomplishments of MPERA include: establishment of a Business Process Workflow directory structure and completion of the workflows for some positions; implementation of a benefit estimator allowing member services to estimate retirement benefits for PERS members; implementation of Employer Reporting All Employees (ERA-E) Phase 1 giving employers the ability to report non-contributing employees with their payroll; integration of House Bill 131 which implemented a GABA decrease of 1.5% for employees hired on or after July 1, 2007; and completion of various requirements of the Pension Protection Act of 2006. Technology was used to automate processes and enhance internal controls on the Retiree Database.

### CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING

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, 2007. This was the tenth 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* con-

## INTRODUCTORY SECTION

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tinues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

### **PUBLIC PENSION COORDINATING COUNCIL PUBLIC PENSION STANDARDS AWARD**

MPERA has also received the Public Pension Coordinating Council (PPCC), Public Pension Standards Award for 2008 in recognition of meeting the professional standards for plan design and administration set forth in the Public Pension Standards. Public Pension Standards were established in 2002 to reflect minimum expectations for public retirement system management and administration. The Standards serve as a benchmark by which to measure public defined benefit plans. All public retirement systems and the state and local government that sponsor them are encouraged to meet the Standards. This is the fourth time MPERA has received this award.

### **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 plans' funds. 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 15.

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 my 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,

/s/ Roxanne Minnehan

Roxanne Minnehan, Executive Director  
Montana Public Employee Retirement Administration

/s/ John P. Paull

John P. Paull, 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, 2007

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 Pension Coordinating Council

***Public Pension Standards Award  
For Funding and Administration  
2008***

Presented to

***Montana Public Employee Retirement  
Administration***

In recognition of meeting professional standards for  
plan funding and administration as  
set forth in the Public Pension Standards.

*Presented by the Public Pension Coordinating Council, a confederation of*

National Association of State Retirement Administrators (NASRA)  
National Conference on Public Employee Retirement Systems (NCPERS)  
National Council on Teacher Retirement (NCTR)

A handwritten signature in cursive script, reading 'Alan H. Winkle'.

Alan H. Winkle  
Program Administrator

## INTRODUCTORY SECTION

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### Public Employees' Retirement Board

*A Component Unit of the State of Montana*



Photo courtesy of Kim Flatow

Back Row: John P. Paull, Jay Klawon, John Nielsen and Terrence Smith.  
Front Row: Dianna Porter, Darcy Halpin and Ray Peck.

**John P. Paull**, President  
Butte  
Active Public Employee  
Firefighter  
Term Expires 3/31/2010

**John Nielsen**, Vice President  
Glendive  
PERS Active Public  
Employee  
Term Expires 3/31/2012

**Dianna Porter**  
Butte  
Public Representative  
Term Expires 3/31/2013

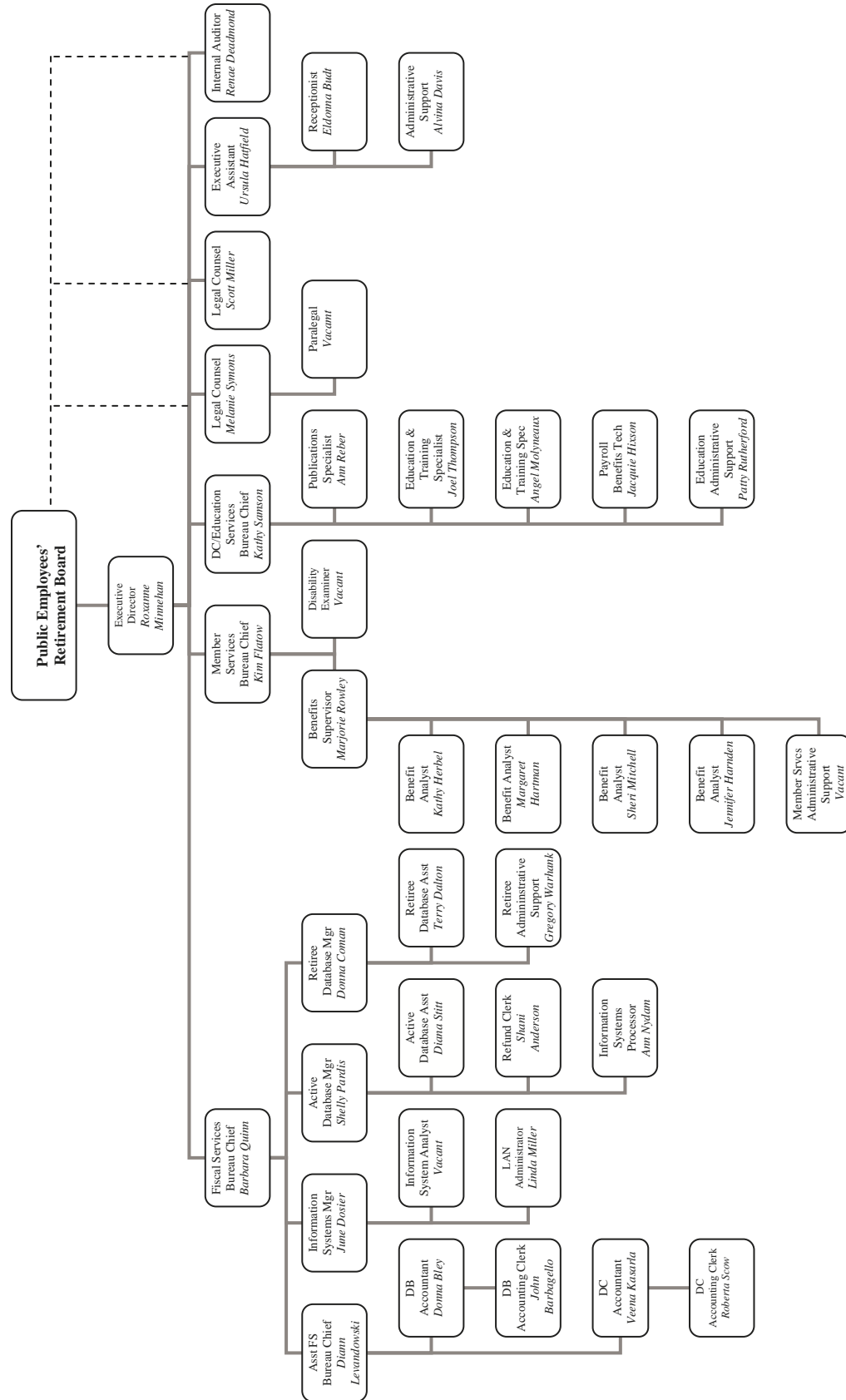
**Terrence Smith**  
Bozeman  
PERS-DCRP Active Public  
Employee  
Financial Officer  
Big Sky Water & Sewer  
District  
Term Expires 3/31/2009

**Darcy Halpin**  
Belgrade  
PERS Retired Member  
Term Expires 3/31/2013

**Ray Peck**  
Helena  
Public Representative  
Term Expires 3/31/2011

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

Public Employees' Retirement Board  
A Component Unit of the State of Montana  
MPERA Organizational Chart



## INTRODUCTORY SECTION

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Homesteaded in the 1880's by Phillip Chevallier, this ranch was originally a sheep ranch. The green-roofed shed was hand built by Phillip in the 1920s and was once the largest shingled shed in Montana.



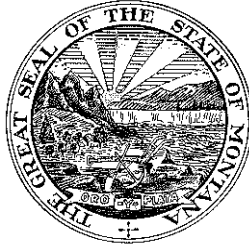
64% of Montana is farm or ranch land,  
roughly equaling 60.0 million acres.  
-Montana Department of Commerce



- Photos courtesy of Connie Hordor  
and John Lynde.

# LEGISLATIVE AUDIT DIVISION

Tori Hunthausen, Legislative Auditor  
Monica Huyg, Legal Counsel



Deputy Legislative Auditors:  
James Gillett  
Angie Grove

## 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, 2008, and the related Statement of Changes in Fiduciary Net Assets – Pension Trust Funds for the year ended June 30, 2008. 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, 2008, 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, the Schedule of Funding Progress for OPEB, 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 presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Room 160 · State Capitol Building, PO Box 201705 · Helena, MT 59620-1705  
Phone (406) 444-3122 · FAX (406) 444-9784 · E-Mail [lad@mt.gov](mailto:lad@mt.gov)  
<http://leg.mt.gov/audit>

The Legislative Audit Committee  
of the Montana State Legislature:

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, 2008; 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 basic 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.

The Introductory Section, Investment Section, Actuarial Section, and Statistical Section listed in the foregoing table of contents are presented for the purpose of additional analysis and are not a required part of the financial statements. Such additional information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Respectfully submitted,

*/s/ James Gillett*

James Gillett, CPA  
Deputy Legislative Auditor

November 21, 2008

# 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 (PERB) financial presentation and performance of the plans administered by the PERB for the year ending June 30, 2008. 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 PERB's combined total net assets of the defined benefit plans decreased by \$285.3 million or 5.7 percent in fiscal year 2008. The decrease was primarily due to the negative investment income in each of the plans.*
- ◆ *The PERB's defined contribution plans combined total net assets increased by \$11.5 million or 3.5 percent in fiscal year 2008. The total increase in net assets was due to increased membership and contributions in both the PERS defined contribution and the deferred compensation plans.*
- ◆ *Revenues (additions to plan net assets) for the PERB's defined benefit plans for fiscal year 2008 was (\$34.4) million, which includes member and employer contributions of \$205.1 million and a net investment loss of \$239.5 million.*
- ◆ *Revenues (additions to plan net assets) for the PERB's defined contribution plans for fiscal year 2008 was \$28.8 million, which includes member and employer contributions of \$28.5 million and net investment income of \$299 thousand.*
- ◆ *Expenses (deductions to plan net assets) for the PERB's defined benefit plans increased from \$230.4 million in fiscal year 2007 to \$250.9 million in fiscal year 2008 or about 8.9 percent. The increase in 2008 is primarily due to an increase in total benefit recipients.*
- ◆ *Expenses (deductions to plan net assets) for the PERB's defined contribution plans decreased from \$18.9 million in fiscal year 2007 to \$17.3 million in fiscal year 2008 or about negative 8.0 percent. The decrease in expenses is due to a decrease in distributions and the absence of the Inter-cap loan payment.*
- ◆ *The PERB's defined benefit plans' funding objectives are to meet long-term benefit obligations. As of June 30, 2008, the date of the latest actuarial valuation, all defined benefit plans are able to pay off any Unfunded Actuarial Liability within 30 years. As a whole the plans were actuarially funded at an average of 88 percent. It is important to understand this measure reflects the actuarial value of the defined benefit plans' net assets, which are currently more than the actual fair value published in the financial statements. Investment earnings are critical to the defined benefit plans. The actuary uses a four-year smoothing method for determining the Actuarial Value of Assets. This method is used to dampen the impact of the drastic ups*



## FINANCIAL SECTION

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*and downs of the market. It is important to note that the losses experienced in the 2007-2008 plan year, to be reflected in future years, exceed the gains yet to be reflected.*

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

This discussion and analysis is intended to serve as an introduction to the PERB's 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 PERB as of June 30, 2008. 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, 2008, 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, 2008. 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, 2008. 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) 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 50 Disclosures, GASB 45 Disclosures, summaries of investment vendors and other significant accounting policies or explanations.
- Note B provides information about litigation.
- Note C describes the plans' membership and descriptions of the plans administered by the PERB. Summaries of benefits and contribution information are also provided.

- (3) 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 Equity Pool, Montana Real Estate 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.

### **ECONOMIC CONDITION**

The most recent fiscal year was a difficult period for capital market performance, and a dramatic contrast to fiscal year 2007. The fiscal year began with the disruption in the credit markets in July 2007, the root cause of which was the deterioration in residential mortgage finance. The equity markets became much more volatile and dropped initially, only to rally back to new highs in October 2007. The stock market declined from there as a full blown credit crunch evolved over the following months and concerns grew about the overall growth of the economy.

The PERB investment portfolio posted a total return of a negative 4.86 percent for the fiscal year ended June 30, 2008. The negative return pulled down longer term returns that had been steadily improving since the equity bear

market of 2000-2002. The past five year fiscal period annualized return is now 8.47 percent and the ten year return is 5.47 percent. While this setback eroded the plan's comparison to the actuarial return assumption, the annualized return since fiscal 1995 (14 years) is 8.47 percent, which compares favorably to the 8.0 percent actuarial assumption.

Since fiscal year end, the stock market returns have gone up and down and the future is uncertain. Despite this turmoil and uncertainty, the defined benefit retirement plans administered by the PERB remain secure.

The defined benefit plans have a current or future benefit defined by statute, not by the market and its fluctuations. The benefit is guaranteed for every current MPERA defined benefit retirement plan member, retiree and beneficiary. The guarantee comes from the State of Montana and is backed by the assets within the plans' individual trust funds. Even though there are years when the trust funds suffer at the hands of the market, the investment portfolio strategy is designed for the long term.

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

At June 30, 2008, the PERB's defined benefit plans held total investments of \$4.6 billion, a decrease of \$205 million from fiscal year 2007 investment totals. On the next page are the schedules of Net Assets and Changes in Net Assets for the defined benefit plans including comparative totals from fiscal year 2007.

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

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

*The PERS-DBRP provides retirement,*

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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, 2008 amounted to \$3.9 billion, a

decrease of \$249 million (6.1 percent) from \$4.1 billion at June 30, 2007.

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 \$145.5 million in fiscal year 2008 from \$136.8 million in fiscal year 2007, an increase of \$8.7 million (6.4

### Fiduciary Net Assets - Defined Benefit Plans

**As of June 30, 2008** - and comparative totals for June 30, 2007

(dollars in thousands)

	PERS		JRS		HPORS		SRS	
	2008	2007	2008	2007	2008	2007	2008	2007
<b>Assets:</b>								
Cash and Receivables	55,627	122,070	1,114	1,899	1,313	2,993	4,069	6,234
Securities Lending Collateral	234,521	202,100	3,610	3,070	5,915	5,113	11,583	9,737
Investments	3,799,302	3,982,097	57,692	60,036	94,986	99,833	184,861	190,690
Property and Equipment	1							
Intangible Assets	281	213	3	2	3	2	4	3
<b>Total Assets</b>	<b>4,089,732</b>	<b>4,306,480</b>	<b>62,419</b>	<b>65,007</b>	<b>102,217</b>	<b>107,941</b>	<b>200,517</b>	<b>206,664</b>
<b>Liabilities:</b>								
Securities Lending Collateral	234,521	202,100	3,610	3,070	5,915	5,113	11,583	9,737
Other Payables	1,035	943	7	7	27	27	95	81
<b>Total Liabilities</b>	<b>235,556</b>	<b>203,043</b>	<b>3,617</b>	<b>3,077</b>	<b>5,942</b>	<b>5,140</b>	<b>11,678</b>	<b>9,818</b>
<b>Total Net Assets</b>	<b>3,854,176</b>	<b>4,103,437</b>	<b>58,802</b>	<b>61,930</b>	<b>96,275</b>	<b>102,801</b>	<b>188,839</b>	<b>196,846</b>

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

**For the year ended June 30, 2008** - and comparative totals for June 30, 2007

(dollars in thousands)

	PERS		JRS		HPORS		SRS	
	2008	2007	2008	2007	2008	2007	2008	2007
<b>Additions:</b>								
Contributions	145,521	136,791	1,700	1,588	5,320	4,924	9,647	9,307
Investment Income (Loss)	(197,030)	629,559	(2,991)	9,435	(4,929)	15,875	(9,598)	29,732
<b>Total Additions</b>	<b>(51,509)</b>	<b>766,350</b>	<b>(1,291)</b>	<b>11,023</b>	<b>391</b>	<b>20,799</b>	<b>49</b>	<b>39,039</b>
<b>Deductions:</b>								
Benefits	180,815	166,188	1,829	1,772	6,814	6,460	7,243	6,770
Refunds	12,783	13,556			75	278	733	1,015
OPEB Expenses	72				1		2	
Administrative Expenses	2,760	2,681	8	8	27	28	78	77
Miscellaneous Expenses	1,326	1,420						
<b>Total Deductions</b>	<b>197,756</b>	<b>183,845</b>	<b>1,837</b>	<b>1,780</b>	<b>6,917</b>	<b>6,766</b>	<b>8,056</b>	<b>7,862</b>
<b>Incr/(Decr) in Net Assets</b>	<b>(249,265)</b>	<b>582,505</b>	<b>(3,128)</b>	<b>9,243</b>	<b>(6,526)</b>	<b>14,033</b>	<b>(8,007)</b>	<b>31,177</b>
<b>Prior Period Adjustments</b>	<b>5</b>	<b>(51)</b>						

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percent). Contributions increased due to the employer rate increase on July 1, 2007 and an increase in active members. The plan had a net investment loss of \$197 million for the fiscal year ended June 30, 2008 compared with net investment income of \$629.6 million for the fiscal year ended June 30, 2007. The decrease in investment income is a result of negative investment returns due to the volatility of the stock market.

Deductions from the PERS-DBRP net assets held in trust for benefits primarily include retirement benefits, refunds and administrative expenses. For fiscal year 2008, benefits amounted to \$180.8 million, an increase of \$14.6 million (8.8 percent) from fiscal year 2007. The increase in benefit payments was due to the increase in benefit recipients and the increase in the average recipient's benefit due to the guaranteed annual benefit adjust-

GWPORS		MPORS		FURS		VFCA		TOTAL	
2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
1,951	2,692	10,132	13,605	11,699	12,916	1,470	2,254	87,375	164,663
4,497	3,619	11,785	10,097	11,404	9,607	1,581	1,302	284,896	244,645
71,364	70,659	190,505	197,708	183,164	188,022	24,588	25,298	4,606,462	4,814,343
								1	
3	3	3	2	3	2	2	2	302	229
77,815	76,973	212,425	221,412	206,270	210,547	27,641	28,856	4,979,036	5,223,880
4,497	3,619	11,785	10,097	11,404	9,607	1,581	1,302	284,896	244,645
70	48	156	72	59	61	45	49	1,494	1,288
4,567	3,667	11,941	10,169	11,463	9,668	1,626	1,351	286,390	245,933
73,248	73,306	200,484	211,243	194,807	200,879	26,015	27,505	4,692,646	4,977,947

GWPORS		MPORS		FURS		VFCA		TOTAL	
2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
6,591	5,837	17,581	15,669	17,187	14,096	1,562	1,661	205,109	189,873
(3,653)	10,838	(10,262)	31,080	(9,733)	29,577	(1,275)	4,103	(239,471)	760,199
2,938	16,675	7,319	46,749	7,454	43,673	287	5,764	(34,362)	950,072
2,271	2,085	13,707	12,692	13,353	11,851	1,717	1,637	227,749	209,455
672	702	4,293	717	116	241			18,672	16,509
1		2		1		1		80	
51	47	76	70	56	56	45	50	3,101	3,017
						14	13	1,340	1,433
2,995	2,834	18,078	13,479	13,526	12,148	1,777	1,700	250,942	230,414
(57)	13,841	(10,759)	33,270	(6,072)	31,525	(1,490)	4,064	(285,304)	719,658
								5	(51)



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ment (GABA). For fiscal year 2008, refunds amounted to \$12.8 million, a decrease of \$773 thousand (5.7 percent) from fiscal year 2007. The decrease in refunds was due to fewer refunds being processed and the required automatic distribution being lowered from \$5,000 to \$1,000. For fiscal year 2008, the costs of administering the plan's benefits amounted to \$2.8 million, an increase of \$79 thousand (3.0 percent) from fiscal year 2007. The increase in administrative expenses for the fiscal year 2008 was due to computer processing costs.

An actuarial valuation of the PERS-DBRP assets and benefit obligations is performed annually. At June 30, 2008, the date of the most recent actuarial valuation, the funded status of the plan decreased to 90 percent from 91 percent at June 30, 2007.

The PERS-DBRP actuarial value of assets is less than actuarial liabilities by \$439.4 million at June 30, 2008, compared with \$376.0 million at June 30, 2007. The increase in the unfunded actuarial liability as of the last actuarial valuation is a result of investment losses of \$14.2 million, liability loss of \$27.6 million where salaries were greater than expected, \$6.6 million liability loss due to new participant's average hire age being greater than the current participant's hire age and \$12.8 million in other liability losses greater than the actuarial assumptions.

### 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, 2008 amounted to \$58.8 million, a decrease of \$3.1 million (5.1 percent) from

\$61.9 million at June 30, 2007.

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, 2008, contributions amounted to \$1.7 million, an increase of \$112 thousand (7.0 percent) from fiscal year 2007. Contributions increased due to increased salaries. The plan recognized a net investment loss of \$3.0 million for the fiscal year ended June 30, 2008 compared with net investment income of \$9.4 million for the fiscal year ended June 30, 2007. The decrease in investment income is a result of negative investment returns due to the volatility of the stock market.

Deductions from the JRS net assets held in trust for benefits mainly include retirement benefits and administrative expenses. For fiscal year 2008, benefits amounted to \$1.8 million, an increase of \$56.7 thousand (3.2 percent) from fiscal year 2007. The increase in benefits was due to an increase in the average recipient's benefit. For fiscal year 2008, administrative expenses amounted to \$8 thousand, an increase of \$444 (5.5 percent) from fiscal year 2007.

An actuarial valuation of the JRS assets and benefit obligations is performed annually. At June 30, 2008, the date of the most recent actuarial valuation, the funded status of the plan remained stable at 157 percent. The JRS actuarial assets were more than actuarial liabilities by \$22.6 million at June 30, 2008, compared with a \$20.9 million actuarial surplus at June 30, 2007. The slight increase in the actuarial surplus as of the last actuarial valuation is due to investment losses of \$227 thousand, a liability loss of \$157 thousand where salaries were greater than expected and a \$154 thousand loss from other sources greater than the actuarial assumptions.

**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, 2008 amounted to \$96.3 million, a decrease of \$6.5 million (6.3 percent) from \$102.8 million at June 30, 2007.

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 increased to \$5.3 million in fiscal year 2008 from \$4.9 million in fiscal year 2007, an increase of \$396 thousand (8.0 percent). Contributions increased due to an increase in the number of participating members and an increase in average annual salary. The plan recognized a net investment loss of \$4.9 million for the fiscal year ended June 30, 2008, compared with net investment income of \$15.9 million for the fiscal year ended June 30, 2007. The decrease in investment income is a result of negative investment returns due to the volatility of the stock market.

Deductions from the HPORS net assets held in trust for benefits mainly include retirement benefits, refunds and administrative expenses. For fiscal year 2008, benefits amounted to \$6.8 million, an increase of \$353.6 thousand (5.5 percent) from fiscal year 2007. The increase in benefit payments was due to the increase in benefit recipients and increases in the average recipient's benefit due to the guaranteed annual benefit adjustment (GABA). For fiscal year 2008 refunds amounted to \$75 thousand, a decrease of \$203 thousand (72.9 percent) from fiscal year 2007. The decrease in refunds was due to fewer refunds being processed and the re-

quired automatic distribution being lowered from \$5,000 to \$1,000. For fiscal year 2008, administrative expenses were \$27 thousand, a decrease of \$1 thousand (3.6 percent) from fiscal year 2007. The slight decrease in administrative expenses is due to decreased allocation of administrative costs.

An actuarial valuation of the HPORS assets and benefit obligations is performed annually. At June 30, 2008, the date of the most recent actuarial valuation, the funded status of the plan remained stable at 75 percent. The HPORS actuarial assets were less than actuarial liabilities by \$33.2 million at June 30, 2008, compared with \$32.5 million at June 30, 2007. The slight increase in the unfunded actuarial liability as of the last actuarial valuation is a result of investment losses of \$287 thousand, a liability loss of \$473 thousand where salaries were greater than expected, a \$348 thousand loss due to new participant's average hire age being greater than the current participant's hire age and \$111 thousand in other losses greater than the actuarial assumptions.

**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, 2008 amounted to \$188.8 million, a decrease of \$8.0 million (4.1 percent) from \$196.8 million at June 30, 2007.

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 \$9.6 million in fiscal year 2008

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from \$9.3 million in fiscal year 2007, for an increase of \$340.0 thousand (3.7 percent). Contributions increased due to an increase in the total compensation reported for active members and the increase in the employer contribution rate. There was also an increase as a result of an increased number of participating members contributing to the plan in accordance with section 19-7-301 (3) (b), MCA. This section allowed detention officers hired before July 1, 2005 to elect to participate in SRS and requires all new detention officers on or after July 1, 2005 to join SRS. The plan recognized a net investment loss of \$9.6 million for the fiscal year ended June 30, 2008 compared with net investment income of \$29.7 million for the fiscal year ended June 30, 2007. The decrease in investment income is a result of negative investment returns due to the volatility of the stock market.

Deductions from the SRS net assets held in trust for benefits mainly include retirement benefits, refunds and administrative expenses. For fiscal year 2008, benefits amounted to \$7.2 million, an increase of \$472.8 thousand (7.0 percent) from fiscal year 2007. The increase in benefit payments was due to an increase in benefit recipients and an increase in the average recipient's benefit due to the guaranteed annual benefit adjustment (GABA). For fiscal year 2008, refunds amounted to \$733 thousand, a decrease of \$282 thousand (27.7 percent) from fiscal year 2007. The decrease in refunds was due to fewer refunds being processed and the required automatic distribution being lowered from \$5,000 to \$1,000. For fiscal year 2008, administrative expenses increased \$772 (1.0 percent) from fiscal year 2007. The slight increase is due to increased allocation of administrative costs as a result of the change in membership.

An actuarial valuation of the SRS assets and benefit obligations is performed annually. At June 30, 2008, the date of the most recent actuarial valuation, the funded status of the plan increased to 98 percent from 97 percent at June 30, 2007. The SRS actuarial assets were less than actuarial liabilities by \$5.09 million at June 30, 2008, compared with \$5.14 million at June 30, 2007. The decrease in the actuarial liability as of the last actuarial valuation is a result of investment losses of \$891 thousand, a liability gain of \$595 thousand due to salaries less than expected, a liability loss of \$502 thousand due to new participant's average hire age being greater than the current participant's hire age and \$416 thousand in other gains.

### **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, 2008 amounted to \$73.2 million, a decrease of \$58 thousand (0.1 percent) from \$73.3 million at June 30, 2007.

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 \$6.6 million in fiscal year 2008 from \$5.8 million in fiscal year 2007, for an increase of \$754 thousand (12.9 percent). Contributions increased due to an increased number of participating members and an increase in the average annual salary. The plan recognized a net investment loss of \$3.7 million for the fiscal year ended June 30, 2008 compared with net investment income of \$10.8 million for the fiscal year ended June 30, 2007. The decrease in investment

income is a result of negative investment returns due to the volatility of the stock market.

Deductions from the GWPORS net assets held in trust for benefits mainly include retirement benefits, refunds and administrative expenses. For fiscal year 2008, benefits amounted to \$2.3 million, an increase of \$186 thousand (8.9 percent) from fiscal year 2007. The increase in benefit payments was due to the increase in benefit recipients and the increase in the average recipient's benefit due to the guaranteed annual benefit adjustment (GABA). For fiscal year 2008, refunds amounted to \$672 thousand, a decrease of \$30 thousand (4.2 percent) from fiscal year 2007. The decrease in refunds was due to fewer refunds being processed and the required automatic distribution being lowered from \$5,000 to \$1,000. For fiscal year 2008, administrative expenses amounted to \$51.0 thousand, an increase of \$3.9 thousand (8.4 percent) from fiscal year 2007. The slight increase in administrative expenses was due to the allocations associated with the increased number of members.

An actuarial valuation of the GWPORS assets and benefit obligations is performed annually. At June 30, 2008, the date of the most recent actuarial valuation, the funded status of the plan decreased to 93 percent from 94 percent at June 30, 2007. The GWPORS actuarial assets were less than actuarial liabilities by \$5.9 million at June 30, 2008, compared with \$4.2 million at June 30, 2007. The increase in unfunded actuarial liability as of the last actuarial valuation is a result of investment losses of \$539 thousand, a liability loss of \$1.1 million due to salaries were greater than expected, a loss of \$557 thousand due to new participant's average hire age being greater than the current participant's hire age and \$399 thousand in other losses greater than the actuarial assumptions.

## **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, 2008 amounted to \$200.5 million, a decrease of \$10.8 million (5.1 percent) from \$211.2 million at June 30, 2007.

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 \$17.6 million in fiscal year 2008 from \$15.7 million in fiscal year 2007, for an increase of \$1.9 million (12.2 percent). Contributions increased because the total compensation reported for active members increased and membership increased due to new city employers participating in the retirement system. The plan recognized a net investment loss of \$10.3 million for the fiscal year ended June 30, 2008 compared with net investment income of \$31.1 million for fiscal year ended June 30, 2007. The decrease in investment income is a result of negative investment returns due to the volatility of the stock market.

Deductions from the MPORS net assets held in trust for benefits mainly include retirement benefits, refunds and administrative expenses. For fiscal year 2008, benefits amounted to \$13.7 million, an increase of \$1.0 million (8.0 percent) from fiscal year 2007. The increase in benefit payments was due to the increase in benefit recipients and the increase in the average recipient's benefit due to the guaranteed annual benefit adjust-



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ment (GABA). For fiscal year 2008, refunds amounted to \$4.3 million, an increase of \$3.6 million (498.8 percent) from fiscal year 2007. The increase in refunds was due to more refunds and very large DROP refunds. For fiscal year 2008, administrative expenses were \$76 thousand, an increase of \$5.9 thousand (8.4 percent) from fiscal year 2007. The increase in administrative expenses in fiscal year 2008 is due to the allocations associated with the increased number of members and specific work performed that was attributed directly to the plan.

An actuarial valuation of the MPORS assets and benefit obligations is performed annually. At June 30, 2008, the date of the most recent actuarial valuation, the funded status of the plan increased to 65 percent from 64 percent at June 30, 2007. The MPORS actuarial assets were less than actuarial liabilities by \$115.2 million at June 30, 2008, compared with \$112.1 million at June 30, 2007. The increase in the actuarial liability as of the last actuarial valuation is a result of investment losses of \$1.4 million, a liability of loss of \$2.1 million due to salaries were greater than expected, a loss of \$1.3 million due to new participant's average hire age being greater than the current participant's hire age and \$369 thousand of other gains greater than the actuarial assumptions.

### FURS

*The FURS provides retirement, disability and death benefits for firefighters employed by first- and second-class cities, other cities and rural fire departments that adopt the plan, and firefighters hired by the Montana Air National Guard (MANG) 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, 2008 amounted to \$194.8 million, a decrease

of \$6.1 million (3.0 percent) from \$200.9 million at June 30, 2007.

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 \$17.2 million in fiscal year 2008 from \$14.1 million in fiscal year 2007, an increase of \$3.1 million (21.9 percent). Contributions increased because the number of members and new employers contributing to the plan increased and the total compensation reported for active members increased. The plan recognized a net investment loss of \$9.7 million for the fiscal year ended June 30, 2008 compared with net investment income of \$29.6 million for the fiscal year ended June 30, 2007. The decrease in investment income is a result of negative investment returns due to the volatility of the stock market.

Deductions from the FURS net assets held in trust for benefits mainly include retirement benefits, refunds and administrative expenses. For fiscal year 2008, benefits amounted to \$13.4 million, an increase of \$1.5 million (12.7 percent) from fiscal year 2007. The increase in benefit payments was due to the increase in benefit recipients and the increase in the average recipient's benefit due to the guaranteed annual benefit adjustment (GABA). For fiscal year 2008, refunds amounted to \$116 thousand, a decrease of \$125 thousand (51.7 percent) from fiscal year 2007. The decrease in refunds was due to fewer refunds being processed and the required automatic distribution being lowered from \$5,000 to \$1,000. For fiscal year 2008, administrative expenses were \$56 thousand, a decrease of \$395 (0.7 percent). The slight decrease was due to the decreased allocation of administrative costs.



An actuarial valuation of the FURS assets and benefit obligations is performed annually. At June 30, 2008, the date of the most recent actuarial valuation, the funded status of the plan increased to 72 percent from 70 percent at June 30, 2007. The FURS actuarial assets were less than actuarial liabilities by \$81.1 million at June 30, 2008, compared with \$80.9 million at June 30, 2007. The slight increase in unfunded actuarial liability as of the last actuarial valuation is a result of investment losses of \$1.4 million, a liability loss of \$361 thousand due to salaries were greater than expected, a loss of \$880 thousand due to new participant's average hire age being greater than the current participant's hire age, a loss of \$462 thousand due to the addition of new employers Lockwood Rural and Missoula Rural and \$1.9 million in other losses greater than the actuarial assumptions.

### **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, 2008 amounted to \$26.0 million, a decrease of \$1.5 million (5.4 percent) from \$27.5 million at June 30, 2007.

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 decreased to \$1.56 million in fiscal year 2008 from \$1.66 million in fiscal year 2007, a decrease of \$99 thousand (6.0 percent). Contributions decreased because there was a decrease in the fire insurance premium taxes distributed to the VFCA. The plan recognized a net investment loss of \$1.3 million for the fiscal year

ended June 30, 2008 compared with net investment income of \$4.1 million for the fiscal year ended June 30, 2007. The decrease in investment income is a result of negative investment returns due to the volatility of the stock market.

Deductions from the VFCA net assets held in trust for benefits include retirement benefits, administrative expenses and supplemental insurance payments. For fiscal year 2008, benefits amounted to \$1.7 million, an increase of \$80 thousand (4.9 percent) from fiscal year 2007. For fiscal year 2008, administrative expenses amounted to \$45 thousand, a decrease of \$5 thousand (10.1 percent) from fiscal year 2007. The decrease in administrative expenses was due to the clean-up of the volunteer firefighter membership database resulting in better allocation of costs. For fiscal year 2008, supplemental insurance payments amounted to \$14.0 thousand, an increase of \$1,125 from fiscal year 2007.

An actuarial valuation of the VFCA assets and benefit obligations is performed annually. At June 30, 2008, the date of the most recent actuarial valuation, the funded status of the plan increased to 84 percent from 82 percent at June 30, 2007. The VFCA actuarial assets were less than actuarial liabilities by \$5.2 million at June 30, 2008, compared with \$5.7 million at June 30, 2007. The decrease in unfunded actuarial liability as of the last actuarial valuation is a result of investment losses of \$212 thousand and a net liability gain of \$1 thousand comprised of a loss of \$521 thousand from new volunteers and a gain of \$522 thousand due to other experiences different from the actuarial assumptions.

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

An actuarial valuation of each of the PERB's defined benefit plans is performed annually. VFCA is the only plan that is not affected by section 19-2-405, MCA requiring an annual actuarial valuation instead of biennial valuations. At the date of the most recent actuarial valuation, June 30, 2008, the funded status of each of the plans is shown in the Schedule of Funding Progress on pages 74 and 75.

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, market decline and investment losses deteriorate the plans' funding. Market losses were experienced in fiscal years 2001 through 2003 and fiscal year 2008. Positive returns were experienced in fiscal year 2004 through 2007. The funding status remained the same or increased for all defined benefit plans in the latest valuation, except in the PERS and GWPORS plans which decreased by one percent for both plans. 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 had been concerned with the funding of three of the eight defined benefit retirement plans administered due to the loss experienced in fiscal years 2001 through 2003. The three plans were the PERS-Defined Benefit Retirement Plan (PERS-DBRP), the Game Wardens' and Peace Offi-

cers' Retirement System (GWPORS) and the Sheriffs' Retirement System (SRS). In the 2007 Legislative Session, House Bill 131 addressed the funding of these three plans. House Bill 131, effective July 1, 2007, either increased employer contribution rates or decreased the guaranteed annual benefit adjustment (GABA) for new members or both. The last employer contribution increase for House Bill 131 occurs July 1, 2009. Based on the PERB's June 30, 2008 Actuarial Valuations the unfunded liability in these three plans will be amortized in less than 30 years.

Funding ratios range from a high of 157 percent (JRS) to a low of 65 percent (MPORS). The Schedule of Funding Progress on pages 74 and 75 shows the funding on June 30, 2008, June 30, 2007, June 30, 2006, June 30, 2005 and June 30, 2004. The table also shows the amount by which actuarial assets exceeded or fell short of actuarial liabilities. The actuary performs a smoothing of investment gains or losses over a period of four years. At June 30, 2008, the actuarial value of assets of all plans was more than the market value of assets by \$260.7 million due to a negative 4.9 percent market return in fiscal year 2008. The current smoothing reserve has a negative balance which will gradually be reflected in the Actuarial Value of Assets in future valuations.

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

The PERB 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 Net Assets and Changes in Net Assets for the two defined contribution plans are on page 30.

**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 earnings on investments fund the benefits of the plan.*

The plan net assets held in trust for benefits at June 30, 2008 amounted to \$45.0 million, an increase of \$3.0 million (7.0 percent) from \$42.0 million at June 30, 2007.

Additions to the PERS-DCRP net assets held in trust for benefits include contributions and investment income. Contributions decreased \$217 thousand (2.4 percent) from \$9.1 million in fiscal year 2007 to \$8.9 million in fiscal year 2008. The decrease in contributions is due to a decrease in payroll. The plan recognized a net investment loss of \$3.0 million for fiscal year ended 2008, compared with net investment income of \$5.4 million in fiscal year 2007. The decrease in investment income is a result of negative investment returns due to the volatility of the stock market.

Deductions from the PERS-DCRP net assets mainly include member distributions, administrative expenses and miscellaneous expenses. Distributions decreased from \$2.6 million in fiscal year 2007 to \$2.5 million in fiscal year 2008. The \$113 thousand (4.3 percent) decrease in distributions from 2007 to 2008 was due to fewer defined contribution members and retirees taking a distribution. The costs of administering the plan decreased from \$253 thousand in fiscal year 2007 to \$246 thousand in fiscal year 2008, a decrease of \$7 thousand (2.8 percent) from fiscal year 2007. The decrease in administrative costs

was mostly due to vacancy savings. The miscellaneous expenses decreased from \$282 thousand in fiscal year 2007 to \$216 thousand in fiscal year 2008, a decrease of \$66 thousand (23.3 percent) from fiscal year 2007. The decrease in miscellaneous expenses was due to the PERB's decision to reduce fees.

**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, 2008 amounted to \$297.4 million, an increase of \$8.5 million (2.9 percent) from \$288.9 million at June 30, 2007.*

Additions to the Deferred Compensation plan net assets held in trust for benefits include contributions and investment income. For fiscal year 2008, contributions increased to \$19.6 million from \$18.1 million in fiscal year 2007, an increase of \$1.5 million (8.5 percent). Contributions increased because of an increased number of members participating in the plan due to new employers joining the plan and an increase in deferrals. The plan recognized net investment income of \$3.3 million for fiscal year 2008 compared with net investment income of \$37.1 million for fiscal year 2007. The decreased investment income is a result of the volatility of the stock market.

Deductions from the Deferred Compensation plan net assets mainly include member and beneficiary distributions, administrative expenses and miscellaneous expenses. For fiscal year 2008, distributions amounted to \$13.3 million, a decrease of \$1.4 million (9.5 percent) from \$14.7 million at June 30, 2007.

## FINANCIAL SECTION

The costs of administering the plan increased from \$225 thousand in fiscal year 2007 to \$240 thousand in fiscal year 2008, an increase of \$15 thousand (6.5 percent) from fiscal year 2007. The increase in administrative costs was due to more time being spent on development and maintenance of the 457 web payroll reporting. Miscellaneous ex-

penses, the fees charged by the vendors to administer the plan, increased from \$781 thousand in fiscal year 2007 to \$813 thousand in fiscal year 2008, an increase of \$32 thousand (4.1 percent) from fiscal year 2007. The increase in miscellaneous expenses was due to increased membership.

### Fiduciary Net Assets - Defined Contribution Plans

**As of June 30, 2008** - and comparative totals for June 30, 2007

(dollars in thousands)

	PERS-DCRP		457-PLAN		TOTAL	
	2008	2007	2008	2007	2008	2007
<b>Assets:</b>						
Cash and Receivables	2,220	1,597	657	477	2,877	2,074
Securities Lending Collateral	88		31		119	
Investments	42,939	40,420	296,968	288,538	339,907	328,958
Intangible Assets	4	3	14	56	18	59
<b>Total Assets</b>	<b>45,251</b>	<b>42,020</b>	<b>297,670</b>	<b>289,071</b>	<b>342,921</b>	<b>331,091</b>
<b>Liabilities:</b>						
Securities Lending Collateral	88		31		119	
Other Payables	223	32	230	182	453	214
<b>Total Liabilities</b>	<b>311</b>	<b>32</b>	<b>261</b>	<b>182</b>	<b>572</b>	<b>214</b>
<b>Total Net Assets</b>	<b>44,940</b>	<b>41,988</b>	<b>297,409</b>	<b>288,889</b>	<b>342,349</b>	<b>330,877</b>

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

**For the year ended June 30, 2008** - and comparative totals for June 30, 2007

(dollars in thousands)

	PERS-DCRP		457-PLAN		TOTAL	
	2008	2007	2008	2007	2008	2007
<b>Additions:</b>						
Contributions	8,927	9,144	19,593	18,063	28,520	27,207
Investment Income (Loss)	(2,988)	5,415	3,287	37,102	299	42,517
<b>Total Additions</b>	<b>5,939</b>	<b>14,559</b>	<b>22,880</b>	<b>55,165</b>	<b>28,819</b>	<b>69,724</b>
<b>Deductions:</b>						
Distributions	2,519	2,632	13,302	14,693	15,821	17,325
OPEB Expenses	7		5		12	
Administrative Expenses	246	253	240	225	486	478
Miscellaneous Expenses	216	282	813	781	1,029	1,063
<b>Total Deductions</b>	<b>2,988</b>	<b>3,167</b>	<b>14,360</b>	<b>15,699</b>	<b>17,348</b>	<b>18,866</b>
<b>Incr/(Decr) in Net Assets</b>	<b>2,951</b>	<b>11,392</b>	<b>8,520</b>	<b>39,466</b>	<b>11,471</b>	<b>50,858</b>
<b>Prior Period Adjustments</b>		<b>(23)</b>		<b>1,197</b>		<b>1,174</b>

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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, 2008*

	PERS-DBRP	JRS	HPORS	SRS	GWPORS	MPORS
<b>Assets</b>						
Cash and Short-term Investments	\$ 44,519,789	971,216	1,078,295	3,407,637	1,773,090	92,092
Securities Lending Collateral (Note A6)	234,521,427	3,609,641	5,914,714	11,582,642	4,497,005	11,785,152
Receivables						
Interest	9,442,722	142,920	234,378	459,121	177,529	468,207
Accounts Receivable	1,247,094			202,732	348	119,484
Due from Other Funds	321,056					
Due from Primary Government	27,670					9,451,808
Notes Receivable	68,933					
<b>Total Receivables</b>	<b>11,107,475</b>	<b>142,920</b>	<b>234,378</b>	<b>661,853</b>	<b>177,877</b>	<b>10,039,499</b>
Investments, at fair value (Note A6)						
Montana Domestic Equity Pool (MDEP)	1,494,306,280	22,789,975	37,406,238	73,073,679	28,271,705	75,278,941
Retirement Fund Bond Pool (RFBP)	988,124,279	15,581,123	25,613,595	50,063,470	19,242,608	51,237,714
Montana International Pool (MTIP)	730,360,282	10,973,014	18,306,880	35,059,869	13,545,321	36,706,816
Montana Private Equity Pool (MPEP)	376,614,837	5,733,437	9,428,690	18,270,552	7,007,904	18,998,647
Montana Real Estate Pool (MTRP)	164,667,259	2,515,249	4,126,545	8,053,901	3,114,822	8,273,928
Real Estate Investments	8,931,057					
Mortgages & Commercial Loans						
net of Accumulated Mortgage Discount	31,837,233					
Structured Investment Vehicles (SIV)	4,460,631	99,480	104,349	339,772	181,298	8,741
Defined Contributions Fixed Investments						
Defined Contributions Variable Investments						
Deferred Compensation Life Insurance						
<b>Total Investments</b>	<b>3,799,301,858</b>	<b>57,692,278</b>	<b>94,986,297</b>	<b>184,861,243</b>	<b>71,363,658</b>	<b>190,504,787</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)	281,042	2,758	2,904	3,582	3,446	3,311
<b>Total Capital Assets</b>	<b>281,555</b>	<b>2,758</b>	<b>2,904</b>	<b>3,582</b>	<b>3,446</b>	<b>3,311</b>
<b>Total Assets</b>	<b>4,089,732,104</b>	<b>62,418,813</b>	<b>102,216,588</b>	<b>200,516,957</b>	<b>77,815,076</b>	<b>212,424,841</b>
<b>Liabilities</b>						
Securities Lending Collateral Liability	234,521,427	3,609,641	5,914,714	11,582,642	4,497,005	11,785,152
Accounts Payable	443,704	165	165	16,869	18,365	165
Due to Other Funds	160,712	7,102	25,590	76,152	49,309	65,123
Due to Primary Government	37,035					
Deferred Revenue	68,255		141	14	546	88,063
Compensated Absences	253,232					332
OPEB Implicit Rate Subsidy LT	71,660	124	643	2,079	1,429	1,830
<b>Total Liabilities</b>	<b>235,556,025</b>	<b>3,617,032</b>	<b>5,941,253</b>	<b>11,677,756</b>	<b>4,566,654</b>	<b>11,940,665</b>
<b>Net Assets Held in Trust for Pension Benefits</b>						
(see schedule of funding progress, page 72)	\$ 3,854,176,079	58,801,781	96,275,335	188,839,201	73,248,422	200,484,176
<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	2008
1,580,020	1,409,726	54,831,865	2,054,391	653,917	2,708,308	57,540,173
11,403,645	1,581,247	284,895,473	88,413	30,587	119,000	285,014,473
451,398	60,261	11,436,536	3,882	1,320	5,202	11,441,738
98,923		1,668,581	15	2,020	2,035	1,670,616
		321,056	162,040		162,040	483,096
9,568,388		19,047,866				19,047,866
		68,933				68,933
10,118,709	60,261	32,542,972	165,937	3,340	169,277	32,712,249
72,475,814	9,645,176	1,813,247,808				1,813,247,808
49,418,628	6,609,055	1,205,890,472				1,205,890,472
34,970,227	4,731,058	884,653,467				884,653,467
18,175,455	2,411,362	456,640,884				456,640,884
7,961,799	1,046,758	199,760,261				199,760,261
		8,931,057				8,931,057
		31,837,233				31,837,233
162,003	144,628	5,500,902	188,059	65,060	253,119	5,754,021
			3,128,370	181,739,616	184,867,986	184,867,986
			39,622,234	115,151,343	154,773,577	154,773,577
				12,316	12,316	12,316
183,163,926	24,588,037	4,606,462,084	42,938,663	296,968,335	339,906,998	4,946,369,082
		513				513
3,156	2,319	302,518	4,099	14,377	18,476	320,994
3,156	2,319	303,031	4,099	14,377	18,476	321,507
206,269,456	27,641,590	4,979,035,425	45,251,503	297,670,556	342,922,059	5,321,957,484
11,403,645	1,581,247	284,895,473	88,413	30,587	119,000	285,014,473
165		479,598	198,616	212,890	411,506	891,104
53,816	43,737	481,541	1,418	136	1,554	483,095
		37,035	1,540	484	2,024	39,059
3,758		160,777		894	894	161,671
		253,564	15,006	11,528	26,534	280,098
1,381	1,332	80,478	6,537	4,777	11,314	91,792
11,462,765	1,626,316	286,388,466	311,530	261,296	572,826	286,961,292
194,806,691	26,015,274	4,692,646,959	44,939,973	297,409,260	342,349,233	5,034,996,192

# 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, 2008

	PERS-DBRP	JRS	HPORS	SRS	GWPORS	MPORS
<b>Additions</b>						
<b>Contributions (Note C)</b>						
Employer	\$ 72,241,783	1,315,223	3,948,973	4,833,680	2,978,550	5,156,303
Plan Member	72,680,187	385,404	1,081,580	4,775,521	3,594,733	2,967,748
Membership Fees	108					
Interest Reserve Buyback	193,509		163	38,565	18,378	5,521
Retirement Incentive Program	27,709					
Miscellaneous Revenue	193					
State Contributions	377,713		289,515			9,451,808
Nonvested Member Forfeitures						
<b>Total Contributions</b>	<b>145,521,202</b>	<b>1,700,627</b>	<b>5,320,231</b>	<b>9,647,766</b>	<b>6,591,661</b>	<b>17,581,380</b>
<b>Investments (Note A6)</b>						
Net Appreciation (Depreciation)						
in Fair Value of Investments	(291,944,581)	(4,350,469)	(7,288,012)	(13,948,542)	(5,366,014)	(15,683,014)
Interest	97,273,735	1,391,287	2,415,304	4,444,757	1,751,581	5,523,999
Dividends	15,230,409	232,041	381,236	744,016	280,581	775,286
Investment Expense	(19,840,557)	(298,695)	(494,967)	(948,738)	(361,310)	(993,467)
<b>Net Investment Income</b>	<b>(199,280,994)</b>	<b>(3,025,836)</b>	<b>(4,986,439)</b>	<b>(9,708,507)</b>	<b>(3,695,162)</b>	<b>(10,377,196)</b>
<b>Securities Lending Income</b>						
Securities Lending Income	12,314,449	188,620	311,317	603,310	228,692	627,954
Securities Lending Rebate and Fees	(10,063,503)	(154,127)	(254,288)	(493,080)	(186,832)	(513,208)
<b>Net Securities Lending Income</b>	<b>2,250,946</b>	<b>34,493</b>	<b>57,029</b>	<b>110,230</b>	<b>41,860</b>	<b>114,746</b>
<b>Total Net Investment Income</b>	<b>(197,030,048)</b>	<b>(2,991,343)</b>	<b>(4,929,410)</b>	<b>(9,598,277)</b>	<b>(3,653,302)</b>	<b>(10,262,450)</b>
<b>Total Additions</b>	<b>(51,508,846)</b>	<b>(1,290,716)</b>	<b>390,821</b>	<b>49,489</b>	<b>2,938,359</b>	<b>7,318,930</b>
<b>Deductions (Note C)</b>						
Benefits	180,815,238	1,828,680	6,813,578	7,242,828	2,270,902	13,706,635
Refunds/Distributions	12,123,478	286	61,227	722,319	642,514	4,289,786
Refunds to Other Plans	659,578		14,207	11,174	29,780	3,635
Transfers to DCRP	1,076,716					
Transfers to ORP	249,583					
Supplemental Insurance Payments						
OPEB Expenses	71,660	124	643	2,079	1,429	1,830
Administrative Expenses	2,760,383	8,444	26,997	77,772	50,936	75,878
Miscellaneous Expenses						
<b>Total Deductions</b>	<b>197,756,636</b>	<b>1,837,534</b>	<b>6,916,652</b>	<b>8,056,172</b>	<b>2,995,561</b>	<b>18,077,764</b>
<b>Net Increase (Decrease)</b>	<b>(249,265,482)</b>	<b>(3,128,250)</b>	<b>(6,525,831)</b>	<b>(8,006,683)</b>	<b>(57,202)</b>	<b>(10,758,834)</b>
<b>Net Assets Held in Trust for Pension Benefits</b>						
<b>Beginning of Year</b>	<b>4,103,437,060</b>	<b>61,930,031</b>	<b>102,801,166</b>	<b>196,845,884</b>	<b>73,305,624</b>	<b>211,243,010</b>
<b>Prior Period Adjustment</b>	<b>4,501</b>					
<b>End of Year</b>	<b>\$ 3,854,176,079</b>	<b>58,801,781</b>	<b>96,275,335</b>	<b>188,839,201</b>	<b>73,248,422</b>	<b>200,484,176</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 Trust Funds
FURS	VFCA	Total Defined Benefit Pension Plans	PERS-DCRP	457 Plan	Total Defined Contribution Plans	2008
4,466,885		94,941,397	3,254,857	70,485	3,325,342	98,266,739
3,151,825		88,636,998	5,117,841	19,107,055	24,224,896	112,861,894
		108				108
110		256,246				256,246
		27,709				27,709
		193	216,499	415,812	632,311	632,504
9,568,388	1,562,019	21,249,443				21,249,443
			337,633		337,633	337,633
17,187,208	1,562,019	205,112,094	8,926,830	19,593,352	28,520,182	233,632,276
(14,409,762)	(2,103,551)	(355,093,945)	(5,319,796)	(13,267,037)	(18,586,833)	(373,680,778)
4,775,904	843,061	118,419,628	2,331,840	17,120,725	19,452,565	137,872,193
741,365	99,569	18,484,503				18,484,503
(950,094)	(129,131)	(24,016,959)		(566,681)	(566,681)	(24,583,640)
(9,842,587)	(1,290,052)	(242,206,773)	(2,987,956)	3,287,007	299,051	(241,907,722)
600,452	81,242	14,956,036	2,196	773	2,969	14,959,005
(490,757)	(66,365)	(12,222,160)	(1,718)	(605)	(2,323)	(12,224,483)
109,695	14,877	2,733,876	478	168	646	2,734,522
(9,732,892)	(1,275,175)	(239,472,897)	(2,987,478)	3,287,175	299,697	(239,173,200)
7,454,316	286,844	(34,360,803)	5,939,352	22,880,527	28,819,879	(5,540,924)
13,353,419	1,716,773	227,748,053				227,748,053
116,292		17,955,902	2,519,019	13,302,201	15,821,220	33,777,122
		718,374				718,374
		1,076,716				1,076,716
		249,583				249,583
	14,025	14,025				14,025
1,381	1,332	80,478	6,537	4,777	11,314	91,792
55,605	44,933	3,100,948	245,955	240,644	486,599	3,587,547
			216,313	812,639	1,028,952	1,028,952
13,526,697	1,777,063	250,944,079	2,987,824	14,360,261	17,348,085	268,292,164
(6,072,381)	(1,490,219)	(285,304,882)	2,951,528	8,520,266	11,471,794	(273,833,088)
200,879,072	27,505,493	4,977,947,340	41,988,445	288,888,994	330,877,439	5,308,824,779
		4,501				4,501
194,806,691	26,015,274	4,692,646,959	44,939,973	297,409,260	342,349,233	5,034,996,192

## FINANCIAL SECTION

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# Public Employees' Retirement Board

*A Component Unit of the State of Montana*

## Notes to the Financial Statements

*for the Fiscal Year Ended June 30, 2008*

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 new PERS members, after July 1, 2002, have a 12-month window to file an irrevocable plan choice election. The Deferred Compensation plan is available to employees of the state and university system and to local political subdivisions that contract with the PERB.

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 Montana Public Employee Retirement Administration (MPERA) participates as an employer in the PERS-DBRP, PERS-DCRP and the Deferred Compensation plan.

The assets of each plan are maintained separately, including member education funds. The assets 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 on pages 86 to 88.

### 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 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 com-



mitment to provide the contributions. Revenues are recognized 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 allocated to the other defined benefit plans at year-end.

Adjustments to the fiscal year 2008 financial statements consist of a prior period adjustment to the PERS-DBRP plan for prior years' employer reporting errors of lump sum vacation payouts without termination.

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 plan are charged quarterly basis point fees based on individual account balances. The record keeper, Great West, withholds the fees from participants' accounts and after payment of Great West's contractual expenses, the remaining fees are remitted to the PERB. The remaining 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 consists of a server. Capital assets include the web-based employer reporting software and the MPERA website.

A new server was purchased in September 2005. The accumulated depreciation of the server as of June 30, 2008 is \$5,641 and the carrying value is \$2,323. The accumulated depreciation on the web-based employer reporting system is \$1,296,690 as of June 30, 2008. The carrying value as of June 30, 2008 is \$261,262. During fiscal year 2008, another stage of this process was implemented, thus increasing the cost of the total asset by \$130,935. For the Deferred Compensation web-based employer reporting system the accumulated depreciation as of June 30, 2008 is \$180,125 and the carrying value is \$7,462. The accumulated depreciation on the MPERA website as of June 30, 2008 is \$57,415 and the carrying value is \$35,643. During fiscal year 2008, another stage of this process was implemented, thus increasing the cost of the total asset by \$24,780.

### 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

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location of 100 North Park. The lease is payable monthly and includes inflationary adjustments over the period of the lease.

#### 4. FUNDED STATUS AND FUNDING PROGRESS

Effective June 30, 2007, MPERA implemented the provision of the Governmental Accounting Standards Board (GASB) Statement No. 50 - Pension Disclosures. The disclosures are amendments to GASB Statement 25 and present the disclosures of the actuarial methods, assumptions and funded status of the plan in the financial notes.

The funded status of the eight defined benefit retirement plans, as of the most recent actuarial valuation date, is in the table below.

The net Funded Ratio increased or remained the same in fiscal year 2008 for all retirement plans, except PERS and

GWPORS decreased.

<b>Funded Ratio as of June 30, 2008</b>	
PERS-DBRP	90%
JRS	157%
HPORS	75%
SRS	98%
GWPORS	93%
MPORS	65%
FURS	72%
VFCA	84%

The required supplementary information (RSI), following the notes to the financial statements, presents similar information but uses a multi-year format to show trend information. These trends indicate whether the actuarial values of the plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities.

The information on the next page is general and applicable to each defined benefit plan.

#### Funded Status as of June 30, 2008

(dollar amounts are in thousands)

System	Actuarial Value of Assets (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)
PERS-DBRP	\$4,065,307	\$4,504,743	\$439,436	90.25%	\$955,113	46.01%
JRS	62,040	39,435	(22,605)	157.32%	5,096	-443.58%
HPORS	101,500	134,683	33,183	75.36%	10,866	305.38%
SRS	199,453	204,549	5,096	97.51%	47,196	10.80%
GWPORS	77,511	83,449	5,938	92.88%	32,365	18.35%
MPORS	212,312	327,556	115,244	64.82%	32,181	358.11%
FURS	206,127	287,218	81,091	71.77%	29,158	278.11%
VFCA	27,544	32,735	5,191	84.14%	N/A*	N/A*

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

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General to each DB Retirement System	
Valuation date	June 30, 2008
Actuarial cost method	Entry Age
Amortization method	Level percent payroll, open
Asset valuation method	4-year smoothed market
Actuarial assumptions:	
Investment rate of return	8%
Projected salary increases:	
General Wage Growth*	4.25%
*includes inflation rate at	3.25%
Guaranteed annual benefit adjustment (GABA), except VFCA	3% after 1 year. Effective July, 1, 2007, 1.5% GABA for new hires of PERS, SRS and GWPORS.

Remaining Amortization Period	
PERS-DBRP	24.8 years
JRS	N/A*
HPORS	17.4 years
SRS	16.3 years
GWPORS	13.0 years
MPORS	18.6 years
FURS	11.3 years
VFCA	5.0 years
* Currently the surplus is not expected to be exhausted.	

Merit Projected Salary Increases	
PERS-DBRP	0% - 6%
JRS	None
HPORS	0% - 7.3%
SRS	0% - 7.3%
GWPORS	0% - 7.3%
MPORS	0% - 7.3%
FURS	0% - 7.3%
VFCA	N/A

The minimum benefit adjustment (non-GABA) for PERB's retirement systems only affects four systems: JRS, HPORS, MPORS and FURS. A table showing the

non-GABA adjustment for these systems follows.

Minimum Benefit Adjustment (non-GABA)	
Retiree benefit adjustment uses:	
JRS	Biennial increase to salary of active member in like position
HPORS	2% per year of service, not to exceed 5%, for probationary officer's base pay
MPORS	50% of newly confirmed officer's pay
FURS	50% of newly confirmed officer's pay

### 5. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

For the fiscal year ending June 30, 2008, the State of Montana implemented Governmental Accounting Standards Board (GASB) Statement 45, Accounting and Financial Reporting by Employers for Post-employment Benefits Other than Pensions. This statement requires the disclosure of employer liability for retiree medical subsidies and other post-employment benefits.

*Plan Description:* MPERA employees and dependents are eligible to receive health care through the State Group Benefits Plan administered by the Montana Department of Administration. In accordance with section 2-18-704, MCA, the State provides optional post-employment medical, vision and dental health care benefits to the following employees and dependents who elect to continue coverage and pay administratively established premiums: (1) employees and dependents who retire under applicable retirement provisions and (2) surviving dependents of deceased employees. For GASB State-

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ment 45 reporting, the State Group Benefits Plan is considered an agent multiple-employer plan and MPERA is considered to be a separate employer participating in the plan.

In addition to the retirement plans, the following post-employment benefits are provided. Montana Department of Administration established retiree medical premiums vary between \$160 and \$776 per month depending on the medical plan selected, family coverage, and Medicare eligibility. Administratively established dental premiums that vary between \$31.00 and \$53.20; vision premiums vary between \$7.64 and \$22.26; both premiums vary depending on the coverage selected. Basic life insurance in the amount of \$14,000 is provided until age 65 at a cost of \$1.90 per month to the retiree. The State Benefit Plan reimburses all validated medical claims net of member obligations (annual deductibles and coinsurance of the members' selected medical plan). Dental claims are reimbursed at 50 percent to 100 percent of the allowable charges, depending on the services provided. The State acts as secondary payer for retired Medicare-eligible claimants.

*Benefits Not Included in the Valuation:* Retirees pay 100 percent of dental premiums. Thus, there is no liability for dental valued in this valuation. The vision benefit is fully-insured and retirees pay 100 percent of the cost. Thus, there is no liability for vision valued in this valuation. The life insurance benefit is a fully-insured benefit that is payable until age 65 with the retiree required to pay the full premium. There is no liability value reported in this valuation for the retirees, though the required premium is an active/retiree blended premium. This liability

would be insignificant to the overall results of this valuation.

*Funding Policy:* The following estimates were prepared for the Department of Administration by the Actuaries Northwest, LLC and the resulting State of Montana Actuarial Valuation of Other Post-Employment Benefits Plan (plan) contains the MPERA data and is available through: Montana Department of Administration, State Accounting Division, RM 255, Mitchell Building, 125 N Roberts Street, PO Box 200102, Helena, MT 59620-0102.

GASB Statement 45 requires the plan's participants, including MPERA, to report each year the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year of retiree health care costs and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The 2008 ARC is calculated for all the State plan's participants and then individually allocated to individual participants. The MPERA 2008 ARC is estimated at \$91,792 and is based on the plan's current ARC rate of 7.99 percent of participants' annual covered payroll. The MPERA 2008 ARC is equal to an annual amount required each year to fully fund the liability over thirty years.

The amount of the estimated OPEB actuarial accrued liability at transition was determined in accordance with the GASB Statement 45, and liability is estimated at

\$1,047,666 for MPERA. (The actuarial accrued liability is the present value of future retiree and active employees who will retire and be eligible for benefits and expenses.)

*Actuarial Methods and Assumptions:* Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in the actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress for OPEB, presented as required supplementary information following the notes to the financial statements, presents information showing the actuarial value of plan assets and liabilities. In the December 31, 2007, actuarial valuation, the projected unit credit funding method is used. The actuarial assumptions did not include an investment rate of return since no assets meeting the definition of plan assets under GASB State-

ments 43 or 45. Annual healthcare cost trend rates of 8 percent for medical and 15 percent for prescription claims are used. The unfunded actuarial accrued liability is amortized following a 30-year level percentage of payroll amortization schedule on an open basis beginning January 1, 2007.

The State finances claims on an a pay-as-you-go basis and does not advance-fund the OPEB liability. While this liability is disclosed for financial statement purposes it does not represent a legal liability of the State or MPERA. Therefore, the following cost information shows no cost contributions or plan assets made by MPERA. Since 2008 is the OPEB reporting implementation year and year of transition, there is not two years' previous information available to report as required by GASB Statement 45.

*Annual OPEB Cost:* For fiscal year 2008, PERB's allocated annual OPEB cost (expense) of \$91,792 was equal to the ARC. The PERB annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2008 are as follows:

Fiscal Year Ended	Annual OPEB cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2008	\$ 91,792	0.00%	\$ 91,792

*Funded Status and Funding Progress:* The funded status of the MPERA allocation of the plan as of June 30, 2008, was as follows: Actuarial Accrued Liability (AAL) is \$1,047,666; Actuarial Value of Plan Assets is 0 percent; Unfunded Actuarial Accrued Liability (UAAL) is \$1,047,666; Funded Ratio (Actuarial



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Value of Plan Assets/AAL) is \$0; Covered Payroll (Active Plan Members) is \$1,326,012; and the UAAL as a Percentage of Covered Payroll is 79.03 percent.

### 6. METHOD USED TO VALUE INVESTMENTS

According to Article VIII, section 13 of the Montana Constitution and section 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 sections 19-2-502 and 19-2-503, 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, 2008, there were six major diversified pools, Montana Short Term Investment Pool (STIP), Montana Domestic Equity Pool (MDEP), Retirement Funds Bond Pool (RFBP), Montana International Pool (MTIP), Montana Private Equity Pool (MPEP) and Montana Real Estate Investment Pool (MTRP).

The PERS-DCRP’s fixed investments were invested and managed on behalf of the plan by Pacific Investment Management Company (PIMCO), the investment manager.

The Deferred Compensation plan’s fixed investments were invested and managed on behalf of the plans by PIMCO and the custodial bank State Street Bank Kansas City (SSKC).

For both the PERS-DCRP and Deferred

Compensation plan 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 investments are also governed by section 19-3-2122, MCA. There are separate investment policies for the Deferred Compensation and PERS-DBRP plans. The investment policies are reviewed by the PERB on an annual basis and the investment options are reviewed quarterly 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 the relevant Investment Policy Statement. In addition, each investment alternative is reviewed for other indicators including, but not limited to: style drift, duplication, and 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, 2008.

The following are the summaries of the BOI’s fiscal year end statements, the PIMCO/SSKC contracts and a statement about the variable investments. The BOI had investment losses in fiscal year 2008 and subsequent losses since June 30, 2008. The BOI fiscal year statements and information on these losses can be obtained by contacting BOI.

**STIP** portfolio may include asset-backed securities, commercial paper, corporate and U.S. government direct obligations,

U.S. government agency securities, repurchase agreements, institutional money market funds, certificates of deposit and variable-rate (floating-rate) instruments. The purpose of STIP is the preservation of principal, while obtaining money market type returns and 24-hour liquidity. The BOI has as policy that STIP will, and does, operate in a manner consistent with the SEC's rule 2a7 of the Investment Company Act of 1940. In meeting certain conditions, STIP, as a 2a7-like pool, is allowed to use amortized cost rather than fair value to report net assets to compute unit values. The portfolio is carried at amortized cost or book value with a constant unit value of \$1.00. State agencies with accounts that retain interest earnings are legally required to invest in STIP and the PERB elects to have all STIP income automatically reinvested. For fiscal year 2008 income was distributed on the first calendar day of each month. *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 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, 2008, all the STIP 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 PERB portion of STIP is 2.47 percent.

At June 30, 2008, the STIP balance included Structure Investment Vehicles (SIVs) that were no longer liquid. As a result these are no longer considered cash equivalents and are reclassified from cash to investments based on a pro rata share of the pension funds' investment in the pool.

**MDEP** may include common stock, equity index shares, preferred stock, convertible equity securities, American Depositary Receipts (ADR's), equity derivatives and commingled funds. The MDEP portfolio is limited to domestic stock or ADR investments. ADR investments are receipts issued by a U.S. depositary bank representing shares of a foreign stock or bonds held abroad by the foreign sub-custodian of the American depositary bank. For *Custodial Credit Risk* as of June 30, 2008, 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 PERB portion of MDEP is 61.00 percent.

**RFBP** portfolio includes corporate and foreign government bonds; U.S. government direct obligations and U.S. government agency securities; and cash equivalents. U.S. government direct obligations include U.S. Treasury securities and debt explicitly guaranteed by the U.S. government. U.S. government agency securities include U.S. government agency and mortgage-backed securities. U.S. government mortgage-backed securities reflect participation in a pool of residential mortgages. The bond pools also include structured financial instruments known as Real Estate Mortgage Investment Conduits (REMIC) securities. These investments are pass-through vehicles for multi class mortgage-backed securities and some may be interest-only strips. These investments represent the separate purchase of the principal and interest cash flows of a mortgage security and receive cash flows from the interest payment component on underlying mortgage loans. *Credit Risk* is that the issuer of a fixed income security may default in making timely principal

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and interest payments. For *Custodial Credit Risk* as of June 30, 2008, all the fixed income 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 State Street repurchase agreement was purchased in the State of Montana BOI name. 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 fair value of total fixed income investments is \$1,991,701,315 with an effective duration of 4.63. The PERB portion of RFBP is 61.33 percent.

**MTIP** may include common stock, equity index shares, preferred stock, convertible equity securities, American Depositary Receipts (ADR's), equity derivatives, and commingled funds. ADR investments are receipts issued by a U.S. depository bank representing shares of a foreign stock or bonds held abroad by the foreign sub-custodian of the American depository bank. The MTIP portfolio may include holdings of securities of foreign-based corporations listed on legal and recognized foreign exchanges as well as domestic exchanges. The MTIP portfolio invests in both developed and emerging markets. For *Custodial Credit Risk* as of June 30, 2008, 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. *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 multiple 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 PERB portion of MTIP is 61.17 percent.

**MPEP** portfolio may include venture capital, leveraged buyout, mezzanine, distressed debt, special situation and secondary investments. These investments are made via Limited Partnership Agreements in which the BOI and other institutional investors invest as Limited Partners in funds managed by a General Partner. These investments are riskier with higher potential return than public equity investments and are less liquid because the funds are usually committed for at least 10 years. Realized capital gains are not distributed unless the gains are needed to pay management fees. Income due participants is distributed monthly on the first calendar day of each month. For *Custodial Credit Risk* as of June 30, 2008, all MPEP investments were recorded in the name of the Montana BOI and held in the possession of the BOI's custodial bank, State Street Bank. *Foreign Currency Risk* is the risk that changes in exchange rates will adversely affect the fair value of an investment. The MPEP includes securities subject to foreign currency risk. The PERB portion of MPEP is 61.37 percent.

**MTRP** portfolio includes investments in core, value-added, and opportunistic real estate. Core investments are the least risky with the lowest return and are usually managed in commingled accounts in which the investor purchases shares. Value-added and opportunistic real estate investments provide more risk and return and are less liquid than core investments. These investments are usually made through Limited Partnership Agreements. The MTRP invests its cash in STIP. Real-

ized capital gains are not distributed unless the gains are needed to pay management fees. Income due participants is distributed monthly on the first calendar day of each month. *Custodial Credit Risk* as of June 30, 2008, all MTRP investments were recorded in the name of the Montana BOI and held in the possession of the BOI's custodial bank, State Street Bank. *Foreign Currency Risk* is the risk that changes in exchange rates will adversely affect the fair value of an investment. The MTRP includes securities subject to foreign currency risk. The PERB portion of MTRP, which only is applicable to PERS, is 61.17 percent.

**All Other Funds (AOF) Investments** portfolio for the pension plans includes real estate, mortgages and commercial loans. Fair values are determined, primarily, by reference to market prices supplied to the BOI by its custodial bank, State Street Bank. The real estate investments and residential and multi-family 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, 2008, there were no uncollectible account balances for mortgages. Real estate investments held, in part, for the PERS include a building at 100 North Park Avenue in Helena, MT; a building 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, 2008, the PERB did not have a credit quality rating for the total fixed income investments. *Custodial Credit Risk* as of June 30, 2008 has real estate, and

mortgage investments registered in the name of the Montana BOI. There is no *Concentration of Credit Risk* for the PERB.

**Securities Lending Collateral**, governed under the provisions of state statutes, BOI authorized the custodial bank, State Street Bank, to lend the BOI securities to broker-dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. The custodial bank is required to maintain collateral equal to 102 percent of the fair value of domestic securities and 105 percent of the fair value of international securities while the securities are on loan. The BOI and the custodial bank split the earnings on security lending activities. The securities lending collateral, securities lending collateral liability, securities lending income and securities lending expense consist of allocations to PERB on a pro rate basis of its ownership share of each pool with securities lending activity. At June 30, 2008, the BOI had no credit risk exposure to borrowers because the collateral pledged by the borrowers exceeded the value of the securities borrowed. The private equity and real estate pools do not participate in securities lending.

**Fixed Investments** for the PERS-DCRP and the Deferred Compensation plans provide a guarantee of principal by Aegon, the insurance wrapper. Aegon sets a fixed quarterly rate of return based on the investment manager's portfolio yield and duration. For the PERS-DCRP, fixed investments are administered by Pacific Investment Management Company (PIMCO), the investment manager. For the Deferred Compensation plan the fixed investments are administered and directed

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through PIMCO, the investment manager, and State Street Bank Kansas City (SSKC), the custodial bank.

The PERS-DCRP fixed investments are invested in a PIMCO Moderate Duration mutual fund. The Fund seeks to achieve its investment objective by investing under normal circumstances at least 65% of its total assets in a diversified portfolio of Fixed Income instruments of varying maturities, which may be represented by forwards or derivatives such as options, futures contracts, or swap agreements. The average portfolio duration of this Fund normally varies within two years (plus or minus) of the duration of the Lehman Brothers Intermediate Government/Credit Index, which as of June 30, 2008 was 3.81 years. The Fund invests primarily in investment grade debt securities, but may invest up to 10% of its total assets in high yield securities (“junk bonds”) rated B or higher by Moody’s, or equivalently rated by S&P or Fitch, or, if unrated, determined by PIMCO to be of comparable quality. The Fund may invest up to 30% of its total assets in securities denominated in foreign currencies, and may invest beyond this limit in U.S. dollar-denominated securities of foreign issuers. The Fund may invest up to 15% of its total assets in securities and instruments that are economically tied to emerging market countries. The Fund will normally limit its foreign currency exposure (from non-U.S. dollar-denominated securities or currencies) to 20% of its total assets. The Fund may invest all of its assets in derivative instruments, such as options, futures contracts or swap agreements, or in mortgage-backed or asset-backed securities. The Fund may, without limitation, seek to obtain market exposure to the securities in which it primarily invests by entering

into a series of purchase and sale contracts or by using other investment techniques (such as buy backs or dollar rolls). The “total return” sought by the Fund consists of income earned on the Fund’s investments, plus capital appreciation, if any, which generally arises from decreases in interest rates, foreign currency appreciation, or improving credit fundamentals for a particular sector or security. The Fund may also invest up to 10% of its total assets in preferred stocks. *Concentration of Credit Risk* is not addressed in the investment policy and investments in mutual funds are not required to be disclosed.

**Variable Investments** for the PERS-DCRP and Deferred Compensation plan 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 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 third-party consultant and investment analyst, conducts quarterly reviews of the offered mutual funds. The goal of the reviews is to ensure that 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 reviews, 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, and 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. During the reviews, the PERB may decide to retain, replace or place in a probation 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, 2008. Available mutual funds are listed on pages 65 and 68 or a listing can be obtained by contacting 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.

***Bean, et al v. Montana and MPERA*** (Cause No. ADV-2004-707, First Judicial District) challenged 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, claimed the law is a violation of equal protection and sought coverage under FURS. A counterclaim sought proper FURS employee contributions from plaintiffs if they are determined to be cov-

ered by FURS. Cross motions for summary judgment were filed; following which District Judge Dorothy McCarter determined that the legislation violated the equal protection clause of the constitution and awarded attorney fees to plaintiffs. The matter was appealed to and briefed before the Montana Supreme Court. On February 26, 2008, the Supreme Court reversed the District Court and determined the legislation to be constitutional. There is no material actuarial impact.

***In the Matter of J.C., et al.*** The claimants are all former volunteer firefighters who are contesting MPERA's refusal to increase their retirement benefits based on changes to section 19-17-404, MCA. In both 2003 and 2005 the Legislature amended section 19-17-404, MCA to increase retirement benefits to members who continued as volunteer firefighters for more than twenty years. The claimants, who allege they all served as volunteer firefighters for more than twenty years, demand that their retirement benefits be recalculated according to the new benefit structure provided in the amended version of section 19-17-404, MCA. But because the claimants all retired prior to the effective date of the amendments, they are not eligible to have their retirement benefits recalculated. The claimants have indicated they will seek a class-action certification in this matter to include all retirees allegedly affected by MPERA's actions. The probability of the claimants prevailing is remote, although there could be a material actuarial impact on the VFCA fund if the claimants prevail. The total potential actuarial impact has not yet been determined.

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### C. 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 mem-

ber. 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 restored. Membership of each plan as of June 30, 2008 and June 30, 2007 is detailed in the following charts:

<b>PERS-DBRP Membership</b>					
	<u>2008</u>	<u>2007</u>		<u>2008</u>	<u>2007</u>
Number of participating employers	528	528			
Active plan members	28,293	27,977	Retirees and beneficiaries receiving benefits		
Terminated plan members entitled to but not yet receiving benefits or a refund			Service Retirements	15,991	15,488
Vested	2,579	2,576	Disability Retirements	290	316
Non-vested	6,268	6,401	Survivor Benefits	346	333
	<u>8,847</u>	<u>8,977</u>		<u>16,627</u>	<u>16,137</u>

<b>JRS Membership</b>					
	<u>2008</u>	<u>2007</u>		<u>2008</u>	<u>2007</u>
Number of participating employers	1	1			
Active plan members	51	51	Retirees and beneficiaries receiving benefits		
Terminated plan members entitled to but not yet receiving benefits or a refund			Service Retirements	48	49
Vested	5	5	Disability Retirements	-	-
Non-vested	-	-	Survivor Benefits	2	2
	<u>5</u>	<u>5</u>		<u>50</u>	<u>51</u>

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<b>HPORS Membership</b>					
	<u>2008</u>	<u>2007</u>		<u>2008</u>	<u>2007</u>
Number of participating employers	1	1			
Active plan members	212	204	Retirees and beneficiaries receiving benefits		
Terminated plan members entitled to but not yet receiving benefits or a refund			Service Retirements	271	267
Vested	13	14	Disability Retirements	8	7
Non-vested	7	8	Survivor Benefits	11	10
	<u>20</u>	<u>22</u>		<u>290</u>	<u>284</u>

<b>SRS Membership</b>					
	<u>2008</u>	<u>2007</u>		<u>2008</u>	<u>2007</u>
Number of participating employers	57	57			
Active plan members	1,109	1,076	Retirees and beneficiaries receiving benefits		
Terminated plan members entitled to but not yet receiving benefits or a refund			Service Retirements	344	334
Vested	46	38	Disability Retirements	34	35
Non-vested	139	120	Survivor Benefits	16	15
	<u>185</u>	<u>158</u>		<u>394</u>	<u>384</u>

<b>GWPORS Membership</b>					
	<u>2008</u>	<u>2007</u>		<u>2008</u>	<u>2007</u>
Number of participating employers	7	7			
Active plan members	885	821	Retirees and beneficiaries receiving benefits		
Terminated plan members entitled to but not yet receiving benefits or a refund			Service Retirements	116	107
Vested	40	35	Disability Retirements	-	1
Non-vested	115	91	Survivor Benefits	4	3
	<u>155</u>	<u>126</u>		<u>120</u>	<u>111</u>

## FINANCIAL SECTION

<b>MPORS Membership</b>					
	<u>2008</u>	<u>2007</u>		<u>2008</u>	<u>2007</u>
Number of participating employers	27	23			
Active plan members	673	640	Retirees and beneficiaries receiving benefits		
Terminated plan members entitled to but not yet receiving benefits or a refund			Service Retirements	592	549
Vested	34	37	Disability Retirements	15	14
Non-vested	58	38	Survivor Benefits	29	29
	<u>92</u>	<u>75</u>		<u>636</u>	<u>592</u>

<b>FURS Membership</b>					
	<u>2008</u>	<u>2007</u>		<u>2008</u>	<u>2007</u>
Number of participating employers	19	17			
Active plan members	525	480	Retirees and beneficiaries receiving benefits		
Terminated plan members entitled to but not yet receiving benefits or a refund			Service Retirements	508	490
Vested	9	9	Disability Retirements	5	6
Non-vested	52	52	Survivor Benefits	22	23
	<u>61</u>	<u>61</u>		<u>535</u>	<u>519</u>

<b>VFCA Membership</b>					
	<u>2008</u>	<u>2007</u>		<u>2008</u>	<u>2007</u>
Number of participating companies	210	193			
Active plan members	2,301	2,207	Retirees and beneficiaries receiving benefits		
Terminated plan members entitled to but not yet receiving benefits			Service Retirements	1,081	1,033
Vested	793	800	Disability Retirements	-	-
			Survivor Benefits	1	5
				<u>1,082</u>	<u>1,038</u>

## FINANCIAL SECTION

<b>PERS-DCRP Membership</b>					
	<u>2008</u>	<u>2007</u>		<u>2008</u>	<u>2007</u>
Number of participating employers	233	237			
Active plan members	1,769	1,563	Retirees and beneficiaries receiving benefits		
Terminated plan members entitled to but not yet receiving benefits or a refund			Benefit Payments	6	3
Vested	131	108	Disability Payments	-	-
Non-vested	350	239	Survivor Payments	-	-
	<u>481</u>	<u>347</u>		<u>6</u>	<u>3</u>

<b>Deferred Compensation (457) Membership</b>					
	<u>2008</u>	<u>2007</u>		<u>2008</u>	<u>2007</u>
Number of participating employers	17*	16	Number of participating plan members	8,001	7,930
Number of participating employers that provide contributions on members' behalf	2	2	Number of participating plan members that are actively contributing to their deferred compensation accounts	5,346	5,348
*State is one employer.					



## FINANCIAL SECTION

### ***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 members 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 benefit* and *defined contribution* retirement plans. The choice is irrevocable. All new members from the uni-

versities 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 the applicable percentage (provided below) each January, inclusive of all other adjustments to the member's benefit

- 3.0% for members hired before July 1, 2007
- 1.5 % for members hired on or after July 1, 2007

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At June 30, 2008 PERS had 528 participating employers, the same as FY2007. The participating employers consist of:

<b>PERS-DBRP EMPLOYERS</b>		
<u>Employers</u>	<u>June 30, 2008</u>	<u>June 30, 2007</u>
State Agencies	34	36
Counties	55	55
Cities and Towns	96	96
Colleges and Universities	5	5
School Districts	233	232
High Schools	6	6
Other Agencies	<u>99</u>	<u>98</u>
Total	528	528

**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 2008 was 6.9% of the 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 request for retirement or refund is processed.

Each state agency and university system employer contributed 7.035% of PERS-covered payroll during fiscal year 2008. This was increased from 6.9% in fiscal year 2007. Participating local governments contributed 6.935% of PERS-covered payroll during fiscal year 2008. This was an increase of 0.135% from 2007. The State contributed the remaining 0.1% for local governments. Participating school districts contribute 6.8% of PERS-covered payroll during fiscal year 2008. This was the same rate as fiscal year 2007. The state contributed the remaining 0.235% from the general fund, an increase of 0.135% from 2007. A percentage of the em-

ployers' contributions is used to fund the employee education program. (Reference Schedule of Contribution Rates on page 73).

**Plan Membership Elections:** MPERA has included in the financial statements transfers of \$1,076,716 in Transfers to DCRP and \$249,583 in Transfers to ORP. These transfers reflect the DCRP and ORP contributions of participants that filed elections at or near the June 30 cutoff date. The contributions were transferred in early fiscal year 2009.

<b>PERS-DBRP Active Membership by Employer Type</b>		
<u>Employer Type</u>	<u>June 30, 2008</u>	<u>June 30, 2007</u>
State Agencies	10,878	10,727
Counties	5,297	5,137
Cities	3,201	3,122
Universities	2,576	2,603
High Schools	52	61
School Districts	5,182	5,200
Other Agencies	<u>1,107</u>	<u>1,127</u>
Total	28,293	27,977

## FINANCIAL SECTION

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*Additional Service Purchase Due to a Reduction in Force:* Section 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 employees participating under section 19-2-706, MCA increased from 177 in fiscal year 2007 to 183 in fiscal year 2008. 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 2008 totaled \$2,729. The outstanding balance at June 30, 2008, totaled \$29,151.

*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.

The education program consists of three primary components:

- 1) initial transfer education — complete as of July 1, 2003.
- 2) ongoing transfer education — for new 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 2008.

*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 be amortized over the next 24.8 years. This amortization period does not reflect the sunset provisions for the additional contributions under section 19-3-316, MCA. Without the additional contributions effective July 1, 2007 and July 1, 2009, the amortization period for the Unfunded Actuarial Liability would be 29 years.

### *Judges’ Retirement System (JRS)*

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*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 Legislature. 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:

**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 prior to January 1, 1988 or December 1, 2005 — monthly compensation at time of retirement;

<sup>2</sup>Hired after June 30, 1997 or electing GABA prior to January 1, 1988 or December 1, 2005 — 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 3.0% 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 of an active member in same position is used in the calculation of the monthly benefit each time the Legislature increases salaries for active judges.

At June 30, 2008 JRS had one participating employer, the same as FY2007. The participating employer consists of:

<b>JRS EMPLOYERS</b>		
<u>Employer</u>	<u>June 30, 2008</u>	<u>June 30, 2007</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 2008 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.

## FINANCIAL SECTION

As the employer, the State contributed 25.81% of the total JRS-covered payroll to the retirement plan during fiscal year 2008. (Reference Schedule of Contribution Rates on page 73).

JRS Active Membership by Employee Type		
Employee Type	June 30, 2008	June 30, 2007
GABA	37	37
Non-GABA	14	14
Total	51	51

### ***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 3.0% 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.



## FINANCIAL SECTION

At June 30, 2008 HPORS had one participating employer, the same as FY2007. The participating employer consists of:

<b>HPORS EMPLOYERS</b>		
<u>Employer</u>	<u>June 30, 2008</u>	<u>June 30, 2007</u>
State Agency — Department 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 rate for fiscal year 2008 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 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 2008. 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 applica-

tions. (Reference Schedule of Contribution Rates on page 73).

**Additional Service Purchase Due to a Reduction in Force:** Section 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 for Retirees:** Section 19-6-709, MCA provides eligible Montana highway patrol officers retired prior to July 1, 1991, or their survivors, an annual supplemental lump-sum payment distributed each September. This lump-sum payment is funded by registration fees requested by the PERB from the general fund. Factors impacting eligibility include the number of years the recipient has received a service retirement benefit or disability benefit, the recipient's age, and whether the recipient is employed in a position covered by a retirement system under Title 19. The average annual supplemental payment for non-GABA retirees was \$2,596 in September 2008.

<b>HPORS Active Membership by Employee Type</b>		
<u>Employee Type</u>	<u>June 30, 2008</u>	<u>June 30, 2007</u>
GABA	212	204
Non-GABA	0	0
Total	212	204

## FINANCIAL SECTION

### ***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 and gambling investigators hired after July 1, 1993, all detention officers hired after July 1, 2005, 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. 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 the applicable percentage (provided below) each January, inclusive of all other adjustments to the member's benefit

- 3.0% for members hired before July 1, 2007
- 1.5% for members hired on or after July 1, 2007

At June 30, 2008 SRS had 57 participating employers, the same as FY2007. The participating employers consist of:

<b>SRS EMPLOYERS</b>		
<u>Employers</u>	<u>June 30, 2008</u>	<u>June 30, 2007</u>
State Agencies — Department of Justice	1	1
Counties	<u>56</u>	<u>56</u>
Total	57	57

**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 2008 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.

Effective July 1, 2007, each employer contributed 9.825% of total SRS-covered payroll to the retirement plan during fiscal year 2008. This is an increase of 0.29% from fiscal year 2007. (Reference Schedule of Contribution Rates on page 73).

SRS Active Membership by Employer Type		
Employer Type	June 30, 2008	June 30, 2007
Dept of Justice	46	43
Counties	1,063	1,033
Total	1,109	1,076

**Additional Service Purchase Due to a Reduction in Force:** Section 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 be amortized over the next 16.3 years. This amortization period does not reflect the sunset provisions for the additional contributions under section 19-7-404, MCA. Without the additional contributions effective July 1, 2007 and July 1, 2009, the amortization period for the Unfunded Actuarial Liability would be 26.6 years.

## ***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 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 follows on top of the next page:

## FINANCIAL SECTION

### **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 the applicable percentage (provided below) each January, inclusive of all other adjustments to the member's benefit

- 3.0% for members hired before July 1, 2007
- 1.5% for members hired on or after July 1, 2007

At June 30, 2008 GWPORS had seven participating employers, the same as FY2007. The participating employers consist of:

<b>GWPORS EMPLOYERS</b>		
<u>Employers</u>	<u>June 30, 2008</u>	<u>June 30, 2007</u>
State Agencies	4	4
Colleges and Universities	<u>3</u>	<u>3</u>
Total	7	7

*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 2008 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 2008. (Reference Schedule of Contribution Rates on page 73).

GWPORS Active Membership by Employer		
Employer	June 30, 2008	June 30, 2007
Dept of Corrections	634	575
Dept FW&P	104	106
Dept of Livestock	30	28
Dept of Trans.	89	80
Universities	28	32
Total	885	821

*Additional Service Purchase Due to a Reduction in Force:* Section 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.

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

**Plan Description:** The MPORS is a multiple employer, cost-sharing defined benefit 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

(Summary of Benefits continued on top of next page)



## FINANCIAL SECTION

### MPORS Summary of Benefits continued

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

Hired after June 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 3.0% 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, 2008 MPORS had 27 participating employers, four more than FY2007. The participating employers consist of:

<b>MPORS EMPLOYERS</b>		
<u>Employers</u>	<u>June 30, 2008</u>	<u>June 30, 2007</u>
Cities and Towns	<u>27</u>	<u>23</u>
Total	27	23

**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 2008, 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 fiscal year 2008 was 29.37%. (Reference Schedule of Contribution Rates on page 73).

<b>MPORS Active Membership by Employee Type</b>		
<u>Employee Type</u>	<u>June 30, 2008</u>	<u>June 30, 2007</u>
GABA	664	630
Non-GABA	9	10
Total	673	640

***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. A member must have completed at least twenty years of membership service to be eligible. 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 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 date of the beginning of the DROP period. The monthly benefit is paid into the members' DROP account until the end of the DROP 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 and service credit. The DROP account cannot be distributed until employment is formally terminated. As of June 30, 2008, a total of 65 members have participated in the DROP.

DROP Participation		
	6/30/2008	6/30/2007
Participants Beginning of Year	44	41
Participants Added	4	9
Completed DROP	19	5
Participants End of Year	29	45
DROP Distributions	\$3,777,214	\$540,772

## ***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, other cities and rural fire district departments that adopt the plan, and to firefighters hired by the Montana Air National Guard (MANG) on or after October 1, 2001. Benefits are estab-

lished 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 on top of the next page:

## FINANCIAL SECTION

### **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

#### **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)**

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 3.0% 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).

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At June 30, 2008 FURS had 19 participating employers, two more than in FY2007. The participating employers consist of:

<b>FURS EMPLOYERS</b>		
<u>Employers</u>	<u>June 30, 2008</u>	<u>June 30, 2007</u>
State Agencies - Department of Military Affairs	1	1
Cities	16	16
Other - Rural Fire Districts	<u>2</u>	<u>0</u>
Total	19	17

**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 2008 are 9.5% for members hired prior to July 1, 1997 and not electing GABA coverage, 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 2008 were 14.36% of the total FURS-covered payroll.

The State contribution was 32.61% of total compensation for all covered firefighters in fiscal year 2008. 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 73).

<b>FURS Active Membership by Employee Type</b>		
<u>Employee Type</u>	<u>June 30, 2008</u>	<u>June 30, 2007</u>
GABA	519	474
Non-GABA	<u>6</u>	<u>6</u>
Total	525	480

**Additional Service Purchase Due to a Reduction in Force:** Section 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.

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

**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

## FINANCIAL SECTION

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volunteer firefighters who are members of qualified volunteer fire companies in unincorporated areas, towns or villages and includes volunteer fire departments, fire districts, and fire service areas 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 service. VFCA also provides limited benefits for death or injuries incurred in the line of duty.

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**

Members who retire after April 25, 2005 and 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 benefit \$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 to the Volunteer Firefighters' Compensation Act fund. (Reference Schedule of Contribution Rates on page 73).

*Group Insurance Payments:* Supplemental payments are available to qualified volun-

teer 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 PERS 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 is available to eligible em-

ployees of the State, university system, local governments and school districts. All new PERS members are members of the PERS-DBRP. They have a 12-month window during which they may choose to transfer to the

## FINANCIAL SECTION

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PERS-DCRP or remain in the PERS-DBRP. The choice is irrevocable. Members may not be members of both the PERS-DCRP and PERS-DBRP retirement plans. The PERS-DCRP provides retirement, disability and death benefits to participants and their beneficiaries. Contribution rates can only be amended by the Legislature. Benefits are based on eligibility and account balance.

The investment options offered are selected by the PERB in compliance with their Investment Policy Statement and with the assistance of the statutorily-created Employee Investment Advisory Council and the advice of a third-party consultant. Participants of the PERS-DCRP direct their contributions and a portion of their employer's contributions among the offered investment options. The remaining portion of their employer's contributions is used to reduce the Plan Choice Rate unfunded actuarial liability, to fund the long-term disability benefits to participants of the DCRP and to fund an employee education program. Participants may invest in any or all of the offered options and transfer between options on a daily basis, if 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 bond funds and range from aggressive to conservative. The mutual funds cover all standard asset classes and categories. The investment options as of June 30, 2008 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***

Manager AMG Essex  
Vanguard Small Cap Index Adm  
Hotchkis & Wiley Small Cap Value

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

Munder Mid-Cap Select  
Janus Mid Cap Value Investors

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

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

#### ***Balanced Funds***

Vanguard Balanced Index

#### ***Bond Funds***

Vanguard Total Bond Market Index

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

DCRP Fixed Fund

***Fixed investment:*** 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, the insurance wrapper, 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, invests the assets in a PIMCO mutual fund.

Administrative expenses and revenues that fund them are accounted for within the plan. Expenses for the DCRP can generally be classified as 1) administrative (including miscellaneous) or 2) investment management. Following is a summary of revenues and expenses:



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*Administrative funding:* PERB's administrative fee is a basis point (or percent) fee based on account balances. On a quarterly basis, the record keeper, Great West Retirement Services (Great West), withholds the basis point fee from each plan participant's account and submits the remainder to the PERB after paying Great West fees. They are recorded as *Miscellaneous Revenue*.

*Recordkeeping fees:* The record keeper, Great West, charges a set administrative fee to all plan participants. On a quarterly basis, the fees are withheld from each plan participant's account.

*Fixed investment fees:* Fees on the fixed investments are charged by each of the providers, PIMCO and Aegon. The fees are defined per each contract for specific services. The fixed investment credited rate is declared net of expenses.

The fees charged by PIMCO are held in a mutual fund and the income is net of fees, thus are not presented in the financial statements. Because the fees charged by Aegon are explicit and not net from assets, they are classified as *Administrative Expense*.

*Mutual fund/variable investments:* All of the variable investments have investment management fees; some may have additional administrative fees. These fees are not presented on the financial statements. Mutual fund earnings are declared net of all expenses, both investment management and administrative, in accordance with the Securities and Exchange Commission and other regulatory authorities. Current reporting standards for mutual fund companies do not require costs to be made available in the detailed cost reports.

A brief summary of eligibility and benefits follows:

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

#### **Eligibility for Benefit**

Termination of service

#### **Vesting**

Immediate for participant's contributions and attributable income;  
5 years of membership service for the employer's contributions to individual accounts and attributable income.

#### **Benefit**

Dependent upon individual account balance;  
Various payout options available, including: taxable lump sums, periodic payments per participant direction and IRS permitted rollovers.

*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 2008 was 6.9% of member's compensation. 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 individual account which is maintained by the record keeper.

Each state agency and university system employer contributed 7.035% of PERS-covered payroll during fiscal year 2008. This was increased from 6.9% in fiscal year 2007. Par-

## FINANCIAL SECTION

participating local governments employers contribute 6.935% of PERS-covered payroll during fiscal year 2008, an increase of 0.135% from fiscal year 2007. The State contributes the remaining 0.1% for local governments from the state general fund. School district employers contribute 6.8%, while the State contributes the remaining 0.235%. (Reference Schedule of Contribution Rates on page 73).

The employer rate of 7.035% is allocated as follows: 4.19% allocated to the member's retirement account, 2.505% allocated to the defined benefit plan choice rate, 0.04% allocated to defined contribution education fund

PERS-DCRP Active Membership by Employer Type		
Employer Type	June 30, 2008	June 30, 2007
State Agencies	809	695
Counties	322	290
Cities	236	206
Universities	77	70
High Schools	2	3
School Districts	202	181
Other Agencies	121	118
Total	1,769	1,563

and 0.3% allocated to the long-term disability plan.

*Plan Membership Elections:* Included in the financial statements are employer contribution transfers of \$24,000 and member contribution transfers of \$39,000. 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 2009.

*DCRP Education Fund:* Implemented July 1, 2002, the DCRP Education Fund (DCEd), as governed by section 19-3-112, MCA, was established to provide funding for the required education programs for the members who have joined the PERS-DCRP. The DCEd was funded by 0.04% of the employers' contributions in fiscal year 2008.

*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 who have joined the PERS-DCRP. The DC Disability was funded by 0.3% of the employers' contribution.

At June 30, 2008 PERS-DCRP had 241 reporting employers, four more than in FY2007. The participating employers consist of:

PERS-DCRP EMPLOYERS		
Employers	June 30, 2008	June 30, 2007
State Agencies	28	28
Counties	42	43
Cities and Towns	42	43
Universities	4	5
School Districts	84	81
High Schools	2	3
Other Agencies	31	34
Total	233	237

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### ***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. The record keeper for the plan is Great West Retirement Services (Great West). 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 among the offered investment options. The investment options offered are selected by the PERB in compliance with their Investment Policy Statement and with the assistance of the statutorily-created Employee Investment Advisory Council and the advice of a third-party consultant. Participants may invest in all of the offered options and transfer between options on a daily basis, if 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, bond funds and asset allocation funds. All options range from aggressive to conservative. The mutual funds

cover all standard asset classes and categories. The asset allocation funds are preset funds that invest in underlying mutual funds to achieve a set investment objective. The investment options as of June 30, 2008 are as follows:

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

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

Artisan International  
Mutual Discovery Z  
Dodge & Cox International  
American Funds New Perspective

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

Neuberger Berman Genesis  
Manager AMG Essex  
Munder Small Cap Value

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

Munder Mid-cap Select  
Vanquard Small Cap Index  
Hotchkis & Wiley Mid-cap Value

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

Davis NY Venture A  
Fidelity Contrafund  
Vanguard 500 Index  
Calvert Social Investors

##### ***Balanced Funds***

Dodge & Cox Balanced

##### ***Bond Funds***

Lehman Brothers High Income  
PIMCO Total Return Admin

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

Montana Fixed Fund

***Asset Allocation Funds***  
Moderately Aggressive  
Moderate  
Conservative

In addition to the investments listed, 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 elected this option may continue.

***Fixed investment:*** 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, the insurance wrapper, 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 the assets. Assets are invested in accordance with established guidelines for credit quality, duration and issue concentration. SSKC is PIMCO's custodial bank and holder of the assets. SSKC exchanges the assets as directed by PIMCO.

Administrative expenses and the revenues that fund them are accounted for within the plan. Expenses for the Deferred Compensation plan can generally be classified as 1) administrative (including miscellaneous) or 2) investment management.

Following is a summary of all expenses:

***Administrative funding:*** The PERB receives 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 or marketing. Because the mutual fund companies involved in the Deferred Compensation plan do not need to keep records of participants' accounts and do not market the plan, the fees are returned to the PERB. The PERB uses 12(b)(1) fees to pay administrative expenses associated with the Deferred Compensation plan. These amounts are recorded as *Miscellaneous Revenue*.

***Record keeping fees:*** The record keeper, Great West Retirement Services (Great West), charges a set administrative fee to all plan participants. On a quarterly basis, the fees are withheld from each plan participant's account.

***Fixed investment fees:*** Fees on the fixed investments are charged by each of the three providers, PIMCO, SSKC and Aegon. The fees are defined per each contract for specific services. The fixed investment credited rate is declared net of expenses.

The fees charged by PIMCO and SSKC for the externally managed fixed investments are classified as *Investment Expense*. Because the fees charged by Aegon are explicit and not net from assets, they are classified as *Administrative Expense*.

***Mutual fund/variable investments fees:*** All of the variable investments have investment management fees; some may have additional administrative fees. These fees are not presented on the financial statements. Mutual fund earnings are declared net of expenses, both investment management and administra-

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tive, 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.

A brief summary of eligibility and benefits follows:

### **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 vested in their accounts at the time of crediting

#### **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, 2008 the deferred compensation plan had 17 participating employers, an increase of one from FY 2007. The participating employers consist of:

### **DEFERRED COMPENSATION EMPLOYERS**

<u>Employers</u>	<u>June 30, 2008</u>	<u>June 30, 2007</u>
State of Montana *	1	1
Counties	2	2
Colleges and Universities	6	6
School Districts	2	2
Cities	3	2
Other	<u>3</u>	<u>3</u>
Total	17	16

\*The State of Montana includes 34 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.

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<b>FY 2008 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>7.035%</b> State & University <b>6.935%</b> Local Governments <b>6.8%</b> School Districts (K-12) [19-3-316, MCA]	<b>0.1%</b> of local government payroll – paid from the General Fund <b>0.235%</b> School Districts (K-12) payroll – paid from the General Fund [19-3-319, MCA]
<b>PERS-DCRP</b>	<b>6.9%</b> [19-3-315, MCA]	<b>7.035%</b> State & University <b>6.935%</b> Local Governments <b>6.8%</b> School Districts (K-12) [19-3-316, MCA]	<b>0.1%</b> of local government payroll – paid from the General Fund <b>0.235%</b> School Districts (K-12) 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 the General Fund [19-6-404(2), MCA]	
<b>SRS</b>	<b>9.245%</b> [19-7-403, MCA]	<b>9.825%</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 & 19-9-710(2), 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 7-1-97 & 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]



## 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>*</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)
PERS-DBRP	06/30/04 <sup>1</sup>	\$ 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
	06/30/06	3,459,084	3,919,313	460,229	88.26	880,708	52.26
	06/30/07	3,825,234	4,201,251	376,017	91.05	907,424	41.44
	<b>06/30/08</b>	<b>4,065,307</b>	<b>4,504,743</b>	<b>439,436</b>	<b>90.25</b>	<b>955,113</b>	<b>46.01</b>
JRS	06/30/04 <sup>1</sup>	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
	06/30/06	51,808	37,159	(14,649)	139.42	4,762	-307.62
	06/30/07	57,778	36,863	(20,915)	156.74	4,841	-432.04
	<b>06/30/08</b>	<b>62,040</b>	<b>39,435</b>	<b>(22,605)</b>	<b>157.32</b>	<b>5,096</b>	<b>-443.58</b>
HPORS	06/30/04 <sup>1</sup>	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
	06/30/06	87,189	112,002	24,813	77.85	7,878	314.97
	06/30/07	95,758	128,306	32,548	74.63	9,858	330.17
	<b>06/30/08</b>	<b>101,500</b>	<b>134,683</b>	<b>33,183</b>	<b>75.36</b>	<b>10,866</b>	<b>305.38</b>
SRS	06/30/04 <sup>1</sup>	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
	06/30/06	163,003	171,841	8,838	94.86	34,242	25.81
	06/30/07	183,894	189,036	5,142	97.28	43,611	11.79
	<b>06/30/08</b>	<b>199,453</b>	<b>204,549</b>	<b>5,096</b>	<b>97.51</b>	<b>47,196</b>	<b>10.80</b>

Analysis of the dollar amounts of plan net assets, actuarial accrued liability, and unfunded actuarial accrued liability in isolation can be misleading. Expressing plan net assets as a percentage of the actuarial accrued liability provides one indication of the plan's funding status on a going-concern basis. Analysis of this percentage over time indicates whether the plan is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the plan.

<sup>1</sup> The Actuarial Valuation information for FY03 is included in the FY04 information.

\*Refer to the "Notes to the Required Supplementary Information" for the Actuarial Asset Valuation Method (Page 80).

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System	Actuarial Valuation Date	Actuarial Value of Assets * (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>	06/30/04 <sup>1</sup>	\$ 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
	06/30/06	58,813	64,183	5,370	91.63	25,846	20.78
	06/30/07	68,755	72,992	4,237	94.20	28,799	14.71
	<b>06/30/08</b>	<b>77,511</b>	<b>83,449</b>	<b>5,938</b>	<b>92.88</b>	<b>32,365</b>	<b>18.35</b>
<b>MPORS</b>	06/30/04 <sup>1</sup>	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
	06/30/06	175,919	291,099	115,180	60.43	27,644	416.65
	06/30/07	198,310	310,423	112,113	63.88	29,547	379.44
	<b>06/30/08</b>	<b>212,312</b>	<b>327,556</b>	<b>115,244</b>	<b>64.82</b>	<b>32,181</b>	<b>358.11</b>
<b>FURS</b>	06/30/04 <sup>1</sup>	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
	06/30/06	167,343	255,513	88,170	65.49	22,917	384.74
	06/30/07	188,545	269,399	80,854	69.99	24,250	333.42
	<b>06/30/08</b>	<b>206,127</b>	<b>287,218</b>	<b>81,091</b>	<b>71.77</b>	<b>29,158</b>	<b>278.11</b>
<b>VFCA</b>	06/30/04 <sup>1</sup>	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
	06/30/06	23,238	31,883	8,645	72.89	N/A	N/A
	06/30/07	25,862	31,599	5,737	81.84	N/A	N/A
	<b>06/30/08</b>	<b>27,544</b>	<b>32,735</b>	<b>5,191</b>	<b>84.14</b>	<b>N/A</b>	<b>N/A</b>

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

Trends in the unfunded actuarial accrued liability and annual covered payroll are both affected by inflation. Expressing the unfunded actuarial accrued liability as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of the plan's progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the plan.

## FINANCIAL SECTION

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### Public Employees' Retirement Board

*A Component Unit of the State of Montana*

#### **Required Supplementary Information**

#### **Schedule of Funding Progress for OPEB**

(in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio % (a/b)	Covered Payroll ( c )	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6/30/2008	\$ -	\$ 1,048	\$ 1,048	0.00	\$ 1,326	79.03%

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Projected unit credit funding method

This schedule shows only information for the most recent, completed fiscal year which is the fiscal year ended June 30, 2008. Since 2008 is the OPEB reporting implementation year and year of transition, there is not two years' previous information available to report as required by Governmental Accounting Standards Board Statement 45.

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## 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
<b>PERS- DBRP</b>	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
	2006	69,311,689	7.87	91.54	442,994	100.00
	2007	60,252,960	6.64	110.41	445,798	100.00
	<b>2008</b>	<b>65,425,225</b>	<b>6.85</b>	<b>110.42</b>	<b>377,713</b>	<b>100.00</b>
<b>JRS</b>	2003	816,691	20.03	128.86		
	2004	304,277	6.91	373.52		
	2005	143,222	3.21	811.43		
	2006	112,854	2.37	1,089.03		
	2007	(230,425)	(4.76)	(542.23)		
	<b>2008</b>	<b>(274,152)</b>	<b>(5.38)</b>	<b>(479.74)</b>		
<b>HPORS</b>	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
	2006	2,862,188	36.33	101.50	277,178	100.00
	2007	3,581,499	36.33	101.48	284,631	100.00
	<b>2008</b>	<b>3,947,723</b>	<b>36.33</b>	<b>100.03</b>	<b>289,515</b>	<b>100.00</b>
<b>SRS</b>	2003	2,435,269	9.54	102.70		
	2004	3,198,485	11.69	84.57		
	2005	3,474,750	12.23	80.95		
	2006	3,896,731	11.38	90.42		
	2007	4,175,763	9.58	105.04		
	<b>2008</b>	<b>4,443,543</b>	<b>9.42</b>	<b>108.78</b>		

Refer to the "Notes to the Required Supplementary Information" (Page 80).

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 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.

## FINANCIAL SECTION

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>	2003	\$ 2,055,590	10.26	89.28		
	2004	1,979,117	9.23	102.12		
	2005	2,083,154	9.26	98.58		
	2006	2,336,515	9.04	102.34		
	2007	2,217,558	7.70	118.94		
	<b>2008</b>	<b>2,540,673</b>	<b>7.85</b>	<b>117.23</b>		
<b>MPORS</b>	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
	2006	3,983,471	14.41	101.30	8,118,982	100.77
	2007	4,258,134	14.41	100.58	8,678,793	100.00
	<b>2008</b>	<b>4,637,223</b>	<b>14.41</b>	<b>111.19</b>	<b>9,451,808</b>	<b>100.00</b>
<b>FURS</b>	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
	2006	3,290,840	14.36	101.14	7,473,141	100.80
	2007	3,482,288	14.36	101.09	7,907,898	100.63
	<b>2008</b>	<b>4,187,118</b>	<b>14.36</b>	<b>106.68</b>	<b>9,568,388</b>	<b>100.63</b>
<b>VFCA</b>	2003				1,310,088	100.00
	2004				1,434,068	100.00
	2005				1,527,264	100.00
	2006				1,610,462	100.00
	2007				1,660,695	100.00
	<b>2008</b>				<b>1,562,019</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, 2008	June 30, 2008	June 30, 2008
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	24.8 <sup>2</sup>		17.4
Unfunded Credit <sup>1</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% or 1.5% for new hires on or after July 1, 2007, after 1 year	3% after 1 yr	3% after 1 yr
Non-GABA	N/A	Biennial increase to salary of active member in like position	2% per yr service, not to exceed 5%, for probationary officer's base pay

<sup>1</sup> Assets are larger than the past service liability – creating an unfunded credit; the credit is amortized over future costs and the amortization period may not exceed 30 years.

<sup>2</sup> Does not reflect HB131 Sunset Provisions. Without additional HB131 contributions the amortization period would be 29.0 years.

<sup>3</sup> Does not reflect HB131 Sunset Provisions. Without additional HB131 contributions the amortization period would be 26.6 years.

## FINANCIAL SECTION

SRS	GWPORS	MPORS	FURS	VFCA
June 30, 2008 Entry Age	June 30, 2008 Entry Age	June 30, 2008 Entry Age	June 30, 2008 Entry Age	June 30, 2008 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
16.3 <sup>3</sup>	13	18.6	11.3	5 Based on Current Revenue
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% 0% - 7.3% 3.25%	4.25% 0% - 7.3% 3.25%	4.25% 0% - 7.3% 3.25%	4.25% 0% - 7.3% 3.25%	N/A N/A N/A
3% or 1.5% for new hires on or after July 1, 2007, after 1 year	3% or 1.5% for new hires on or after July 1, 2007, after 1 year	3% after 1 yr	3% after 1 yr	N/A
N/A	N/A	50% newly confirmed officer	50% newly confirmed officer	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, 2008*

	Defined Benefit Plans	PERS-DBRP Education Fund	Defined Contribution PERS-DCRP	Deferred Compensation 457 Plan
<b>Personal Services</b>				
Salaries	\$ 1,190,179	\$ 79,952	\$ 99,278	\$ 74,187
Board Members' Per Diem	6,532		580	438
Employee Benefits	377,085	26,550	32,229	23,714
<b>Total Personal Services</b>	1,573,796	106,502	132,087	98,339
<b>Other Services</b>				
Consulting Services	312,441	52	49,746	57,477
Legal Fees and Court Costs	3,545		57	27
Payroll Fees	7,300	527	547	372
Audit Fees	36,869		2,004	1,202
Medical Services	9,682			
Records Storage	8,707		10,352	5,061
Pre-Retirement Seminars		2,000		
Computer Processing	326,550	2,369	665	2,002
Printing and Photocopy Charges	27,290	25,461	9,339	3,011
Warrant Writing Services	52,721		2,865	1,719
Other	8,154	588	611	415
<b>Total Other Services</b>	793,259	30,997	76,186	71,286
<b>Communications</b>				
Recruitment Costs	6,306	181	420	235
Postage and Mailing	77,351	13,960	1,118	3,568
Telephone	21,917	2,116	1,641	1,116
<b>Total Communications</b>	105,574	16,257	3,179	4,919
<b>Other Expenses</b>				
Supplies and Materials	54,899	2,080	4,858	3,206
Travel	29,446	7,823	5,497	4,870
Rent	199,635	17,855	14,945	10,163
Repairs and Maintenance	1,066	77	80	54
Depreciation/Amortization	75,242	137	1,132	45,834
Compensated Absences	19,854	(3,551)	605	(2,695)
Interest Payments			5	3
Miscellaneous	66,896	3,104	7,381	4,665
<b>Total Other Expenses</b>	447,038	27,525	34,503	66,100
<b>Total Administrative Expenses</b>	<b>\$ 2,919,667</b>	<b>\$ 181,281</b>	<b>\$ 245,955</b>	<b>\$ 240,644</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, 2008***

<u>Plan</u>	<u>Investment Manager</u>	<u>Fees</u>
PERS-DBRP	Board of Investments	\$ 19,840,557
JRS	Board of Investments	298,695
HPORS	Board of Investments	494,967
SRS	Board of Investments	948,738
GWPORS	Board of Investments	361,310
MPORS	Board of Investments	993,467
FURS	Board of Investments	950,094
VFCA	Board of Investments	129,131
457	PIMCO	491,554
	State Street Bank	<u>75,127</u>
<b><i>Total Investment Expense</i></b>		<b><u>\$ 24,583,640</u></b>

## FINANCIAL SECTION

### Public Employees' Retirement Board

*A Component Unit of the State of Montana*

#### **Schedule of Consultants**

***Year Ended June 30, 2008***

<b>Individual or Firm</b>	<b>Nature of Service</b>	<b>Amount Paid</b>
AMDEC Software	Computer Programming Services	\$ 360,210
Wilshire Associates Inc	Mutual Funds Performance Review	81,210
Milliman	Actuarial Consultant	69,308
Ice Miller	Tax Consultant	60,563
Legislative Audit Division, Legislative Branch	Independent Auditors	40,075
Lawrence R. McEvoy, MD	Medical Consultant	3,335
Robert N. Mitgang, MD	Medical Consultant	3,257
Professional Development Center, Department of Administration	Retirement Planning Seminars	2,000
Legal Services Division, Department of Justice	Legal Services	1,901



## 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, 2008**

	PERS-DBRP	PERS-DBEd	TOTAL
<b>Assets</b>			
Cash and Short-term Investments	\$ 43,007,981	\$ 1,511,808	\$ 44,519,789
Securities Lending Collateral	234,448,622	72,805	234,521,427
Receivables			
Interest	9,439,521	3,201	9,442,722
Accounts Receivable	1,247,079	15	1,247,094
Due from Other Funds	319,909	1,147	321,056
Due from Primary Government	27,670		27,670
Notes Receivable	68,933		68,933
<i>Total Receivables</i>	11,103,112	4,363	11,107,475
Investments, at fair value			
Montana Domestic Equity Pool (MDEP)	1,494,306,280		1,494,306,280
Retirement Fund Bond Pool (RFBP)	988,124,279		988,124,279
Montana International Pool (MTIP)	730,360,282		730,360,282
Montana Private Equity Pool (MPEP)	376,614,837		376,614,837
Montana Real Estate Pool (MTRP)	164,667,259		164,667,259
Real Estate Investments	8,931,057		8,931,057
Mortgages & Commercial Loans net of Accumulated Mortgage Discount	31,837,233		31,837,233
Structured Investment Vehicles (SIV)	4,305,771	154,860	4,460,631
<i>Total Investments</i>	3,799,146,998	154,860	3,799,301,858
Capital Assets			
Property and Equipment, at cost, net of Accumulated Depreciation	513		513
Intangible Assets, at cost, net of Amortization Expense	280,883	159	281,042
<i>Total Capital Assets</i>	281,396	159	281,555
<b>Total Assets</b>	4,087,988,109	1,743,995	4,089,732,104
<b>Liabilities</b>			
Securities Lending Collateral Liability	234,448,622	72,805	234,521,427
Accounts Payable	437,022	6,682	443,704
Due to Other Funds	160,059	653	160,712
Due to Primary Government	35,366	1,669	37,035
Deferred Revenue	68,255		68,255
OPEB Implicit Rate Subsidy LT	66,210	5,450	71,660
Compensated Absences	240,315	12,917	253,232
<b>Total Liabilities</b>	235,455,849	100,176	235,556,025
<b>Net Assets Held in Trust for Pension Benefits</b>	<b>\$ 3,852,532,260</b>	<b>\$ 1,643,819</b>	<b>\$ 3,854,176,079</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, 2008**

	PERS-DBRP	PERS-DBEd	TOTAL
<b>Additions</b>			
<b>Contributions</b>			
Employer	\$ 71,851,003	\$ 390,780	\$ 72,241,783
Plan Member	72,680,187		72,680,187
Membership Fees	108		108
Interest Reserve Buyback	193,509		193,509
Retirement Incentive Program	27,709		27,709
Miscellaneous Revenue	97	96	193
State Contributions	377,713		377,713
<b>Total Contributions</b>	<b>145,130,326</b>	<b>390,876</b>	<b>145,521,202</b>
<b>Investment Income</b>			
Net Appreciation (Depreciation) in Fair Value of Investments	(291,944,581)		(291,944,581)
Interest	97,211,733	62,002	97,273,735
Dividends	15,230,409		15,230,409
Investment Expense	(19,840,557)		(19,840,557)
<b>Net Investment Income</b>	<b>(199,342,996)</b>	<b>62,002</b>	<b>(199,280,994)</b>
<b>Securities Lending Income</b>			
Securities Lending Income	12,312,452	1,997	12,314,449
Securities Lending Rebate and Fees	(10,061,940)	(1,563)	(10,063,503)
<b>Net Securities Lending Income</b>	<b>2,250,512</b>	<b>434</b>	<b>2,250,946</b>
<b>Total Net Investment Income</b>	<b>(197,092,484)</b>	<b>62,436</b>	<b>(197,030,048)</b>
<b>Total Additions</b>	<b>(51,962,158)</b>	<b>453,312</b>	<b>(51,508,846)</b>
<b>Deductions</b>			
Benefits	180,815,238		180,815,238
Refunds/Distributions	12,123,478		12,123,478
Refunds to Other Plans	659,578		659,578
Transfers to DCRP	1,076,716		1,076,716
Transfers to ORP	249,583		249,583
OPEB Expenses	66,210	5,450	71,660
Administrative Expenses	2,579,102	181,281	2,760,383
<b>Total Deductions</b>	<b>197,569,905</b>	<b>186,731</b>	<b>197,756,636</b>
<b>Net Increase (Decrease)</b>	<b>(249,532,063)</b>	<b>266,581</b>	<b>(249,265,482)</b>
<b>Net Assets Held in Trust for Pension Benefits</b>			
Beginning of Year	<b>4,102,059,822</b>	<b>1,377,238</b>	<b>4,103,437,060</b>
Prior Period Adjustment	<b>4,501</b>		<b>4,501</b>
End of Year	<b>\$ 3,852,532,260</b>	<b>\$ 1,643,819</b>	<b>\$ 3,854,176,079</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, 2008**

	PERS-DCRP	PERS-DCEd	PERS-DC DISABILITY	TOTAL
<b>Assets</b>				
Cash and Short-term Investments	\$ 1,127,144	\$ 104,834	\$ 822,413	\$ 2,054,391
Receivables				
Interest	1,925	220	1,737	3,882
Accounts Receivables	15			15
Due from Other Funds	157,202	653	4,185	162,040
Cash Collateral - SI	43,644	5,050	39,719	88,413
<i>Total Receivables</i>	202,786	5,923	45,641	254,350
Investments, at fair value				
Defined Contributions Fixed Investments	3,128,370			3,128,370
Defined Contributions Variable Investments	39,622,234			39,622,234
Structured Investment Vehicles (SIV)	92,832	10,742	84,485	188,059
<i>Total Investments</i>	42,843,436	10,742	84,485	42,938,663
Intangible Assets, at cost, net of Amortization Expense	4,099			4,099
<b>Total Assets</b>	44,177,465	121,499	952,539	45,251,503
<b>Liabilities</b>				
Accounts Payable	198,258	358		198,616
Due to Other Funds	226	1,192		1,418
Due to Primary Government	1,535	5		1,540
Compensated Absences	13,665	1,341		15,006
Securities Lending Collateral Liability	43,644	5,050	39,719	88,413
OPEB Implicit Rate Subsidy LT	6,391	146		6,537
<b>Total Liabilities</b>	263,719	8,092	39,719	311,530
<b>Net Assets Held in Trust for Pension Benefits</b>	<b>\$ 43,913,746</b>	<b>\$ 113,407</b>	<b>\$ 912,820</b>	<b>\$ 44,939,973</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, 2008**

	PERS-DCRP	PERS-DCEd	PERS-DC DISABILITY	TOTAL
<b>Additions</b>				
<b>Contributions</b>				
Employer	\$ 3,007,089	\$ 35,396	\$ 212,372	\$ 3,254,857
Plan Member	5,117,841			5,117,841
Miscellaneous Revenue	216,499			216,499
Forfeiture of Nonvested Member	337,633			337,633
<i>Total Contributions</i>	8,679,062	35,396	212,372	8,926,830
<b>Investment Income</b>				
Net Appreciation (Depreciation) in Fair Value of Investments	(5,319,796)			(5,319,796)
Interest	2,296,252	3,974	31,614	2,331,840
<i>Net Investment Income</i>	(3,023,544)	3,974	31,614	(2,987,956)
<b>Securities Lending Income</b>				
Securities Lending Income	1,050	128	1,018	2,196
Securities Lending Rebate and Fees	(821)	(100)	(797)	(1,718)
<i>Net Securities Lending Income</i>	229	28	221	478
<b>Total Net Investment Income</b>	(3,023,315)	4,002	31,835	(2,987,478)
<b>Total Additions</b>	5,655,747	39,398	244,207	5,939,352
<b>Deductions</b>				
Distributions	2,519,019			2,519,019
OPEB Expense	6,391	146		6,537
Administrative Expenses	238,315	7,640		245,955
Miscellaneous Expenses	216,313			216,313
<b>Total Deductions</b>	2,980,038	7,786		2,987,824
<b>Net Increase (Decrease)</b>	2,675,709	31,612	244,207	2,951,528
<b>Net Assets Held in Trust for Pension Benefits</b>				
Beginning of Year	41,238,037	81,795	668,613	41,988,445
Prior Period Adjustment				-
<b>End of Year</b>	<b>\$ 43,913,746</b>	<b>\$ 113,407</b>	<b>\$ 912,820</b>	<b>\$ 44,939,973</b>

In 1914, this ranch was established in southeastern Montana. What began as a horse ranch later become a cattle ranch. To this day the ranch is still in the family.

- Photo courtesy of Marjorie Rowley.



**The average size of a farm or ranch in Montana is 2,120 acres.  
-Montana Department of Commerce**



This ranch located in central Montana was homesteaded in the early 1900's. The ranchers are often assisted by dogs to herd the Black Angus cattle that are raised here. - Photo courtesy of Barb Quinn



## **Public Employees' Retirement Board**

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

## **Report on Investment Activity**

### **INTRODUCTION**

The Montana Constitution and various 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 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 enables a fund to reduce volatility and increase returns.

The BOI prepares and provides information related to the defined benefit plan 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. The first is to realize compound rates of return sufficient to fund promised benefits. The second is to provide services at the lowest possible cost to employers and members.

The basic investment objective of the BOI is

the achievement of a total rate of return greater than the median performance of its peers over any five-year rolling period, while outperforming the appropriate market indices for each class over the same period.

To calculate the PERB's defined benefit plan investment returns, State Street Bank, BOI's custodial bank and an independent third party, uses 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 the 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 system 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 compiles the rates of return for the investments. The total rates of return for fiscal year 2008 are reported by the BOI for each defined benefit fund. 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, 2008

<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>
Cash Equivalents (STIP)		4.54%	4.28%	4.41%	4.27%
<i>Libor 1 Month</i>	4.10%				
Equities <sup>1</sup>		-11.75%	-11.75%	-11.75%	-11.75%
<i>S&amp;P 1500</i>	-12.72%				
<i>International Equities</i> <sup>2</sup>	-7.08%				
Fixed Income <sup>3</sup>		5.86%	5.88%	5.89%	5.88%
<i>LB Aggregate Bond</i>	7.13%				
Private Equity <sup>4</sup>		9.60%	9.60%	9.60%	9.60%
<i>S&amp;P 1500 + 4%</i>	-8.72%				
Real Estate <sup>5</sup>		4.63%	4.41%	4.41%	4.40%
<i>NFI-ODCE</i> <sup>6</sup>	6.88%				
<b>Total Plan</b>		<b>-4.86%</b>	<b>-4.85%</b>	<b>-4.86%</b>	<b>-4.84%</b>
<b><i>Index Composite</i></b> <sup>7</sup>		<b>-5.61%</b>	<b>-5.58%</b>	<b>-5.58%</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>
Cash Equivalents (STIP)		4.20%	8.48%	4.63%	4.99%
<i>Libor 1 Month</i>	4.10%				
Equities <sup>1</sup>		-11.74%	-11.78%	-11.77%	-11.78%
<i>S&amp;P 500</i>	-12.72%				
<i>International Equities</i> <sup>2</sup>	-7.08%				
Fixed Income <sup>3</sup>		5.88%	5.89%	5.88%	5.89%
<i>LB Aggregate Bond</i>	7.13%				
Private Equity <sup>4</sup>		9.60%	9.60%	9.60%	9.60%
<i>S&amp;P 1500 + 4%</i>	-8.72%				
Real Estate <sup>5</sup>		4.40%	4.41%	4.40%	4.41%
<i>NFI-ODCE</i> <sup>6</sup>	6.88%				
<b>Total Plan</b>		<b>-4.80%</b>	<b>-5.01%</b>	<b>-4.91%</b>	<b>-4.90%</b>
<b><i>Index Composite</i></b> <sup>7</sup>		<b>-5.51%</b>	<b>-5.75%</b>	<b>-5.66%</b>	<b>-5.59%</b>

<sup>1</sup> Return is a dollar weighted combination of Domestic and International Common Stock

<sup>2</sup> Montana International Equity blended benchmark

<sup>3</sup> Includes Retirement Fund Bond Pool and Mortgages

<sup>4</sup> Includes Montana Private Equity Pool

<sup>5</sup> Includes Direct and Pooled Real Estate.

<sup>6</sup> The NFI-ODCE (NCREIF Fund Index - Open-End Diversified Core Equity) is a fund-level capitalization weighted, time-weighted return index and includes property investments at ownership share, cash balances and leverage.

<sup>7</sup> An Index Composite paralleling the Fund's Asset Allocation at market value

The rates of return are provided by State Street Bank, the BOI's custodial bank for the plans, and are reported net of all management fees and expenses.



## INVESTMENT SECTION

### TOTAL RATES OF ANNUALIZED RETURNS BY ASSET CLASS

Three-Year Period ending June 30, 2008

<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>
Cash Equivalents (STIP)		4.77%	4.69%	4.73%	4.69%
<i>Libor 1 Month</i>	4.66%				
Equities <sup>1</sup>		6.93%	6.91%	6.93%	6.90%
<i>S&amp;P 1500</i>	4.65%				
<i>International Equities</i> <sup>2</sup>	15.04%				
Fixed Income <sup>3</sup>		4.39%	4.33%	4.33%	4.33%
<i>LB Aggregate Bond</i>	4.09%				
Private Equity <sup>4</sup>		16.69%	16.69	16.69%	16.69%
<i>S&amp;P 1500 + 4%</i>	8.65%				
Real Estate <sup>5</sup>		5.67%			
<i>NFI-ODCE</i> <sup>6</sup>	13.71%				
<b>Total Plan</b>		<b>6.97%</b>	<b>6.93%</b>	<b>6.96%</b>	<b>6.91%</b>
<b><i>Index Composite</i></b> <sup>7</sup>		<b>6.58%</b>	<b>6.53%</b>	<b>6.57%</b>	<b>6.52%</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>
Cash Equivalents (STIP)		4.66%	6.08%	4.80%	4.93%
<i>Libor 1 Month</i>	4.66%				
Equities <sup>1</sup>		6.93%	6.91%	6.91%	7.00%
<i>S&amp;P 500</i>	4.65%				
<i>International Equities</i> <sup>2</sup>	15.04%				
Fixed Income <sup>3</sup>		4.33%	4.33%	4.33%	4.33%
<i>LB Aggregate Bond</i>	4.09%				
Private Equity <sup>4</sup>		16.69%	16.69%	16.69%	16.69%
<i>S&amp;P 1500 + 4%</i>	8.65%				
Real Estate <sup>5</sup>					
<i>NFI-ODCE</i> <sup>6</sup>	13.71%				
<b>Total Plan</b>		<b>6.82%</b>	<b>6.86%</b>	<b>6.89%</b>	<b>6.89%</b>
<b><i>Index Composite</i></b> <sup>7</sup>		<b>6.42%</b>	<b>6.45%</b>	<b>6.49%</b>	<b>6.50%</b>

<sup>1</sup> Return is a dollar weighted combination of Domestic and International Common Stock

<sup>2</sup> Montana International Equity blended benchmark

<sup>3</sup> Includes Retirement Fund Bond Pool and Mortgages

<sup>4</sup> Includes Montana Private Equity Pool

<sup>5</sup> Includes Direct and Pooled Real Estate.

<sup>6</sup> The NFI-ODCE (NCREIF Fund Index - Open-End Diversified Core Equity) is a fund-level capitalization weighted, time-weighted return index and includes property investments at ownership share, cash balances and leverage.

<sup>7</sup> An Index Composite paralleling the Fund's Asset Allocation at market value

The rates of return are provided by State Street Bank, the BOI's custodial bank for the plans, and are reported net of all management fees and expenses.

## INVESTMENT SECTION

### TOTAL RATES OF ANNUALIZED RETURNS BY ASSET CLASS

Five-Year Period ending June 30, 2008

<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>
Cash Equivalents (STIP)		3.54%	3.48%	3.51%	3.48%
<i>Libor 1 Month</i>	3.51%				
Equities <sup>1</sup>		9.53%	9.51%	9.52%	9.51%
<i>S&amp;P 1500</i>	8.15%				
<i>International Equities</i> <sup>2</sup>	18.03%				
Fixed Income <sup>3</sup>		4.52%	4.39%	4.39%	4.39%
<i>LB Aggregate Bond</i>	3.86%				
Private Equity <sup>4</sup>		18.76%	18.76%	18.76%	18.76%
<i>S&amp;P 1500 + 4%</i>	12.15%				
Real Estate <sup>5</sup>		5.85%			
<i>NFI-ODCE</i> <sup>6</sup>	13.45%				
<b>Total Plan</b>		<b>8.47%</b>	<b>8.39%</b>	<b>8.44%</b>	<b>8.39%</b>
<b><i>Index Composite</i><sup>7</sup></b>		<b>8.19%</b>	<b>8.11%</b>	<b>8.15%</b>	<b>8.11%</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>
Cash Equivalents (STIP)		3.47%	4.31%	3.55%	3.63%
<i>Libor 1 Month</i>	3.51%				
Equities <sup>1</sup>		9.56%	9.51%	9.52%	9.54%
<i>S&amp;P 500</i>	8.15%				
<i>International Equities</i> <sup>2</sup>	18.03%				
Fixed Income <sup>3</sup>		4.39%	4.39%	4.39%	4.39%
<i>LB Aggregate Bond</i>	3.86%				
Private Equity <sup>4</sup>		18.76%	18.76%	18.76%	18.76%
<i>S&amp;P 1500 + 4%</i>	12.15%				
Real Estate <sup>5</sup>					
<i>NFI-ODCE</i> <sup>6</sup>	13.45%				
<b>Total Plan</b>		<b>8.28%</b>	<b>8.26%</b>	<b>8.29%</b>	<b>8.31%</b>
<b><i>Index Composite</i><sup>7</sup></b>		<b>8.00%</b>	<b>7.97%</b>	<b>8.01%</b>	<b>8.02%</b>

<sup>1</sup> Return is a dollar weighted combination of Domestic and International Common Stock

<sup>2</sup> Montana International Equity blended benchmark

<sup>3</sup> Includes Retirement Fund Bond Pool and Mortgages

<sup>4</sup> Includes Montana Private Equity Pool

<sup>5</sup> Includes Direct and Pooled Real Estate.

<sup>6</sup> The NFI-ODCE (NCREIF Fund Index - Open-End Diversified Core Equity) is a fund-level capitalization weighted, time-weighted return index and includes property investments at ownership share, cash balances and leverage.

<sup>7</sup> An Index Composite paralleling the Fund's Asset Allocation at market value

The rates of return are provided by State Street Bank, the BOI's custodial bank for the plans, and are reported net of all management fees and expenses.

## INVESTMENT SECTION

### TOTAL RATES OF ANNUALIZED RETURNS BY ASSET CLASS

Ten-Year Period ending June 30, 2008

<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>
Cash Equivalents (STIP)		4.00%	3.97%	3.98%	3.97%
<i>Libor 1 Month</i>	3.87%				
Equities <sup>1</sup>		3.70%	3.65%	3.65%	3.66%
<i>S&amp;P 1500</i>	3.53%				
<i>International Equities</i> <sup>2</sup>	6.45%				
Fixed Income <sup>3</sup>		6.31%	6.38%	6.38%	6.38%
<i>LB Aggregate Bond</i>	5.68%				
Private Equity <sup>4</sup>		20.71%			
<i>S&amp;P 1500 + 4%</i>	7.53%				
Real Estate <sup>5</sup>		7.17%			
<i>NFI-ODCE</i> <sup>6</sup>	11.15%				
<b>Total Plan</b>		<b>5.47%</b>	<b>5.37%</b>	<b>5.36%</b>	<b>5.40%</b>
<b><i>Index Composite</i><sup>7</sup></b>		<b>5.38%</b>	<b>5.28%</b>	<b>5.26%</b>	<b>5.27%</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>
Cash Equivalents (STIP)		3.96%	4.38%	4.01%	4.04%
<i>Libor 1 Month</i>	3.87%				
Equities <sup>1</sup>		3.67%	3.66%	3.67%	3.75%
<i>S&amp;P 500</i>	3.53%				
<i>International Equities</i> <sup>2</sup>	6.45%				
Fixed Income <sup>3</sup>		6.38%	6.38%	6.38%	6.38%
<i>LB Aggregate Bond</i>	5.68%				
Private Equity <sup>4</sup>					
<i>S&amp;P 1500 + 4%</i>	7.53%				
Real Estate <sup>5</sup>					
<i>NFI-ODCE</i> <sup>6</sup>	11.15%				
<b>Total Plan</b>		<b>5.37%</b>	<b>5.32%</b>	<b>5.33%</b>	<b>6.03%</b>
<b><i>Index Composite</i><sup>7</sup></b>		<b>5.25%</b>	<b>5.20%</b>	<b>5.19%</b>	<b>5.92%</b>

<sup>1</sup> Return is a dollar weighted combination of Domestic and International Common Stock

<sup>2</sup> Montana International Equity blended benchmark

<sup>3</sup> Includes Retirement Fund Bond Pool and Mortgages

<sup>4</sup> Includes Montana Private Equity Pool

<sup>5</sup> Includes Direct and Pooled Real Estate.

<sup>6</sup> The NFI-ODCE (NCREIF Fund Index - Open-End Diversified Core Equity) is a fund-level capitalization weighted, time-weighted return index and includes property investments at ownership share, cash balances and leverage.

<sup>7</sup> An Index Composite paralleling the Fund's Asset Allocation at market value

The rates of return are provided by State Street Bank, the BOI's custodial bank for the plans, and are reported net of all management fees and expenses.

## 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 2008 is listed in the following table for the short term investment pool (STIP), fixed income investments, equity investments, and real estate investments.

### FY2008 ASSET ALLOCATION

	Investment Objective	Actual Investment		Investment Objective	Actual Investment
<b>PERS-DBRP</b>			<b>GWPORS</b>		
STIP	1% to 5%	1.2%	STIP	1% to 5%	2.7%
Fixed	22% to 32%	26.5%	Fixed	22% to 32%	26.3%
Equity	60% to 70%	67.7%	Equity	60% to 70%	66.8%
Real Estate	4% to 8%	4.5%	Real Estate	4% to 8%	4.3%
<b>JRS</b>			<b>MPORS</b>		
STIP	1% to 5%	1.8%	STIP	1% to 5%	0.0%
Fixed	22% to 32%	26.6%	Fixed	22% to 32%	26.9%
Equity	60% to 70%	67.3%	Equity	60% to 70%	68.7%
Real Estate	4% to 8%	4.3%	Real Estate	4% to 8%	4.3%
<b>HPORS</b>			<b>FURS</b>		
STIP	1% to 5%	1.2%	STIP	1% to 5%	0.9%
Fixed	22% to 32%	26.7%	Fixed	22% to 32%	26.8%
Equity	60% to 70%	67.9%	Equity	60% to 70%	68.0%
Real Estate	4% to 8%	4.3%	Real Estate	4% to 8%	4.3%
<b>SRS</b>			<b>VFCA</b>		
STIP	1% to 5%	1.9%	STIP	1% to 5%	6.0%
Fixed	22% to 32%	26.6%	Fixed	22% to 32%	25.4%
Equity	60% to 70%	67.2%	Equity	60% to 70%	64.6%
Real Estate	4% to 8%	4.3%	Real Estate	4% to 8%	4.0%

### 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

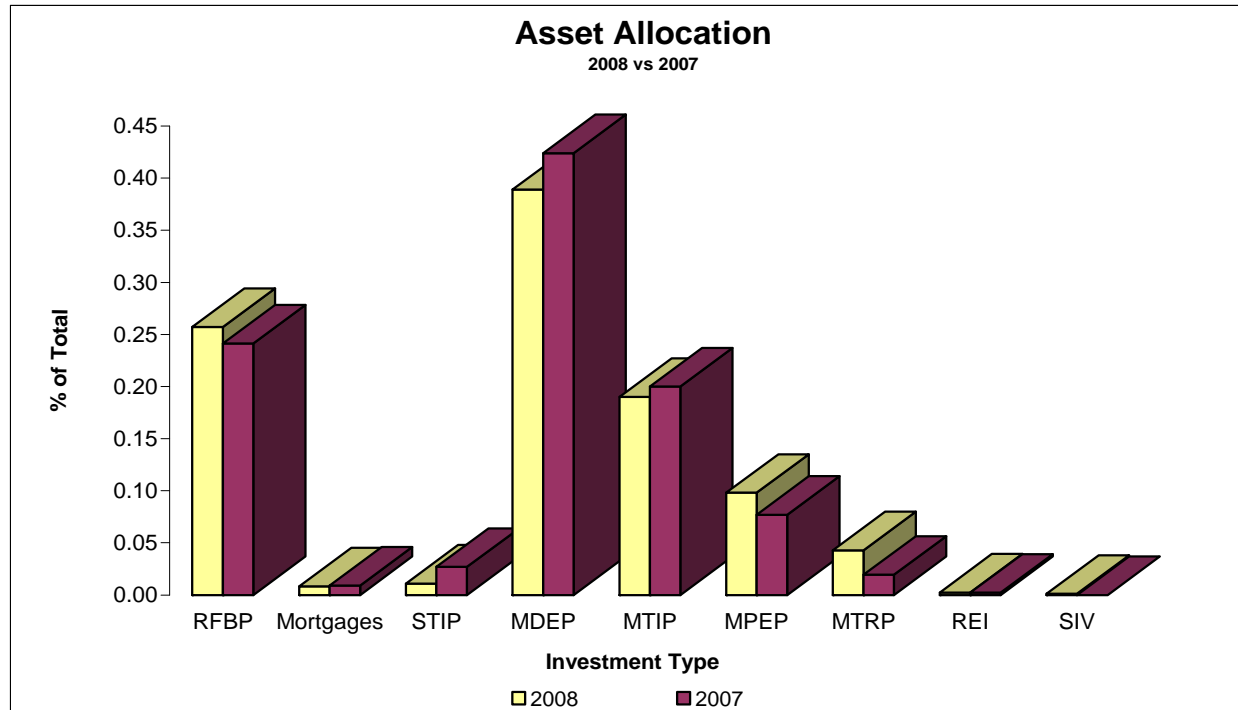
are "grossed up" to report the investment expense for the external manager, custodial bank fees and the BOI administrative cost. This process was implemented July 1, 1995, in compliance with GASB Statement 25.

Fiscal 2008 Administrative Expense Reconciliation to SABHRS										
	STIP	MDEP	MPEP	MTIP	MTRP	RFBP	AOB	Real Estate	AOB Pension Admin	Total
PERS	22,706.94	5,183,482.55	7,083,894.44	3,891,498.75	3,280,292.44	264,425.27	85,306.56	28,950.00	114,256.56	19,840,556.95
MPORS	1,230.66	263,858.97	355,459.89	194,633.27	164,525.02	13,759.52	-	-	-	993,467.33
GWPORS	617.02	95,492.33	127,823.11	71,246.11	61,141.42	4,989.76	-	-	-	361,309.75
SRS	1,391.86	253,216.59	336,027.40	185,249.33	159,576.83	13,275.91	-	-	-	948,737.92
JRS	391.67	78,972.36	106,896.49	58,274.81	49,990.28	4,169.57	-	-	-	298,695.18
HPORS	556.49	129,749.01	177,915.85	97,542.54	82,297.86	6,905.65	-	-	-	494,967.40
VFCA	220.47	33,887.22	46,792.29	25,425.02	21,036.40	1,769.50	-	-	-	129,130.90
FURS	1,274.52	252,314.49	340,561.49	185,175.12	157,594.64	13,173.39	-	-	-	950,093.65
<b>Totals</b>	<b>28,389.63</b>	<b>6,290,973.52</b>	<b>8,575,370.96</b>	<b>4,709,044.95</b>	<b>3,976,454.89</b>	<b>322,468.57</b>	<b>85,306.56</b>	<b>28,950.00</b>	<b>114,256.56</b>	<b>24,016,959.08</b>

# PERS-DBRP

## Asset Mix (fair value) as of June 30, 2008 and 2007 (in thousands)

Investment Type	2008 Fair Value	% of Total	2007 Fair Value	% of Total	Dollar Change	% Change
<b>Fixed Income:</b>						
Retirement Funds Bond Pool (RFBP)	\$ 988,124	25.73%	\$ 987,821	24.14%	\$ 303	0.03%
Montana Mortgages	31,837	0.83%	36,861	0.90%	(5,024)	-13.63%
STIP <sup>1</sup>	41,820	1.09%	109,910	2.69%	(68,090)	-61.95%
<b>Total Fixed Income</b>	<b>\$ 1,061,781</b>	<b>27.65%</b>	<b>\$ 1,134,592</b>	<b>27.73%</b>	<b>\$ (72,811)</b>	<b>-6.42%</b>
<b>Equities:</b>						
Montana Domestic Equity Pool (MDEP)	\$ 1,494,306	38.89%	\$ 1,735,718	42.41%	\$ (241,412)	-13.91%
Montana International Pool (MTIP)	730,360	19.02%	818,362	20.00%	(88,002)	-10.75%
Montana Private Equity Pool (MPEP)	376,615	9.81%	315,059	7.70%	61,556	19.54%
<b>Total Equities</b>	<b>\$ 2,601,281</b>	<b>67.72%</b>	<b>\$ 2,869,139</b>	<b>70.11%</b>	<b>\$ (267,858)</b>	<b>-9.34%</b>
<b>Alternative Investments:</b>						
Montana Real Estate Pool (MTRP)	\$ 164,667	4.29%	\$ 79,459	1.94%	\$ 85,208	107.24%
Real Estate Investments (REI)	8,931	0.23%	8,816	0.22%	115	1.30%
Structured Investment Vehicles (SIV) <sup>1</sup>	4,306	0.11%			4,306	100.00%
<b>Total Alternative Investments</b>	<b>\$ 177,904</b>	<b>4.63%</b>	<b>\$ 88,275</b>	<b>2.16%</b>	<b>\$ 89,629</b>	<b>101.53%</b>
<b>Total</b>	<b>\$ 3,840,966</b>	<b>100.00%</b>	<b>\$ 4,092,006</b>	<b>100.00%</b>	<b>\$ (251,040)</b>	<b>-6.13%</b>



<sup>1</sup>These figures only represent those of the Defined Benefit Retirement Plan. Where as the financial statements represent the Defined Benefit Retirement Plan and the Defined Benefit Education Program.

## INVESTMENT SECTION

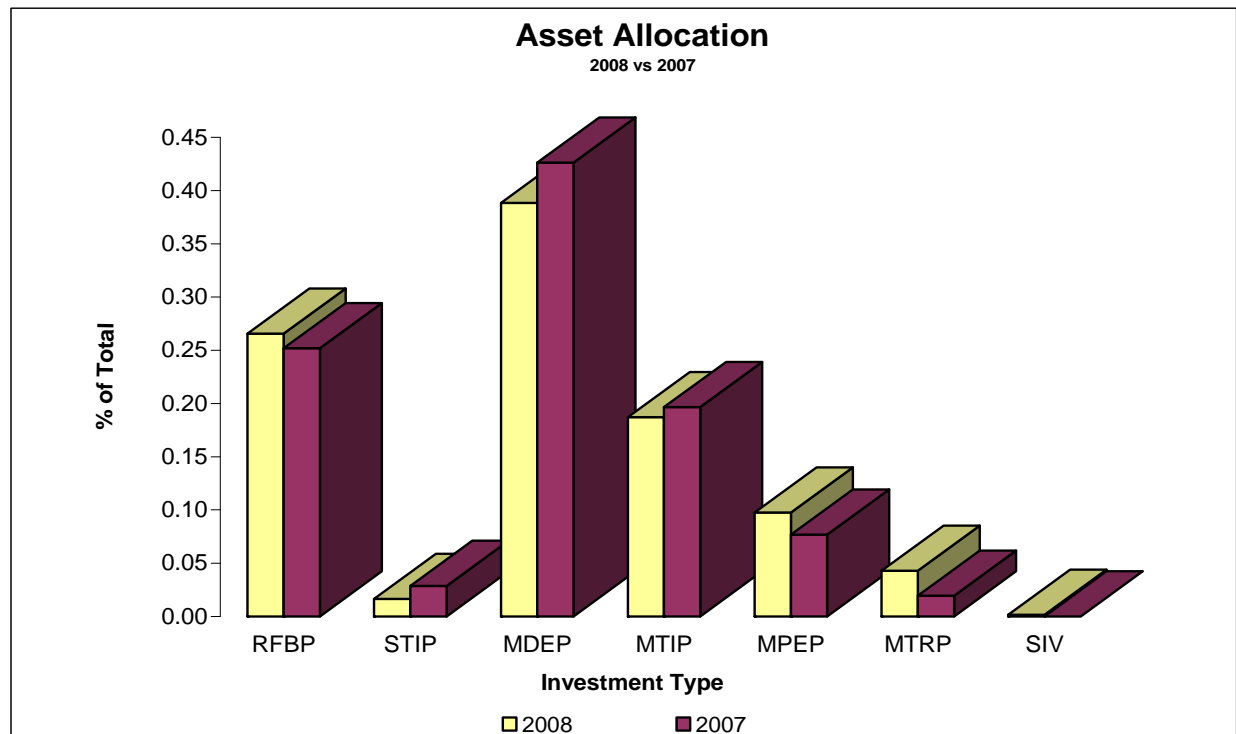
### JRS

#### Asset Mix (fair value)

as of June 30, 2008 and 2007

(in thousands)

Investment Type	2008 Fair Value	% of Total	2007 Fair Value	% of Total	Dollar Change	% Change
<b>Fixed Income:</b>						
Retirement Funds Bond Pool (RFBP)	\$ 15,581	26.56%	\$ 15,576	25.20%	\$ 5	0.03%
STIP	967	1.65%	1,770	2.86%	(803)	-45.37%
<b>Total Fixed Income</b>	<b>\$ 16,548</b>	<b>28.21%</b>	<b>\$ 17,346</b>	<b>28.06%</b>	<b>\$ (798)</b>	<b>-4.60%</b>
<b>Equities:</b>						
Montana Domestic Equity Pool (MDEP)	\$ 22,790	38.85%	\$ 26,348	42.63%	\$(3,558)	-13.50%
Montana International Pool (MTIP)	10,973	18.71%	12,162	19.68%	(1,189)	-9.78%
Montana Private Equity Pool (MPEP)	5,733	9.77%	4,744	7.68%	989	20.85%
<b>Total Equities</b>	<b>\$ 39,496</b>	<b>67.33%</b>	<b>\$ 43,254</b>	<b>69.99%</b>	<b>\$(3,758)</b>	<b>-8.69%</b>
<b>Alternative Investments:</b>						
Montana Real Estate Pool (MTRP)	\$ 2,515	4.29%	\$ 1,206	1.95%	\$ 1,309	108.54%
Structured Investment Vehicles (SIV)	\$ 99	0.17%			99	100.00%
<b>Total Alternative Investments</b>	<b>\$ 2,614</b>	<b>4.46%</b>	<b>\$ 1,206</b>	<b>1.95%</b>	<b>\$ 1,408</b>	<b>108.54%</b>
<b>Total</b>	<b>\$ 58,658</b>	<b>100.00%</b>	<b>\$ 61,806</b>	<b>100.00%</b>	<b>\$(3,148)</b>	<b>-5.09%</b>

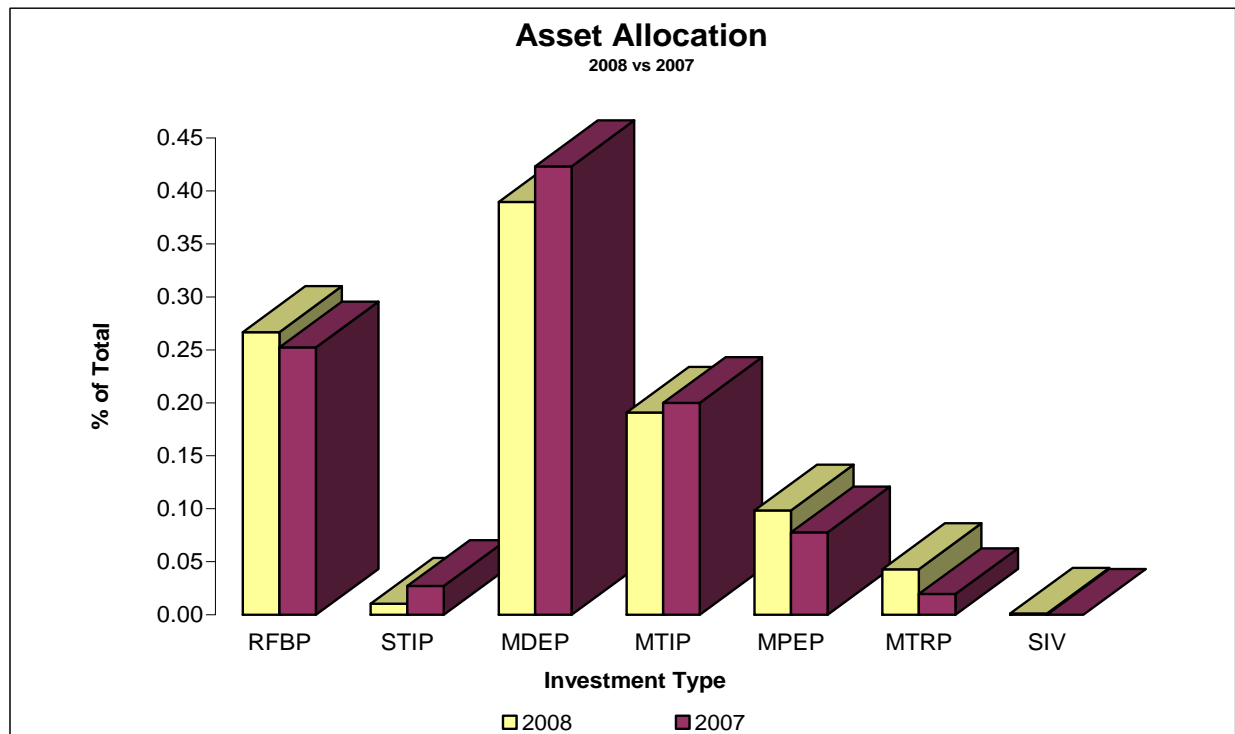




## HPORS

**Asset Mix (fair value)**  
**as of June 30, 2008 and 2007**  
(in thousands)

Investment Type	2008 Fair Value	% of Total	2007 Fair Value	% of Total	Dollar Change	% Change
<b>Fixed Income:</b>						
Retirement Funds Bond Pool (RFBP)	\$ 25,614	26.68%	\$ 25,897	25.24%	\$ (283)	-1.09%
STIP	1,014	1.05%	2,785	2.71%	(1,771)	-63.59%
<b>Total Fixed Income</b>	<b>\$ 26,628</b>	<b>27.73%</b>	<b>\$ 28,682</b>	<b>27.95%</b>	<b>\$ (2,054)</b>	<b>-7.16%</b>
<b>Equities:</b>						
Montana Domestic Equity Pool (MDEP)	\$ 37,406	38.96%	\$ 43,439	42.32%	\$ (6,033)	-13.89%
Montana International Pool (MTIP)	18,307	19.07%	20,513	19.99%	(2,206)	-10.75%
Montana Private Equity Pool (MPEP)	9,429	9.83%	7,979	7.79%	1,450	18.17%
<b>Total Equities</b>	<b>\$ 65,142</b>	<b>67.86%</b>	<b>\$ 71,931</b>	<b>70.10%</b>	<b>\$ (6,789)</b>	<b>-9.44%</b>
<b>Alternative Investments:</b>						
Montana Real Estate Pool (MTRP)	\$ 4,127	4.30%	\$ 2,005	1.95%	\$ 2,122	105.84%
Structured Investment Vehicles (SIV)	\$ 104	0.11%			\$ 104	100.00%
<b>Total Real Estate</b>	<b>\$ 4,231</b>	<b>4.41%</b>	<b>\$ 2,005</b>	<b>1.95%</b>	<b>\$ 2,226</b>	<b>105.84%</b>
<b>Total</b>	<b>\$ 96,001</b>	<b>100.00%</b>	<b>\$ 102,618</b>	<b>100.00%</b>	<b>\$ (6,617)</b>	<b>-6.45%</b>

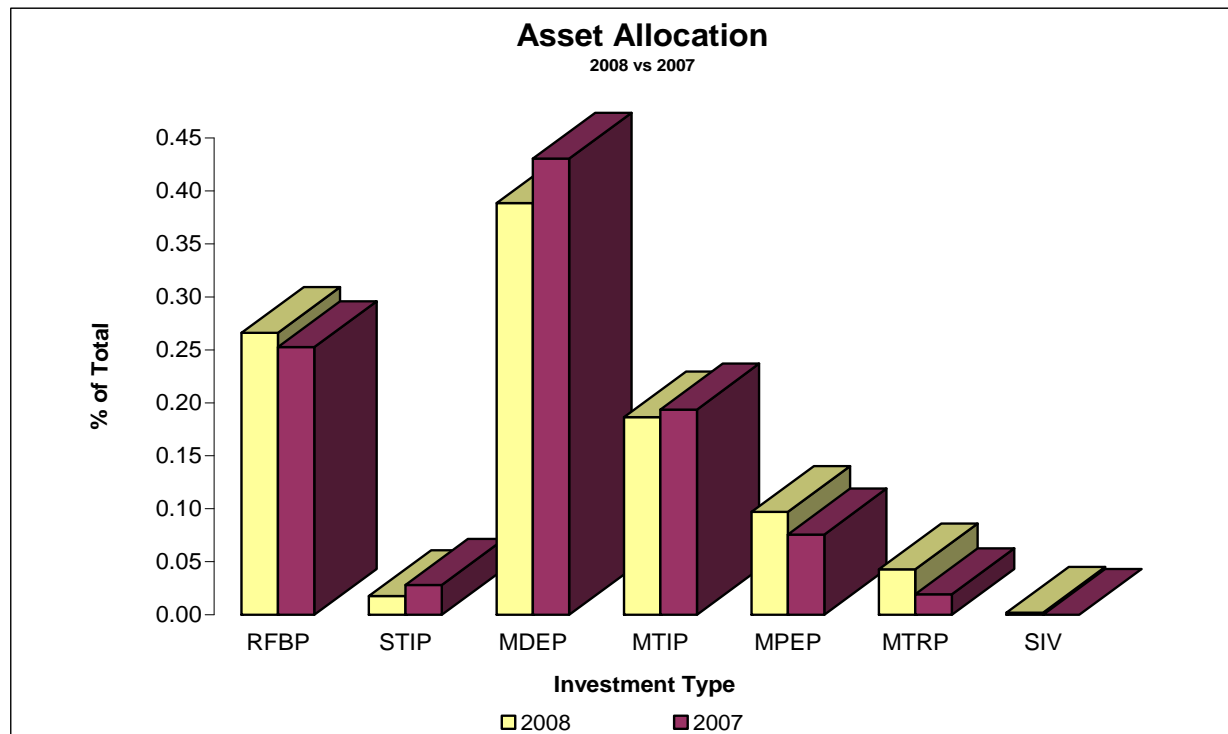


## INVESTMENT SECTION

### SRS

#### Asset Mix (fair value) as of June 30, 2008 and 2007 (in thousands)

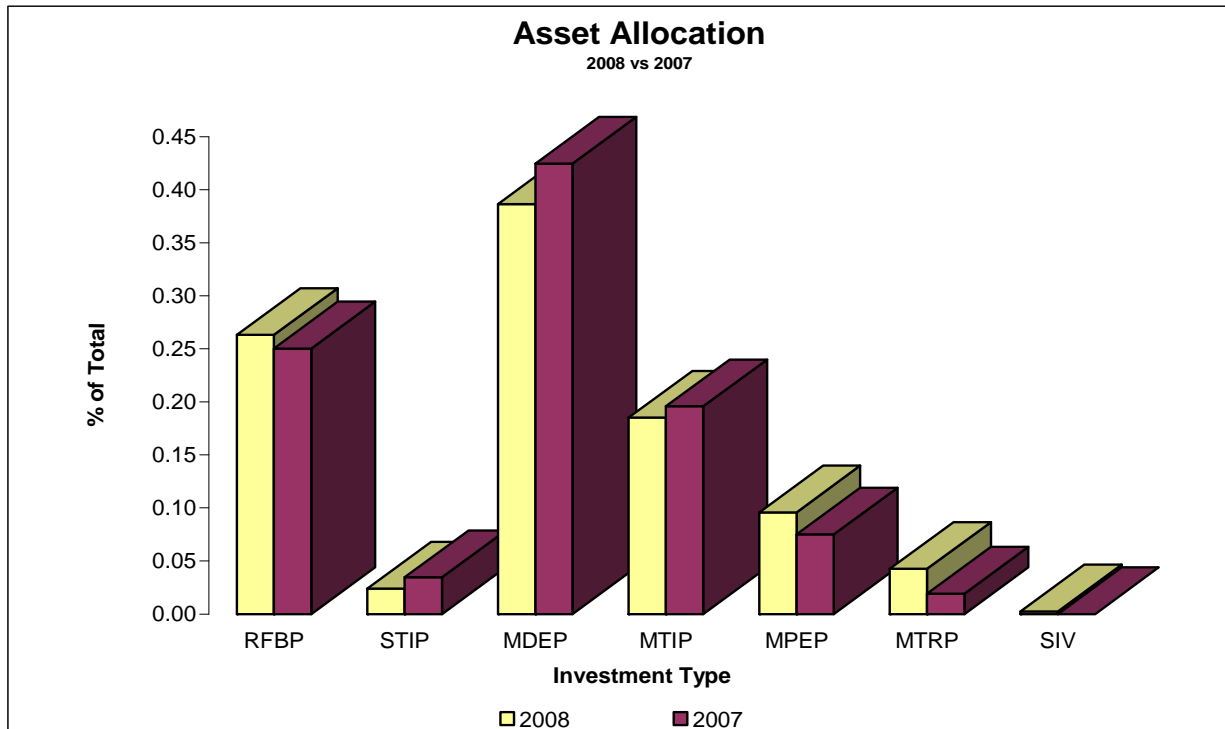
Investment Type	2008 Fair Value	% of Total	2007 Fair Value	% of Total	Dollar Change	% Change
<b>Fixed Income:</b>						
Retirement Funds Bond Pool (RFBP)	\$ 50,063	26.61%	\$ 49,551	25.25%	\$ 512	1.03%
STIP	3,300	1.75%	5,526	2.82%	(2,226)	-40.28%
<b>Total Fixed Income</b>	<b>\$ 53,363</b>	<b>28.36%</b>	<b>\$ 55,077</b>	<b>28.07%</b>	<b>\$ (1,714)</b>	<b>-3.11%</b>
<b>Equities:</b>						
Montana Domestic Equity Pool (MDEP)	\$ 73,074	38.84%	\$ 84,481	43.06%	\$(11,407)	-13.50%
Montana International Pool (MTIP)	35,060	18.63%	38,003	19.37%	(2,943)	-7.74%
Montana Private Equity Pool (MPEP)	18,271	9.71%	14,859	7.57%	3,412	22.96%
<b>Total Equities</b>	<b>\$ 126,405</b>	<b>67.18%</b>	<b>\$ 137,343</b>	<b>70.00%</b>	<b>\$(10,938)</b>	<b>-7.96%</b>
<b>Alternative Investments:</b>						
Montana Real Estate Pool (MTRP)	\$ 8,054	4.28%	\$ 3,796	1.93%	\$ 4,258	112.17%
Structured Investment Vehicles (SIV)	340	0.18%			340	100.00%
<b>Total Alternative Investments</b>	<b>\$ 8,394</b>	<b>4.46%</b>	<b>\$ 3,796</b>	<b>1.93%</b>	<b>\$ 4,598</b>	<b>121.13%</b>
<b>Total</b>	<b>\$ 188,162</b>	<b>100.00%</b>	<b>\$ 196,216</b>	<b>100.00%</b>	<b>\$ (8,054)</b>	<b>-4.10%</b>



## GWPORS

**Asset Mix (fair value)**  
**as of June 30, 2008 and 2007**  
(in thousands)

Investment Type	2008 Fair Value	% of Total	2007 Fair Value	% of Total	Dollar Change	% Change
<b>Fixed Income:</b>						
Retirement Funds Bond Pool (RFBP)	\$ 19,243	26.32%	\$ 18,331	25.04%	\$ 912	4.98%
STIP	1,761	2.41%	2,536	3.46%	(775)	-30.56%
<b>Total Fixed Income</b>	<b>\$ 21,004</b>	<b>28.73%</b>	<b>\$ 20,867</b>	<b>28.50%</b>	<b>\$ 137</b>	<b>0.66%</b>
<b>Equities:</b>						
Montana Domestic Equity Pool (MDEP)	\$ 28,272	38.66%	\$ 31,082	42.47%	\$ (2,810)	-9.04%
Montana International Pool (MTIP)	13,545	18.52%	14,344	19.60%	(799)	-5.57%
Montana Private Equity Pool (MPEP)	7,008	9.58%	5,497	7.51%	1,511	27.49%
<b>Total Equities</b>	<b>\$ 48,825</b>	<b>66.76%</b>	<b>\$ 50,923</b>	<b>69.58%</b>	<b>\$ (2,098)</b>	<b>-4.12%</b>
<b>Alternative Investments:</b>						
Montana Real Estate Pool (MTRP)	\$ 3,115	4.26%	\$ 1,404	1.92%	\$ 1,711	121.87%
Structured Investment Vehicles (SIV)	181	0.25%			181	
<b>Total Alternative Investments</b>	<b>\$ 3,296</b>	<b>4.51%</b>	<b>\$ 1,404</b>	<b>1.92%</b>	<b>\$ 1,892</b>	<b>134.76%</b>
<b>Total</b>	<b>\$ 73,125</b>	<b>100.00%</b>	<b>\$ 73,194</b>	<b>100.00%</b>	<b>\$ (69)</b>	<b>-0.09%</b>

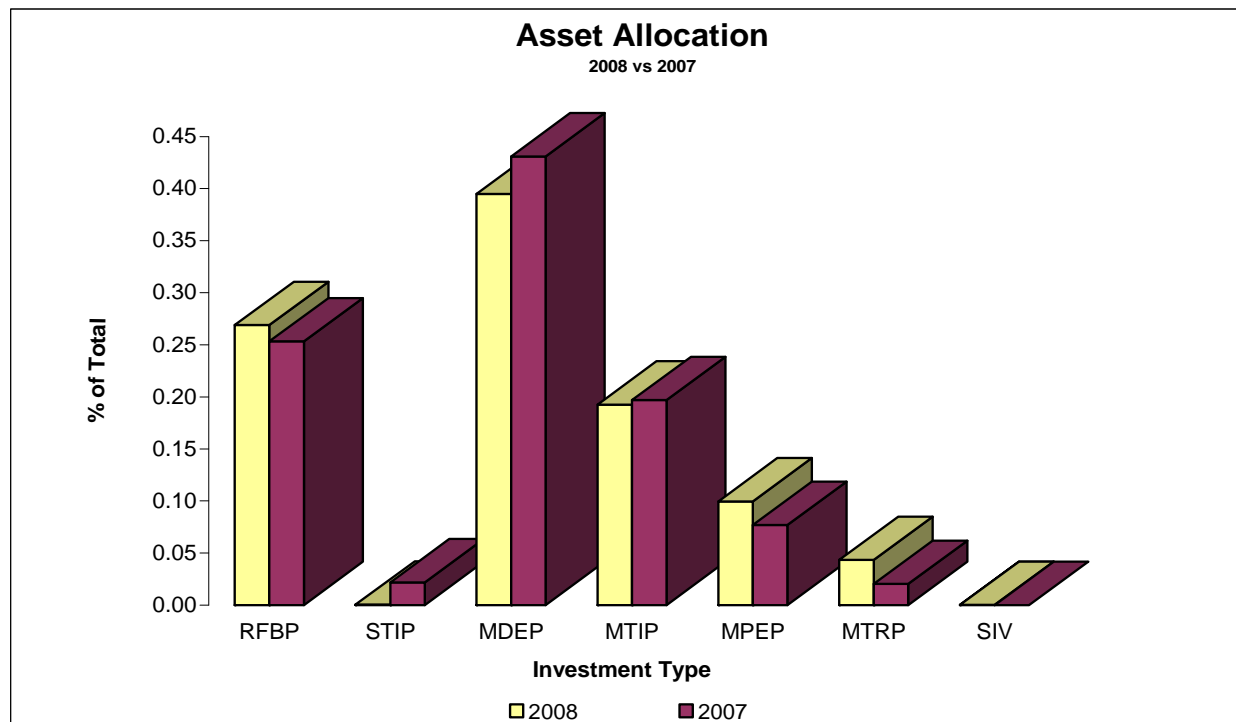


## INVESTMENT SECTION

### MPORS

**Asset Mix (fair value)**  
**as of June 30, 2008 and 2007**  
(in thousands)

Investment Type	2008 Fair Value	% of Total	2007 Fair Value	% of Total	Dollar Change	% Change
<b>Fixed Income:</b>						
Retirement Funds Bond Pool (RFBP)	\$ 51,238	26.88%	\$ 51,176	25.32%	\$ 62	0.12%
STIP	85	0.04%	4,404	2.18%	(4,319)	-98.07%
<i>Total Fixed Income</i>	<i>\$ 51,323</i>	<i>26.92%</i>	<i>\$ 55,580</i>	<i>27.50%</i>	<i>\$ (4,257)</i>	<i>-7.66%</i>
<b>Equities:</b>						
Montana Domestic Equity Pool (MDEP)	\$ 75,279	39.50%	\$ 87,099	43.10%	\$ (11,820)	-13.57%
Montana International Pool (MTIP)	36,707	19.26%	39,784	19.68%	(3,077)	-7.73%
Montana Private Equity Pool (MPEP)	18,999	9.97%	15,547	7.69%	3,452	22.20%
<i>Total Equities</i>	<i>\$ 130,985</i>	<i>68.73%</i>	<i>\$ 142,430</i>	<i>70.47%</i>	<i>\$ (11,445)</i>	<i>-8.04%</i>
<b>Alternative Investments:</b>						
Montana Real Estate Pool (MTRP)	\$ 8,274	4.34%	\$ 4,102	2.03%	\$ 4,172	101.71%
Structured Investment Vehicles (SIV)	9	0.01%			9	
<i>Total Alternative Investments</i>	<i>\$ 8,283</i>	<i>4.35%</i>	<i>\$ 4,102</i>	<i>2.03%</i>	<i>\$ 4,181</i>	<i>101.93%</i>
<b>Total</b>	<b>\$ 190,591</b>	<b>100.00%</b>	<b>\$ 202,112</b>	<b>100.00%</b>	<b>\$ (11,521)</b>	<b>-5.70%</b>

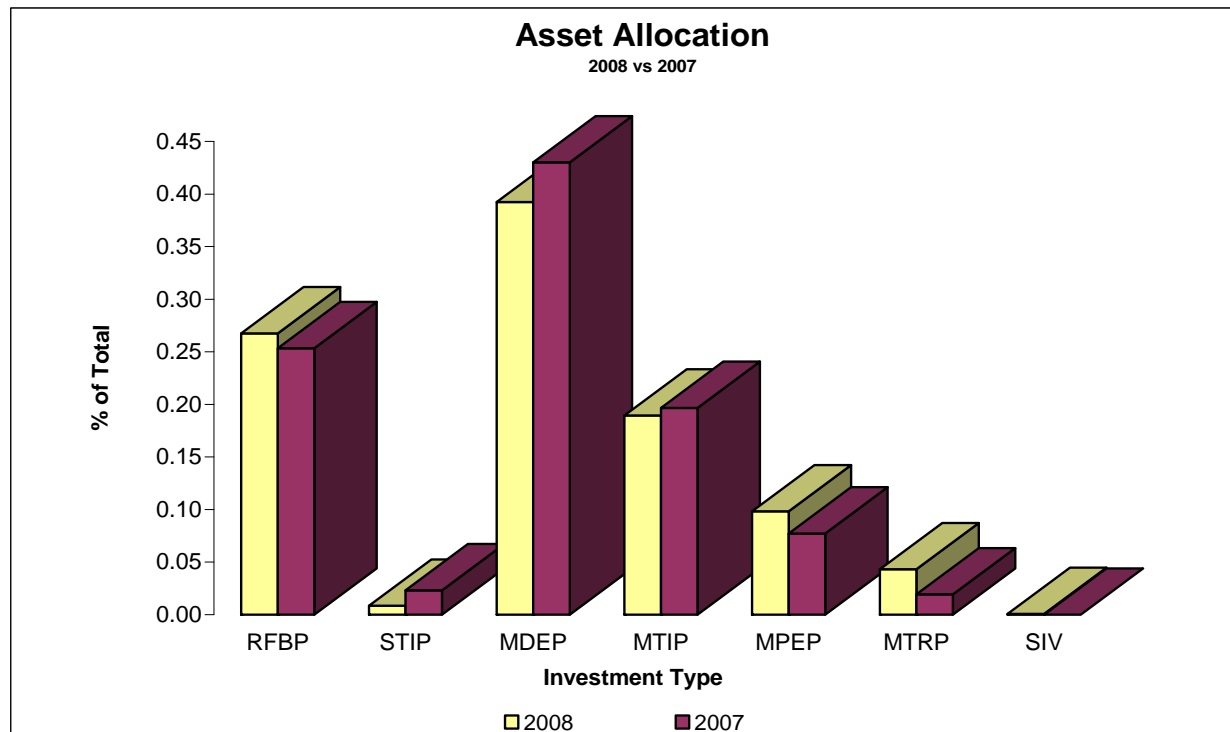


## INVESTMENT SECTION

### FURS

**Asset Mix (fair value)**  
**as of June 30, 2008 and 2007**  
(in thousands)

Investment Type	2008 Fair Value	% of Total	2007 Fair Value	% of Total	Dollar Change	% Change
<b>Fixed Income:</b>						
Retirement Funds Bond Pool (RFBP)	\$ 49,419	26.75%	\$ 48,813	25.35%	\$ 606	1.24%
STIP	1,573	0.85%	4,488	2.33%	(2,915)	-64.95%
<b>Total Fixed Income</b>	<b>\$ 50,992</b>	<b>27.60%</b>	<b>\$ 53,301</b>	<b>27.68%</b>	<b>\$ (2,309)</b>	<b>-4.33%</b>
<b>Equities:</b>						
Montana Domestic Equity Pool (MDEP)	\$ 72,476	39.23%	\$ 82,766	43.00%	\$ (10,290)	-12.43%
Montana International Pool (MTIP)	34,970	18.93%	37,848	19.67%	(2,878)	-7.60%
Montana Private Equity Pool (MPEP)	18,175	9.84%	14,850	7.71%	3,325	22.39%
<b>Total Equities</b>	<b>\$ 125,621</b>	<b>68.00%</b>	<b>\$ 135,464</b>	<b>70.38%</b>	<b>\$ (9,843)</b>	<b>-7.27%</b>
<b>Alternative Investments:</b>						
Montana Real Estate Pool (MTRP)	\$ 7,962	4.31%	\$ 3,744	1.94%	\$ 4,218	100.00%
Structured Investment Vehicles (SIV)	162	0.09%			162	
<b>Total Alternative Investments</b>	<b>\$ 8,124</b>	<b>4.40%</b>	<b>\$ 3,744</b>	<b>1.94%</b>	<b>\$ 4,380</b>	<b>116.99%</b>
<b>Total</b>	<b>\$ 184,737</b>	<b>100.00%</b>	<b>\$ 192,509</b>	<b>100.00%</b>	<b>\$ (7,772)</b>	<b>-4.04%</b>



## INVESTMENT SECTION

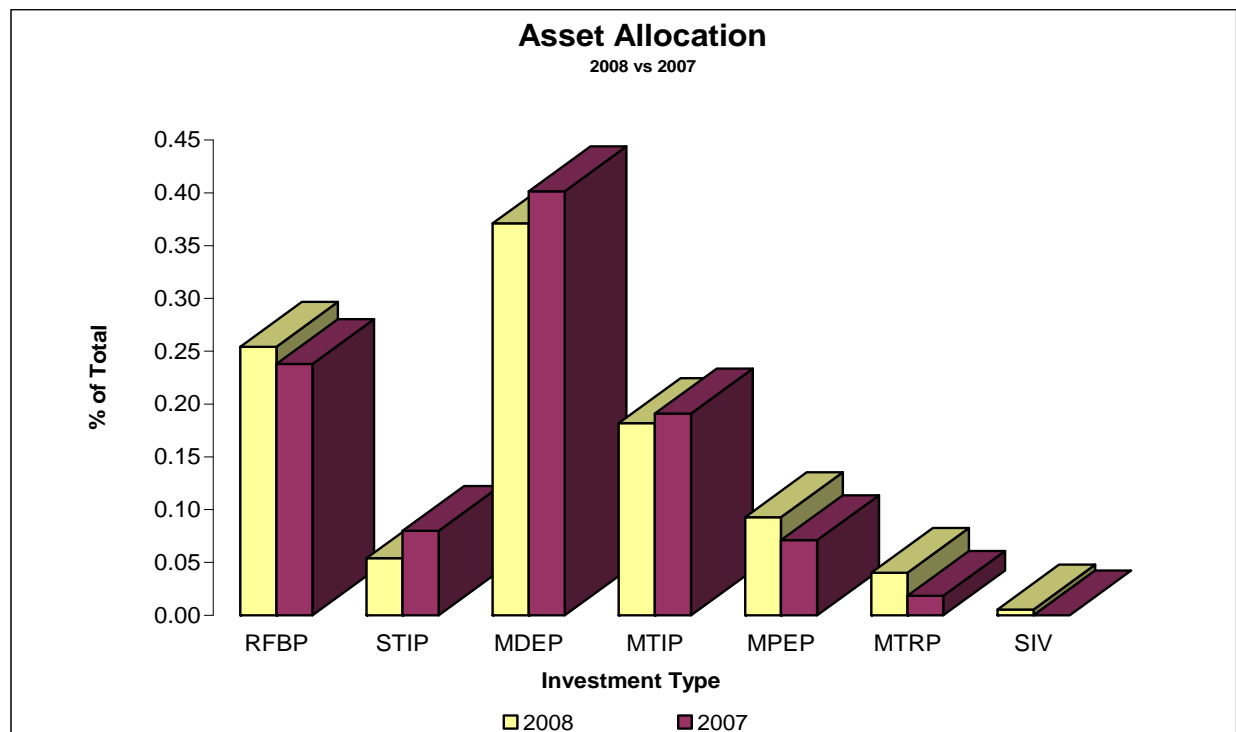
### VFCA

#### Asset Mix (fair value)

as of June 30, 2008 and 2007

(in thousands)

Investment Type	2008 Fair Value	% of Total	2007 Fair Value	% of Total	Dollar Change	% Change
<b>Fixed Income:</b>						
Retirement Funds Bond Pool (RFBP)	\$ 6,609	25.43%	\$ 6,542	23.80%	\$ 67	1.02%
STIP	1,404	5.40%	2,194	7.98%	(790)	-36.01%
<b>Total Fixed Income</b>	<b>\$ 8,013</b>	<b>30.83%</b>	<b>\$ 8,736</b>	<b>31.78%</b>	<b>\$ (723)</b>	<b>-8.28%</b>
<b>Equities:</b>						
Montana Domestic Equity Pool (MDEP)	\$ 9,645	37.11%	\$ 11,043	40.17%	\$(1,398)	-12.66%
Montana International Pool (MTIP)	4,731	18.20%	5,258	19.12%	(527)	-10.02%
Montana Private Equity Pool (MPEP)	2,411	9.28%	1,951	7.10%	460	23.58%
<b>Total Equities</b>	<b>\$ 16,787</b>	<b>64.59%</b>	<b>\$ 18,252</b>	<b>66.39%</b>	<b>\$(1,465)</b>	<b>-8.03%</b>
<b>Alternative Investments:</b>						
Montana Real Estate Pool (MTRP)	\$ 1,047	4.03%	\$ 504	1.83%	\$ 543	107.74%
Structured Investment Vehicles (SIV)	145	0.55%			145	
<b>Total Alternative Investments</b>	<b>\$ 1,192</b>	<b>4.58%</b>	<b>\$ 504</b>	<b>1.83%</b>	<b>\$ 688</b>	<b>107.74%</b>
<b>Total</b>	<b>\$ 25,992</b>	<b>100.00%</b>	<b>\$ 27,492</b>	<b>100.00%</b>	<b>\$(1,500)</b>	<b>-5.46%</b>





## Public Employees' Retirement Board

*A Component Unit of the State of Montana***Largest Holdings (by portfolio fair value)  
as of June 30, 2008**

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>MDEP Portfolio</b>	<b>Fair Value</b>
2,011,847	BGI Equity Index Fund	\$ 744,236,640
6,011,481	T Rowe Price	199,642,816
4,973,814	JP Morgan Investments	187,918,039
5,892,731	INTECH	183,071,350
10,084,703	Barrow Hanley MeWhinney	181,886,892
13,632,891	Western Asset US Index Plus LLC	164,767,126
7,896,183	Columbus Circle	148,403,430
4,672,155	Renaissance Investments	145,212,364
7,378,954	Rainier Investments	144,401,083
4,508,061	Quantitative Management	122,804,963

PERS' 10,542,411 shares represent 50.39% of the total MDEP portfolio at market.

JRS' 160,784 shares represent 0.77% of the total MDEP portfolio at market.

HPORS' 263,903 shares represent 1.26% of the total MDEP portfolio at market.

SRS' 515,539 shares represent 2.46% of the total MDEP portfolio at market.

GWPORS' 199,458 shares represent 0.95% of the total MDEP portfolio at market.

MPORS' 531,097 shares represent 2.54% of the total MDEP portfolio at market.

FURS' 511,321 shares represent 2.44% of the total MDEP portfolio at market.

VFCA's 68,047 shares represent 0.33% of the total MDEP portfolio at market.

<b>Shares/Par</b>	<b>RFBP Portfolio</b>	<b>Fair Value</b>
35,000,000	Freddie Mac	\$ 35,127,327
30,000,000	DOT Headquarters II Lease Mtg	30,034,200
22,576,658	Federal Home Loan Pool G03458	27,186,069
27,348,640	Federal Home Loan Pool G03037	26,961,281
25,368,105	FNMA Pool 256600	25,240,362
25,000,000	Aria CDO II Jersey No 1 LTD	24,933,750
30,000,000	Seariver Maritime Finl Holdings	24,631,204
24,459,005	Federal Home Loan Pool G11812	24,301,763
24,000,000	United States Tres Nts	24,037,440
25,000,000	Bishopsgate CDO LTD	23,420,000

PERS' 983,177,607 shares represent 49.61% of the total RFBP portfolio at market.

JRS' 15,503,122 shares represent 0.78% of the total RFBP portfolio at market.

HPORS' 25,485,370 shares represent 1.29% of the total RFBP portfolio market.

SRS' 49,812,846 shares represent 2.51% of the total RFBP portfolio at market.

GWPORS' 19,146,277 shares represent 0.97% of the total RFBP portfolio at market.

MPORS' 50,981,212 shares represent 2.57% of the total RFBP portfolio at market.

FURS' 49,171,232 shares represent 2.48% of the total RFBP portfolio market.

VFCA's 6,575,969 shares represent 0.33% of the total RFBP portfolio market.

## INVESTMENT SECTION

### Public Employees' Retirement Board

*A Component Unit of the State of Montana*

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

**as of June 30, 2008**

<b>Shares/Par</b>	<b>MTIP Portfolio - Currency</b>	<b>Fair Value</b>
13,642,017	Batterymarch	\$ 185,361,157
11,144,279	Julius Baer	177,424,433
10,300,478	BGI MSCI Equity Indes FD Europ	155,043,812
21,777,050	Acadian	140,736,998
8,110,175	Bernstein	132,663,630
10,008,125	Martin Currie	126,424,143
8,252,488	Hansberger	118,230,800
5,048,801	BGI Global Ex US Alpha Tilt FD	117,096,633
21,227,990	Nomura	88,971,518
5,085,601	Principal	68,322,320

PERS' 4,152,606 shares represent 50.80% of the total MTIP portfolio at market.

JRS' 62,389 shares represent 0.76% of the total MTIP portfolio at market.

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

SRS' 199,340 shares represent 2.44% of the total MTIP portfolio at market.

GWPORS' 77,015 shares represent 0.94% of the total MTIP portfolio at market.

MPORS' 208,704 shares represent 2.55% of the total MTIP portfolio at market.

FURS' 198,830 shares represent 2.43% of the total MTIP portfolio at market.

VFCA's 26,899 shares represent 0.33% of the total MTIP portfolio at market.

<b>Shares/Par</b>	<b>MPEP Portfolio</b>	<b>Fair Value</b>
184,993,886	Adams Street	\$ 213,905,012
42,043,055	Welsh Carson	55,295,005
30,463,525	Lexington	54,877,081
39,887,294	Madison Dearborn	51,042,289
40,606,539	Carlyle	44,341,656
31,328,674	KKR	33,302,222
32,175,265	Arclight	33,251,388
22,287,066	Oak Hill	28,272,370
17,469,586	Lehman Brothers	22,667,557
18,521,706	First Reserve	20,279,546

PERS' 2,067,959 shares represent 50.61% of the total MPEP portfolio at market.

JRS' 31,482 shares represent 0.77% of the total MPEP portfolio at market.

HPORS' 51,772 shares represent 1.27% of the total MPEP portfolio at market.

SRS' 100,322 shares represent 2.46% of the total MPEP portfolio at market.

GWPORS' 38,480 shares represent 0.94% of the total MPEP portfolio at market.

MPORS' 104,320 shares represent 2.55% of the total MPEP portfolio at market.

FURS' 99,800 shares represent 2.44% of the total MPEP portfolio at market.

VFCA's 13,241 shares represent 0.32% of the total MPEP 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, 2008**

<b>Shares/Par</b>	<b>MTRP Portfolio</b>		<b>Fair Value</b>
37,898	JP Morgan Chase Bank Strategic Properties	\$	72,327,177
31,957	Clarion Lion Properties Fund		49,193,888
309	Invesco Core Real Estate		46,223,196
21,500,000	Hudson Realty Capital Fund IV		21,804,333
16,000,000	TA Associates Realty Fund VIII		16,540,560
13,724,239	Strategic Partners Value Enhancement Fund		15,535,633
14,961,499	JER Real Estate Partners Fund IV		14,740,039
13,845,514	ABR Chesapeake Fund III		14,534,204
12,500,000	Beacon Capital Partners Fund V		12,097,988
13,600,275	Morgan Stanley Real Estate Fund VI International		11,768,644

PERS' 1,568,226 shares represent 50.02% of the total MPEP portfolio at market.

JRS' 23,954 shares represent 0.76% of the total MPEP portfolio at market.

HPORS' 39,300 shares represent 1.25% of the total MPEP portfolio at market.

SRS' 76,702 shares represent 2.45% of the total MPEP portfolio at market.

GWPORS' 29,664 shares represent 0.95% of the total MPEP portfolio at market.

MPORS' 78,798 shares represent 2.51% of the total MPEP portfolio at market.

FURS' 75,825 shares represent 2.42% of the total MPEP portfolio at market.

VFCA's 9,969 shares represent 0.32% of the total MPEP portfolio at market.

<b>Shares/Par</b>	<b>Mortgages Portfolio</b>		<b>Fair Value</b>
195,686,203	Montana Coal Tax Trust Loans	\$	195,686,203
59,702,382	Montana Residential Mortgages		58,957,838

PERS' 32,239,286 shares represent 12.5% of the total Mortgages portfolio at market.

## INVESTMENT SECTION

### Public Employees' Retirement Board

*A Component Unit of the State of Montana*

#### Investment Summary

**as of June 30, 2008**

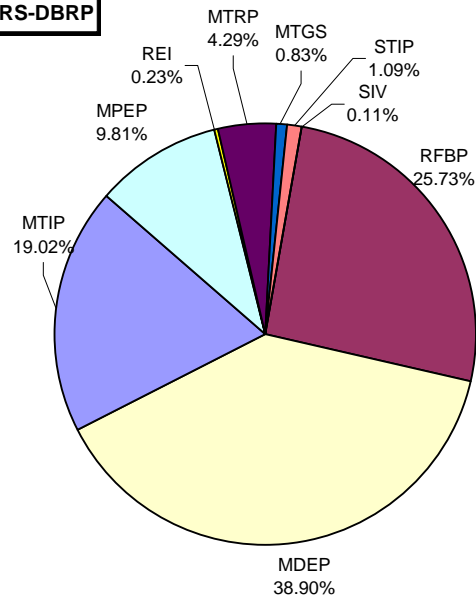
(in thousands)

Type of Investment	PERS-DBRP		JRS		HPORS		SRS	
	Fair Value	% of Total Fair Value	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	\$ 988,124	25.73%	\$ 15,581	26.56%	\$ 25,614	26.68%	\$ 50,063	26.61%
<i>Equities</i>								
Montana Domestic Equity Pool	1,494,306	38.89%	22,790	38.85%	37,406	38.96%	73,074	38.84%
Montana International Pool	730,360	19.02%	10,973	18.71%	18,307	19.07%	35,060	18.63%
Montana Private Equity Pool	376,615	9.81%	5,733	9.77%	9,429	9.83%	18,271	9.71%
<i>Alternative Investments</i>								
Real Estate Investments	8,931	0.23%						
Montana Real Estate Pool	164,667	4.29%	2,515	4.29%	4,127	4.30%	8,054	4.28%
Mortgages	31,837	0.83%						
Structured Investment Vehicles <sup>1</sup>	4,306	0.11%	99	0.17%	104	0.11%	340	0.18%
<i>Short Term Investments</i>								
Short Term Investment Pool <sup>1</sup>	41,820	1.09%	967	1.65%	1,014	1.05%	3,300	1.75%
<b>Total</b>	<b>\$ 3,840,966</b>	<b>100.00%</b>	<b>\$ 58,658</b>	<b>100.00%</b>	<b>\$ 96,001</b>	<b>100.00%</b>	<b>\$ 188,162</b>	<b>100.00%</b>

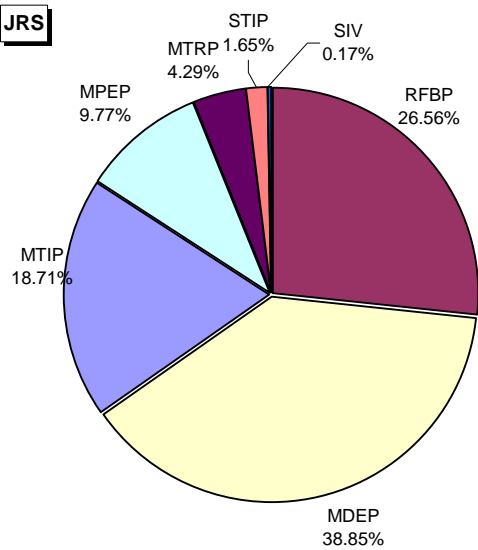
<sup>1</sup>These figures only represent those of the Defined Benefit Retirement Plan. Where as the financial statements represent the Defined Benefit Retirement Plan and the Defined Benefit Education Program.

INVESTMENT SECTION

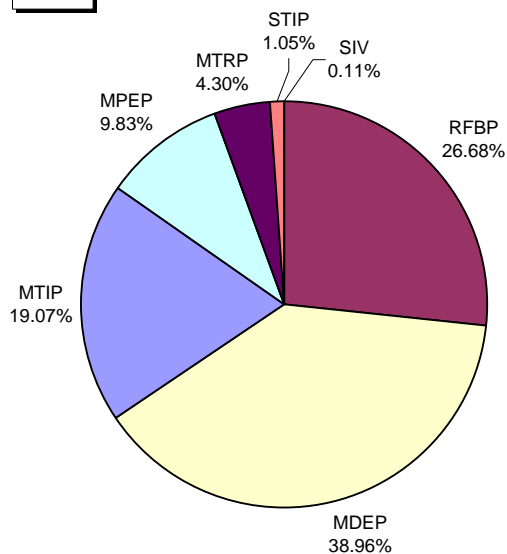
PERS-DBRP



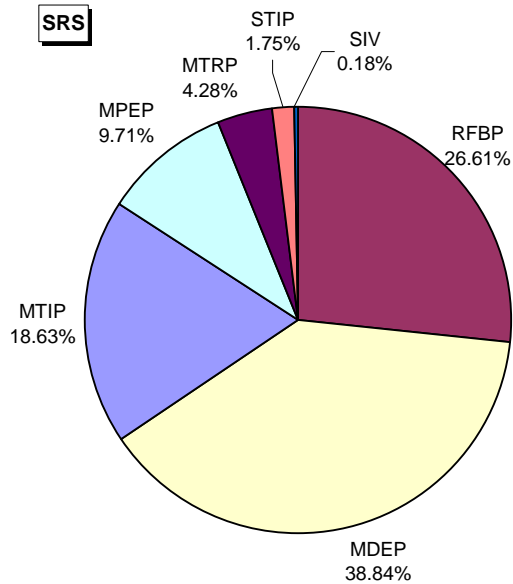
JRS



HPORS



SRS



Retirement Funds Bond Pool - RFBP  
Montana Domestic Equity Pool - MDEP  
Montana International Pool - MTIP  
Montana Private Equity Pool - MPEP  
Structured Investment Vehicles - SIV

Real Estate Investment - REI  
Montana Real Estate Pool - MTRP  
Mortgages - MTGS  
Short Term Investment Pool - STIP

## INVESTMENT SECTION

### Public Employees' Retirement Board

*A Component Unit of the State of Montana*

#### Investment Summary

**as of June 30, 2008**

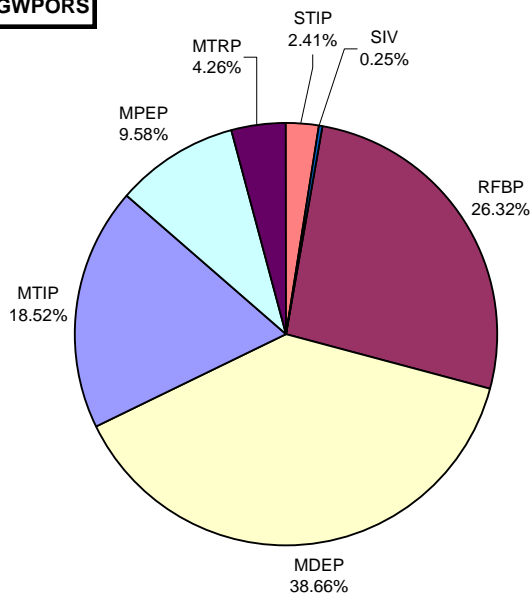
(in thousands)

Type of Investment	GWPRS		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
<i>Fixed Income</i>								
Retirement Funds Bond Pool	\$ 19,243	26.32%	\$ 51,238	26.88%	\$ 49,419	26.75%	\$ 6,609	25.43%
<i>Equities</i>								
Montana Domestic Equity Pool	28,272	38.66%	75,279	39.50%	72,476	39.23%	9,646	37.11%
Montana International Pool	13,545	18.52%	36,707	19.26%	34,970	18.93%	4,731	18.20%
Montana Private Equity Pool	7,008	9.58%	18,999	9.97%	18,175	9.84%	2,411	9.28%
<i>Alternative Investments</i>								
Real Estate Investments								
Montana Real Estate Pool	3,115	4.26%	8,274	4.34%	7,962	4.31%	1,046	4.03%
Mortgages								
Structured Investment Vehicles	181	0.25%	9	0.01%	162	0.09%	145	0.55%
<i>Short Term Investments</i>								
Short Term Investment Pool	1,761	2.41%	85	0.04%	1,573	0.85%	1,404	5.40%
<b>Total</b>	<b>\$ 73,125</b>	<b>100.00%</b>	<b>\$ 190,591</b>	<b>100.00%</b>	<b>\$ 184,737</b>	<b>100.00%</b>	<b>\$ 25,992</b>	<b>100.00%</b>

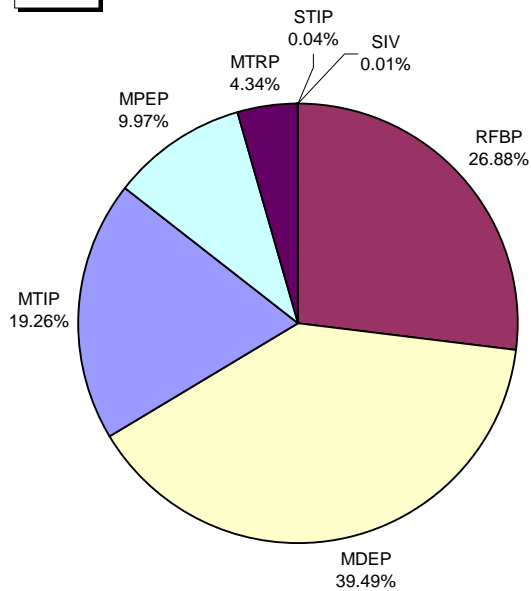


# INVESTMENT SECTION

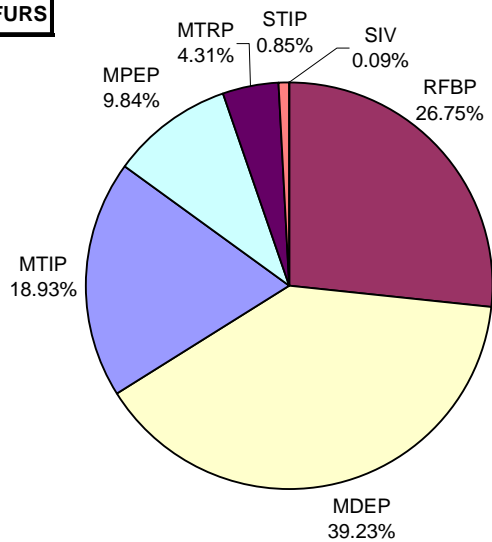
**GWPORS**



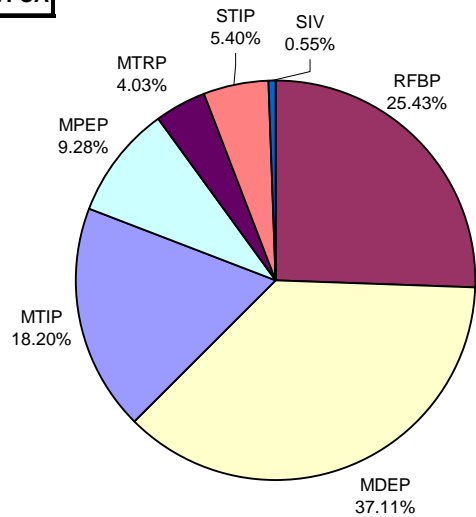
**MPORS**



**FURS**



**VFCA**

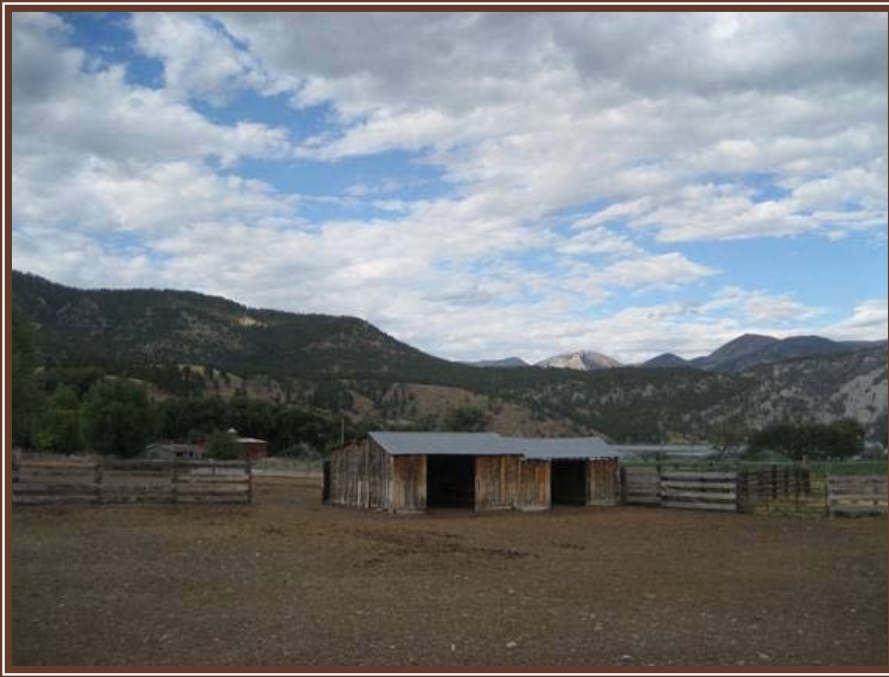


Retirement Funds Bond Pool - RFBP	Montana Real Estate Pool - MTRP
Montana Domestic Equity Pool - MDEP	Short Term Investment Pool - STIP
Montana International Pool - MTIP	Structured Investment Vehicles - SIV
Montana Private Equity Pool - MPEP	

## INVESTMENT SECTION

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The Hilger-Hereford ranch was founded by Helena judge Nicholas Hilger in 1873. The original buildings were washed away when the Holter dam broke in 1908.

Judge Hilger also started the Gates of the Mountains tour, which is still going to this day.

- Photo courtesy of Shelly Pardis

**In 2007, 5,065,000 acres of wheat were grown by Montana farmers,  
producing a total of 149,820,000 bushels.  
-United States Department of Agriculture**



- Photo courtesy of Shelly Pardis



111 SW Fifth Avenue  
Suite 3700  
Portland, OR 97204  
USA

Tel +1 503 227 0634  
Fax +1 503 227 7956

milliman.com

November 17, 2008

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. House Bill 771 effective June 1, 2007 and passed during the 2007 Legislative session, requires valuations be performed annually. We have completed the actuarial valuations as of June 30, 2008 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.

- |   |                           |
|---|---------------------------|
| - Public Employees' Retirement System - DBRP          | 24.8 years <sup>(1)</sup> |
| - Municipal Police Officers' Retirement System        | 18.6 years                |
| - Game Wardens' and Peace Officers' Retirement System | 13.0 years                |
| - Sheriffs' Retirement System                         | 16.3 years <sup>(2)</sup> |
| - Highway Patrol Officers' Retirement System          | 17.4 years                |
| - Firefighters' Unified Retirement System             | 11.3 years                |

(1) Does not reflect sunset provisions of additional contributions under HB 131. Without the additional contributions under HB 131 the amortization period would be 29.0.

(2) Does not reflect sunset provision of additional contributions under HB 131. Without the additional contributions under HB 131 the amortization period would be 26.6.

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, 2008.

The funded status for each system remained relatively stable due to the asset smoothing method. In general the ratio of the Actuarial Value of Assets to Market Value of Assets increased from 93-94% in 2007 to 105-106% in 2008. The investment losses during the 2007-08 year are not recognized at one time but rather recognized over four years.

In preparing the 2008 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, 2008, 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, 2008, 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 2008 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.

We certify that the information included in this report is complete and accurate to the best of our 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 are Fellows of the Society of Actuaries, Members of the American Academy of Actuaries, and experienced in performing valuations for large public employee retirement systems.

Respectfully submitted,

/s/ Mark O. Johnson

Mark O. Johnson, FSA, MAAA  
Consulting Actuary

/s/ Patricia A. Kahle

Patricia Ann Kahle, FSA, MAAA, EA  
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 2008 by the actuary, Milliman. The same actuary also performed the most recent actuarial experience study which was completed for fiscal year 2004. The experience study investigated 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 their current expectations of future economic conditions. Economic assumptions are based on inflation and include general wage increases, investment returns and interest on member accounts. Demographic assumptions include general wage 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 PERB was accepted for valuation purposes without audit.

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

A fundamental principle in financing the liabilities of a retirement program is to relate the cost of benefits to when they are earned, rather than when they are paid. There are a number of methods in use for making that determination. The funding method used in these 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 an 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 an 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%.

### CAPITAL PRESERVATION PREMIUM ON MPORS DROP ACCOUNTS

MPORS DROP accounts are assumed to earn the rate of return on the trust fund net of expenses plus 1.5% to cover the minimum 0% earnings guarantee on DROP accounts.

### 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 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

Beneficiaries		
	<u>Males</u>	<u>Females</u>
PERS	-1	-1
JRS	-1	-1
HPORS	-1	-1
SRS	-1	-1
GWPORS	-1	-1
MPORS	-1	-1
FURS	-1	-1
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 96-7 Males/Females Table and adjusted for each plan as stated on the next page:

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	-1	+3

### 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 for all plans except PERS and VFCA. For PERS it is assumed that the most valuable disability benefit will be elected. It is assumed 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 account balance is based on age and is 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 PERB's actuary, Milliman. The audit was performed to obtain 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 found Milliman's actuarial results to be reasonable.

### CALCULATIONS BASED ON THE MARKET VALUE OF ASSETS

Section 19-2-407, MCA, as amended by House Bill 771, requires the actuarial report to show how market performance is affecting the actuarial funding of the retirement systems. In the following paragraphs the effect on each

## ACTUARIAL SECTION

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one of the defined benefit retirement systems is explained if the market value of assets was used.

At June 30, 2008, the market value of assets for **PERS-DBRP** was \$212.8 million less than the actuarial value of assets due to a negative 4.9% market return in the year ended June 30, 2008. If the market value of assets was used, the amortization period would be 50.2 years with the additional employer contributions effective July 1, 2007 and July 1, 2009. If the market value was used, the amortization period would be 68.3 years without the additional employer contributions effective July 1, 2007 and July 1, 2009. An increase in the employer contribution rate to 14.88% of payroll as of July 1, 2008 would result in a 30-year amortization period for the system's unfunded actuarial liabilities based on the market value of assets.

At June 30, 2008, the market value of assets for **JRS** was \$3.2 million less than the actuarial value of assets due to a negative 4.8% market return in the year ended June 30, 2008. If the market value of assets was used, the amortization period would be 0 years since the plan is overfunded, and the funded ratio would be 149%.

At June 30, 2008, the market value of assets for **HPORS** was \$5.2 million less than the actuarial value of assets due to a negative 4.9% market return in the year ended June 30, 2008. If the market value of assets was used, the amortization period would be 21.5 years, and the funded ratio would be 71%.

At June 30, 2008, the market value of assets for **SRS** was \$10.6 million less than the actuarial value of assets due to a negative 4.9% market return in the year ended June 30, 2008. If the market value of assets was used, the amortization period would be 44.4 years with the

additional employer contributions effective July 1, 2007 and July 1, 2009. If the market value was used, it would not be possible to amortize the unfunded actuarial liabilities of the system without the additional employer contributions effective July 1, 2007 and July 1, 2009. An increase in the employer contribution rate to 19.84% of payroll as of July 1, 2008 would result in a 30-year amortization period for the system's unfunded actuarial liabilities based on the market value of assets.

At June 30, 2008, the market value of assets for **GWPORS** was \$4.3 million less than the actuarial value of assets due to a negative 4.9% market return in the year ended June 30, 2008. If the market value of assets was used, the amortization period would be 22.2 years, and the funded ratio would be 88%.

At June 30, 2008, the market value of assets for **MPORS** was \$11.8 million less than the actuarial value of assets due to a negative 4.9% market return in the year ended June 30, 2008. If the market value of assets was used, the amortization period would be 21.4 years, and the funded ratio would be 61%.

At June 30, 2008, the market value of assets for **FURS** was \$11.3 million less than the actuarial value of assets due to a negative 4.8% market return in the year ended June 30, 2008. If the market value of assets was used, the amortization period would be 13.3 years, and the funded ratio would be 68%.

At June 30, 2008, the market value of assets for **VFCA** retirement system was \$1.5 million less than the actuarial value of assets due to a negative 4.8% market return in the year ended June 30, 2008. If the market value of assets was used, the amortization period would be 6.8 years, and the funded ratio would be 79%.

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## 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 (a)	Nbr ERs (b)	Covered Payroll (c)	Average Annual Pay (c/a)	% Pay Increase
PERS-DBRP	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%
	June 30, 2006	27,962	524	880,707,616	31,497	4.86%
	June 30, 2007	27,977	528	907,424,089	32,435	2.98%
	<b>June 30, 2008</b>	<b>28,293</b>	<b>528</b>	<b>955,112,779</b>	<b>33,758</b>	<b>4.08%</b>
JRS	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%
	June 30, 2006	50	1	4,761,755	95,235	6.72%
	June 30, 2007	51	1	4,840,867	94,919	-0.33%
	<b>June 30, 2008</b>	<b>51</b>	<b>1</b>	<b>5,095,771</b>	<b>99,917</b>	<b>5.27%</b>
HPORS	June 30, 2003	201	1	7,808,953	38,851	0.01%
	June 30, 2004	194	1	7,843,505	40,430	4.07%
	<sup>1</sup> June 30, 2005	201	1	9,103,879	45,293	12.03%
	June 30, 2006	197	1	7,878,304	39,991	-11.71%
	June 30, 2007	204	1	9,858,242	48,325	20.84%
	<b>June 30, 2008</b>	<b>212</b>	<b>1</b>	<b>10,866,291</b>	<b>51,256</b>	<b>6.07%</b>
SRS	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>2</sup> June 30, 2006	1,006	57	34,241,922	34,038	-18.57%
	June 30, 2007	1,076	57	43,611,101	40,531	19.08%
	<b>June 30, 2008</b>	<b>1,109</b>	<b>57</b>	<b>47,196,418</b>	<b>42,558</b>	<b>5.00%</b>

<sup>1</sup>In fiscal year 2005 a wage settlement occurred for certain members of the HPORS that was retro to 1995.

<sup>2</sup> Effective 7/1/05, all newly hired detention officers are covered under SRS. Existing detention officers may elect to remain in the PERS or elect to become a member of the SRS.

\*No actuarial valuation was performed in 2003.

The last actuarial valuation was performed as of June 30, 2008.

## ACTUARIAL SECTION

System	Valuation Date	Number Members (a)	Nbr ERs (b)	Covered Payroll (c)	Average Annual Pay (c/a)	% Pay Increase
<b>GWPORS</b>	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%
	June 30, 2006	793	7	25,846,410	32,593	3.01%
	June 30, 2007	821	7	28,799,459	35,079	7.63%
	<b>June 30, 2008</b>	<b>885</b>	<b>7</b>	<b>32,365,266</b>	<b>36,571</b>	<b>4.25%</b>
<b>MPORS</b> <sup>3</sup>	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%
	June 30, 2006	617	22	27,643,794	44,804	3.46%
	June 30, 2007	640	23	29,546,856	46,167	3.04%
	<b>June 30, 2008</b>	<b>644</b>	<b>27</b>	<b>32,180,590</b>	<b>49,970</b>	<b>8.24%</b>
<b>FURS</b>	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%
	June 30, 2006	467	17	22,916,716	49,072	6.42%
	June 30, 2007	480	17	24,249,918	50,521	2.95%
	<b>June 30, 2008</b>	<b>525</b>	<b>19</b>	<b>29,158,206</b>	<b>55,539</b>	<b>9.93%</b>
<b>VFCA</b>	June 30, 2003	2,629				
	June 30, 2004	2,687				
	June 30, 2005	2,754				
	June 30, 2006	2,733				
	<sup>4</sup> June 30, 2007	2,207				
	<b>June 30, 2008</b>	<b>2,301</b>				

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

<sup>3</sup>Does not include DROP membership.

<sup>4</sup>The decrease in membership numbers from fiscal year 2006 to fiscal year 2007 is due to improvements in the database maintenance and correct reporting of membership.



# ACTUARIAL SECTION

## Public Employees' Retirement Board

*A Component Unit of the State of Montana*

### Schedule of Active Member Composition as of June 30, 2008

	PERS-DBRP	JRS	HPORS	SRS	GWPORS	MPORS <sup>1</sup>	FURS	VFCA <sup>2</sup>
<b>Average Age</b>	48.4	57.2	39.7	40.2	40.4	38.5	39	44.6
<b>Average Service</b>	9.9	11.6	9.6	6.5	5.7	8.9	10.3	9.2
<b>Average Salary</b>	\$ 35,143	\$ 99,917	\$ 50,505	\$ 42,626	\$ 37,410	\$ 47,449	\$ 51,150	N/A
<b>Under Age 25</b>								
<b>Number Members</b>	515		3	64	42	21	18	118
<b>Average Salary</b>	\$ 24,162		\$ 42,594	\$ 29,362	\$ 29,688	\$ 39,220	\$ 38,944	N/A
<b>Ages 25-29</b>								
<b>Number Members</b>	1,288		20	118	95	98	77	167
<b>Average Salary</b>	\$ 29,626		\$ 44,684	\$ 37,229	\$ 33,415	\$ 40,790	\$ 42,448	N/A
<b>Ages 30-34</b>								
<b>Number Members</b>	1,768		29	173	114	97	88	220
<b>Average Salary</b>	\$ 32,880		\$ 46,278	\$ 41,764	\$ 36,090	\$ 43,136	\$ 47,280	N/A
<b>Ages 35-39</b>								
<b>Number Members</b>	2,800		50	224	195	161	109	274
<b>Average Salary</b>	\$ 32,831		\$ 49,590	\$ 41,885	\$ 36,794	\$ 45,391	\$ 49,717	N/A
<b>Ages 40-44</b>								
<b>Number Members</b>	2,861	1	52	164	136	142	70	337
<b>Average Salary</b>	\$ 35,631	\$ 98,940	\$ 52,752	\$ 45,175	\$ 38,699	\$ 49,840	\$ 52,451	N/A
<b>Ages 45-49</b>								
<b>Number Members</b>	4,464	9	35	136	115	84	84	376
<b>Average Salary</b>	\$ 35,963	\$ 99,711	\$ 52,922	\$ 45,396	\$ 39,931	\$ 53,756	\$ 57,866	N/A
<b>Ages 50-54</b>								
<b>Number Members</b>	5,402	6	18	107	101	25	53	313
<b>Average Salary</b>	\$ 36,963	\$ 100,096	\$ 55,302	\$ 46,032	\$ 39,880	\$ 55,205	\$ 61,601	N/A
<b>Ages 55-59</b>								
<b>Number Members</b>	5,181	13	4	87	57	16	21	247
<b>Average Salary</b>	\$ 37,610	\$ 99,474	\$ 55,000	\$ 47,872	\$ 40,427	\$ 53,263	\$ 57,746	N/A
<b>Ages 60-64</b>								
<b>Number Members</b>	2,888	15	1	31	26	6	5	155
<b>Average Salary</b>	\$ 36,143	\$ 100,411	\$ 53,182	\$ 47,330	\$ 40,389	\$ 60,255	\$ 58,902	N/A
<b>Ages 65-69</b>								
<b>Number Members</b>	848	5		5	4			60
<b>Average Salary</b>	\$ 30,538	\$ 100,328		\$ 50,500	\$ 40,033			N/A
<b>Age 70 &amp; Over</b>								
<b>Number Members</b>	278	2						34
<b>Average Salary</b>	\$ 22,868	\$ 98,940						N/A

<sup>1</sup>The number of members for MPORS does not include the 29 DROP members.

<sup>2</sup>Average Salary is not applicable to VFCA, members are unpaid volunteers.

The last actuarial valuation was performed as of June 30, 2008.

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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

	Added		Removed				Average	
Year Ended	No.	Annual Benefits <sup>1</sup>	No.	Annual Benefits <sup>1</sup>	End of Year	Benefits <sup>2</sup>	Annual Benefit <sup>3</sup>	% Benefit Increase
PERS-DBRP								
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%
June 30, 2007	962	9,242,368	479	1,740,623	16,137	166,187,966	10,598	4.19%
June 30, 2008	1,009	10,833,593	519	1,912,403	16,627	180,815,238	11,231	5.97%
JRS								
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%
June 30, 2007	2	29,277	2	28,021	51	1,772,203	34,731	-1.43%
June 30, 2008	0		1	9,691	50	1,828,680	36,590	5.35%
HPORS								
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%
June 30, 2007	5	234,141	3	8,922	284	6,460,218	22,122	4.38%
June 30, 2008	9	251,808	3	22,172	290	6,813,578	23,019	4.05%
SRS								
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%
June 30, 2007	35	439,999	12	87,687	384	6,769,508	18,152	3.93%
June 30, 2008	16	312,489	6	48,025	394	7,242,828	19,375	6.74%

<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 years ending on or after 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, 2008.

## ACTUARIAL SECTION

	Added		Removed				Average	
Year Ended	No.	Annual Benefits <sup>1</sup>	No.	Annual Benefits <sup>1</sup>	End of Year	Benefits <sup>2</sup>	Annual Benefit <sup>3</sup>	% Benefit Increase
GWPORS								
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%
June 30, 2007	6	140,228	1	7,224	111	2,085,050	19,247	5.77%
June 30, 2008	10	128,947	1	7,618	120	2,270,902	19,312	0.34%
MPORS								
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%
June 30, 2007	24	449,961	12	118,666	592	12,691,520	22,177	4.74%
June 30, 2008	51	727,211	7	56,531	636	13,706,635	22,711	2.41%
FURS								
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%
June 30, 2007	20	602,497	10	72,609	519	11,850,904	23,636	6.31%
June 30, 2008	24	664,186	8	64,052	535	13,353,419	25,026	5.88%
VFCA								
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%
June 30, 2007	74	80,123	37	22,028	1,038	1,636,980	1,587	0.57%
June 30, 2008	74	75,645	30	26,220	1,082	1,716,773	1,608	1.30%

## 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			Actuarial Value of 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)				
<b>PERS-DBRP</b>	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
	06/30/06	718,260	1,895,838	1,305,215	3,459,084	100	100	65
	06/30/07	749,000	2,051,107	1,401,143	3,825,234	100	100	73
	<b>06/30/08</b>	<b>783,801</b>	<b>2,232,148</b>	<b>1,488,794</b>	<b>4,065,307</b>	<b>100</b>	<b>100</b>	<b>70</b>
<b>JRS</b>	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
	06/30/06	3,690	20,362	13,107	51,808	100	100	212
	06/30/07	3,863	20,446	12,554	57,778	100	100	267
	<b>06/30/08</b>	<b>4,431</b>	<b>20,682</b>	<b>14,323</b>	<b>62,040</b>	<b>100</b>	<b>100</b>	<b>258</b>
<b>HPORS</b>	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
	06/30/06	7,321	83,954	20,728	87,189	100	95	0
	06/30/07	8,049	93,187	27,070	95,758	100	94	0
	<b>06/30/08</b>	<b>8,796</b>	<b>96,395</b>	<b>29,492</b>	<b>101,500</b>	<b>100</b>	<b>96</b>	<b>0</b>
<b>SRS</b>	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
	06/30/06	24,936	89,353	57,552	163,003	100	100	85
	06/30/07	27,651	97,660	63,725	183,894	100	100	92
	<b>06/30/08</b>	<b>31,220</b>	<b>102,967</b>	<b>70,362</b>	<b>199,453</b>	<b>100</b>	<b>100</b>	<b>93</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, 2008.

## ACTUARIAL SECTION

System	Valuation Date	Aggregate Accrued Liabilities for			Actuarial Value of 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
	06/30/06	15,667	23,890	24,626	58,813	100	100	78
	06/30/07	17,813	27,070	28,109	68,755	100	100	85
	<b>06/30/08</b>	<b>20,574</b>	<b>29,647</b>	<b>33,228</b>	<b>77,511</b>	<b>100</b>	<b>100</b>	<b>82</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
	06/30/06	25,802	175,035	90,261	175,919	100	86	0
	06/30/07	27,256	185,707	97,460	198,310	100	92	0
	<b>06/30/08</b>	<b>27,165</b>	<b>207,233</b>	<b>93,158</b>	<b>212,312</b>	<b>100</b>	<b>89</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
	06/30/06	22,738	159,121	73,654	167,343	100	91	0
	06/30/07	23,896	171,777	73,726	188,545	100	96	0
	<b>06/30/08</b>	<b>25,482</b>	<b>187,999</b>	<b>73,737</b>	<b>206,127</b>	<b>100</b>	<b>96</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
	06/30/06		17,803	14,080	23,238	100	100	39
	06/30/07		19,579	12,019	25,862	100	100	52
	<b>06/30/08</b>		<b>20,129</b>	<b>12,606</b>	<b>27,544</b>	<b>100</b>	<b>100</b>	<b>59</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>	<b>JRS</b>	<b>HPORS</b>	<b>SRS</b>
Investment (Gain) or Loss	\$ 14,160	\$ 227	\$ 287	\$ 891
Liability (Gain) or Losses:				
Salary (Gain) or Loss	27,574	157	473	(595)
New Participant (Gain) or Loss	6,620		348	502
Other (Gain) or Loss	<u>12,818</u>	<u>154</u>	<u>111</u>	<u>(416)</u>
Total Actuarial (Gain) or Loss	<u>\$ 61,172</u>	<u>\$ 538</u>	<u>\$ 1,219</u>	<u>\$ 382</u>

	<b>GWPORS</b>	<b>MPORS</b>	<b>FURS</b>	<b>VFCA</b>
Investment (Gain) or Loss	\$ 539	\$ 1,427	\$ 1,368	\$ 212
Liability (Gain) or Losses:				
Salary (Gain) or Loss	1,057	2,094	361	
New Participant (Gain) or Loss	557	1,274	880	521
Rural Fire Districts (Gain) or Loss			462	
Other (Gain) or Loss	<u>399</u>	<u>(369)</u>	<u>1,897</u>	<u>(522)</u>
Total Actuarial (Gain) or Loss	<u>\$ 2,552</u>	<u>\$ 4,426</u>	<u>\$ 4,968</u>	<u>\$ 211</u>

The last actuarial valuation was performed as of June 30, 2008.



## 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, 2008, 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 1/56th if membership service at retirement is less than 25 years, or multiplied by 1/50th 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 accumulated 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: <ul style="list-style-type: none"> <li>(a) Years of service credit, multiplied by highest average compensation, multiplied by 90% of 1/56th (1/50th if 25 or more years of membership service), or</li> <li>(b) Highest average compensation multiplied by 25%.</li> </ul>

## ACTUARIAL SECTION

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		If hired after February 24, 1991: (a) Years of service credit, multiplied by highest average compensation, multiplied by 1/56th (1/50th 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's accumulated contributions, (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 or more of membership service.
	Benefit:	Either the sum of (a) and (b), or (c) below:  (a) Return of member's accumulated contributions, 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's accumulated contributions.
	Eligibility:	5 years of membership service.
	Benefit:	Either (a) or (b) below:  (a) Return of member accumulated contributions, or (b) Actuarial equivalent of the accrued benefit based on a retirement age of 60, starting at age 50 or later.
<b>Benefit Adjustments</b>	Eligibility:	Retired members and contingent annuitants.
	Benefit:	If hired before July 1, 2007, an annual adjustment (GABA) of 3.0% commencing January 1st, one year after retirement.

If hired on or after July 1, 2007, an annual adjustment (GABA) of 1.5% commencing January 1st, one year after retirement.

### **Contributions**

Members: 6.90% of member's compensation

Employers: 6.9% of members' compensation (offset by 0.10% of members' compensation paid by the State for local government and school district employers).

Effective July 1, 2007, 7.035% of member's compensation (offset by 0.10% of member's compensation paid by the State for local government employers and 0.235% for school district employers).

Effective July 1, 2009, 7.17% of member's compensation (offset by 0.10% of member's compensation paid by the State for local government employers and 0.37% for school district employers).

The additional employer contributions effective July 1, 2007, and July 1, 2009, will terminate if an actuarial valuation shows that the amortization period for the system's unfunded actuarial liabilities is less than 25 years and terminating those additional contributions would not cause that amortization period to exceed 25 years.

## ACTUARIAL SECTION

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### *Judges' Retirement System*

<b>Normal Retirement</b>	Eligibility:	Age 60 and 5 years of membership service.
	Benefit:	(1) If hired before July 1, 1997 and not electing GABA prior to January 1, 1998 or December 1, 2005, the sum of (a) and (b) below: (a) Years of service credit (up to 15), multiplied by current salary, multiplied by 3-1/3%, plus (b) Years of service credit (over 15), multiplied by current salary, and multiplied by 1.785%.  (2) If hired on or after July 1, 1997 or electing GABA prior to January 1, 1998 or December 1, 2005 by filing a voluntary, irrevocable election with the PERB prior to December 1, 2005: Same formula as above, substituting highest average compensation for current salary.
	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 is for non-GABA members and may be annuitized.
<b>Disability Retirement</b>	Eligibility:	Service disablement.
	Benefit:	For non-GABA members or members electing the GABA on or after January 1, 1998 or December 1, 2005 — 50% of current salary.  For GABA members hired on or after July 1, 1997 or electing the GABA prior to January 1, 1998 or December 1, 2005 — 50% of highest average compensation.
	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's accumulated contributions.
	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's accumulated contributions. (b) The accrued actuarial equivalent of the service retirement benefit.
<b>Benefit Adjustments</b>	Eligibility:	Retired members and contingent annuitants.
	Benefit:	Either (a) or (b) below, as elected:  (a) An annual adjustment (GABA) of 3.0%, commencing January 1st, one year after retirement for members who have elected this benefit or who were hired on or after July 1, 1997, or (b) The biennial increase proportional to the annual increase in compensation to active members.
<b>Contributions</b>	Members:	7.00% of member's compensation.
	Employers:	25.81 % of member's compensation.

## ACTUARIAL SECTION

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### *Highway Patrol Officers' Retirement System*

<b>Normal Retirement</b>	Eligibility:	20 years or more 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 other than for cause.
	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.
	Eligibility:	Non-service death.
	Benefit:	Actuarial equivalent of accrued benefit based on a retirement age of 60.

## ACTUARIAL SECTION

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<b>Termination Benefit</b>	Eligibility:	Prior to 5 years of membership service.
	Benefit:	Return of member's accumulated contributions.
	Eligibility:	5 years of membership service.
	Benefit:	Either (a) or (b) below:  (a) Return of member's accumulated contributions, or (b) Actuarial equivalent of the accrued benefit based on a retirement age of 60.
<b>Benefit Adjustments</b>	Eligibility:	Retired members and spouse or dependent children.
	Benefit:	Either (a) or (b) below, as elected:  (a) An annual adjustment (GABA) of 3%, commencing January 1st, 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 non-GABA members retired prior to July 1, 1991, an additional 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 member's compensation if hired prior to July 1, 1997 and not electing GABA, or (b) 9.05% for members hired after June 30, 1997 and those electing GABA.
	Employers:	36.33% of member's compensation.



## ACTUARIAL SECTION

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### *Sheriffs' Retirement System*

<b>Service 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 accumulated contributions.
<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:	At least 50% of highest average compensation or, if greater, 2.50% multiplied by number of years multiplied by 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.

## ACTUARIAL SECTION

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<b>Termination Benefit</b>	Eligibility:	Prior to 5 years of membership service.
	Benefit:	Return of member's accumulated contributions.
	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 the earlier of 20 years of membership service or a retirement age 60; commencing no sooner than the first day of the month following the member's 50th birthday.
<b>Benefit Adjustments</b>	Eligibility:	Retired members and contingent annuitant.
	Benefit:	If hired before July 1, 2007, an annual adjustment (GABA) of 3.0% commencing January 1st, one year after retirement.  If hired on or after July 1, 2007, an annual adjustment (GABA) of 1.5% commencing January 1st, one year after retirement.
<b>Contributions</b>	Members:	9.245% of member's compensation.
	Employers:	9.535% of member's compensation.
		Effective July 1, 2007, 9.825% of member's compensation.
		Effective July 1, 2009, 10.115% of member's compensation, if needed.  The additional employer contributions effective July 1, 2007, and July 1, 2009, will terminate if an actuarial valuation shows that the amortization period for the system's unfunded actuarial liabilities is less than 25 years and terminating those additional contributions would not cause that amortization period to exceed 25 years.

## 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 accumulated contributions.
<b>Early Retirement</b>	Eligibility:	5 years of membership service and attainment of 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:	Lump-sum refund of member's accumulated contributions or the actuarial equivalent of accrued benefit based on a retirement age of 55.

## ACTUARIAL SECTION

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<b>Termination Benefit</b>	Eligibility:	Prior to 5 years of membership service.
	Benefit:	Return of member's accumulated contributions.
	Eligibility:	5 years of membership service.
	Benefit:	Either (a) or (b) below:  (a) Return of member's accumulated contributions, or (b) Accrued benefit at age 55.
<b>Benefit Adjustments</b>	Eligibility:	Retired members and contingent annuitants.
	Benefit:	If hired before July 1, 2007, an annual adjustment (GABA) of 3.0% commencing January 1st, one year after retirement.  If hired on or after July 1, 2007, an annual adjustment (GABA) of 1.5%, commencing January 1st, one year after retirement.
<b>Contributions</b>	Members:	10.56% of member's compensation.
	Employers:	9.00% of member's compensation.

## ACTUARIAL SECTION

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### *Municipal Police Officers' Retirement System*

<b>Service Retirement</b>	Eligibility	20 years of membership service regardless of age or 5 years of membership service and attainment of 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's accumulated contributions.
	Eligibility:	5 years of membership service.
	Benefit:	Either (a) or (b) below: (a) Return of member's accumulated contributions, or

- (b) Actuarial equivalent of the accrued benefit based on a retirement age of 50.

<b>Benefit Adjustments</b>	Eligibility:	Retired members and spouse or dependent children.
	Benefit:	<p>Either (a) or (b) below, as elected by the member:</p> <p>(a) An annual adjustment (GABA) of 3.0%, commencing one year after retirement, for members hired on or after July 1, 1997, or</p> <p>(b) 50% of the salary of a newly confirmed police officer in the city in which the member was employed.</p>
<b>Contributions</b>	Members:	<p>One of the following (a), (b), (c), or (d):</p> <p>(a) If hired on or before June 30, 1975 and not electing GABA: 5.80% of member's compensation, or</p> <p>(b) If hired after June 30, 1975 and prior to July 1, 1979 and not electing GABA: 7.00%, or</p> <p>(c) If hired after June 30, 1979 and prior to July 1, 1997 and not electing GABA: 8.50%, or</p> <p>(d) If hired after June 30, 2007 and members electing GABA: 9.00%.</p>
	Employers:	14.41% of member's compensation.
	State:	29.37% of member's compensation.

## ACTUARIAL SECTION

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<b>MPORS DROP</b>	Eligibility:	20 years of membership service.
	Benefits:	<p>Eligible members may elect to participate in the DROP for a period of up to 5 years.</p> <p>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.</p> <p>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.</p> <p>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. The monthly benefit continues to receive GABA or minimum benefit adjustments thereafter.</p>
	Disability:	If a member becomes disabled during the DROP period, the member will not be eligible for MPORS disability benefits. If the member must terminate their service, their service retirement benefit will be paid to them rather than to their monthly DROP account. The member will also be eligible to receive their DROP account.
	Death:	If a member dies before the end of their DROP period, the surviving spouse or dependent children are entitled to the member's DROP benefit and accumulated contributions for the DROP period. The members' surviving spouse or dependent children are also entitled to the member's monthly retirement benefit. If the member does not have a surviving spouse or dependent children, then the member's designated beneficiary may receive the balance of the member's retirement account and a lump-sum payment of the DROP account.
	Contributions:	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 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 average 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 average 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>

## ACTUARIAL SECTION

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<b>Termination Benefit</b>	Eligibility:	Prior to 5 years of membership service.
	Benefit:	Return of member's accumulated contributions.
	Eligibility:	5 years of membership service.
	Benefit:	Either (a) or (b) below: (a) Return of member's accumulated contributions, or (b) Accrued benefit at age 50.
<b>Benefit Adjustments</b>	Eligibility:	Retired members and spouse or dependent children.
	Benefit:	Either (a) or (b) below: (a) An annual adjustment (GABA) of 3.0% commencing on January 1st, 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 member's compensation if hired prior to July 1, 1997 or not electing GABA, or (b) 10.70% for members hired after June 30, 1997 or electing the GABA.
	Employers:	14.36% of member's compensation.
	State:	32.61 % of member's compensation.

\*Effective July 1, 2005 for FURS — Final Average Compensation was replaced by Highest Average Compensation.

## ACTUARIAL SECTION

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### *Volunteer Firefighters' Compensation Act*

<b>Service Retirement</b>	Eligibility:	Age 55 and 20 years of service credit, or age 60 and 10 years of service credit.
	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 return to service with a volunteer fire company and continue to draw a full pension benefit but not accrue any additional service credit.
<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>Contributions</b>	Members:	None.
	State:	5% of insurance premium taxes collected.

Montana cattle ranch with a beautiful view of Square Butte. - Photo courtesy of Ann Reber.



Over 3 million acres of rural Montana are part of the Conservation Reserve Program (CRP). CRP helps to reduce soil erosion, improve water quality and enhance forest and wetland resources. - United States Department of Agriculture

The Hemmer Farm not only grows wheat, but has set aside several acres for the Conservation Reserve Program (CRP).

- Photo courtesy of Shani Anderson.



### 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, 2008 for the following five objectives: financial trends; revenue capacity; debt capacity; demographic and economic; and operating.

Financial trends are presented on pages 146 to 162. 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 153. The change in net assets is presented in chart format and includes graphs for the PERS-DBRP that highlight areas of interest. Actuarial funding liabilities are presented on pages 155 to 157 in graph format for all of the defined benefit 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 158 to 167. 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 168 to 172. 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 and is followed by schedules of retired members showing the number of retirees based on the type of benefit received.

Demographic and Economic information is presented on pages 174 to 189. 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 180 depicts the location of benefit recipients. The map shows that the majority (89 percent) of benefit recipients remain in Montana. Next, the average monthly benefit is provided.

Operating information is also presented on pages 190 to 202. These schedules contain pension plan data to help the reader understand how the information in the 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	1999	2000	2001	2002	2003	2004	2005
<b>PERS-DBRP</b>							
Additions							
Member Contributions <sup>1</sup>	\$ 49,304	\$ 53,100	\$ 57,119	\$ 60,030	\$ 62,628	\$ 62,664	\$ 66,986
Employer Contributions <sup>2</sup>	47,739	49,786	53,976	56,505	57,597	58,231	60,454
State Contributions	341	348	383	374	389	403	421
Investment Income <sup>3</sup>	293,403	215,193	(148,517)	(201,366)	167,331	360,266	244,976
Other <sup>4</sup>	110	61	26				
<b>Total Additions to Plan Net Assets</b>	<b>390,897</b>	<b>318,488</b>	<b>(37,013)</b>	<b>(84,457)</b>	<b>287,945</b>	<b>481,564</b>	<b>372,837</b>
Deductions							
Benefits	91,521	96,016	101,546	114,663	122,204	132,683	142,789
Refunds	11,294	12,098	11,874	10,683	10,218	10,913	13,236
Administrative Expenses	1,344	1,470	2,275	3,310	2,254	2,825	2,569
Other <sup>5</sup>	420	348	185	364	22,175	1,882	1,516
<b>Total Deductions to Plan Net Assets</b>	<b>104,579</b>	<b>109,932</b>	<b>115,880</b>	<b>129,020</b>	<b>156,851</b>	<b>148,303</b>	<b>160,110</b>
<b>Change in Net Assets</b>	<b>\$ 286,318</b>	<b>\$ 208,556</b>	<b>\$ (152,893)</b>	<b>\$ (213,477)</b>	<b>\$ 131,094</b>	<b>\$ 333,261</b>	<b>\$ 212,727</b>
<b>JRS</b>							
Additions							
Member Contributions <sup>1</sup>	\$ 223	\$ 244	\$ 256	\$ 280	\$ 285	\$ 443	\$ 412
Employer Contributions	823	899	944	1,032	1,052	1,136	1,162
Investment Income <sup>3</sup>	4,291	2,852	(2,162)	(3,047)	2,661	5,248	3,640
<b>Total Additions to Plan Net Assets</b>	<b>5,337</b>	<b>3,995</b>	<b>(962)</b>	<b>(1,735)</b>	<b>3,998</b>	<b>6,827</b>	<b>5,214</b>
Deductions							
Benefits	1,319	1,379	1,431	1,566	1,552	1,670	1,624
Refunds							
Administrative Expenses	3	3	5	4	3	14	9
<b>Total Deductions to Plan Net Assets</b>	<b>1,322</b>	<b>1,382</b>	<b>1,436</b>	<b>1,570</b>	<b>1,555</b>	<b>1,684</b>	<b>1,633</b>
<b>Change in Net Assets</b>	<b>\$ 4,015</b>	<b>\$ 2,613</b>	<b>\$ (2,398)</b>	<b>\$ (3,305)</b>	<b>\$ 2,443</b>	<b>\$ 5,143</b>	<b>\$ 3,581</b>
<b>HPORS</b>							
Additions							
Member Contributions <sup>1</sup>	\$ 598	\$ 668	\$ 716	\$ 693	\$ 805	\$ 743	\$ 862
Employer Contributions	2,309	2,558	2,642	2,770	2,866	2,859	3,324
Registration Fees	285	279	335	309	354	348	669
Investment Income <sup>3</sup>	7,951	5,109	(3,828)	(5,590)	4,611	9,322	6,353
<b>Total Additions to Plan Net Assets</b>	<b>11,143</b>	<b>8,614</b>	<b>(135)</b>	<b>(1,818)</b>	<b>8,636</b>	<b>13,272</b>	<b>11,208</b>
Deductions							
Benefits	4,085	4,396	4,624	4,861	5,160	5,493	5,790
Refunds	82	142	86	130	60	144	181
Administrative Expenses	13	15	22	20	15	31	29
Other <sup>6</sup>	14	25		19	48	152	49
<b>Total Deductions to Plan Net Assets</b>	<b>4,194</b>	<b>4,578</b>	<b>4,732</b>	<b>5,030</b>	<b>5,283</b>	<b>5,820</b>	<b>6,049</b>
<b>Change in Net Assets</b>	<b>\$ 6,949</b>	<b>\$ 4,036</b>	<b>\$ (4,867)</b>	<b>\$ (6,848)</b>	<b>\$ 3,353</b>	<b>\$ 7,452</b>	<b>\$ 5,159</b>

Contributions were made in accordance with actuarially determined and statutory 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.

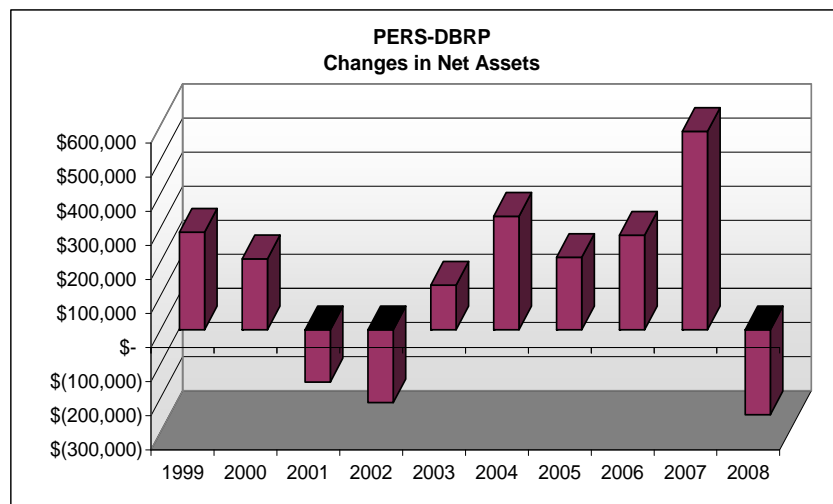
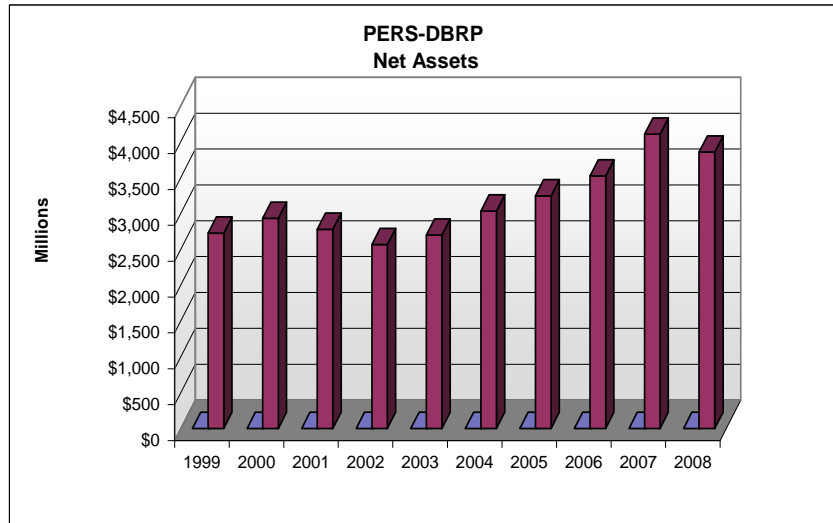
<sup>5</sup>Includes Transfers to the DC, ORP, Prior Year Adjustments and Refunds to Other Plans.

<sup>6</sup>Includes Refunds to Other Plans.



## STATISTICAL SECTION

2006	2007	2008
\$ 66,145	\$ 69,150	\$ 72,874
88,573	67,195	72,270
443	446	378
293,679	629,559	(197,030)
448,840	766,350	(51,508)
153,886	166,188	180,815
12,754	12,868	12,123
2,886	2,681	2,832
1,816	2,108	1,987
171,342	183,845	197,757
\$ 277,498	\$ 582,505	\$ (249,265)
\$ 333	\$ 339	\$ 385
1,229	1,249	1,315
4,344	9,435	(2,991)
5,906	11,023	(1,291)
1,743	1,772	1,829
12	8	9
1,755	1,780	1,838
\$ 4,151	\$ 9,243	\$ (3,129)
\$ 851	\$ 1,005	\$ 1,082
2,905	3,634	3,949
277	285	290
7,453	15,875	(4,929)
11,486	20,799	392
6,365	6,460	6,814
89	139	61
31	28	27
1	139	14
6,486	6,766	6,916
\$ 5,000	\$ 14,033	\$ (6,524)



## 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	1999	2000	2001	2002	2003	2004	2005
<b>SRS</b>							
Additions							
Member Contributions <sup>1</sup>	\$ 2,160	\$ 2,169	\$ 2,262	\$ 2,496	\$ 2,669	\$ 2,685	\$ 2,988
Employer Contributions <sup>2</sup>	2,082	2,196	2,227	2,431	2,508	2,684	2,813
Investment Income <sup>3</sup>	13,115	8,223	(6,379)	(9,152)	8,164	16,404	11,381
<b>Total Additions to Plan Net Assets</b>	<b>17,357</b>	<b>12,588</b>	<b>(1,890)</b>	<b>(4,225)</b>	<b>13,341</b>	<b>21,773</b>	<b>17,182</b>
Deductions							
Benefits	2,364	2,930	3,294	3,700	4,307	4,903	5,527
Refunds	315	270	373	409	457	306	611
Administrative Expenses	22	29	43	40	32	55	57
Other <sup>5</sup>	12	5	5	37	18	12	22
<b>Total Deductions to Plan Net Assets</b>	<b>2,713</b>	<b>3,234</b>	<b>3,715</b>	<b>4,186</b>	<b>4,814</b>	<b>5,276</b>	<b>6,217</b>
<b>Change in Net Assets</b>	<b>\$ 14,644</b>	<b>\$ 9,354</b>	<b>\$ (5,605)</b>	<b>\$ (8,411)</b>	<b>\$ 8,527</b>	<b>\$ 16,497</b>	<b>\$ 10,965</b>
<b>GWPORS</b>							
Additions							
Member Contributions <sup>1</sup>	\$ 941	\$ 1,079	\$ 1,306	\$ 1,846	\$ 2,293	\$ 2,714	\$ 3,023
Employer Contributions	931	1,100	1,366	1,595	1,835	2,021	2,054
Investment Income <sup>3</sup>	3,328	2,105	(1,599)	(2,564)	2,541	5,073	3,696
<b>Total Additions to Plan Net Assets</b>	<b>5,200</b>	<b>4,284</b>	<b>1,073</b>	<b>877</b>	<b>6,669</b>	<b>9,808</b>	<b>8,773</b>
Deductions							
Benefits	1,153	1,211	1,235	1,230	1,316	1,460	1,539
Refunds	73	125	212	317	355	500	607
Administrative Expenses	14	19	30	30	25	42	42
Other <sup>5</sup>		7	4	14		4	6
<b>Total Deductions to Plan Net Assets</b>	<b>1,240</b>	<b>1,362</b>	<b>1,481</b>	<b>1,591</b>	<b>1,696</b>	<b>2,006</b>	<b>2,194</b>
<b>Change in Net Assets</b>	<b>\$ 3,960</b>	<b>\$ 2,922</b>	<b>\$ (408)</b>	<b>\$ (714)</b>	<b>\$ 4,973</b>	<b>\$ 7,802</b>	<b>\$ 6,579</b>
<b>MPORS</b>							
Additions							
Member Contributions <sup>1</sup>	\$ 2,154	\$ 1,938	\$ 1,914	\$ 2,171	\$ 2,254	\$ 2,313	\$ 2,425
Employer Contributions	2,704	2,935	3,015	3,273	3,502	3,612	3,791
State Contributions <sup>4</sup>	5,576	5,909	6,148	6,529	6,798	7,208	7,705
Investment Income <sup>3</sup>	12,434	8,074	(6,165)	(9,220)	8,530	16,392	11,707
<b>Total Additions to Plan Net Assets</b>	<b>22,868</b>	<b>18,856</b>	<b>4,912</b>	<b>2,753</b>	<b>21,084</b>	<b>29,525</b>	<b>25,628</b>
Deductions							
Benefits	8,279	8,653	9,125	9,845	10,426	10,885	11,363
Refunds	299	298	386	345	326	337	786
Administrative Expenses	33	37	55	49	40	70	65
Other <sup>5</sup>	31	16	44	3	47	52	12
<b>Total Deductions to Plan Net Assets</b>	<b>8,642</b>	<b>9,004</b>	<b>9,610</b>	<b>10,242</b>	<b>10,839</b>	<b>11,344</b>	<b>12,226</b>
<b>Change in Net Assets</b>	<b>\$ 14,226</b>	<b>\$ 9,852</b>	<b>\$ (4,698)</b>	<b>\$ (7,489)</b>	<b>\$ 10,245</b>	<b>\$ 18,181</b>	<b>\$ 13,402</b>

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

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

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

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

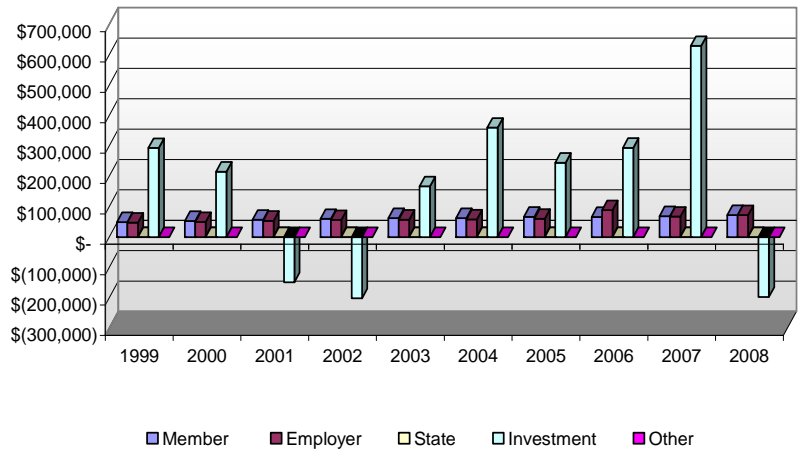
<sup>4</sup> Includes Percent of Salary.

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

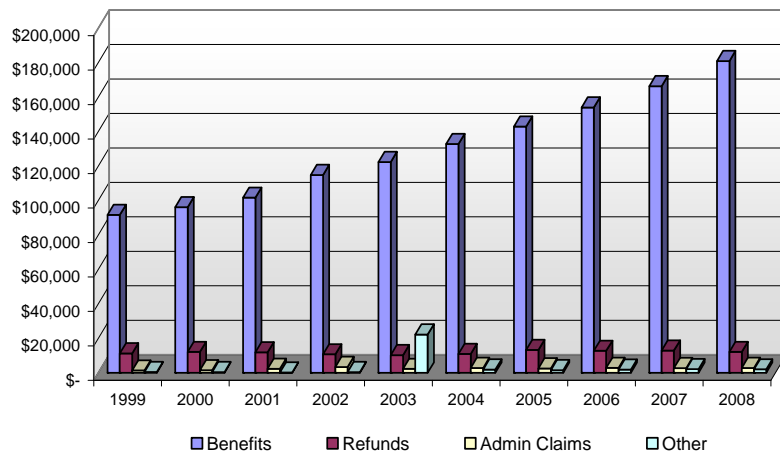
## STATISTICAL SECTION

2006	2007	2008
\$ 3,721	\$ 4,921	\$ 4,815
3,524	4,386	4,834
13,566	29,732	(9,598)
20,811	39,039	51
6,152	6,769	7,243
365	934	722
78	77	80
17	82	11
6,612	7,862	8,056
\$ 14,199	\$ 31,177	\$ (8,005)
\$ 3,027	\$ 3,199	\$ 3,613
2,391	2,638	2,979
4,594	10,838	(3,653)
10,012	16,675	2,939
1,835	2,085	2,271
477	702	643
49	47	52
13		30
2,374	2,834	2,996
\$ 7,638	\$ 13,841	\$ (57)
\$ 2,549	\$ 2,709	\$ 2,974
4,035	4,283	5,156
8,182	8,677	9,452
14,091	31,080	(10,262)
28,857	46,749	7,320
12,032	12,691	13,707
551	688	4,290
68	70	78
48	29	4
12,699	13,478	18,079
\$ 16,158	\$ 33,271	\$ (10,759)

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	1999	2000	2001	2002	2003	2004	2005
<b>FURS</b>							
Additions							
Member Contributions <sup>1</sup>	\$ 1,679	\$ 1,697	\$ 1,742	\$ 1,874	\$ 2,141	\$ 2,213	\$ 2,330
Employer Contributions	2,284	2,326	2,373	2,521	2,802	2,796	2,959
State Contributions <sup>2</sup>	5,075	5,277	5,369	5,764	6,006	6,533	6,719
Investment Income <sup>3</sup>	12,108	7,597	(5,997)	(8,845)	8,066	15,692	11,140
<i>Total Additions to Plan Net Assets</i>	<i>21,146</i>	<i>16,897</i>	<i>3,487</i>	<i>1,314</i>	<i>19,015</i>	<i>27,234</i>	<i>23,148</i>
Deductions							
Benefits	6,995	7,518	8,018	8,508	9,081	9,674	10,386
Refunds	61	46	44	80	83	77	101
Administrative Expenses	26	30	43	40	30	53	53
Other <sup>4</sup>						2	
<i>Total Deductions to Plan Net Assets</i>	<i>7,082</i>	<i>7,594</i>	<i>8,105</i>	<i>8,628</i>	<i>9,194</i>	<i>9,806</i>	<i>10,540</i>
<i>Change in Net Assets</i>	<i>\$ 14,064</i>	<i>\$ 9,303</i>	<i>\$ (4,618)</i>	<i>\$ (7,314)</i>	<i>\$ 9,821</i>	<i>\$ 17,428</i>	<i>\$ 12,608</i>
<b>VFCA</b>							
Additions							
State Contributions	\$ 944	\$ 961	\$ 1,003	\$ 1,134	\$ 1,310	\$ 1,434	\$ 1,527
Investment Income <sup>3</sup>	1,463	1,078	(260)	(591)	1,259	2,271	1,550
<i>Total Additions to Plan Net Assets</i>	<i>2,407</i>	<i>2,039</i>	<i>743</i>	<i>543</i>	<i>2,569</i>	<i>3,705</i>	<i>3,077</i>
Deductions							
Benefits	814	844	882	1,411	1,412	1,479	1,517
Insurance Payments	11	11	12	13	12	12	11
Administrative Expenses	24	28	42	38	30	40	47
<i>Total Deductions to Plan Net Assets</i>	<i>849</i>	<i>883</i>	<i>936</i>	<i>1,462</i>	<i>1,454</i>	<i>1,531</i>	<i>1,575</i>
<i>Change in Net Assets</i>	<i>\$ 1,558</i>	<i>\$ 1,156</i>	<i>\$ (193)</i>	<i>\$ (919)</i>	<i>\$ 1,115</i>	<i>\$ 2,174</i>	<i>\$ 1,502</i>

Contributions were made in accordance with actuarially determined and statutory 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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2006	2007	2008
\$ 2,472	\$ 2,619	\$ 3,152
3,328	3,520	4,467
7,533	7,957	9,568
13,409	29,577	(9,733)
26,742	43,673	7,454
11,040	11,851	13,353
45	241	116
58	56	57
11,143	12,148	13,526
\$ 15,599	\$ 31,525	\$ (6,072)
\$ 1,611	\$ 1,661	\$ 1,562
1,853	4,103	(1,275)
3,464	5,764	287
1,564	1,637	1,717
11	13	14
48	50	46
1,623	1,700	1,777
\$ 1,841	\$ 4,064	\$ (1,490)

## 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
<b>PERS-DCRP</b>					
Additions					
Member Contributions			\$ 10,389	\$ 2,661	
Employer Contributions			6,130	1,781	
Investment Income			551	2,381	
Other <sup>2</sup>			63	262	
<i>Total Additions to Plan Net Assets</i>			17,133	7,085	
Deductions					
Refunds			629	2,240	
Administrative Expenses			552	214	
Other <sup>3</sup>			14	214	
<i>Total Deductions to Plan Net Assets</i>			1,195	2,668	
<i>Change in Net Assets</i>			\$ 15,938	\$ 4,417	
<b>DEFERRED COMPENSATION PLAN</b>					
Additions					
Member Contributions	\$ 12,294	\$ 12,010	\$ 13,314	\$ 14,725	\$ 14,623
Employer Contributions		21	46	44	40
Investment Income	14,760	(2,962)	(4,434)	8,542	16,152
Other <sup>4</sup>	371	233	223	256	267
<i>Total Additions to Plan Net Assets</i>	27,425	9,302	9,149	23,567	31,082
Deductions					
Refunds	6,944	7,102	11,460	10,648	14,446
Administrative Expenses	71	175	242	218	170
Other <sup>5</sup>	157	162	811	780	800
<i>Total Deductions to Plan Net Assets</i>	7,172	7,439	12,513	11,646	15,416
<i>Change in Net Assets</i>	\$ 20,253	\$ 1,863	\$ (3,364)	\$ 11,921	\$ 15,666

<sup>1</sup> The PERS-Defined Contribution Retirement Plan was implemented July 2, 2002, 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.

## STATISTICAL SECTION

2005		2006		2007		2008	
\$	3,184	\$	3,699	\$	4,394	\$	5,118
	1,856		2,319		2,857		3,255
	1,768		2,098		5,415		(2,987)
	371		487		1,893		554
	7,179		8,603		14,559		5,940
	1,873		1,570		2,632		2,519
	231		227		253		246
	256		295		282		223
	2,360		2,092		3,167		2,988
\$	4,819	\$	6,511	\$	11,392	\$	2,952
\$	15,501	\$	16,990	\$	17,712	\$	19,107
	55		52		74		70
	15,267		3,618		37,102		3,287
	167		209		277		416
	30,990		20,869		55,165		22,880
	15,592		11,443		14,693		13,302
	289		204		225		241
	698		737		781		817
	16,579		12,384		15,699		14,360
\$	14,411	\$	8,485	\$	39,466	\$	8,520



## STATISTICAL SECTION

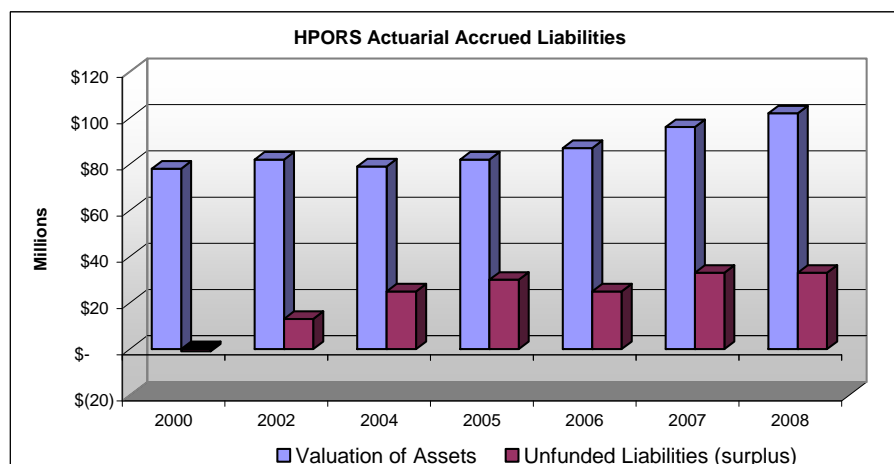
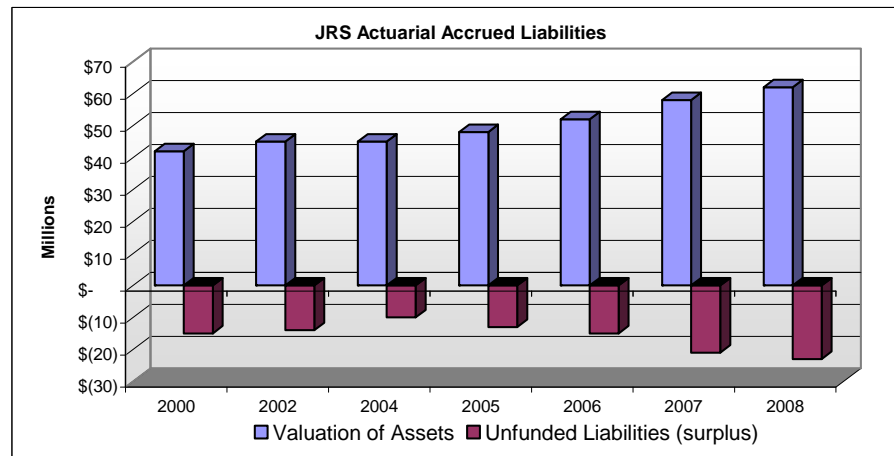
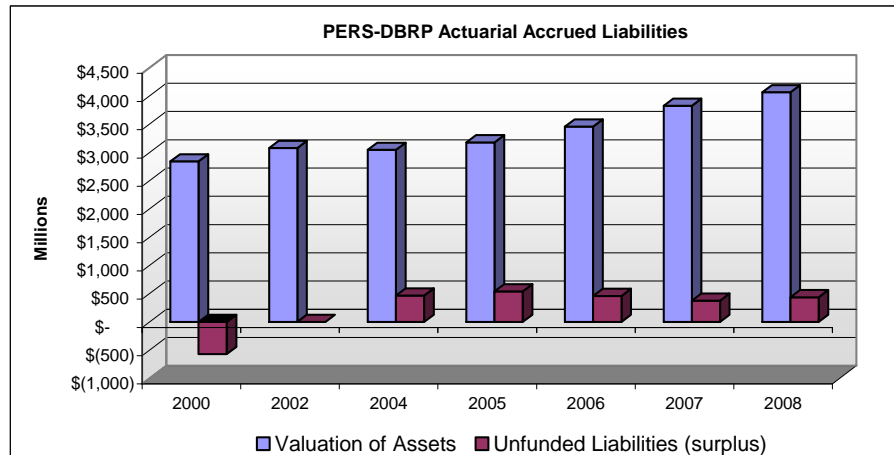
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## Public Employees' Retirement Board

*A Component Unit of the State of Montana*

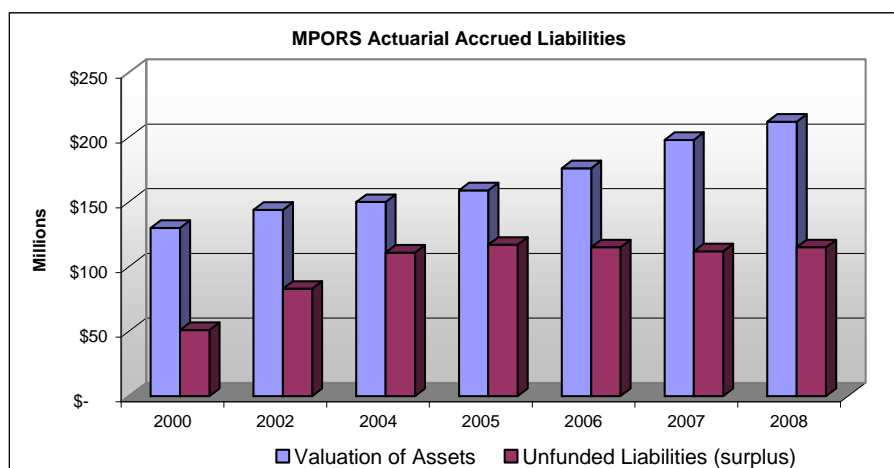
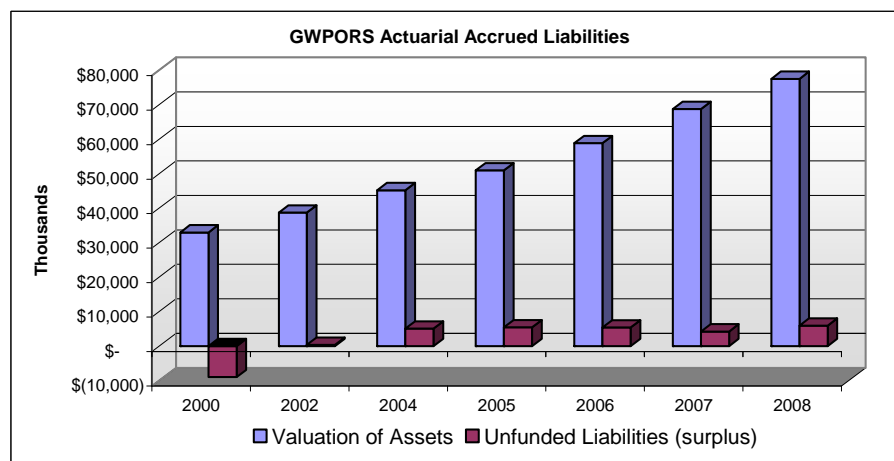
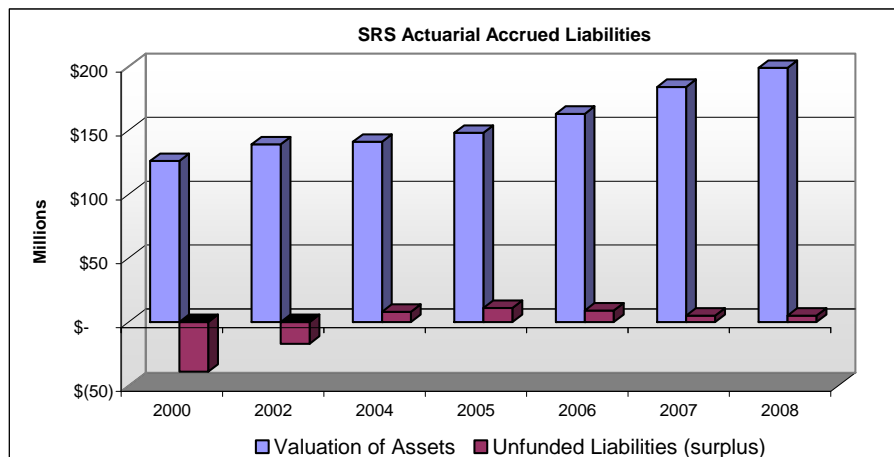
### History of Actuarial Accrued Liabilities



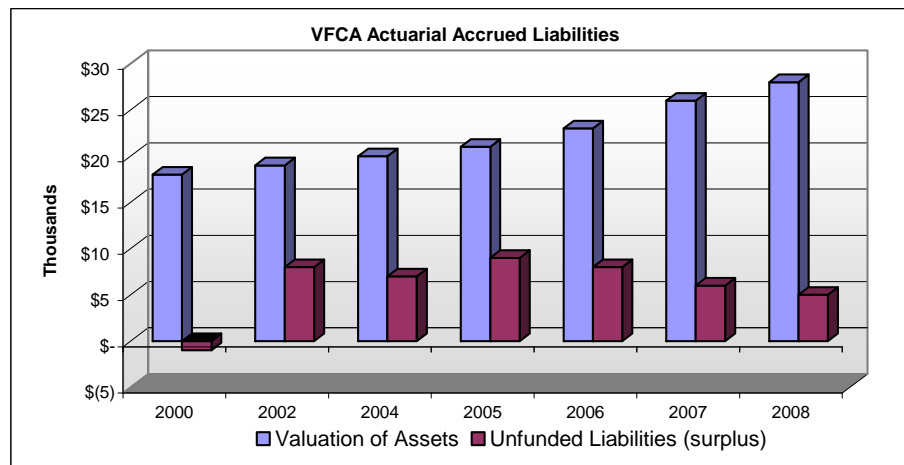
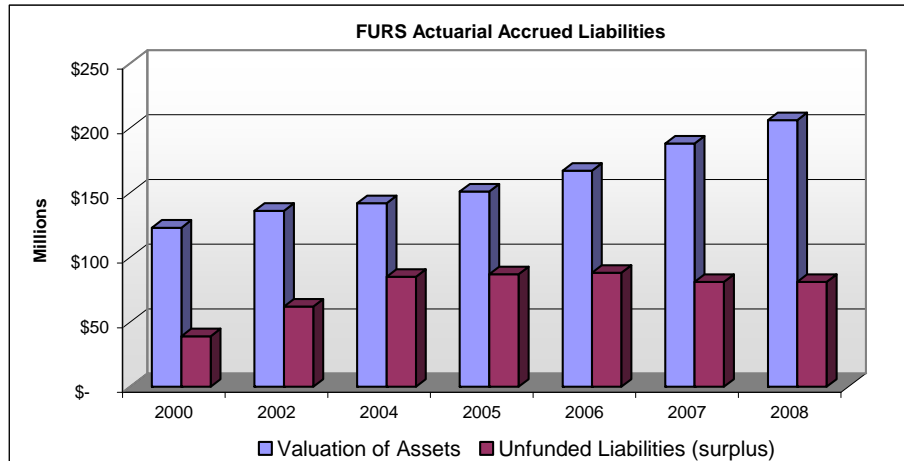
## Public Employees' Retirement Board

*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*

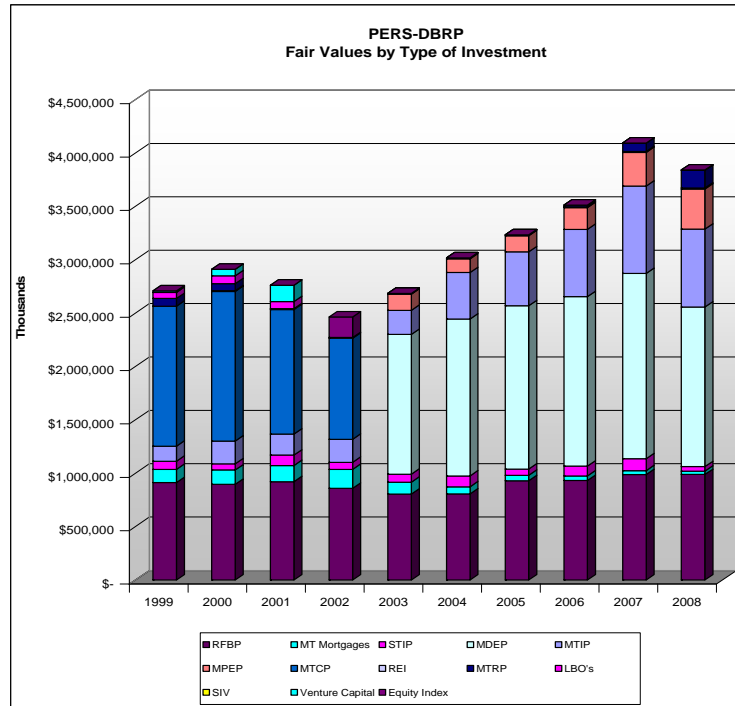
### Schedule of Fair Values by Type of Investment, Last Ten Years

(in thousands)

System	1999	2000	2001	2002	2003	2004	2005
<b>PERS-DBRP</b>							
<i>Fixed Income:</i>							
Retirement Funds Bond Pool (RFBP)	\$ 912,162	\$ 895,919	\$ 920,352	\$ 858,467	\$ 804,470	\$ 805,840	\$ 930,369
Montana Mortgages	124,507	134,396	152,021	178,442	112,079	66,755	50,658
Short Term Investment Pool (STIP)	76,341	57,752	97,637	65,339	75,120	102,343	58,112
<i>Equities:</i>							
Montana Domestic Equity Pool (MDEP)					1,308,884	1,469,963	1,529,418
Montana International Pool (MTIP)	140,462	213,360	196,692	215,598	225,347	434,917	505,112
Montana Private Equity Pool (MPEP)				95,927	150,960	128,797	150,595
Montana Stock Pool (MTCP)	1,312,022	1,401,362	1,167,554	946,375			
<i>Alternative Investments:</i>							
Real Estate Investments (REI)		6,601	7,035	7,035	7,246	8,409	8,525
Montana Real Estate Pool (MTRP)	71,597	66,935					
Leveraged Buy-Outs (LBO's)	56,644	72,930	67,250				
Structured Investment Vehicles (SIV)							
Venture Capital	14,543	61,621	153,616				
Equity Index				192,493			
<b>Total</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>\$ 3,017,024</b>	<b>\$ 3,232,789</b>
<b>JRS</b>							
<i>Fixed Income:</i>							
Retirement Funds Bond Pool (RFBP)	\$ 15,910	\$ 15,506	\$ 15,733	\$ 14,878	\$ 14,046	\$ 13,024	\$ 14,655
Short Term Investment Pool (STIP)	1,202	850	1,200	1,036	837	1,733	1,284
<i>Equities:</i>							
Montana Domestic Equity Pool (MDEP)					19,162	21,739	22,749
Montana International Pool (MTIP)	2,052	3,266	2,710	2,995	3,294	6,393	7,507
Montana Private Equity Pool (MPEP)				1,353	2,243	1,906	2,229
Montana Stock Pool (MTCP)	18,936	20,283	17,712	14,012			
<i>Alternative Investments:</i>							
Montana Real Estate Pool (MTRP)	988	987					
Leveraged Buy-Outs (LBO's)	1,133	1,913	3,185				
Structured Investment Vehicles (SIV)							
Equity Index				2,900			
<b>Total</b>	<b>\$ 40,221</b>	<b>\$ 42,805</b>	<b>\$ 40,540</b>	<b>\$ 37,174</b>	<b>\$ 39,582</b>	<b>\$ 44,795</b>	<b>\$ 48,424</b>
<b>HPORS</b>							
<i>Fixed Income:</i>							
Retirement Funds Bond Pool (RFBP)	\$ 30,312	\$ 28,538	\$ 28,878	\$ 27,230	\$ 25,178	\$ 23,018	\$ 25,244
Short Term Investment Pool (STIP)	2,051	1,931	2,625	832	1,501	2,430	1,978
<i>Equities:</i>							
Montana Domestic Equity Pool (MDEP)					34,191	38,192	39,376
Montana International Pool (MTIP)	3,079	5,081	5,018	5,590	5,883	11,296	13,035
Montana Private Equity Pool (MPEP)				2,468	3,933	3,375	3,946
Montana Stock Pool (MTCP)	35,882	38,435	32,490	25,563			
<i>Alternative Investments:</i>							
Montana Real Estate Pool (MTRP)	1,862	1,860					
Leveraged Buy-Outs (LBO's)	1,669	2,870	5,324				
Structured Investment Vehicles (SIV)							
Equity Index				5,729			
<b>Total</b>	<b>\$ 74,855</b>	<b>\$ 78,715</b>	<b>\$ 74,335</b>	<b>\$ 67,412</b>	<b>\$ 70,686</b>	<b>\$ 78,311</b>	<b>\$ 83,579</b>
<b>SRS</b>							
<i>Fixed Income:</i>							
Retirement Funds Bond Pool (RFBP)	\$ 45,401	\$ 45,386	\$ 47,203	\$ 45,736	\$ 43,639	\$ 40,680	\$ 45,890
Short Term Investment Pool (STIP)	4,902	5,414	5,872	3,338	3,186	5,055	3,441
<i>Equities:</i>							
Montana Domestic Equity Pool (MDEP)					59,059	68,112	71,278
Montana International Pool (MTIP)	4,105	6,897	8,289	9,593	10,250	20,127	23,457
Montana Private Equity Pool (MPEP)				4,167	6,906	5,936	6,941
Montana Stock Pool (MTCP)	59,866	64,125	53,611	43,178			
<i>Alternative Investments:</i>							
Montana Real Estate Pool (MTRP)	2,912	2,910					
Leveraged Buy-Outs (LBO's)	2,266	3,826	8,227				
Structured Investment Vehicles (SIV)							
Equity Index				8,875			
<b>Total</b>	<b>\$ 119,452</b>	<b>\$ 128,558</b>	<b>\$ 123,202</b>	<b>\$ 114,887</b>	<b>\$ 123,040</b>	<b>\$ 139,910</b>	<b>\$ 151,007</b>

# STATISTICAL SECTION

2006	2007	2008
\$ 932,048	\$ 987,821	\$ 988,124
43,097	36,861	31,837
92,362	111,318	41,820
1,586,747	1,735,718	1,494,306
630,135	818,362	730,360
203,406	315,059	376,615
8,636	8,816	8,931
15,200	79,459	164,667
		4,306
<b>\$ 3,511,631</b>	<b>\$ 4,093,414</b>	<b>\$ 3,840,966</b>
\$ 14,685	\$ 15,576	\$ 15,581
1,519	1,770	967
23,744	26,348	22,790
9,365	12,162	10,973
3,047	4,744	5,733
225	1,206	2,515
		99
<b>\$ 52,585</b>	<b>\$ 61,806</b>	<b>\$ 58,658</b>
\$ 24,889	\$ 25,897	\$ 25,614
2,134	2,785	1,014
40,232	43,439	37,406
15,795	20,513	18,307
5,178	7,979	9,429
380	2,004	4,127
		104
<b>\$ 88,608</b>	<b>\$ 102,617</b>	<b>\$ 96,001</b>
\$ 45,822	\$ 49,551	\$ 50,063
5,182	5,526	3,300
74,633	84,481	73,074
29,263	38,004	35,060
9,508	14,859	18,271
710	3,796	8,054
		340
<b>\$ 165,118</b>	<b>\$ 196,217</b>	<b>\$ 188,162</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>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>
<b>GWPORS</b>							
<i>Fixed Income:</i>							
Retirement Funds Bond Pool (RFBP)	\$ 11,512	\$ 11,508	\$ 12,366	\$ 12,658	\$ 12,921	\$ 12,837	\$ 15,471
Short Term Investment Pool (STIP)	1,368	2,248	1,337	1,875	1,691	2,472	3,292
<i>Equities:</i>							
Montana Dometic Equity Pool (MDEP)					17,476	21,521	23,111
Montana International Pool (MTIP)	1,026	1,694	2,396	2,555	2,996	6,372	7,705
Montana Private Equity Pool (MPEP)				1,115	2,058	1,856	2,170
Montana Stock Pool (MTCP)	15,239	16,323	14,689	11,576			
<i>Alternative Investments:</i>							
Montana Real Estate Pool (MTRP)	736	736					
Leveraged Buy-Outs (LBO's)	566	957	2,315				
Structured Investment Vehicles (SIV)							
Equity Index				2,586			
<b>Total</b>	<b>\$ 30,447</b>	<b>\$ 33,466</b>	<b>\$ 33,103</b>	<b>\$ 32,365</b>	<b>\$ 37,142</b>	<b>\$ 45,058</b>	<b>\$ 51,749</b>
<b>MPORS</b>							
<i>Fixed Income:</i>							
Retirement Funds Bond Pool (RFBP)	\$ 45,668	\$ 45,073	\$ 47,732	\$ 46,045	\$ 43,873	\$ 41,584	\$ 47,395
Short Term Investment Pool (STIP)	2,386	2,492	2,689	1,568	1,446	3,403	2,246
<i>Equities:</i>							
Montana Dometic Equity Pool (MDEP)					59,430	69,175	72,390
Montana International Pool (MTIP)	4,105	6,897	8,299	9,695	10,833	20,458	24,555
Montana Private Equity Pool (MPEP)				4,167	6,975	6,105	7,138
Montana Stock Pool (MTCP)	58,883	63,073	53,867	42,820			
<i>Alternative Investments:</i>							
Montana Real Estate Pool (MTRP)	2,876	2,874					
Leveraged Buy-Outs (LBO's)	2,266	3,826	8,086				
Structured Investment Vehicles (SIV)							
Equity Index				8,271			
<b>Total</b>	<b>\$ 116,184</b>	<b>\$ 124,235</b>	<b>\$ 120,673</b>	<b>\$ 112,566</b>	<b>\$ 122,557</b>	<b>\$ 140,725</b>	<b>\$ 153,724</b>
<b>FURS</b>							
<i>Fixed Income:</i>							
Retirement Funds Bond Pool (RFBP)	\$ 42,831	\$ 42,273	\$ 45,197	\$ 43,775	\$ 41,757	\$ 39,592	\$ 44,975
Short Term Investment Pool (STIP)	2,464	3,899	3,335	1,349	1,641	3,414	2,641
<i>Equities:</i>							
Montana Dometic Equity Pool (MDEP)					56,638	65,851	68,911
Montana International Pool (MTIP)	3,079	5,325	7,966	9,337	10,235	19,469	23,361
Montana Private Equity Pool (MPEP)				3,929	6,546	5,813	6,797
Montana Stock Pool (MTCP)	58,047	62,177	51,462	40,946			
<i>Alternative Investments:</i>							
Montana Real Estate Pool (MTRP)	2,752	2,750					
Leveraged Buy-Outs (LBO's)	1,699	2,870	7,260				
Structured Investment Vehicles (SIV)							
Equity Index				8,002			
<b>Total</b>	<b>\$ 110,872</b>	<b>\$ 119,294</b>	<b>\$ 115,220</b>	<b>\$ 107,338</b>	<b>\$ 116,817</b>	<b>\$ 134,139</b>	<b>\$ 146,685</b>
<b>VFCA</b>							
<i>Fixed Income:</i>							
Retirement Funds Bond Pool (RFBP)	\$ 8,361	\$ 8,304	\$ 8,805	\$ 7,838	\$ 5,964	\$ 5,617	\$ 6,170
Short Term Investment Pool (STIP)	259	93	192	1,811	1,414	180	512
<i>Equities:</i>							
Montana Dometic Equity Pool (MDEP)					8,134	9,221	9,096
Montana International Pool (MTIP)	1,026	1,572	1,286	1,262	1,379	2,746	3,294
Montana Private Equity Pool (MPEP)				628	969	848	992
Montana Stock Pool (MTCP)	5,293	5,669	5,097	4,100			
<i>Alternative Investments:</i>							
Montana Real Estate Pool (MTRP)	248	248					
Leveraged Buy-Outs (LBO's)	566	957	1,298				
Structured Investment Vehicles (SIV)							
Equity Index				1,194			
<b>Total</b>	<b>\$ 15,753</b>	<b>\$ 16,843</b>	<b>\$ 16,678</b>	<b>\$ 16,833</b>	<b>\$ 17,860</b>	<b>\$ 18,612</b>	<b>\$ 20,064</b>



## STATISTICAL SECTION

2006		2007		2008	
\$	15,806 2,782	\$	18,332 2,536	\$	19,243 1,761
	26,705		31,082		28,272
	10,518		14,344		13,545
	3,330		5,497		7,008
	255		1,404		3,115
					181
\$	59,396	\$	73,195	\$	73,125
\$	46,944 4,338	\$	51,176 4,404	\$	51,238 85
	76,683		87,099		75,279
	30,633		39,784		36,707
	10,089		15,547		18,999
	730		4,102		8,274
					9
\$	169,417	\$	202,112	\$	190,591
\$	44,650 4,241	\$	48,813 4,488	\$	49,419 1,573
	73,144		82,766		72,476
	29,143		37,848		34,970
	9,587		14,850		18,175
	700		3,744		7,962
					162
\$	161,465	\$	192,509	\$	184,737
\$	6,233 1,870	\$	6,542 2,194	\$	6,609 1,404
	9,872		11,043		9,645
	4,023		5,258		4,731
	1,341		1,951		2,411
	95		504		1,047
					145
\$	23,434	\$	27,492	\$	25,992

## 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)

<b>System</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>
<b>PERS-DCRP</b>						
Defined Contributions Fixed Annuity			\$ 407	\$ 914	\$ 1,546	
Defined Contributions Variable Annuity			8,831	19,566	23,402	
<b>Total</b>			<b>\$ 9,238</b>	<b>\$ 20,480</b>	<b>\$ 24,948</b>	
<b>DEFERRED COMPENSATION PLAN</b>						
Deferred Comp Fixed Annuity	\$ 40,357	\$ 114,387	\$ 122,729	\$ 137,687	\$ 143,162	\$ 152,215
Deferred Comp Trust Fund Bond	63,184					
Deferred Comp Variable Annuity	94,864	82,044	71,460	67,329	81,202	86,916
Deferred Comp Life Insurance	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>

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

## STATISTICAL SECTION

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2006	2007	2008
\$ 1,832	\$ 1,805	\$ 3,128
26,102	38,634	39,622
\$ 27,934	\$ 40,439	\$ 42,750
\$ 143,870	\$ 159,669	\$ 181,740
104,061	128,873	115,151
12	12	12
\$ 247,943	\$ 288,554	\$ 296,903

## STATISTICAL SECTION

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Public Employees' Retirement Board

*A Component Unit of the State of Montana*

**Schedule of Contribution Rate History**

PERS-DBRP

Fiscal Year	<u>State &amp; Universities</u>		<u>Local Govt</u>		<u>School Districts</u>	
	Member	Employer	Employer	State	Employer	State
2008	6.900%	7.035%	6.935%	0.100%	6.800%	0.235%
2000-2007	6.900%	6.900%	6.800%	0.100%	6.800%	0.100%
1998-1999	6.800%	6.800%	6.700%	0.100%	6.700%	0.100%
1994-1997	6.700%	6.700%	6.700%		6.700%	
1993	6.550%	6.550%	6.550%		6.550%	
1992	6.417%	6.417%	6.417%		6.417%	
1991	6.300%	6.417%	6.417%		6.417%	
1990	6.150%	6.417%	6.417%		6.417%	
1984-1989	6.000%	6.417%	6.417%		6.417%	
1982-1983	6.000%	6.320%	6.320%		6.320%	
1979-1981	6.000%	6.200%	6.200%		6.200%	
1978	6.000%	5.950%	5.950%		5.950%	
1977	6.000%	5.550%	5.550%		5.550%	
1976	6.000%	5.200%	5.200%		5.200%	
1974-1975	5.750%	4.900%	4.900%		4.900%	
1972-1973	5.750%	4.600%	4.600%		4.600%	
1970-1971	5.750%	4.300%	4.300%		4.300%	
1968-1969	5.750%	3.800%	3.800%		3.800%	
1947-1967 *	2.5%-9.6%	3.300%	3.300%		3.300%	
1945-1947 *	2.5%-9.6%	3.000%	3.000%		3.000%	

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

JRS

Fiscal Year	Member	Employer
1998-2008	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	<u>Member</u>		<u>Employer</u>
	Non-GABA	GABA	
1998-2008	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>
2008	9.245%	9.825%
1998-2007	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>
2003-2008	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					
	Hired <7/1/75	Hired >6/30/75	Hired >6/30/97			State
			Hired >6/30/79	GABA	Employer	
2000-2008	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			
	Non-GABA	GABA	Employer	State
1998-2008	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	State & University		Local Govt		School Districts	
	Member	Employer	Employer	State	Employer	State
2008	6.900%	7.035%	6.935%	0.100%	6.800%	0.235%
2003-2007	6.900%	6.900%	6.800%	0.100%	6.800%	0.100%



## STATISTICAL SECTION

### Public Employees' Retirement Board

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

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

(in thousands)

System	1999	2000	2001	2002	2003	2004	2005
<b>PERS-DBRP</b>							
<i>Benefit Expenses</i>							
Retirees	\$ 86,617	\$ 91,491	\$ 96,472	\$ 108,447	\$ 116,333	\$ 126,751	\$ 136,632
Survivors	1,793	1,808	1,869	2,180	2,248	2,298	2,436
Disability	1,886	1,996	2,176	2,326	2,345	2,541	2,729
<i>Refunds</i>							
Death	1,225	722	1,029	1,710	1,278	1,093	992
Lump Sum	11,294	12,098	11,875	10,683	10,218	10,913	13,236
<b>Total</b>	<b>\$ 102,815</b>	<b>\$ 108,115</b>	<b>\$ 113,421</b>	<b>\$ 125,346</b>	<b>\$ 132,422</b>	<b>\$ 143,596</b>	<b>\$ 156,025</b>
<b>Number of Lump Sum</b>	<b>2,346</b>	<b>2,654</b>	<b>3,294</b>	<b>2,890</b>	<b>2,964</b>	<b>3,302</b>	<b>3,756</b>

<b>JRS</b>							
<i>Benefit Expenses</i>							
Retirees	\$ 1,286	\$ 1,344	\$ 1,395	\$ 1,528	\$ 1,513	\$ 1,611	\$ 1,583
Survivors	33	36	36	38	38	41	41
Disability							
<i>Refunds</i>							
Death						18	
Lump Sum							
<b>Total</b>	<b>\$ 1,319</b>	<b>\$ 1,380</b>	<b>\$ 1,431</b>	<b>\$ 1,566</b>	<b>\$ 1,551</b>	<b>\$ 1,670</b>	<b>\$ 1,624</b>
<b>Number of Lump Sum</b>							

<b>HPORS</b>							
<i>Benefit Expenses</i>							
Retirees	\$ 3,835	\$ 4,133	\$ 4,343	\$ 4,586	\$ 4,900	\$ 5,254	\$ 5,524
Survivors	161	146	150	143	134	137	144
Disability	89	118	131	132	126	102	121
<i>Refunds</i>							
Death							
Lump Sum	82	142	86	130	60	144	181
<b>Total</b>	<b>\$ 4,167</b>	<b>\$ 4,539</b>	<b>\$ 4,710</b>	<b>\$ 4,991</b>	<b>\$ 5,220</b>	<b>\$ 5,637</b>	<b>\$ 5,970</b>
<b>Number of Lump Sum</b>	<b>9</b>	<b>16</b>	<b>10</b>	<b>7</b>	<b>7</b>	<b>13</b>	<b>8</b>

<b>SRS</b>							
<i>Benefit Expenses</i>							
Retirees	\$ 1,901	\$ 2,469	\$ 2,809	\$ 3,193	\$ 3,761	\$ 4,259	\$ 4,851
Survivors	124	124	126	129	127	144	148
Disability	286	334	357	378	419	498	528
<i>Refunds</i>							
Death	53	2				2	
Lump Sum	315	270	373	409	457	306	612
<b>Total</b>	<b>\$ 2,679</b>	<b>\$ 3,199</b>	<b>\$ 3,665</b>	<b>\$ 4,109</b>	<b>\$ 4,764</b>	<b>\$ 5,209</b>	<b>\$ 6,139</b>
<b>Number of Lump Sum</b>	<b>34</b>	<b>39</b>	<b>52</b>	<b>39</b>	<b>59</b>	<b>61</b>	<b>60</b>

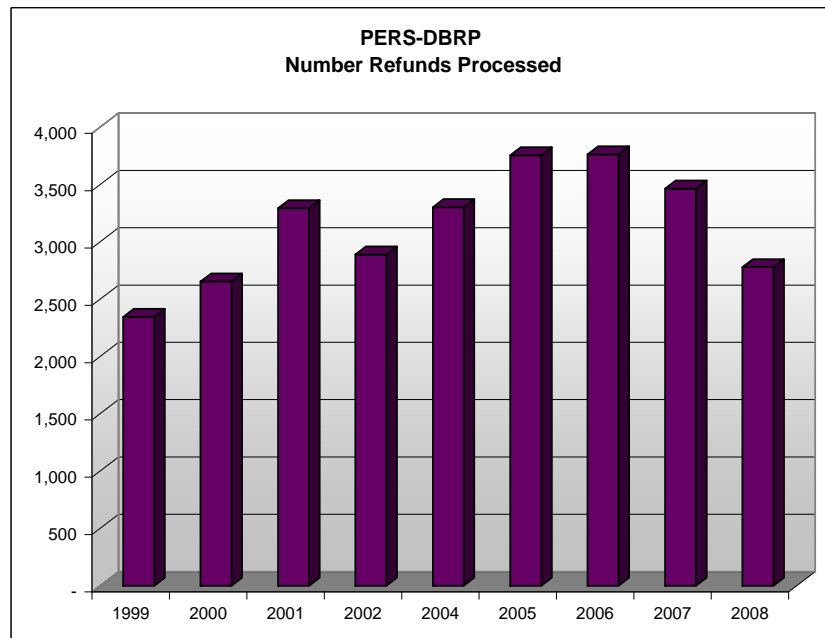
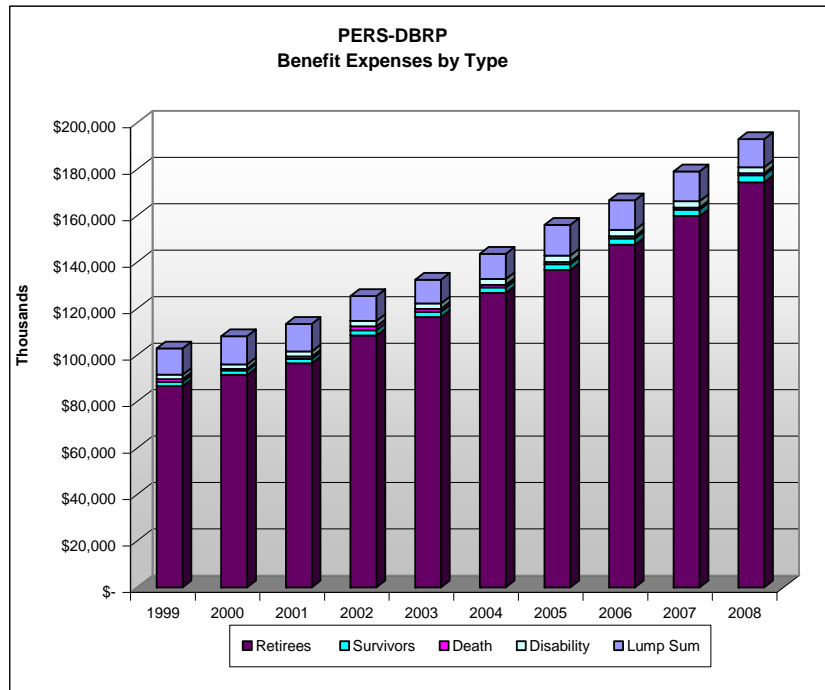
## STATISTICAL SECTION

2006	2007	2008
\$ 147,502	\$ 159,790	\$ 174,357
2,681	2,815	3,043
2,738	2,717	2,583
965	866	832
12,754	12,868	12,124
<b>\$ 166,640</b>	<b>\$ 179,056</b>	<b>\$ 192,939</b>
<b>3,763</b>	<b>3,465</b>	<b>2,779</b>

\$ 1,699	\$ 1,728	\$ 1,486
44	44	335
		8
<b>\$ 1,743</b>	<b>\$ 1,772</b>	<b>\$ 1,829</b>

\$ 6,061	\$ 6,181	\$ 6,505
149	155	176
155	124	132
89	139	61
<b>\$ 6,454</b>	<b>\$ 6,599</b>	<b>\$ 6,874</b>
<b>7</b>	<b>3</b>	<b>5</b>

\$ 5,439	\$ 5,997	\$ 6,435
153	187	215
560	585	593
	1	
365	934	722
<b>\$ 6,517</b>	<b>\$ 7,704</b>	<b>\$ 7,965</b>
<b>71</b>	<b>153</b>	<b>146</b>



## STATISTICAL SECTION

### Public Employees' Retirement Board

*A Component Unit of the State of Montana*

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

(in thousands)

System	1999	2000	2001	2002	2003	2004	2005
<b>GWPORS</b>							
<i>Benefit Expenses</i>							
Retirees	\$ 1,093	\$ 1,150	\$ 1,174	\$ 1,177	\$ 1,277	\$ 1,429	\$ 1,509
Survivors	30	30	30	25	26	27	27
Disability	31	31	31	24	13	4	2
<i>Refunds</i>							
Death				4			1
Lump Sum	73	125	212	317	355	501	607
<b>Total</b>	<b>\$ 1,227</b>	<b>\$ 1,336</b>	<b>\$ 1,447</b>	<b>\$ 1,547</b>	<b>\$ 1,671</b>	<b>\$ 1,961</b>	<b>\$ 2,146</b>
<b>Number of Lump Sum</b>	<b>30</b>	<b>30</b>	<b>83</b>	<b>85</b>	<b>80</b>	<b>124</b>	<b>146</b>

<b>MPORS</b>							
<i>Benefit Expenses</i>							
Retirees	\$ 7,537	\$ 7,911	\$ 8,416	\$ 9,149	\$ 9,733	\$ 10,208	\$ 10,646
Survivors	422	448	452	457	452	446	473
Disability	320	294	257	239	241	231	244
<i>Refunds</i>							
Death							
DROP						18	510
Lump Sum	299	298	386	345	326	319	276
<b>Total</b>	<b>\$ 8,578</b>	<b>\$ 8,951</b>	<b>\$ 9,511</b>	<b>\$ 10,190</b>	<b>\$ 10,752</b>	<b>\$ 11,222</b>	<b>\$ 12,149</b>
<b>Number of Lump Sum</b>	<b>27</b>	<b>27</b>	<b>31</b>	<b>37</b>	<b>30</b>	<b>44</b>	<b>29</b>
<b>Number of DROP</b>						<b>2</b>	<b>6</b>

<b>FURS</b>							
<i>Benefit Expenses</i>							
Retirees	\$ 6,409	\$ 6,987	\$ 7,514	\$ 6,666	\$ 8,620	\$ 9,201	\$ 9,903
Survivors	381	370	386	415	389	385	398
Disability	206	160	118	98	72	88	85
<i>Refunds</i>							
Death							
Lump Sum	61	46	44	80	83	77	101
<b>Total</b>	<b>\$ 7,057</b>	<b>\$ 7,563</b>	<b>\$ 8,062</b>	<b>\$ 7,259</b>	<b>\$ 9,164</b>	<b>\$ 9,751</b>	<b>\$ 10,487</b>
<b>Number of Lump Sum</b>	<b>7</b>	<b>8</b>	<b>9</b>	<b>4</b>	<b>9</b>	<b>11</b>	<b>6</b>

<b>VFCA</b>							
<i>Benefit Expenses</i>							
Retirees	\$ 801	\$ 842	\$ 879	\$ 1,350	\$ 1,406	\$ 1,455	\$ 1,494
Survivors	1	1	3	61	6	24	23
Disability							
<b>Total</b>	<b>\$ 802</b>	<b>\$ 843</b>	<b>\$ 882</b>	<b>\$ 1,411</b>	<b>\$ 1,412</b>	<b>\$ 1,479</b>	<b>\$ 1,517</b>

## STATISTICAL SECTION

2006		2007	2008		
\$	1,760	\$	2,022	\$	2,208
	28		29		33
	19		18		9
	27		16		21
	477		702		643
\$	2,311	\$	2,787	\$	2,914
	85		125		113
\$	11,256	\$	11,861	\$	12,827
	491		517		547
	285		314		333
	234		502		3,777
	317		186		513
\$	12,583	\$	13,380	\$	17,997
	27		23		34
	3		5		20
\$	10,527	\$	11,307	\$	12,788
	408		412		442
	105		131		124
			1		
	46		241		116
\$	11,086	\$	12,092	\$	13,470
	8		21		16
\$	1,561	\$	1,635	\$	1,710
	3		2		7
\$	1,564	\$	1,637	\$	1,717

## STATISTICAL SECTION

### Public Employees' Retirement Board

*A Component Unit of the State of Montana*

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

(in thousands)

<b>System</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b>PERS-DCRP</b>						
Number of Retirements		2	1	2	3	<b>6</b>
Number of Deaths		2	3	2	3	<b>1</b>
Number of Full Refunds		29	96	97	145	<b>106</b>
Amount Refunded	\$ 556	\$ 1,789	\$ 1,582	\$ 1,475	\$ 2,457	<b>\$ 2,254</b>
Number of Partial Refunds		2	19	9	10	<b>10</b>
Amount Refunded	\$ 42	\$ 235	\$ 198	\$ 96	\$ 153	<b>\$ 243</b>
Number of Forfeitures		10	53	73	103	<b>134</b>
Amount of Contributions Forfeited <sup>2</sup>	\$ 31	\$ 135	\$ 192	\$ 264	\$ 315	<b>\$ 215</b>

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

<sup>2</sup>Members terminating with less than 5 years of membership 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, 2008

PERS-DBRP	Amount of Monthly Benefit	Number of Retired Members	Type of Retirement		
			Regular	Disability	Survivor
	\$ 1 - 250	2,429	2,111	15	303
	251 - 500	3,780	3,154	79	547
	501 - 750	2,788	2,309	90	389
	751 - 1,000	2,044	1,719	55	270
	1,001 - 1,250	1,327	1,173	16	138
	1,251 - 1,500	1,077	976	11	90
	1,501 - 1,750	843	772	8	63
	1,751 - 2,000	657	612	4	41
	Over 2,000	1,682	1,619	2	61
	Total	16,627	14,445	280	1,902

JRS	Amount of Monthly Benefit	Number of Retired Members	Type of Retirement		
			Regular	Disability	Survivor
	\$ 1 - 250				
	251 - 500				
	501 - 750	1	1		
	751 - 1,000	1			1
	1,001 - 1,250	6	2		4
	1,251 - 1,500				
	1,501 - 1,750	2	1		1
	1,751 - 2,000	1			1
	Over 2,000	39	30		9
	Total	50	34		16

HPORS	Amount of Monthly Benefit	Number of Retired Members	Type of Retirement		
			Regular	Disability	Survivor
	\$ 1 - 250	3	1		2
	251 - 500	6	4		2
	501 - 750	9	5		4
	751 - 1,000	4	1		3
	1,001 - 1,250	19	10		9
	1,251 - 1,500	85	52	3	30
	1,501 - 1,750	35	30	3	2
	1,751 - 2,000	29	25	2	2
	Over 2,000	100	95		5
	Total	290	223	8	59

<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 covered under the Guaranteed Annual Benefit Adjustment

NON-GABA - Members not covered under the Guaranteed Annual Benefit Adjustment

## STATISTICAL SECTION

PERS-DBRP	Option Selected <sup>1</sup>						GABA	NON-GABA	
	1	2	3	4A	4B	5A			5B
	1,702	478	79	39	96	23	12	2,415	12
	2,419	896	202	59	146	54	4	3,775	5
	1,702	730	179	40	87	49	1	2,785	3
	1,243	474	184	33	77	33		2,039	5
	745	394	130	19	24	15		1,326	1
	558	348	119	18	21	13		1077	0
	448	242	111	16	16	10		842	1
	335	194	97	14	10	7		657	0
	918	430	230	38	51	15		1,682	0
	10,070	4,186	1,331	276	528	219	17	16,598	27

JRS	Option Selected <sup>1</sup>						GABA	NON-GABA
	1	2	3	4A	4B	5A		
		1						1
			1					1
	1	3	1			1	1	5
		1				1	1	1
		1					1	
	9	26	3			1	16	23
	10	32	5			3	19	31

HPORS	Option Selected <sup>1</sup>						GABA	NON-GABA
	1	2	3	4A	4B	5A		
		3					1	2
		4				2	2	4
		6				3	3	6
		4						4
	2	17					5	14
	5	77				3	12	73
	8	26				1	27	8
	3	26					25	4
	5	93				2	100	
	23	256				11	175	115



## STATISTICAL SECTION

### Public Employees' Retirement Board

*A Component Unit of the State of Montana*

#### Retired Members by Type of Benefit

As of June 30, 2008

SRS	Amount of Monthly Benefit	Number of Retired Members	Type of Retirement		
			Regular	Disability	Survivor
	\$ 1 - 250	21	14	1	6
	251 - 500	29	20	2	7
	501 - 750	31	24	1	6
	751 - 1,000	38	29	1	8
	1,001 - 1,250	32	26	3	3
	1,251 - 1,500	41	28	7	6
	1,501 - 1,750	41	33	8	
	1,751 - 2,000	45	38	6	1
	Over 2,000	116	109	5	2
	Total	394	321	34	39

GWPORS	Amount of Monthly Benefit	Number of Retired Members	Type of Retirement		
			Regular	Disability	Survivor
	\$ 1 - 250				
	251 - 500	14	13		1
	501 - 750	15	12		3
	751 - 1,000	11	7		4
	1,001 - 1,250	7	3		4
	1,251 - 1,500	12	11		1
	1,501 - 1,750	11	11		
	1,751 - 2,000	15	14		1
	Over 2,000	35	34		1
	Total	120	105		15

MPORS	Amount of Monthly Benefit	Number of Retired Members	Type of Retirement		
			Regular	Disability	Survivor
	\$ 1 - 250	11	11		
	251 - 500	7	7		
	501 - 750	4	4		
	751 - 1,000	4	3		1
	1,001 - 1,250	9	5		4
	1,251 - 1,500	130	81	3	46
	1,501 - 1,750	187	123	5	59
	1,751 - 2,000	105	87	5	13
	Over 2,000	179	165	1	13
	Total	636	486	14	136

<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 covered under the Guaranteed Annual Benefit Adjustment

NON-GABA - Member not covered under the Guaranteed Annual Benefit Adjustment

## STATISTICAL SECTION

	Option Selected <sup>1</sup>						GABA	NON-GABA
	1	2	3	4A	4B	5A		
SRS								
	9	7	1			4	20	1
	11	13	4			1	29	
	12	14	4			1	31	
	13	19	2	1		3	38	
	14	14	2		1	1	32	
	15	18	2	1	1	4	41	
	20	15	3	1	2		41	
	26	12	6	1			45	
	66	30	10	5	5		116	
	186	142	34	9	9	14	393	1

	Option Selected <sup>1</sup>						GABA	NON-GABA
	1	2	3	4A	4B	5A		
GWPORS								
	3	7	3			1	14	
	10	2	1		1	1	15	
	4	2	4			1	11	
	1	3	2			1	7	
	8	3	1				12	
	5	4	1		1		11	
	7	6	1		1		15	
	17	11	7				35	
	55	38	20		3	4	120	

	Option Selected <sup>1</sup>						GABA	NON-GABA
	1	2	3	4A	4B	5A		
MPORS								
	2	9					7	4
	3	4					6	1
	2	2					3	1
	1	3					4	
	1	6				2	9	
	13	104				13	120	10
	14	165				8	138	49
	8	96				1	102	3
	19	157				3	176	3
	63	546				27	565	71



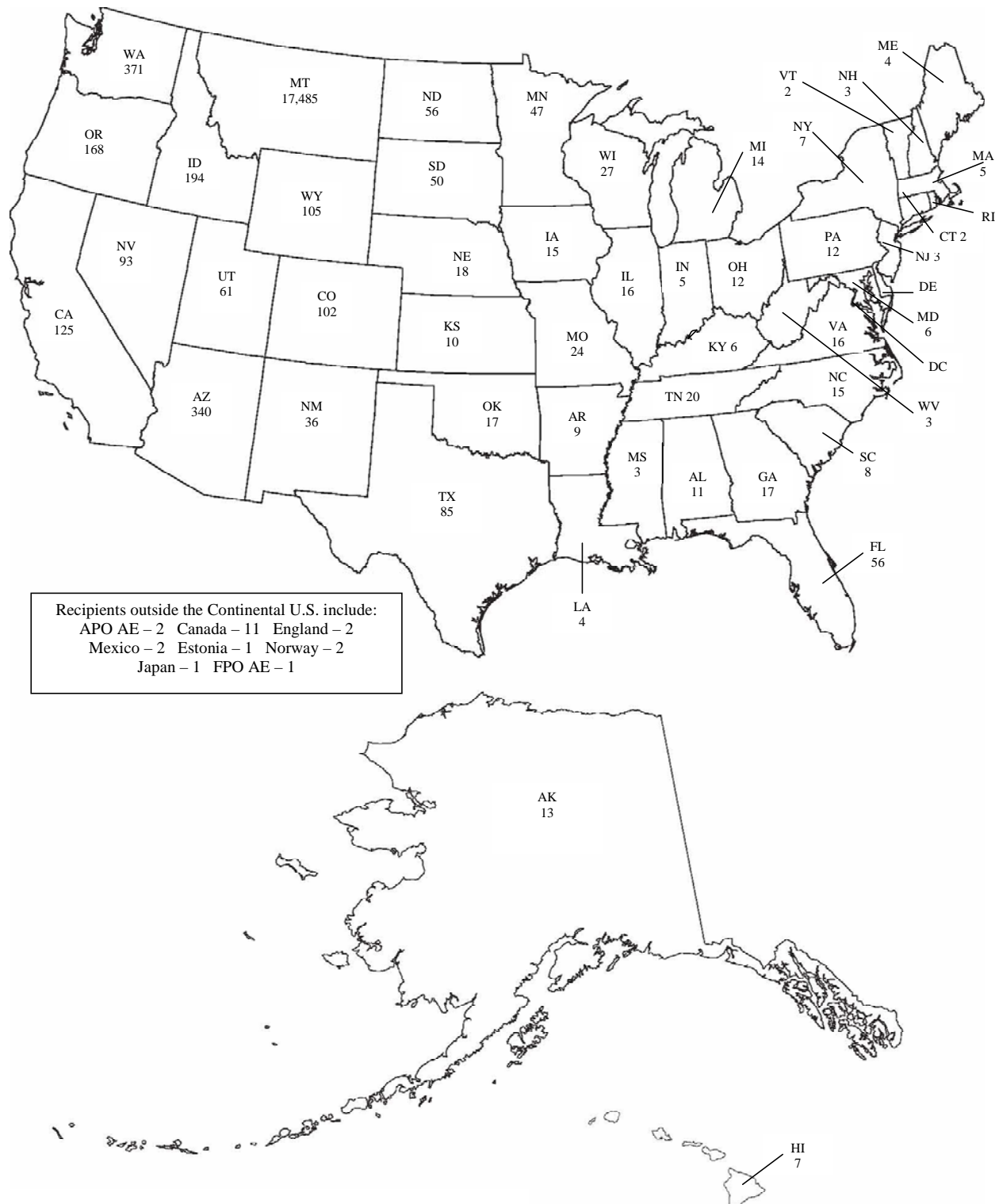


## STATISTICAL SECTION

### Public Employees' Retirement Board

*A Component Unit of the State of Montana*

#### **Distribution of Defined Benefit Recipients by Location as of June 30, 2008**



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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 7/1/2007 - 6/30/2008							
Average monthly benefit	\$ 203	\$ 268	\$ 510	\$ 792	\$ 1,079	\$ 1,630	\$ 2,510
Average HAC <sup>1</sup>	2,572	1,920	2,245	2,572	2,410	2,850	3,507
Number of retired members	13	124	147	151	120	175	194
Period 7/1/2006 - 6/30/2007							
Average monthly benefit	143	279	470	752	1,053	1,594	2,328
Average HAC <sup>1</sup>	1,798	2,047	2,044	3,774	2,499	2,874	3,415
Number of retired members	17	127	139	167	121	138	185
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
Period 7/1/2004 - 6/30/2005							
Average monthly benefit	125	272	498	691	966	1,535	2,315
Average HAC <sup>1</sup>	10	132	158	133	109	123	132
Number of retired members	10	132	158	133	109	123	132
Period 7/1/2003 - 6/30/2004							
Average monthly benefit	146	255	470	715	985	1,639	2,675
Average HAC <sup>1</sup>	8	118	132	117	120	126	167
Number of retired members	8	118	132	117	120	126	167
Period 7/1/2002 - 6/30/2003							
Average monthly benefit	123	256	470	683	925	1,630	2,174
Average HAC <sup>1</sup>	11	101	124	114	92	107	136
Number of retired members	11	101	124	114	92	107	136
Period 7/1/2001 - 6/30/2002							
Average monthly benefit	175	241	464	627	890	1,706	2,361
Average HAC <sup>1</sup>	12	115	120	108	85	116	164
Number of retired members	12	115	120	108	85	116	164
Period 7/1/2000 - 6/30/2001							
Average monthly benefit	160	267	468	691	893	1,302	2,271
Average HAC <sup>1</sup>	9	158	164	143	120	81	64
Number of retired members	9	158	164	143	120	81	64
Period 7/1/1999 - 6/30/2000							
Average monthly benefit	118	269	447	674	883	1,383	1,910
Average HAC <sup>1</sup>	17	129	111	133	119	102	110
Number of retired members	17	129	111	133	119	102	110
Period 7/1/1998 - 6/30/1999							
Average monthly benefit	123	283	429	659	890	1,264	1,860
Average HAC <sup>1</sup>	7	142	126	119	109	93	72
Number of retired members	7	142	126	119	109	93	72

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

# 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 7/1/2007 - 6/30/2008							
Average monthly benefit	\$	\$	\$	\$	\$	\$	\$
Average HAC <sup>1</sup>							
Number of retired members							
Period 7/1/2006 - 6/30/2007							
Average monthly benefit			\$ 3,136				
Average HAC <sup>1</sup>			7,841				
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	
Period 7/1/2004 - 6/30/2005							
Average monthly benefit			3,643				
Average HAC <sup>1</sup>							
Number of retired members			1				
Period 7/1/2003 - 6/30/2004							
Average monthly benefit					4,771		
Average HAC <sup>1</sup>							
Number of retired members					1		
Period 7/1/2002 - 6/30/2003							
Average monthly benefit							
Average HAC <sup>1</sup>							
Number of retired members							
Period 7/1/2001 - 6/30/2002							
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 7/1/1999 - 6/30/2000							
Average monthly benefit							
Average HAC <sup>1</sup>							
Number of retired members							
Period 7/1/1998 - 6/30/1999							
Average monthly benefit			2,524				
Average HAC <sup>1</sup>							
Number of retired members			1				

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



# 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 7/1/2007 - 6/30/2008										
Average monthly benefit	\$	1,708	\$	618	\$	1,965	\$	2,311	\$	2,948
Average HAC <sup>1</sup>		3,415		3,450		3,974		3,418		4,517
Number of retired members		1		1		1		4		1
Period 7/1/2006 - 6/30/2007										
Average monthly benefit								2,130		
Average HAC <sup>1</sup>								3,231		
Number of retired members								5		
Period 7/1/2005 - 6/30/2006										
Average monthly benefit				1,546				1,935		2,673
Average HAC <sup>1</sup>				3,092				3,635		3,678
Number of retired members				1				2		1
Period 7/1/2004 - 6/30/2005										
Average monthly benefit					1,149			2,256		2,464
Average HAC <sup>1</sup>										3,517
Number of retired members					2			2		1
Period 7/1/2003 - 6/30/2004										
Average monthly benefit				1,562				2,678		3,314
Average HAC <sup>1</sup>										3,561
Number of retired members				1				2		1
Period 7/1/2002 - 6/30/2003										
Average monthly benefit					1,658			2,177		3,412
Average HAC <sup>1</sup>										3,544
Number of retired members					1			2		2
Period 7/1/2001 - 6/30/2002										
Average monthly benefit					680			2,120		2,570
Average HAC <sup>1</sup>										3,558
Number of retired members					1			2		2
Period 7/1/2000 - 6/30/2001										
Average monthly benefit				1,575						2,638
Average HAC <sup>1</sup>										3,768
Number of retired members				1						2
Period 7/1/1999 - 6/30/2000										
Average monthly benefit		1,225				1,696				2,719
Average HAC <sup>1</sup>										3,232
Number of retired members		1				1				6
Period 7/1/1998 - 6/30/1999										
Average monthly benefit					453			1,647		2,524
Average HAC <sup>1</sup>										3,239
Number of retired members					1			2		7

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

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 7/1/2007 - 6/30/2008							
Average monthly benefit	\$ 50	\$ 873	\$ 969	\$ 2,614	\$ 2,004	\$ 2,249	\$ 4,960
Average HAC <sup>1</sup>	967	1,712	2,650	5,228	4,265	4,061	5,503
Number of retired members	1	3	2	1	5	3	1
Period 7/1/2006 - 6/30/2007							
Average monthly benefit		548	1,619	1,553	1,641	3,000	2,965
Average HAC <sup>1</sup>		2,403	1,734	3,178	3,842	5,276	4,362
Number of retired members		3	2	6	12	2	3
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
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 7/1/2003 - 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 7/1/2002 - 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 7/1/2001 - 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 7/1/2000 - 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 7/1/1999 - 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 7/1/1998 - 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

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

## 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 7/1/2007 - 6/30/2008							
Average monthly benefit	\$	\$ 554	\$ 779	\$ 1,633	\$	\$ 2,628	\$ 3,120
Average HAC <sup>1</sup>		2,710	3,044			3,768	4,300
Number of retired members		5	2	1		1	1
Period 7/1/2006 - 6/30/2007							
Average monthly benefit		403			1,987		3,485
Average HAC <sup>1</sup>		2,134			4,676		3,964
Number of retired members		2			1		3
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
Period 7/1/2004 - 6/30/2005							
Average monthly benefit		442				1,566	3,817
Average HAC <sup>1</sup>							
Number of retired members		8				2	1
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 7/1/2002 - 6/30/2003							
Average monthly benefit					1,334		3,111
Average HAC <sup>1</sup>							
Number of retired members					1		3
Period 7/1/2001 - 6/30/2002							
Average monthly benefit		334			1,486		
Average HAC <sup>1</sup>							
Number of retired members		2			1		
Period 7/1/2000 - 6/30/2001							
Average monthly benefit							
Average HAC <sup>1</sup>							
Number of retired members							
Period 7/1/1999 - 6/30/2000							
Average monthly benefit						1,977	
Average HAC <sup>1</sup>							
Number of retired members						2	
Period 7/1/1998 - 6/30/1999							
Average monthly benefit							2,247
Average HAC <sup>1</sup>							
Number of retired members							2

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

# 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 7/1/2007 - 6/30/2008							
Average monthly benefit	\$ 89	\$ 1,248	\$ 1,107	\$ 2,394	\$ 2,144	\$ 3,098	\$ 4,054
Average HAC <sup>1</sup>	5,547	3,197	3,736	4,816	3,570	4,589	4,507
Number of retired members	10	2	2	3	13	14	2
Period 7/1/2006 - 6/30/2007							
Average monthly benefit	850		1,632	2,024	1,967	3,438	
Average HAC <sup>1</sup>	2,452		3,264	2,513	3,791	4,759	
Number of retired members	2		4	3	12	2	
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			5,875	3,185	6,220	5,527
Number of retired members	2		1	1	4	1	2
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 7/1/2003 - 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 7/1/2002 - 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 7/1/2001 - 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 7/1/2000 - 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 7/1/1999 - 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 7/1/1998 - 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	

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

## 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 7/1/2007 - 6/30/2008							
Average monthly benefit	\$	\$	\$ 1,727	\$ 1,451	\$ 2,064	\$ 3,219	\$ 4,120
Average HAC <sup>1</sup>			3,453	2,902	3,834	3,678	4,894
Number of retired members			1	1	8	4	9
Period 7/1/2006 - 6/30/2007							
Average monthly benefit		1,812	1,260	2,715	2,433	3,156	4,592
Average HAC <sup>1</sup>		3,625	3,254	5,431	3,040	2,886	5,019
Number of retired members		2	2	1	5	3	8
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
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 7/1/2003 - 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 7/1/2002 - 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 7/1/2001 - 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 7/1/2000 - 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 7/1/1999 - 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 7/1/1998 - 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

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

# 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 7/1/2007 - 6/30/2008							
Average monthly benefit	\$	\$	75	\$	94	\$	148
Average HAC <sup>1</sup>							
Number of retired members		3	14	22	23	6	3
Period 7/1/2006 - 6/30/2007							
Average monthly benefit		75	90	144	168	206	225
Average HAC <sup>1</sup>							
Number of retired members		5	16	22	18	5	6
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
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 7/1/2003 - 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 7/1/2002 - 6/30/2003							
Average monthly benefit		75	98	149			
Average HAC <sup>1</sup>							
Number of retired members		9	8	46			
Period 7/1/2001 - 6/30/2002							
Average monthly benefit		75	1,556	743			
Average HAC <sup>1</sup>							
Number of retired members		5	22	42			
Period 7/1/2000 - 6/30/2001							
Average monthly benefit		75	95	148			
Average HAC <sup>1</sup>							
Number of retired members		3	12	38			
Period 7/1/1999 - 6/30/2000							
Average monthly benefit		75	94	147			
Average HAC <sup>1</sup>							
Number of retired members		6	14	51			
Period 7/1/1998 - 6/30/1999							
Average monthly benefit		75	96	148			
Average HAC <sup>1</sup>							
Number of retired members		6	7	36			

<sup>1</sup>HAC = 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 2008

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	\$ 169	\$	\$ 188	\$ 311	\$ 245	\$ 234	\$ 164	\$ 187	\$ 263	\$ 225	
	5-9	270	428	274	274	281	278	283	245	246	267	
	10-14	549	706	398	428	477	497	446	406	396	437	
	15-19	411	919	572	622	722	723	694	626	585	656	
	20-24	629	1,073	878	912	996	991	906	893	801	907	
	25-29		1,343	1,799	1,737	1,598	1,449	1,315	1,222	1,040	1,394	
	30-34		2,403	2,458	2,425	2,269	1,990	1,675	1,595	1,349	1,968	
	35-39			3,502	2,840	2,799	2,470	2,302	1,950	1,636	2,265	
	40-UP				3,737	3,670	3,371	2,690	2,511	1,945	2,651	
	Average	\$ 413	\$ 1,026	\$ 1,255	\$ 1,354	\$ 1,174	\$ 1,005	\$ 863	\$ 780	\$ 664	\$ 928	
JRS	0-4											
	5-9				\$ 588	\$	\$	\$ 2,387	\$ 1,980	\$ 1,552	\$ 1,643	
	10-14					3,865	1,654	2,588	3,057	2,784	2,753	
	15-19							3,949	4,218	2,722	3,185	
	20-24						5,032			3,825	4,127	
	25-29						4,381		4,873	4,905	4,720	
	30-34								5,630	5,695	5,663	
	35-39											
	40-UP											
	Average				\$ 588	\$ 3,865	\$ 3,180	\$ 3,218	\$ 3,629	\$ 2,871	\$ 3,049	
HPORS	0-4	\$ 1,395	\$	\$	\$ 889	\$	\$	\$	\$	\$	\$ 1,178	
	5-9	1,657	1,696	1,479	1,655	976			1,131		1,318	
	10-14	1,986	1,045		993		206	410	871	386	786	
	15-19			1,728	1,799		1,479		691		1,187	
	20-24	2,390	2,456	2,031	2,022	1,659	1,424	1,448	1,359	1,222	1,628	
	25-29			3,373	3,077	2,655	2,290	1,725	1,487	1,425	2,097	
	30-34				3,507	3,501	2,977	2,872	2,006	1,592	2,757	
	35-39					4,426	4,308	3,696	1,949	2,955	3,514	
	40-UP								5,262	1,966	3,614	
	Average	\$ 1,659	\$ 2,058	\$ 2,158	\$ 2,181	\$ 2,291	\$ 2,069	\$ 1,803	\$ 1,536	\$ 1,413	\$ 1,912	
SRS	0-4	\$ 761	\$ 1,387	\$ 922	\$ 503	\$ 921	\$ 45	\$ 372	\$ 143	\$	\$ 735	
	5-9	920	1,690	707	696	890	607	625	461	359	773	
	10-14	2,013		1,053	987	822	825	892	964	418	887	
	15-19		1,515.00	1,939	1,194	1,011	1,336	1,278	977	687	1,153	
	20-24		1,864	1,896	1,954	1,707	1,701	1,096	1,224	793	1,744	
	25-29		2,301	2,793	2,806	2,941	2,477	1,794	1,216	1,089	2,325	
	30-34				3,097	3,977	2,976		1,279	1,736	2,678	
	35-39					2,295	3,861		2,921		3,235	
	40-UP											
	Average	\$ 1,031	\$ 1,819	\$ 1,725	\$ 1,786	\$ 1,625	\$ 1,773	\$ 1,214	\$ 1,103	\$ 863	\$ 1,570	

## 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	
<b>GWPORS</b>	0-4										
	5-9			\$ 1,537	\$ 568	\$ 556	\$ 463	\$		\$	\$ 577
	10-14				1,113	714	938	1,360			1,029
	15-19				1,235				684	822	914
	20-24			1,840	1,367	1,184	1,439	1,455	1,842	1,002	1,358
	25-29			1,984		2,097	1,964	1,720	1,800	1,313	1,734
	30-34			3,196		3,005		2,427	2,303	1,388	2,489
	35-39				3,896	2,649	2,782	3,256		2,005	2,575
	40-UP				3,719						3,719
	<b>Average</b>			<b>\$ 2,395</b>	<b>\$ 1,327</b>	<b>\$ 1,623</b>	<b>\$ 1,308</b>	<b>\$ 2,059</b>	<b>\$ 1,631</b>	<b>\$ 1,356</b>	<b>\$ 1,609</b>
<b>MPORS</b>	0-4	\$ 1,490	\$	\$ 851	\$ 483	\$ 1,025	\$ 921	\$ 1,394	\$	\$ 1,410	\$ 996
	5-9	2,032	1,495	1,076	1,369	1,231	1,549	1,409	1,517	1,529	1,387
	10-14	1,852	1,604	1,569	1,348	1,453	1,470	1,621	1,520	1,380	1,488
	15-19	2,122	1,884.00	2,110	1,773	1,648	1,502	1,499	1,563	1,638	1,670
	20-24	1,649	2,330	2,102	2,035	2,022	1,707	1,621	1,649	1,628	1,858
	25-29		3,562.00	2,878	3,662	3,346	2,549	2,432	2,169	1,663	2,937
	30-34				4,624	4,261	3,325	2,266	2,238	1,857	3,388
	35-39									2,328	2,328
	40-UP										
	<b>Average</b>	<b>\$ 1,650</b>	<b>\$ 2,206</b>	<b>\$ 1,904</b>	<b>\$ 2,127</b>	<b>\$ 2,156</b>	<b>\$ 1,746</b>	<b>\$ 1,692</b>	<b>\$ 1,703</b>	<b>\$ 1,622</b>	<b>\$ 1,893</b>
<b>FURS</b>	0-4	\$ 1,534	\$ 1,387	\$ 1,534	\$	\$ 1,669	\$	\$	\$	\$ 236	\$ 1,347
	5-9	1,832		208	702	1,378	1,569	1,727	1,411	1,571	1,264
	10-14	1,727	1,866	1,347	1,513	1,209	1,237	1,566	1,611	1,639	1,456
	15-19		1,329	1,728	1,700	1,319	1,148	1,436	1,493	1,188	1,435
	20-24	1,702	1,858	2,247	2,033	1,761	1,497	1,409	1,443	1,466	1,666
	25-29		2,329	3,299	2,921	2,887	2,372	1,771	1,409	1,478	2,213
	30-34			3,619	4,493	3,705	3,554	2,415	1,649	1,622	3,468
	35-39				7,734	4,498	4,564	4,757	2,922	1,695	3,932
	40-UP								203		203
	<b>Average</b>	<b>\$ 1,756</b>	<b>\$ 1,830</b>	<b>\$ 2,309</b>	<b>\$ 2,606</b>	<b>\$ 2,608</b>	<b>\$ 2,316</b>	<b>\$ 1,787</b>	<b>\$ 1,567</b>	<b>\$ 1,468</b>	<b>\$ 2,095</b>
<b>VFCA</b>	0-4										
	5-9										
	10-14				\$	\$ 89	\$ 84	\$ 87	\$ 86	\$ 85	\$ 86
	15-19					126	125	126	126	125	126
	20-24				156	152	151	149	150	150	151
	25-29				199	188	189	210			195
	30-34				225	225	225	225	225		225
	35-39					225		225			225
	40-UP										
	<b>Average</b>				<b>\$ 164</b>	<b>\$ 136</b>	<b>\$ 134</b>	<b>\$ 129</b>	<b>\$ 128</b>	<b>\$ 124</b>	<b>\$ 134</b>



## 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, 2008			As of June 30, 1999		
	Covered Employees <sup>1</sup>	Rank	Percentage of Total System	Covered Employees <sup>1</sup>	Rank	Percentage of Total System
<b><u>PERS-DBRP</u></b>						
STATE OF MONTANA <sup>2</sup>	10,744	1	37.84	10,784	1	37.18
UNIVERSITY OF MONTANA	1,199	2	4.22	1,114	2	3.84
MONTANA STATE UNIVERSITY - BOZEMAN	1,023	3	3.60	1,114	3	3.84
MISSOULA COUNTY	582	4	2.05	496	5	1.71
CITY OF BILLINGS	560	5	1.97	519	4	1.79
GREAT FALLS PUBLIC SCHOOLS	415	6	1.46	459	6	1.58
FLATHEAD COUNTY	380	7	1.34	403	8	1.39
SCHOOL DISTRICT 2 - BILLINGS	366	8	1.29	412	7	1.42
CASCADE COUNTY	355	9	1.25	376	10	1.30
CITY OF GREAT FALLS	340	10	1.21	337	12	1.16
YELLOWSTONE COUNTY	308	14	1.09	388	9	1.34
"All other" <sup>3</sup>	12,119		42.68	12,606		43.45
TOTAL (495 EMPLOYERS)	28,391		100.00	29,008		100.00

<sup>3</sup> In 2008, "all other" consisted of:

Type	Number	Employees
Cities & Towns	94	2,377
Counties	51	3,744
Other Agencies	99	1,145
School Dist	237	4,519
Universities	3	334
Total	484	12,119

<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.

<sup>2</sup>For the purposes of this schedule the "State of Montana" is considered one employer. There are a total of 34 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, 2008			As of June 30, 1999		
	Covered Employees <sup>1</sup>	Rank	Percentage of Total System	Covered Employees <sup>1</sup>	Rank	Percentage of Total System
<b><u>JRS</u></b>						
STATE OF MONTANA <sup>2</sup>	51	1	100.00	44	1	100
TOTAL (1 EMPLOYER)	51		100.00	44		100
<b><u>HPORS</u></b>						
STATE OF MONTANA <sup>2</sup>	213	1	100.00	186	1	100
TOTAL (1 EMPLOYER)	213		100.00	186		100
<b><u>SRS</u></b>						
MISSOULA COUNTY	113	1	10.13	45	2	7.29
YELLOWSTONE COUNTY	98	2	8.78	50	1	8.10
CASCADE COUNTY	83	3	7.44	33	5	5.35
FLATHEAD COUNTY	82	4	7.35	41	3	6.65
GALLATIN COUNTY	72	5	6.45	30	7	4.86
LEWIS & CLARK COUNTY	53	6	4.75	31	6	5.02
STATE OF MONTANA <sup>2</sup>	46	7	4.12	37	4	6.00
RAVALLI COUNTY	44	8	3.94	23	8	3.73
DAWSON COUNTY	36	9	3.23	7	29	1.13
LAKE COUNTY	33	10	2.96	18	9	2.92
LINCOLN COUNTY	28	11	2.51	16	10	2.59
In 2008 "All other" consists of 46 Counties	428		38.34	286		46.36
TOTAL (57 EMPLOYERS)	1,116		100.00	617		100.00
<b><u>GWPORS</u></b>						
STATE OF MONTANA <sup>2</sup>	859	1	96.46	373	1	95.89
UNIVERSITY OF MONTANA	13	2	1.34	8	2	2.06
MONTANA STATE UNIVERSITY - BOZEMAN	10	3	1.71	7	3	1.80
MONTANA STATE UNIVERSITY - BILLINGS	4	4	0.49	1	4	0.25
TOTAL (4 EMPLOYERS)	886		100.00	389		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, 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 is only 1 State of Montana agency reporting under each of the JRS, HPORS and SRS. 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, 2008			As of June 30, 1999		
	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	130	1	19.01	120	1	21.43
CITY OF MISSOULA	102	2	14.91	77	2	13.75
CITY OF GREAT FALLS	83	3	12.13	72	3	12.86
CITY OF HELENA	53	4	7.75	44	4	7.86
CITY OF BOZEMAN	50	5	7.31	38	6	6.79
BUTTE-SILVER BOW	43	6	6.29	41	5	7.32
CITY OF KALISPELL	38	7	5.56	28	7	5.00
ANACONDA-DEER LODGE COUNTY	23	8	3.36	21	8	3.75
CITY OF MILES CITY	17	9	2.49	14	10	2.50
CITY OF WHITEFISH	17	10	2.49	9	15	1.61
CITY OF HAVRE	16	11	2.34	19	9	3.39
In 2008 "All other" consists of 16 Cities	112		16.36	77		13.74
TOTAL (27 EMPLOYERS)	684		100.00	560		100.00
<b>FURS</b>						
CITY OF BILLINGS	113	1	21.36	106	1	23.50
CITY OF MISSOULA	87	2	16.45	71	2	15.74
CITY OF GREAT FALLS	65	3	12.29	64	3	14.19
CITY OF HELENA	35	4	6.62	36	4	7.98
CITY OF KALISPELL	35	5	6.62	21	7	4.66
CITY OF BOZEMAN	34	6	6.43	28	6	6.21
BUTTE-SILVER BOW	33	7	6.24			
MISSOULA RURAL FIRE DISTRICT	22	8	4.16			
CITY OF HAVRE	17	9	3.21	17	9	3.77
CITY OF LIVINGSTON	15	10	2.84	16	10	3.55
CITY OF MILES CITY	14	11	2.65	15	11	3.33
CITY OF GLENDIVE	5	17	0.95	20	8	4.43
In 2008 "All other" consists of 5 Cities, 1 State Agency and 1 Rural Fire District	54		10.18	23		5.10
TOTAL (19 EMPLOYERS)	529		100.00	417		92.46
<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, 2008			As of June 30, 1999 <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>	723	1	45.38			
CITY OF BILLINGS	50	2	3.14			
MISSOULA COUNTY	36	3	2.26			
YELLOWSTONE CITY-COUNTY HEALTH DEPT	29	4	1.82			
UNIVERSITY OF MONTANA	28	5	1.76			
CITY OF MISSOULA	26	6	1.63			
GALLATIN COUNTY	25	7	1.57			
YELLOWSTONE COUNTY	25	8	1.57			
FLATHEAD COUNTY	24	9	1.51			
MONTANA STATE UNIVERSITY - BOZEMAN	23	10	1.44			
"All other" <sup>4</sup>	604		37.92			
TOTAL (210 EMPLOYERS)	1,593		100.00			

<sup>4</sup> In 2007, "all other" consisted of:

Type	Number	Employees
Cities & Towns	41	131
Counties	39	185
Other Agencies	33	86
School Dist	84	184
Universities	3	18
Total	200	604

### **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 fiscal year 2007. 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 28 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, 2008**

##### **PERS-DBRP (528)**

###### **State Agencies (34)**

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 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 (96)**

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  
Columbus  
Conrad  
Culbertson  
Cut Bank  
Deer Lodge  
Dillon  
Drummond  
East Helena  
Ekalaka  
Ennis  
Eureka

**Cities & Towns (cont.)**

Fairfield  
Fairview  
Forsyth  
Fort Benton  
Fort Peck  
Froid  
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  
Ryegate  
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, Canyon Creek  
SD 4, Forsyth  
SD 4, Helena  
SD 4, Hellgate  
SD 4, Libby  
SD 4, Livingston  
SD 4, Swan River  
SD 4 & 28, Highwood  
SD 4 & 47, Whitehall  
SD 4, Silverbow  
SD 5, Basin  
SD 5, Kalispell  
SD 5, Melrose  
SD 5, Park City  
SD 5, Sand Coulee  
SD 5, Sheridan  
SD 5, Sidney  
SD 5, Terry  
SD 6, Columbia Falls  
SD 6, Columbus

## STATISTICAL SECTION

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### School Districts (cont.)

SD 6, Lame Deer	SD 13, Nashua	SD 33, Gold Creek
SD 6, Ryegate	SD 14, Bonner	SD 34, Seeley Lake
SD 6, Trout Creek	SD 14, Fortine	SD 35, Gallatin Gateway
SD 6, Wibaux	SD 14, Hot Springs	SD 37, Shepherd
SD 6 & 1, St Regis	SD 14, Malta	SD 38, Big Fork
SD 7, Boulder	SD 14, Shelby	SD 38, Lincoln
SD 7, Bozeman	SD 15, Custer	SD 40, Frenchtown
SD 7, Charlo	SD 15, Cut Bank	SD 41, Bozeman
SD 7, Gardiner	SD 15, Ekalaka	SD 41, Lavina
SD 7, Grant	SD 15, Kalispell	SD 41, Pioneer
SD 7, Hinsdale	SD 15 & 6, Florence-Carlton	SD 43, Lamotte
SD 7, Joliet	SD 15 & 17, Willow Creek	SD 43, Turner
SD 7, Lolo	SD 16, Harlowton	SD 44, Belgrade
SD 7, Medicine Lake	SD 16, Havre	SD 44, Geraldine
SD 7, Twin Bridges	SD 17, Culbertson	SD 44, Moore
SD 7, Victor	SD 17, Morin	SD 44, Whitefish
SD 7 & 2, Savage	SD 17H, Hardin	SD 45, Augusta
SD 7 & 70, Laurel	SD 18, Valier	SD 45, Golden Ridge
SD 8, Arlee	SD 18, Woodman	SD 45, Wolf Point
SD 8, Elder Grove	SD 19, Colstrip	SD 48-1J & 48-2J, Chester
SD 8, West Glacier	SD 20, Garrison	SD 49, Raynesford
SD 8, White Sulphur Springs	SD 20, Kila	SD 50, East Glacier
SD 9, Browning	SD 20, Plentywood	SD 50, Evergreen
SD 9, Darby	SD 20, Whitewater	SD 50, Hays
SD 9, Dixon	SD 21, Broadview	SD 52, Absarokee
SD 9, East Helena	SD 21, Fairfield	SD 52, Billings
SD 9, Opheim	SD 21, Galata	SD 52, Ennis
SD 9, Poplar	SD 23, Billings	SD 55, Brockton
SD 9 & 9, Reed Point	SD 23, Harrison	SD 55, Plevna
SD 10, Anaconda	SD 23, Lustre	SD 55, Roundup
SD 10, Cayuse	SD 23, Missoula	SD 55F, Sun River Valley
SD 10, Chinook	SD 23, Polson	SD 57, Havre
SD 10, Conrad	SD 23, Roberts	SD 58, Geyser
SD 10, Dillon	SD 24, Three Forks	SD 58, Whitefish
SD 10, Noxon	SD 24, Worden	SD 58, Yellowstone
SD 11, Brorson	SD 25, Hobson	SD 64, Bainville
SD 11, Potomac	SD 26, Lockwood	SD 64, Mountain View
SD 11, Wise River	SD 27, Elliston	SD 64J, Melstone
SD 11 & 2, Drummond	SD 27, Grass Range	SD 65, Froid
SD 12, Baker	SD 27, Monforton	SD 69, West Yellowstone
SD 12, Harlem	SD 27, Montana City	SD 72, Ophir
SD 12, Havre	SD 28C, Dutton	SD 73, Swan Lake
SD 12, Lima	SD 28, St Ignatius	SD 74, Roy
SD 12, Rosebud	SD 29, Belt	SD 74, Vaughn
SD 12, Saco	SD 29, Somers	SD 75, Amsterdam
SD 12, Stanford	SD 29, Wyola	SD 75, Arrowhead
SD 12 & 12, Molt	SD 30, Power	SD 75, Fairfield
SD J12-5, Shields Valley	SD 30, Ronan	SD 78J & 2, Richey
SD 13, Box Elder	SD 30 & 6, Fromberg	SD 84, Denton
SD 13, Eureka	SD 32, Clinton	SD 85, Ulm
SD 13, Fishtail	SD 32, Rapelje	SD 86 & 4, Lambert
SD 13, Lone Rock	SD 32J, Ashland	SD 87, Box Elder
	SD 33, Condon	SD 89, Smith Valley

## School Districts (cont.)

SD 99M, Rudyard  
SD 104, Spring Creek  
SD 115, Winifred  
SD 159, Winnett  
Judith Gap Schools

## Other Agencies (99)

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 Special  
Education Cooperative  
Buffalo Rapids Irrigation  
District  
Butte Housing Authority  
Cascade County  
Conservation District  
Central Montana Special  
Education Cooperative  
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  
Special Education Cooperative  
Fallon Medical Complex  
Fergus County Conservation  
District

Flathead County Special  
Education Cooperative  
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 Special  
Education Cooperative  
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 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 Special Education  
Cooperative  
Missoula County Airport  
Missoula Rural Fire District  
Northern Montana Joint  
Refuse Disposal District  
North Central Learning  
Special Education Cooperative  
North Valley Public Library  
Northwest Montana Education  
Cooperative  
Pablo-Lake County Water  
District  
Park County Rural Fire  
District #1  
Park County Special  
Education Cooperative  
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  
Prairie County Hospital District  
Prairie View Special Services  
Cooperative  
Prickley Pear Special  
Services Cooperative  
Richland County Housing  
Authority  
Roundup Community  
Library  
Sanders Special Education  
Cooperative  
Seeley Lake Missoula County  
Water District  
Sidney-Richland Airport  
Authority  
Teton County Conservation  
Thompson Falls Rural Fire  
District  
Twin Bridges Public Library  
Upper Musselshell Conservation  
District



## STATISTICAL SECTION

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### **Other Agencies (cont.)**

Valley County Conservation  
District  
Victor Water & Sewer  
Whitefish Housing Authority  
Yellowstone City-County  
Health Dept  
Yellowstone West Carbon  
Special Education Cooperative

### **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 (27)**

Anaconda-Deer Lodge  
Baker  
Billings  
Bozeman  
Butte-Silver Bow  
Columbia Falls  
Cut Bank  
East Helena  
Glasgow  
Glendive  
Great Falls  
Havre  
Helena  
Kalispell  
Laurel  
Lewistown  
Libby  
Livingston  
Miles City  
Missoula  
Plains  
Poplar  
Red Lodge  
Troy  
West Yellowstone  
Whitefish  
Wolf Point

### **FURS (19)**

### **State Agency (1)**

Dept of Military Affairs

### **Cities (18)**

Anaconda-Deer Lodge  
Billings  
Bozeman  
Butte-Silver Bow  
Columbia Falls  
Glendive  
Great Falls  
Havre  
Helena  
Kalispell  
Lewistown  
Livingston  
Lockwood Rural Fire  
Miles City  
Missoula  
Missoula Rural Fire

## Cities (cont.)

Red Lodge  
Whitefish

## PERS-DCRP (233)

### State Agencies (28)

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

### Counties (42)

Big Horn  
Beaverhead  
Blaine  
Broadwater  
Carbon  
Carter  
Cascade  
Custer  
Daniels

Dawson  
Fergus  
Flathead  
Gallatin  
Garfield  
Glacier  
Granite  
Hill  
Jefferson  
Judith Basin  
Lake  
Lewis & Clark  
Lincoln  
Madison  
Mineral  
Missoula  
Musselshell  
Park  
Phillips  
Pondera  
Powder River  
Powell  
Prairie  
Ravalli  
Richland  
Roosevelt  
Rosebud  
Stillwater  
Sweet Grass  
Teton  
Toole  
Valley  
Yellowstone

### Cities & Towns (42)

Alberton  
Baker  
Belgrade  
Big Timber  
Billings  
Bozeman  
Bridger  
Butte-Silver Bow  
Chinook  
Choteau  
Colstrip  
Columbia Falls  
Conrad  
Cut Bank  
Dillon  
Ekalaka  
Eureka  
Fairview

Glasgow  
Glendive  
Great Falls  
Hamilton  
Hardin  
Harlem  
Havre  
Helena  
Hot Springs  
Kalispell  
Laurel  
Lewistown  
Libby  
Livingston  
Miles City  
Missoula  
Moore  
Polson  
Red Lodge  
Shelby  
Sheridan  
Sidney  
Townsend  
Whitefish

### Colleges & Universities (4)

Montana State University-Bozeman  
Montana State University - Billings  
MSU - College of Technology  
Great Falls  
University of Montana - Missoula

### High Schools (2)

Jefferson County  
Powell County  
Sweet Grass County

### School Districts (84)

SD 1, Butte  
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, Plains  
SD 1, Red Lodge  
SD 1, Scobey  
SD 1 & 7, Townsend

## STATISTICAL SECTION

### School Districts (cont.)

SD 2, Billings  
SD 2, Peerless  
SD 2 & 7, Savage  
SD 2, Stevensville  
SD 2, Sunburst  
SD 3, Billings  
SD 3, Hamilton  
SD 3, Ramsay  
SD 4, Forsyth  
SD 4, Hellgate  
SD 4, Swan River  
SD 4 & 28, Highwood  
SD 4 & 47, Whitehall  
SD 5, Kalispell  
SD 5, Sidney  
SD 6, Columbia Falls  
SD 6, Columbus  
SD 6, Wibaux  
SD 6 & 1, St. Regis  
SD 7, Boulder  
SD 7, Bozeman  
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 14, Malta  
SD 15, Cut Bank  
SD 15, Ekalaka  
SD 16, 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 30, Power  
SD 30, Ronan  
SD 32, Clinton  
SD 38, Big Fork  
SD 38, Lincoln

SD 44, Belgrade  
SD 44, Geraldine  
SD 44, Whitefish  
SD 45, Wolf Point  
SD 50, Evergreen  
SD 50, Hays  
SD 52, Absarokee  
SD 52, Ennis  
SD 55, Brockton  
SD 58, Geyser  
SD 64, Bainville  
SD 72, Ophir  
SD 74, Vaughn  
SD 85, Ulm  
SD 89, Smith Valley  
SD 115, Winifred  
SD 99M, Rudyard  
Greenfield School  
Judith Gap School

### Other Agencies (31)

Big Fork Water & Sewer  
Big Sky County Water & Sewer District  
Big Sky Economic Development Authority  
Bitterroot Valley Special Education Cooperative  
Center for Mental Health  
Dawson College  
Flathead Valley Community College  
Gallatin Airport Authority  
Gallatin Canyon Consolidated Rural Fire Department  
Gallatin Conservation District  
Glasgow Irrigation District  
Granite County Hospital & Nursing Home  
Great Falls International Airport  
Greenfields Irrigation District  
Helena Housing Authority  
Helena Regional Airport Authority  
Human Resources Council District XI  
Human Resources Council District XII  
Larchmont Golf Course  
Lewis & Clark Library  
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  
Prairie County Hospital District  
Prairie View Special Services COOP  
Richland County Housing Authority  
Seeley Lake Missoula County Water District  
Yellowstone City-County Health Dept

### Deferred Compensation (17)

\*State of Montana  
Big Sky County Water & Sewer District  
Carter County  
City of Sidney  
Dawson Community College  
Great Falls Transit  
Lewis & Clark County  
Montana State University - Bozeman  
Montana State University - Billings  
Montana State University - Northern  
MSU College of Technology - Great Falls  
North Valley Public Library  
SD 2, Billings  
SD 2, Peerless  
Town of Sheridan  
Town of Whitehall  
University of Montana - Missoula

\*Considered one agency.



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100 North Park Avenue, Suite 200  
P.O. Box 200131  
Helena, MT 59620-0131

<http://mpera.mt.gov/>

[mpera@mt.gov](mailto:mpera@mt.gov)

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