

MONTANA

Public Employees Retirement Board

A Component Unit of the State of Montana
Comprehensive Annual Financial Report
for the fiscal year ended June 30, 2010



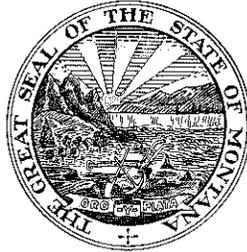
PARADISE, MT

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, 2010**

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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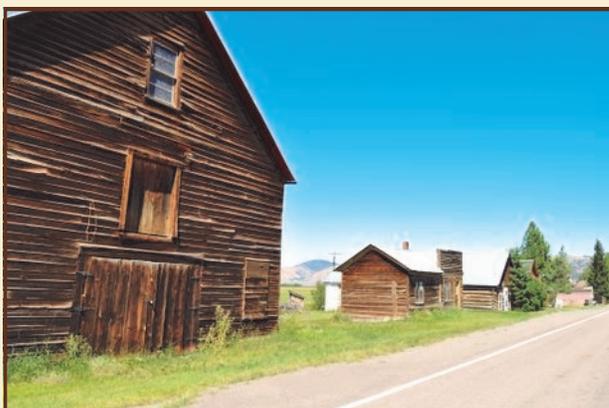
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White Sulphur Springs

White Sulphur Springs is the county seat of Meagher County. Home to 972 residents, White Sulphur Springs is the geographical center point of Montana's population.

Photos courtesy of Ursula Hatfield



Helmville

Named after Henry Helm, Helmville was established in 1872. Home to about 245 people, Helmville is located in the heart of Powell County.

Photos courtesy of Diana Stitt

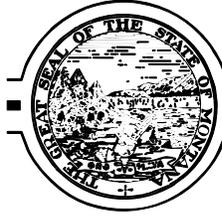
Mission Statement of the PERB

The Montana Public Employees' Retirement Board will fiducially 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.

PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION



BRIAN SCHWEITZER
GOVERNOR

STATE OF MONTANA

mpera.mt.gov



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

100 N. PARK, SUITE 200
PO BOX 200131
HELENA, MT 59620-0131

November 5, 2010

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, 2010, 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 the 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 controls established for this purpose. Because the cost of internal controls 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 PERB 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 PERB. As gov-

INTRODUCTORY SECTION

erned by statute, the PERB's defined benefit administrative expenses may not exceed 1.5 percent of the total defined benefit plan retirement benefits paid. Costs for the PERB 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 PERB administers ten separate retirement plans, each reported in this CAFR. They include the *Public Employees' Retirement System-Defined Benefit Retirement Plan* (in its 66th 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*.

ECONOMIC CONDITION AND OUTLOOK

The economic outlook of the plans is based primarily upon investment earnings. For fiscal year 2010, the PERS-DBRP experienced a 12.87 percent rate of return; for the last three years an average annualized rate of return of negative 5.21 percent; for the last five years an average annualized rate of return of 1.85 percent; and for the last ten years an average annualized rate of return of 2.35 percent. These longer term returns are below the annual actuarial return assumption of 7.75 percent and act to erode the funded status of the plan. The plans are required by law to be maintained on an actuarially sound basis which protects participants' future benefits.

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

Due to the negative investment returns in FY 2008 and FY 2009 and the slow recovery of the economy, the PERB is proposing plan design options and contribution rate increases to the 2011 Legislature to address long-term plan sustainability. Changes in contribution rates, benefit eligibility, and benefit structure are proposed for new hires only.

The actuarial valuations for the eight defined benefit plans, dated June 30, 2010, show four plans to be actuarially sound, three not actuarially sound, and one plan with an Actuarial Surplus. The amortization period for the Unfunded Liability (Actuarial Surplus) for the defined benefit plans, as of June 30, 2010, are as follows:

PERS	Does Not Amortize	GWPORS	Does Not Amortize
JRS	30.0 years (Actuarial Surplus)	MPORS	23.0 years
HPORS	29.9 years	FURS	14.7 years
SRS	Does Not Amortize	VFCA	7.7 years

The funding status and funding progress of the individual retirement systems can be found in the *Financial Section* of this report on pages 40 and 78, respectively.

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The PERB contracts with consultants for professional services, which are essential to the effective and efficient operation of the plans. A listing of consultants may be found on page 89.

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 for our members and employers is a top priority and statutorily funded by a percentage of employer contributions. All PERS new hires are offered Plan Choice Educational workshops to assist them with their retirement plan decision. We continue to add other educational workshops and provide additional member services through our website.

The PERS-DCRP and Deferred Compensation Plan investment options offered are selected by the PERB in compliance with its Investment Policy Statements 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, fund the long-term disability trusts, and provide member education.

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 discretionary 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 Statement based upon certain investment criteria and allows for the delegation of investment authority to the BOI staff. 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. It is the funding objective of the PERB that the retirement systems become 100 percent funded. Once a system has achieved

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this objective, there needs to be a range of safety to absorb market volatility without creating unfunded actuarial liabilities. A single year's funded ratio, by itself, does not provide a measure of the funding direction. Whenever, through the use of long-term cash flow projections, the amortization period of a system's unfunded liabilities is projected to exceed 30 years for two consecutive valuations and the PERB can reasonably anticipate that the amortization period would decline without an increase in funding sources, it is the obligation of the PERB to recommend funding increases and/or system changes to the Legislature to address financial sustainability. 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.

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

Fiscal year 2010 accomplishments of MPERA include: benefit estimator posted on MPERA website; allowing entry of optional membership forms using the Web Reporting system; enhanced education program; Use Case Project completion of initial objective and continued work on the business process work flows; implementation of the Working Retirees project Stage I, II and III; and using technology 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, 2009. This was the twelfth consecutive year that the Montana Public Employees' Retirement Board has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government entity must publish an easily readable and efficiently organized *Comprehensive Annual Financial Report*. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current *Comprehensive Annual Financial Report* continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

PUBLIC PENSION COORDINATING COUNCIL PUBLIC PENSION STANDARDS AWARD

MPERA has also received the Public Pension Coordinating Council (PPCC), Public Pension Standards Award for 2010 in recognition of meeting the professional standards for plan administration set forth in the Public Pension Standards. This is the eighth year the PPCC is offering the PPCC Standards Award Program to public retirement systems. The Public Pension Standards are intended to reflect minimum expectations for public retirement system management and administration, as well as serve as a benchmark by which all defined benefit public plans

INTRODUCTORY SECTION

should be measured. The retirement systems and the state and local governments that sponsor them are encouraged to meet these standards. The standards have been separated into the Administrative Standards and the Funding Standard. A system may qualify for and receive a Recognition Certificate for either the Administrative or Funding Standard, or both. This is the sixth 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. 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 our gratitude to the staff, the advisors and the many people who have worked so diligently to assure the successful operation of the plans.

Respectfully submitted,

/s/ Roxanne M. Minnehan

Roxanne M. Minnehan, Executive Director
Montana Public Employee Retirement Administration

/s/ John Nielsen

John Nielsen, 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, 2009

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

***Recognition Award for Administration
2010***

Presented to

Montana Public Employee Retirement Administration

In recognition of meeting professional standards for
plan 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 that reads "Alan H. Winkle".

Alan H. Winkle
Program Administrator

INTRODUCTORY SECTION

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



Photo courtesy of Barbara Quinn

Back Row: John Nielsen, Terrence Smith, Timm Twardoski, and Patrick McKittrick.
Front Row: Darcy Halpin, Scott Moore, and Dianna Porter.

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

Terrence Smith
Vice President
Bozeman
PERS-DCRP Active Public
Employee
Financial Officer
Big Sky Water & Sewer
District
Term Expires 3/31/2014

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

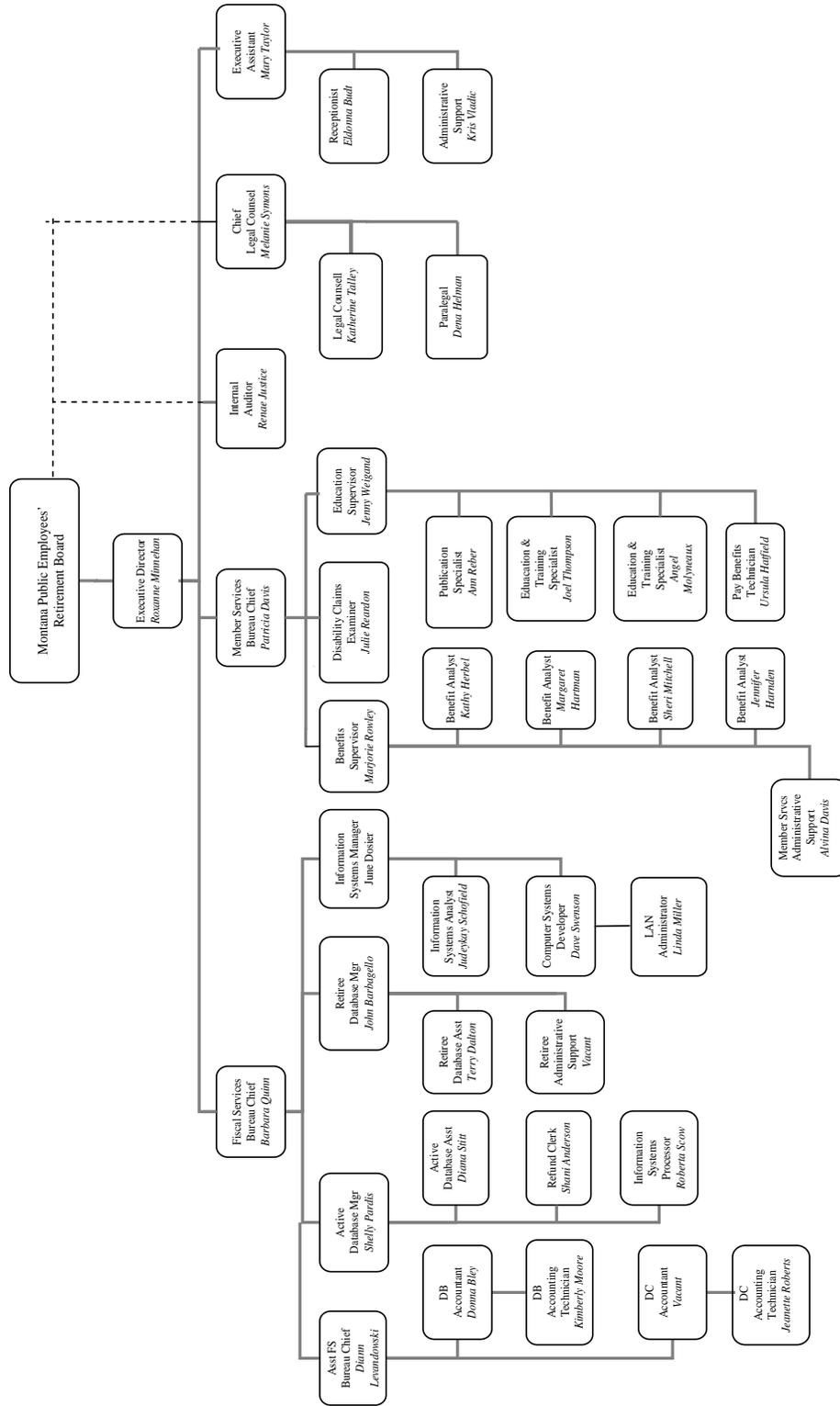
Timm Twardoski
Helena
Public Representative
Term Expires 3/31/2011

Scott Moore
Miles City
Active Public Employee
Firefighter
Term Expires 3/31/2015

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

Patrick McKittrick
Great Falls
Experience in investment
management, counseling, or
financial planning, or other
similar experience.
Former Chief of the
Economic Development
Board
Term Expires 3/31/2014

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



INTRODUCTORY SECTION



In Memory of
Robert Griffith
Past Board Member
Montana Public Employees' Retirement Board

May 24, 1929 - January 17, 2010

We are dedicating this Annual Report in memory of Robert Griffith. “Griff” was born and raised in Butte, Montana. He served on the Montana Highway Patrol (MHP) for 40 years. He retired in 1994 as the Colonel of the Highway Patrol, it’s highest position.

Griff was appointed to the Montana Public Employees’ Retirement Board by Governor Marc Racicot and served two terms from April 1988 through March 2008. He was a dedicated member of the Board. His experience in state government as a public safety officers was invaluable.

Roxanne Minnehan, MPERA Executive Director states, “I will always remember Griff’s twinkling eyes, ready smile and beautiful white hair, and a joke he once told: ‘My wife thought she knew how to keep house until I retired!’.”

Griff, obviously adored his wife, Barb. They travelled often, including “mini-vacations” investigating Montana towns. Their travels included regular attendance at a national conference on defined contribution plans. While known for having a good time, he also insisted on attending every session, including the Sunday morning sessions for new attendees. He also enjoyed bowling, sports of all kinds, and meeting his old MHP buddies in Las Vegas for an annual golf tournament. He is missed by fellow board members and MPERA staff.

Havre

Named after the city of Le Havre in France, Havre is the county seat of Hill County. Incorporated in 1893, it was founded to service the railroad. Jim Hill's statue stands in front of the Amtrak Depot in honor of his contributions to Havre.

Photo courtesy of Debbie Vendeberg



Two Dot

Two Dot is a small unincorporated community in west-central Wheatland County. The town was a station stop on the now-abandoned transcontinental main line of the Chicago, Milwaukee, St. Paul and Pacific Railroad and was the site of one of the substations of the railroad's electrification project.

Photo courtesy of Joel Thompson



Choteau

The county seat of Teton County, Choteau was named for the French fur-trapper Pierre Chouteau, Jr. Choteau is home to about 1,785 people. Choteau is near Egg Mountain, which is famous for its fossilized dinosaur eggs.

Photo courtesy of Joel Thompson

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, 2010, and the related Statement of Changes in Fiduciary Net Assets – Pension Trust Funds for the year ended June 30, 2010. 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, 2010, 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.

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, 2010; 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 Legislative Audit Committee
of the Montana State Legislature:

At July 1, 2010, three retirement systems, Public Employees' Retirement System – Defined Benefit Retirement Plan, Game Warden's and Peace Officers', and Sheriffs' were not actuarially sound. The amortization period for the Unfunded Actuarial Accrued Liability is infinite. The maximum allowable amortization period is 30 years.

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 5, 2010

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, 2010. 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 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 increased by \$417.7 million or 11.4 percent in fiscal year 2010. The increase was primarily due to the positive investment income in each of the plans.*
- ◆ *The PERB's defined contribution plans combined total net assets increased by \$55.7 million or 17.1 percent in fiscal year 2010. The total increase in net assets was due to the positive investment income in both the PERS-defined contribution plan and the deferred compensation plan.*
- ◆ *Revenues (additions to plan net assets) for the PERB's defined benefit plans for fiscal year 2010 was \$703.9 million, which includes member and employer contributions of \$230.8 million and a net investment gain of \$473.1 million.*
- ◆ *Revenues (additions to plan net assets) for the PERB's defined contribution plans for fiscal year 2010 was \$73.0 million, which includes member and employer contributions of \$29.7 million and a net investment gain of \$43.3 million.*
- ◆ *Expenses (deductions to plan net assets) for the PERB's defined benefit plans increased from \$265.5 million in fiscal year 2009 to \$284.3 million in fiscal year 2010 or about 7.1 percent. The increase in 2010 is primarily due to an increase in total benefit recipients.*
- ◆ *Expenses (deductions to plan net assets) for the PERB's defined contribution plans increased from \$14.7 million in fiscal year 2009 to \$17.3 million in fiscal year 2010 or about 17.2 percent. The increase in expenses is due to an increase in distributions.*
- ◆ *The PERB's defined benefit plans' funding objectives are to meet long-term benefit obligations. As of June 30, 2010, the date of the latest actuarial valuation, four of the plans can pay off the Unfunded Actuarial Liability within 30 years or less. They are the Highway Patrol Officers' Retirement System (HPORS), Municipal Police Officers' Retirement System (MPORS), Firefighters' Unified Retirement System (FURS), and the Volunteer Firefighters' Compensation Act (VFCA). The plans that are not able to pay off the Unfunded Actuarial Liability within 30 years are the Public Employees' Retirement System (PERS), Sheriffs' Retirement System (SRS) and the Game Wardens' and Peace Officers' Retirement System (GWORS). The Judges' Retirement System has a surplus. This*

FINANCIAL SECTION

means there are more assets than liabilities in the plan. As a whole the plans were actuarially funded at an average of 73 percent. It is important to understand that this measure reflects the Actuarial Value of Assets for the defined benefit plans, 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 reduce the impact of drastic ups and downs in the market. It is important to note that with smoothing, the losses experienced in the 2007-2008 and 2008-2009 plan years exceed the gains that are now being reflected in the Actuarial Value of Assets.

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, 2010. 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, 2010, are presented for

the fiduciary funds administered by the PERB. Fiduciary funds are used to account for resources held for the benefit of outside parties. 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, 2010. 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, 2010. 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 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 on funding, GASB 45 Disclosures regarding Other Post Employment Benefits (OPEB), summaries of the method to value investments and other significant accounting policies or explanations.

- Note B provides information about litigation.

- Note C describes the membership and descriptions of each 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

According to the Board of Investments Chief Investment Officer, Clifford Sheets, "The fiscal year just ended witnessed a dramatic recovery in the economy and capital market conditions. It was just officially declared that the end of the recession occurred as of June,

2009. Assuming we are now in an official economic recovery, it is shaping up as a relatively weak recovery considering the severity of the downturn. Even if the last year marked the end of the 'Great Recession,' it still feels like we are in it due to the millions of unemployed whose prospects for finding a job remain limited given the slow pace of the recovery.

Fiscal year 2010 was marked by capital market recovery in reaction to the approaching and hopeful end of the recession. The recovery in asset values was reflected in plan performance that turned strongly positive, although the weak stock market during the last quarter of the fiscal year dampened returns. The 2010 fiscal year return for PERS was 12.87%, as compared to the fiscal year 2009 return of negative 20.69%. The 2010 return was a vast improvement certainly, yet the prior two years of negative returns created a big hole. As a result, the longer term plan returns remained weak with the annualized three year return at negative 5.21%, five years at 1.85%, and ten years at 2.35%.

The financial crisis that began in earnest during the fall of 2008 was arguably the worst seen in the U.S. and the rest of the world since the Great Depression. Lessons learned in that era sparked a concerted response by the fiscal and monetary authorities in this country, and to varying degrees across the globe, which eventually succeeded in restoring confidence in the financial system. In this long term context, current market jitters notwithstanding, we are likely to see less volatility in the capital markets in fiscal year 2011 than that experienced during the past two years. The investment portfolio is well-positioned for this more stable economic environment."

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Defined Benefit Plans Total Investments

At June 30, 2010, the PERB's defined benefit plans held total investments of \$3.9 billion, an increase of \$377 million from fiscal year 2009 investment totals. Below are the schedules of Fiduciary Net Assets and Changes in Fiduciary Net Assets for the defined benefit plans including comparative totals from fiscal year 2009.

Analysis of Individual Systems

PERS-DBRP and Education

The PERS-DBRP provides retirement, disability, and death benefits for covered employees of the State, local governments, certain employees of the Montana University System, and school districts. Member and employer contributions and earnings on investments fund the benefits of the plan. All

Fiduciary Net Assets - Defined Benefit Plans

As of June 30, 2010 - and comparative totals for June 30, 2009

(dollars in thousands)

	PERS		JRS		HPORS		SRS	
	2010	2009	2010	2009	2010	2009	2010	2009
Assets:								
Cash and Receivables	\$69,198	37,874	1,554	1,015	1,824	935	5,048	2,965
Securities Lending Collateral	215,178	276,933	3,440	4,390	5,446	7,023	11,302	14,255
Investments	3,247,641	2,961,222	51,009	45,631	81,065	73,641	167,616	148,581
Property and Equipment	1	1						
Intangible Assets	211	331	2	3	2	3	2	4
Total Assets	3,532,229	3,276,361	56,005	51,039	88,337	81,602	183,968	165,805
Liabilities:								
Securities Lending Collateral	215,178	276,933	3,440	4,390	5,446	7,023	11,302	14,255
Other Payables	1,145	1,068		8	2	30	31	103
Total Liabilities	216,323	278,001	3,440	4,398	5,448	7,053	11,333	14,358
Total Net Assets	\$3,315,906	2,998,360	52,565	46,641	82,889	74,549	172,635	151,447

Changes In Fiduciary Net Assets - Defined Benefit Plans

For the year ended June 30, 2010 - and comparative totals for June 30, 2009

(dollars in thousands)

	PERS		JRS		HPORS		SRS	
	2010	2009	2010	2009	2010	2009	2010	2009
Additions:								
Contributions	\$159,534	152,309	2,063	1,931	6,311	5,471	10,973	10,400
Investment Income (Loss)	387,861	(796,242)	6,013	(12,103)	9,714	(19,978)	19,471	(38,824)
Total Additions	547,395	(643,933)	8,076	(10,172)	16,025	(14,507)	30,444	(28,424)
Deductions:								
Benefits	212,186	196,402	2,118	1,972	7,557	7,127	8,277	7,858
Refunds	11,848	11,316			58	43	799	996
OPEB Expenses	66	70			1	1	2	2
Administrative Expenses	3,191	2,878	10	17	33	49	95	113
Miscellaneous Expenses	1,036	1,218						
Total Deductions	228,327	211,884	2,128	1,989	7,649	7,220	9,173	8,969
Incr/(Decr) in Net Assets	\$319,068	(855,817)	5,948	(12,161)	8,376	(21,727)	21,271	(37,393)
Prior Period Adjustments	-1,522		-24		-37		-82	

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new members are initially members of the PERS-DBRP and have a 12 month window during which they may choose to remain in the PERS-DBRP or join the PERS-DCRP by filing an irrevocable election. The PERS-DBRP and the DB Education Fund have been combined in these comparisons. The PERS-DBRP net assets held in trust for benefits at June 30, 2010 amounted to \$3.3 billion, an increase of \$318 million (10.6 percent) from \$3 billion at June 30, 2009.

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 \$159.5 million in fiscal year 2010 from \$152.3 million in fiscal year 2009, an increase of \$7.2 million (4.7 percent). Contributions increased due to an increase in the total compensation and an increase in the employer contribution rate. The plan recognized net investment income of

GWPORS		MPORS		FURS		VFCA		TOTAL	
2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
2,946	1,647	13,665	11,548	13,943	11,542	1,428	1,615	109,606	69,141
4,806	5,816	11,631	14,324	11,432	14,085	1,470	1,893	264,705	338,719
71,226	60,307	173,510	150,646	170,543	147,818	21,210	18,875	3,983,820	3,606,721
								1	1
2	4	2	3	2	3	1	1	224	352
78,980	67,774	198,808	176,521	195,920	173,448	24,109	22,384	4,358,356	4,014,934
4,806	5,816	11,631	14,324	11,432	14,085	1,470	1,893	264,705	338,719
38	78	36	155	9	68	4	55	1,265	1,565
4,844	5,894	11,667	14,479	11,441	14,153	1,474	1,948	265,970	340,284
74,136	61,880	187,141	162,042	184,479	159,295	22,635	20,436	4,092,386	3,674,650

GWPORS		MPORS		FURS		VFCA		TOTAL	
2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
7,952	7,203	21,933	18,428	20,419	18,064	1,575	1,580	230,760	215,386
7,924	(15,133)	19,972	(40,907)	19,606	(39,421)	2,566	(5,304)	473,127	(967,912)
15,876	(7,930)	41,905	(22,479)	40,025	(21,357)	4,141	(3,724)	703,887	(752,526)
2,622	2,521	15,728	15,008	14,598	13,987	1,857	1,780	264,943	246,655
900	840	913	857	86	69			14,604	14,121
1	1	2	2	1	1	1	1	74	78
60	77	78	96	71	97	57	58	3,595	3,385
						17	17	1,053	1,235
3,583	3,439	16,721	15,963	14,756	14,154	1,932	1,856	284,269	265,474
12,293	(11,369)	25,184	(38,442)	25,269	(35,511)	2,209	(5,580)	419,618	(1,018,000)
-38		-85		-85		-9		-1,881	

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\$388 million for the fiscal year ended June 30, 2010, compared with a net investment loss of \$796 million for the fiscal year ended June 30, 2009. The increase in investment income is a result of positive investment returns due to a recovery in the economy and capital market conditions.

Deductions from the PERS-DBRP net assets held in trust for benefits primarily include retirement benefits, refunds, and administrative expenses. For fiscal year 2010, benefits amounted to \$212.2 million, an increase of \$15.8 million (8.0 percent) from fiscal year 2009. 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 2010, refunds amounted to \$11.8 million, an increase of \$532 thousand (4.7 percent) from fiscal year 2009. Although fewer people are refunding their accounts, those that are refunding are refunding higher dollar amounts. For fiscal year 2010, the costs of administering the plan's benefits amounted to \$3.2 million, an increase of \$313 thousand (10.9 percent) from fiscal year 2009. The increase in administrative expenses for fiscal year 2010 was mainly due to the continued technological development and automation in areas pertaining to and impacting primarily PERS-DBRP.

An experience study was performed during fiscal year 2010 for the six year period July 1, 2003 to June 30, 2009. The experience of the plan resulted in several changes to the actuarial assumptions that were used in this year's valuation and changes in the actuarial factors. A description of these changes may be found in the Actuarial Section beginning on page 115.

An actuarial valuation of the PERS-DBRP assets and benefit obligations is performed

annually. At June 30, 2010, the date of the most recent actuarial valuation, the funded status of the plan decreased to 74 percent from 84 percent at June 30, 2009.

The PERS-DBRP actuarial value of assets is less than actuarial liabilities by \$1,352 million at June 30, 2010, compared with \$790.6 million at June 30, 2009. The increase in the unfunded actuarial liability as of the last actuarial valuation is a result of recognizing past investment losses of \$364.4 million, a liability gain of \$2.1 million resulting from salary increases different than assumed, a liability loss of \$5.2 million resulting from new entrants, and a liability loss of \$6.9 million from other sources different from the actuarial assumptions. There was a \$156.5 million liability loss based on the changes in the actuarial assumptions from previous years' actuarial valuations.

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, 2010 amounted to \$52.6 million, an increase of \$5.9 million (12.7 percent) from \$46.6 million at June 30, 2009.

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, 2010, contributions amounted to \$2.1 million, an increase of \$132 thousand (6.8 percent) from fiscal year 2009. Contributions increased due to the total compensation reported for active members increasing. The plan recognized net investment income of \$6.0 million for the fiscal year ended June 30, 2010, compared with a net

investment loss of \$12.1 million for the fiscal year ended June 30, 2009. The increase in investment income is a result of positive investment returns due to a recovery in the economy and capital market conditions.

Deductions from the JRS net assets held in trust for benefits mainly include retirement benefits, and administrative expenses. For fiscal year 2010, benefits amounted to \$2.1 million, an increase of \$146 thousand (7.4 percent) from fiscal year 2009. The increase in benefits was due to an increase in the average recipient's benefit due to the guaranteed annual benefit adjustment (GABA) or the minimum benefit adjustment for non-GABA retirees. For fiscal year 2010, administrative expenses amounted to \$10 thousand, a decrease of \$6.9 thousand (41.0 percent) from fiscal year 2009. The decrease in administrative expenses for fiscal year 2010 was because of the consistency of the membership in the plan, and the plan was not impacted by technological development that focused primarily on areas other than those related to JRS.

An experience study was performed during fiscal year 2010 for the six year period July 1, 2003 to June 30, 2009. The experience of the plan resulted in several changes to the actuarial assumptions that were used in this year's valuation and changes in the actuarial factors. A description of these changes may be found in the Actuarial Section beginning on page 115.

An actuarial valuation of the JRS assets and benefit obligations is performed annually. At June 30, 2010, the date of the most recent actuarial valuation, the funded status of the plan decreased to 144 percent from 148 percent at June 30, 2009.

The JRS actuarial value of assets were more than actuarial liabilities by \$18.8 million at June 30, 2010, compared with a \$20.1 million actuarial surplus at June 30, 2009. The decrease in the actuarial surplus as of the last actuarial valuation is due to recognizing past investment losses of \$5.5 million, a liability loss of \$1.1 million resulting from salary increases different than assumed, a liability loss of \$77 thousand resulting from new entrants, and a liability loss of \$415 thousand from other sources different from the actuarial assumptions. There was a liability gain of \$3.2 million based on the changes in the actuarial assumptions from previous years' actuarial valuations.

HPORS

The HPORS provides retirement, disability, and death benefits for members of the Montana Highway Patrol. Member and employer contributions, driver registration fees, and earnings on investments fund the benefits of the plan. The HPORS net assets held in trust for benefits at June 30, 2010 amounted to \$82.9 million, an increase of \$8.3 million (11.2 percent) from \$74.5 million at June 30, 2009.

Additions to the HPORS net assets held in trust for benefits include employer and member contributions, driver registration fees, and investment income. For the fiscal year ended June 30, contributions increased to \$6.3 million in fiscal year 2010 from \$5.5 million in fiscal year 2009, an increase of \$840 thousand (15.4 percent). Contributions increased due to a slight increase in the number of participating members and an increase in the total compensation reported for active members. The plan recognized net investment income of \$9.7 million for the fiscal year ended June 30, 2010, compared with a net investment loss of \$20.0 million for the fiscal year ended June 30, 2009. The increase in invest-

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ment income is a result of positive investment returns due to a recovery in the economy and capital market conditions.

Deductions from the HPORS net assets held in trust for benefits mainly include retirement benefits, refunds, and administrative expenses. For fiscal year 2010, benefits amounted to \$7.6 million, an increase of \$429.7 thousand (6.0 percent) from fiscal year 2009. The increase in benefit payments was primarily due to the increases in the average recipient's benefit due to the guaranteed annual benefit adjustment (GABA) or the minimum benefit adjustment for non-GABA retirees. For fiscal year 2010, refunds amounted to \$58 thousand, an increase of \$15 thousand (33.9 percent) from fiscal year 2009. The increase in refunds was due to more refunds being processed at larger dollar amounts. For fiscal year 2010, administrative expenses were \$34 thousand, a decrease of \$14.8 thousand (30.3 percent) from fiscal year 2009. The decrease in administrative expenses for fiscal year 2010 was mainly due to the plan not being impacted by technological development that focused primarily on areas other than those related to HPORS.

An experience study was performed during fiscal year 2010 for the six year period July 1, 2003 to June 30, 2009. The experience of the plan resulted in several changes to the actuarial assumptions that were used in this year's valuation and changes in the actuarial factors. A description of these changes may be found in the Actuarial Section beginning on page 115.

An actuarial valuation of the HPORS assets and benefit obligations is performed annually. At June 30, 2010, the date of the most recent actuarial valuation, the funded status of the plan decreased to 64 percent from 72 percent at June 30, 2009.

The HPORS actuarial value of assets were less than actuarial liabilities by \$54.0 million at June 30, 2010, compared with \$38.2 million at June 30, 2009. The increase in the unfunded actuarial liability as of the last actuarial valuation is a result of recognizing past investment losses of \$9.1 million, a liability loss of \$2.9 million resulting from salary increases different than assumed, a liability loss of \$276 thousand resulting from new entrants, and a liability loss of \$1.6 million from other sources different from the actuarial assumptions. Due to the experience study there was a liability loss of \$2.7 million based on the changes in the actuarial assumptions from previous years' actuarial valuations.

SRS

The SRS provides retirement, disability, and death benefits for all Department of Justice criminal investigators hired after July 1, 1993, detention officers hired after July 1, 2005, and to 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, 2010 amounted to \$172.6 million, an increase of \$21.2 million (14.0 percent) from \$151.4 million at June 30, 2009.

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 \$10.9 million in fiscal year 2010 from \$10.4 million in fiscal year 2009, for an increase of \$573 thousand (5.5 percent). Contributions increased due to an increase in the total compensation and an increase in the employer contribution rate. The plan recognized net investment income of \$19.5 million for the fiscal year ended June 30, 2010, compared with a net investment loss of \$38.8 million for the fiscal year ended June 30, 2009. The increase in investment income is a result

of positive investment returns due to a recovery in the economy and capital market conditions.

Deductions from the SRS net assets held in trust for benefits mainly include retirement benefits, refunds, and administrative expenses. For fiscal year 2010, benefits amounted to \$8.3 million, an increase of \$419 thousand (5.3 percent) from fiscal year 2009. 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 2010, refunds amounted to \$799 thousand, a decrease of \$197 thousand (19.8 percent) from fiscal year 2009. The decrease in refunds was due to fewer refunds being processed at smaller dollar amounts. For fiscal year 2010, administrative expenses amounted to \$95 thousand, a decrease of \$18 thousand (16.0 percent) from fiscal year 2009. The decrease in administrative expenses for fiscal year 2010 was mainly due to the plan not being impacted by technological development that focused primarily on areas with minimal impact to SRS.

An experience study was performed during fiscal year 2010 for the six year period July 1, 2003 to June 30, 2009. The experience of the plan resulted in several changes to the actuarial assumptions that were used in this year's valuation and changes in the actuarial factors. A description of these changes may be found in the Actuarial Section beginning on page 115.

An actuarial valuation of the SRS assets and benefit obligations is performed annually. At June 30, 2010, the date of the most recent actuarial valuation, the funded status of the plan decreased to 81 percent from 90 percent at June 30, 2009.

The SRS actuarial value of assets were less than actuarial liabilities by \$46.0 million at June 30, 2010, compared with \$23.2 million at June 30, 2009. The increase in the actuarial liability as of the last actuarial valuation is a result of recognizing past investment losses of \$17.9 million, a liability gain of \$348 thousand resulting from salary increases different than assumed, a liability loss of \$452 thousand resulting from new entrants, and a liability gain of \$2.1 million from other sources different from the actuarial assumptions. There was a liability loss of \$5.5 million based on the changes in the actuarial assumptions from previous years' actuarial valuations.

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, 2010, amounted to \$74.1 million, an increase of \$12.3 million (19.8 percent) from \$61.9 million at June 30, 2009.

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 \$7.9 million in fiscal year 2010 from \$7.2 million in fiscal year 2009, for an increase of \$749 thousand (10.4 percent). Contributions increased due to an increased number of participating members and an increase in the total compensation reported for active members. The plan recognized net investment income of \$7.9 million for the fiscal year ended June 30, 2010, compared with a net investment loss of \$15.1 million for the fiscal year ended June 30, 2009. The increase in investment income is a result of

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positive investment returns due to a recovery in the economy and capital market conditions.

Deductions from the GWPORS net assets held in trust for benefits mainly include retirement benefits, refunds, and administrative expenses. For fiscal year 2010, benefits amounted to \$2.6 million, an increase of \$101 thousand (4.0 percent) from fiscal year 2009. 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 2010, refunds amounted to \$900 thousand, an increase of \$60 thousand (7.1 percent) from fiscal year 2009. The increase in refunds was due to an increase in the number of refunds being processed. For fiscal year 2010, administrative expenses amounted to \$60 thousand, a decrease of \$17 thousand (22.2 percent) from fiscal year 2009. The decrease in administrative expenses for fiscal year 2010 was mainly due to the plan not being impacted by technological development that focused primarily on areas other than those related to GWPORS.

An experience study was performed during fiscal year 2010 for the six year period July 1, 2003 to June 30, 2009. The experience of the plan resulted in several changes to the actuarial assumptions that were used in this year's valuation and changes in the actuarial factors. A description of these changes may be found in the Actuarial Section beginning on page 115.

An actuarial valuation of the GWPORS assets and benefit obligations is performed annually. At June 30, 2010, the date of the most recent actuarial valuation, the funded status of the plan decreased to 75 percent from 88 percent at June 30, 2009. The GWPORS ac-

tuarial value of assets were less than actuarial liabilities by \$28.7 million at June 30, 2010, compared with \$10.9 million at June 30, 2009. The increase in unfunded actuarial liability as of the last actuarial valuation is a result of recognizing past investment losses of \$7.1 million, a liability loss of \$252 thousand resulting from salary increases different than assumed, a loss of \$450 thousand due to new entrants, and a liability gain of \$119 thousand from other sources different from the actuarial assumptions. Due to the experience study there was a liability loss of \$10.1 million based on the changes in the actuarial assumptions from previous years' actuarial valuations.

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, 2010 amounted to \$187.1 million, an increase of \$25.1 million (15.5 percent) from \$162.0 million at June 30, 2009.

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 \$21.9 million in fiscal year 2010 from \$18.4 million in fiscal year 2009, for an increase of \$3.5 million (19.0 percent). Contributions increased because the total compensation reported for active members increased and membership increased due to one new employer participating in the retirement system. The plan recognized net investment income of \$20.0 million for the fis-

cal year ended June 30, 2010, compared with a net investment loss of \$40.9 million for fiscal year ended June 30, 2009. The increase in investment income is a result of positive investment returns due to a recovery in the economy and capital market conditions.

Deductions from the MPORS net assets held in trust for benefits mainly include retirement benefits, refunds, and administrative expenses. For fiscal year 2010, benefits amounted to \$15.7 million, an increase of \$720 thousand (4.8 percent) from fiscal year 2009. 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) or the minimum benefit adjustment for non-GABA retirees. For fiscal year 2010, refunds amounted to \$913 thousand, an increase of \$56 thousand (6.6 percent) from fiscal year 2009. The increase in refunds was due to fewer refunds at a higher dollar amount. For fiscal year 2010, administrative expenses were \$78 thousand, a decrease of \$18 thousand (18.3 percent) from fiscal year 2009. The decrease in administrative expenses for fiscal year 2010 was mainly due to the plan not being impacted by technological development that focused primarily on areas other than those related to MPORS.

An experience study was performed during fiscal year 2010 for the six year period July 1, 2003 to June 30, 2009. The experience of the plan resulted in several changes to the actuarial assumptions that were used in this year's valuation and changes in the actuarial factors. A description of these changes may be found in the Actuarial Section beginning on page 115.

An actuarial valuation of the MPORS assets and benefit obligations is performed annually. At June 30, 2010, the date of the most

recent actuarial valuation, the funded status of the plan decreased to 57 percent from 62 percent at June 30, 2009. The MPORS actuarial value of assets were less than actuarial liabilities by \$162.8 million at June 30, 2010, compared with \$130.9 million at June 30, 2009. The increase in the actuarial liability as of the last actuarial valuation is a result of recognizing past investment losses of \$19.4 million, a liability loss of \$1.2 million resulting from salary increases different than assumed, a liability loss of \$5.6 million due to new entrants, and a liability gain of \$2.2 million from other sources different from the actuarial assumptions. There was a liability loss of \$10.5 million based on changes in the actuarial assumptions from previous years' actuarial valuations.

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, 2010, amounted to \$184.5 million, an increase of \$25.2 million (15.8 percent) from \$159.3 million at June 30, 2009.

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 \$20.4 million in fiscal year 2010 from \$18.1 million in fiscal year 2009, an increase of \$2.4 thousand (13.0 percent). Contributions increased because the total compensation reported for active members increased and membership increased due to two new employers participating in the retire-

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ment system. The plan recognized net investment income of \$19.6 million for the fiscal year ended June 30, 2010, compared with a net investment loss of \$39.4 million for the fiscal year ended June 30, 2009. The increase in investment income is a result of positive investment returns due to a recovery in the economy and capital market conditions.

Deductions from the FURS net assets held in trust for benefits mainly include retirement benefits, refunds, and administrative expenses. For fiscal year 2010, benefits amounted to \$14.6 million, an increase of \$611 thousand (4.4 percent) from fiscal year 2009. 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) or the minimum benefit adjustment for non-GABA retirees. For fiscal year 2010, refunds amounted to \$86 thousand, an increase of \$17 thousand (24.6 percent) from fiscal year 2009. The increase in refunds was due to fewer refunds at larger dollar amounts being processed. For fiscal year 2010, administrative expenses were \$71 thousand, a decrease of \$26 thousand (26.7 percent). The decrease in administrative expenses for fiscal year 2010 was mainly due to the plan not being impacted by technological development that focused primarily on areas with minimal impact to FURS.

An experience study was performed during fiscal year 2010 for the six year period July 1, 2003 to June 30, 2009. The experience of the plan resulted in several changes to the actuarial assumptions that were used in this year's valuation and changes in the actuarial factors. A description of these changes may be found in the Actuarial Section beginning on page 115.

An actuarial valuation of the FURS assets and benefit obligations is performed annually. At June 30, 2010, the date of the most recent actuarial valuation, the funded status of the plan decreased to 64 percent from 69 percent at June 30, 2009. The FURS actuarial value of assets were less than actuarial liabilities by \$121.7 million at June 30, 2010, compared with \$96.5 million at June 30, 2009. The increase in unfunded actuarial liability as of the last actuarial valuation is a result of recognizing past investment losses of \$18.8 million, a liability loss of \$1.2 million resulting from salary increases different from the actuarial assumptions, a liability loss of \$113 thousand due to new entrants, a liability loss of \$677 thousand due to rural fire districts, a liability gain of \$637 thousand from other sources different from the actuarial assumptions. There was a liability loss of \$9.9 million based on changes in the actuarial assumptions from previous years' actuarial valuations.

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, 2010 amounted to \$22.6 million, an increase of \$2.2 million (10.8 percent) from \$20.4 million at June 30, 2009.

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 \$1.575 million in fiscal year 2010 from \$1.580 million in fiscal year 2009, a decrease of \$5 thousand (0.3 percent). Contributions decreased because there was a decrease in the fire insurance premium taxes distributed to

the VFCA. The plan recognized net investment income of \$2.6 million for the fiscal year ended June 30, 2010, compared with a net investment loss of \$5.3 million for the fiscal year ended June 30, 2009. The increase in investment income is a result of positive investment returns due to a recovery in the economy and capital market conditions.

Deductions from the VFCA net assets held in trust for benefits include retirement benefits, administrative expenses, and supplemental insurance payments. For fiscal year 2010, benefits amounted to \$1.9 million, an increase of \$77 thousand (4.3 percent) from fiscal year 2009. The increase in benefit payments was due to an increase in benefit recipients. For fiscal year 2010, administrative expenses amounted to \$57 thousand, a decrease of \$891 (1.5 percent) from fiscal year 2009. The decrease in administrative expenses for fiscal year 2010 was mainly due to the plan not being impacted by technological development that focused primarily on areas other than those related to VFCA. For fiscal year 2010, supplemental insurance payments amounted to \$17.0 thousand, an increase of \$375 from fiscal year 2009.

An experience study was performed during fiscal year 2010 for the six year period July 1, 2003 to June 30, 2009. The experience of the plan resulted in several changes to the actuarial assumptions that were used in this year's valuation. A description of these changes may be found in the Actuarial Section beginning on page 115.

An actuarial valuation of the VFCA assets and benefit obligations is performed annually. At June 30, 2010, the date of the most recent actuarial valuation, the funded status of the plan decreased to 77 percent from 81 percent at June 30, 2009. The VFCA actuarial value of assets were less than actuarial

liabilities by \$7.9 million at June 30, 2010, compared with \$6.3 million at June 30, 2009. The increase in unfunded actuarial liability as of the last actuarial valuation is a result of recognizing past investment losses of \$2.5 million, a loss of \$457 thousand from new volunteers, and a liability gain of \$483 thousand from other sources different from the actuarial assumptions. There was a liability gain of \$170 thousand based on changes in the actuarial assumptions from previous years' actuarial valuations.

Actuarial Valuations and Funding Progress

An experience study was performed during fiscal year 2010 for the six year period July 1, 2003 to June 30, 2009. The experience study resulted in several changes to the actuarial assumptions and implementation of new actuarial factors. An actuarial valuation of each of the defined benefit plans is performed annually. The most recent actuarial valuation was performed for fiscal year ended June 30, 2010.

The PERB's 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. Investment earnings are critical to the defined benefit plans' funding, if there are investment losses this deteriorates the plans' funding. Market losses were experienced in fiscal years 2001 through 2003 and fiscal years 2008 and 2009. Positive returns were experienced in fiscal years 2004 through 2007 and fiscal year 2010. The funding status decreased for all defined benefit plans in the latest valuation. Public pension plans are considered actuarially sound if the

FINANCIAL SECTION

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.

All systems were actuarially funded within the required 30 years in 2007 and 2008. This was due to positive investment returns, recognition of all losses experienced in 2001 to 2003, and the cash infusion from the State of Montana of \$25 million in the PERS-Defined Benefit Retirement Plan (PERS-DBRP). For three of the systems, the PERS-DBRP, the Game Wardens' and Peace Officers' Retirement System (GWORS), and the Sheriffs' Retirement System (SRS), the impact of the negative investment returns resulted in the plans not amortizing within 30 years; the legislation either increased employer contribution rates or decreased guaranteed annual benefit adjustment (GABA) for new hires or both effective July 1, 2007. Effective July 1, 2009, PERS-DBRP and SRS received the last employer contribution increase under the 2007 Legislative Session House Bill 131. Based on economic conditions of the past two years and according to the PERB's June 30, 2010 actuarial valuations, the unfunded liability in PERS-DBRP, GWORS and SRS will not amortize within 30 years.

Funding ratios range from a high of 144 percent (JRS) to a low of 57 percent (MPORS). The Schedule of Funding Progress on pages 78 and 79 shows the funding for the last six fiscal years. 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, 2010, the actuarial value of assets of all plans was more than the market value of assets by \$699.8 million due to a positive 12.49 percent market return in fiscal year 2010. 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 Fiduciary Net Assets and Changes in Fiduciary Net Assets for the two defined contribution plans including comparative totals from fiscal year 2009 are on page 33.

PERS-DCRP

The PERS-DCRP is established under section 401(a) of the Internal Revenue Code and the Montana Code Annotated (MCA). 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 members are initially members of the PERS-DBRP and have a 12 month window during which they may choose to remain in the PERS-DBRP or join the PERS-DCRP by filing an irrevocable election. The plan member and employer contributions and earnings on investments fund the benefits of the plan. The PERS-DCRP net assets held in trust for benefits at June 30, 2010 amounted to \$59.7 million, an increase of \$14.2 million (31.1 percent) from \$45.5 million at June 30, 2009.

Additions to the PERS-DCRP net assets held in trust for benefits include contributions and investment income. For the fiscal year ended June 30, contributions increased to \$10.7 million in fiscal year 2010 from \$9.9 million in fiscal year 2009, an increase of \$735 thousand (7.4 percent). Contributions increased due to an increase in the total compensation and an increase in the employer contribution rate. The plan recognized net investment in-

come of \$6.1 million for fiscal year ended 2010, compared with a net investment loss of \$6.8 million in fiscal year 2009. The increase in investment income is a result of positive investment returns due to a recovery in the economy and capital market conditions.

Deductions from the PERS-DCRP net assets include disability benefits, member distributions, administrative expenses, and miscellaneous expenses. For fiscal year 2010, disability benefits amounted to \$14 thousand, compared to \$7 thousand in fiscal year 2009. This is the second year the system has experienced a disability retirement. For fiscal year 2010, distributions amounted to \$1.93 million, an increase of \$37 thousand (1.94 percent). The increase in distributions was due to more defined contribution members taking distributions both for retirement and other reasons. For fiscal year 2010, the costs of administering the plan amounted to \$407 thousand, an increase of \$5 thousand (1.28 percent) from fiscal year 2009. The increase in administrative expenses for fiscal year 2010 was mainly due to the continued technological development and automation in areas pertaining to and impacting the PERS-DCRP. The miscellaneous expenses, fees charged by the vendors to administer the plan, increased from \$222 thousand in fiscal year 2009 to \$250 thousand in fiscal year 2010, an increase of \$28 thousand (12.8 percent) from fiscal year 2009. The increase in miscellaneous expenses was due to the increase in plan participant accounts and an increase in the average account balance.

Deferred Compensation (457) Plan

The Deferred Compensation Plan is established under section 457 of the Internal Revenue Code and the Montana Code Annotated (MCA). This plan is a voluntary supplemental retirement savings plan for those who choose

and are eligible to participate. The Deferred Compensation Plan is funded by contributions and by investment earnings. The Deferred Compensation net assets held in trust for benefits at June 30, 2010 amounted to \$320.9 million, an increase of \$41.5 million (14.9 percent) from \$279.3 million at June 30, 2009.

Additions to the Deferred Compensation Plan net assets held in trust for benefits include contributions and investment income. For fiscal year 2010, contributions decreased to \$19.0 million from \$20.1 million in fiscal year 2009, a decrease of \$1.1 million (5.3 percent). Contributions decreased because of a decrease in the amount of money deferred to the plan even though two additional employers joined the plan for an overall increase in membership. The plan recognized net investment income of \$37.2 million for fiscal year 2010, compared with a net investment loss of \$26.4 million for fiscal year 2009. The increased investment income is a result of a recovery in the economy and capital market conditions.

Deductions from the Deferred Compensation Plan net assets mainly include member and beneficiary distributions, administrative expense, and miscellaneous expenses. For fiscal year 2010, distributions amounted to \$13.4 million, an increase of \$2.4 million (21.5 percent) from \$11.0 million at June 30, 2009. The increase in distributions was due to more deferred compensation members taking a distribution. The costs of administering the plan decreased from \$311 thousand in fiscal year 2009 to \$271 thousand in fiscal year 2010, a decrease of \$40 thousand (12.8 percent) from fiscal year 2009. The decrease in administrative costs was mainly due to the plan not being impacted by technological development that focused primarily on areas other than those related to Deferred Compensation. Mis-

FINANCIAL SECTION

cellaneous expenses, the fees charged by the vendors to administer the plan, increased from \$865 thousand in fiscal year 2009 to \$991 thousand in fiscal year 2010, an increase of \$126 thousand (14.6 percent) from fiscal year 2009. The increase in miscellaneous expenses was due to increased membership and an increase in the average account balance.

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Fiduciary Net Assets - Defined Contribution Plans

As of June 30, 2010 - and comparative totals for June 30, 2009

(dollars in thousands)

	PERS-DCRP		457-PLAN		TOTAL	
	2010	2009	2010	2009	2010	2009
Assets:						
Cash and Receivables	\$2,983	2,667	807	714	3,790	3,381
Securities Lending Collateral	107	162	31	50	138	212
Investments	56,838	43,223	320,368	278,885	377,206	322,108
Intangible Assets	5	8	2	5	7	13
Total Assets	59,933	46,060	321,208	279,654	381,141	325,714
Liabilities:						
Securities Lending Collateral	107	162	31	50	138	212
Other Payables	137	374	312	274	449	648
Total Liabilities	244	536	343	324	587	860
Total Net Assets	\$59,689	45,524	320,865	279,330	380,554	324,854

Changes In Fiduciary Net Assets - Defined Contribution Plans

For the year ended June 30, 2010 - and comparative totals for June 30, 2009

(dollars in thousands)

	PERS-DCRP		457-PLAN		TOTAL	
	2010	2009	2010	2009	2010	2009
Additions:						
Contributions	\$10,656	9,921	18,999	20,061	29,655	29,982
Investment Income (Loss)	6,122	(6,801)	37,203	(26,444)	43,325	(33,245)
Total Additions	16,778	3,120	56,202	(6,383)	72,980	(3,263)
Deductions:						
Benefits	14	7			14	7
Distributions	1,933	1,896	13,398	11,024	15,331	12,920
OPEB Expenses	8	9	6	7	14	16
Administrative Expenses	407	402	271	311	678	713
Miscellaneous Expenses	250	222	991	865	1,241	1,087
Total Deductions	2,612	2,536	14,666	12,207	17,278	14,743
Incr/(Decr) in Net Assets	\$14,166	584	41,536	(18,590)	55,702	(18,006)
Prior Period Adjustments				510		510

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, 2010

	PERS-DBRP	JRS	HPORS	SRS	GWPORS	MPORS
Assets						
Cash and Short-term Investments	\$ 62,711,263	1,470,285	1,690,149	4,648,178	2,828,955	2,322,873
Securities Lending Collateral (Note A6)	215,177,502	3,440,433	5,445,597	11,302,420	4,806,194	11,631,003
Receivables						
Interest	5,424,360	83,986	133,905	275,319	116,583	286,870
Accounts Receivable	1,026,657			125,333		123,582
Due from Other Funds	3,204					
Due from Primary Government						10,931,612
Notes Receivable	32,288					
<i>Total Receivables</i>	6,486,509	83,986	133,905	400,652	116,583	11,342,064
Investments, at fair value (Note A6)						
Montana Domestic Equity Pool (MDEP)	1,114,071,635	17,607,951	27,848,267	58,158,788	24,643,489	59,531,718
Retirement Fund Bond Pool (RFBP)	939,430,189	15,034,409	24,091,112	49,172,017	20,690,655	51,741,759
Montana International Pool (MTIP)	552,711,749	8,731,640	13,814,882	28,702,620	12,512,730	29,350,073
Montana Private Equity Pool (MPEP)	430,729,235	6,725,427	10,751,010	22,036,662	9,262,129	23,191,706
Montana Real Estate Pool (MTRP)	178,786,541	2,820,259	4,465,606	9,258,612	3,953,649	9,547,302
Real Estate Investments	8,962,696					
Mortgages						
net of Accumulated Mortgage Discount	19,184,707					
Structured Investment Vehicles (SIV)	3,764,569	89,293	93,755	287,043	163,517	147,836
Defined Contributions Fixed Investments						
Defined Contributions Variable Investments						
Deferred Compensation Life Insurance						
<i>Total Investments</i>	3,247,641,321	51,008,979	81,064,632	167,615,742	71,226,169	173,510,394
Capital Assets						
Property and Equipment, at cost,						
net of Accumulated Depreciation (Note A2)	513					
Intangible Assets, at cost,						
net of Amortization Expense (Note A2)	210,657	1,924	1,967	2,208	2,137	2,087
<i>Total Capital Assets</i>	211,170	1,924	1,967	2,208	2,137	2,087
Total Assets	3,532,227,765	56,005,607	88,336,250	183,969,200	78,980,038	198,808,421
Liabilities						
Securities Lending Collateral Liability	215,177,502	3,440,433	5,445,597	11,302,420	4,806,194	11,631,003
Accounts Payable	321,007	59	59	25,197	33,887	59
Due to Other Funds	293,987					
Deferred Revenue	84,563		142	14	33	31,056
Compensated Absences	237,059					
OPEB Implicit Rate Subsidy LT	208,009	393	1,961	6,145	4,210	5,261
Total Liabilities	216,322,127	3,440,885	5,447,759	11,333,776	4,844,324	11,667,379
Net Assets Held in Trust for Pension Benefits	\$ 3,315,905,638	52,564,722	82,888,491	172,635,424	74,135,714	187,141,042

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	
2,665,377	1,392,323	79,729,403	2,690,777	803,783	3,494,560	83,223,963
11,432,362	1,469,716	264,705,227	106,899	31,155	138,054	264,843,281
281,518	35,234	6,637,775	788	235	1,023	6,638,798
123,920		1,399,492		2,810	2,810	1,402,302
		3,204	290,782		290,782	293,986
10,871,717		21,803,329				21,803,329
		32,288				32,288
11,277,155	35,234	29,876,088	291,570	3,045	294,615	30,170,703
58,543,318	7,245,440	1,367,650,606				1,367,650,606
50,657,138	6,379,298	1,157,196,577				1,157,196,577
29,067,373	3,567,182	678,458,249				678,458,249
22,702,625	2,805,903	528,204,697				528,204,697
9,402,971	1,123,836	219,358,776				219,358,776
		8,962,696				8,962,696
		19,184,707				19,184,707
169,956	88,872	4,804,841	167,266	48,748	216,014	5,020,855
			6,724,580	213,414,154	220,138,734	220,138,734
			49,946,001	106,892,547	156,838,548	156,838,548
				12,316	12,316	12,316
170,543,381	21,210,531	3,983,821,149	56,837,847	320,367,765	377,205,612	4,361,026,761
		513				513
2,043	610	223,633	5,313	2,191	7,504	231,137
2,043	610	224,146	5,313	2,191	7,504	231,650
195,920,318	24,108,414	4,358,356,013	59,932,406	321,207,939	381,140,345	4,739,496,358
11,432,362	1,469,716	264,705,227	106,899	31,155	138,054	264,843,281
743		381,011	95,749	283,370	379,119	760,130
		293,987				293,987
3,758		119,566				119,566
		237,059	16,689	10,990	27,679	264,738
4,200	4,188	234,367	24,223	17,808	42,031	276,398
11,441,063	1,473,904	265,971,217	243,560	343,323	586,883	266,558,100
184,479,255	22,634,510	4,092,384,796	59,688,846	320,864,616	380,553,462	4,472,938,258

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, 2010

	PERS-DBRP	JRS	HPORS	SRS	GWPORS	MPORS
Additions						
Contributions (Note C)						
Employer	\$ 80,246,027	1,467,777	4,762,944	5,636,945	3,612,040	6,860,331
Plan Member	78,614,399	595,197	1,260,645	5,324,649	4,333,884	4,045,639
Membership Fees	158					
Interest Reserve Buyback	56,252		838	11,725	6,148	94,935
Retirement Incentive Program	75,418					
Miscellaneous Revenue	4,457					
State Contributions	536,881		286,829			10,931,612
Nonvested Member Forfeitures						
Total Contributions	159,533,592	2,062,974	6,311,256	10,973,319	7,952,072	21,932,517
Investments (Note A6)						
Net Appreciation (Depreciation) in Fair Value of Investments	268,863,901	4,376,115	6,835,944	14,649,222	6,229,968	14,838,605
Interest	122,857,421	1,694,479	2,971,499	5,010,055	1,770,869	5,328,925
Dividends	15,172,019	238,223	379,238	777,523	325,592	803,257
Investment Expense	(20,229,013)	(315,145)	(502,911)	(1,028,752)	(428,732)	(1,063,068)
Net Investment Income	386,664,328	5,993,672	9,683,770	19,408,048	7,897,697	19,907,719
Securities Lending Income						
Securities Lending Income	1,660,908	26,541	42,269	86,769	36,273	89,673
Securities Lending Rebate and Fees	(463,960)	(7,468)	(11,893)	(24,391)	(10,172)	(25,222)
Net Securities Lending Income	1,196,948	19,073	30,376	62,378	26,101	64,451
Total Net Investment Income	387,861,276	6,012,745	9,714,146	19,470,426	7,923,798	19,972,170
Total Additions	547,394,868	8,075,719	16,025,402	30,443,745	15,875,870	41,904,687
Deductions (Note C)						
Benefits	212,186,085	2,118,121	7,556,735	8,276,901	2,621,834	15,727,576
Refunds/Distributions	10,967,292		57,590	765,627	878,915	849,360
Refunds to Other Plans	880,787			33,639	20,730	64,024
Transfers to DCRP	860,060					
Transfers to ORP	175,290					
Supplemental Insurance Payments						
OPEB Expenses	66,143	127	628	1,924	1,331	1,668
Administrative Expenses	3,191,153	10,025	34,170	94,952	59,931	78,429
Miscellaneous Expenses						
Total Deductions	228,326,810	2,128,273	7,649,123	9,173,043	3,582,741	16,721,057
Net Increase (Decrease)	319,068,058	5,947,446	8,376,279	21,270,702	12,293,129	25,183,630
Net Assets Held in Trust for Pension Benefits						
Beginning of Year	2,998,359,517	46,641,099	74,548,745	151,446,909	61,880,235	162,042,190
Prior Period Adjustment	(1,521,937)	(23,823)	(36,533)	(82,187)	(37,650)	(84,778)
End of Year	\$ 3,315,905,638	52,564,722	82,888,491	172,635,424	74,135,714	187,141,042

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	2010
5,128,634		107,714,698	4,028,919	61,464	4,090,383	111,805,081
4,362,320		98,536,733	6,139,800	18,607,433	24,747,233	123,283,966
		158				158
56,688		226,586				226,586
		75,418				75,418
		4,457	163,984	330,239	494,223	498,680
10,871,717	1,574,589	24,201,628				24,201,628
			323,172		323,172	323,172
20,419,359	1,574,589	230,759,678	10,655,875	18,999,136	29,655,011	260,414,689
14,644,981	1,947,064	332,385,800	4,840,436	29,727,641	34,568,077	366,953,877
5,153,358	641,657	145,428,263	1,280,591	8,101,366	9,381,957	154,810,220
788,795	100,183	18,584,830				18,584,830
(1,044,107)	(131,435)	(24,743,163)		(626,559)	(626,559)	(25,369,722)
19,543,027	2,557,469	471,655,730	6,121,027	37,202,448	43,323,475	514,979,205
88,144	11,253	2,041,830	1,170	355	1,525	2,043,355
(24,778)	(3,183)	(571,067)	(396)	(120)	(516)	(571,583)
63,366	8,070	1,470,763	774	235	1,009	1,471,772
19,606,393	2,565,539	473,126,493	6,121,801	37,202,683	43,324,484	516,450,977
40,025,752	4,140,128	703,886,171	16,777,676	56,201,819	72,979,495	776,865,666
14,597,875	1,856,833	264,941,960	14,078		14,078	264,956,038
85,951		13,604,735	1,932,830	13,398,473	15,331,303	28,936,038
		999,180				999,180
		860,060				860,060
		175,290				175,290
	17,100	17,100				17,100
1,338	1,371	74,530	8,445	5,939	14,384	88,914
71,145	57,109	3,596,914	407,140	271,269	678,409	4,275,323
			250,453	991,376	1,241,829	1,241,829
14,756,309	1,932,413	284,269,769	2,612,946	14,667,057	17,280,003	301,549,772
25,269,443	2,207,715	419,616,402	14,164,730	41,534,762	55,699,492	475,315,894
159,294,912	20,435,817	3,674,649,424	45,524,116	279,329,854	324,853,970	3,999,503,394
(85,100)	(9,022)	(1,881,030)				(1,881,030)
184,479,255	22,634,510	4,092,384,796	59,688,846	320,864,616	380,553,462	4,472,938,258

FINANCIAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Notes to the Financial Statements

for the Fiscal Year Ended June 30, 2010

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. 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). Further education is provided for the members who choose the PERS-DCRP, including information on investment choices.

The PERB began administering the Deferred Compensation (457) Plan on July 1, 1999. The Deferred Compensation Plan is available to all employees of the State, the Montana University System and contracting political subdivisions. 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 90 to 92.

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 commitment 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.

The fiscal year 2010 financial statements contain a prior period adjustment to each of the eight defined benefit plans for a correction that was performed by the Board of Investments (BOI) on the Montana Real Estate Pool (MTRP). In reviewing the accounting procedures for JP Morgan, BOI learned the MTRP was distributing income for which the MTRP would never receive cash. For fiscal years 2006, 2008, and 2009, and for part of fiscal year 2010, the MTRP over distributed earnings and cash to the MTRP participants. Based on JP Morgan reporting, income was reported as Retained Earnings with a subsequent fund reinvestment and no additional purchase of shares. The BOI accounting reflected the JP Morgan reporting by increasing (debiting) the investment and increasing (crediting) the Income Due Participants. The BOI has discontinued recording the accounting entries which correspond with the JP Morgan reports.

Participants of the PERS-DCRP are charged, on a quarterly basis, a flat fee plus a basis point fee based on their individual account balances. 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 remitted to the PERB are recorded as *Miscellaneous Revenue* in the financial statements.

Participants of the Deferred Compensation Plan are charged, on a quarterly basis, a basis point fee based on their 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 to cover the PERB's administrative expenses of the plan. The fees remitted to the PERB are recorded as *Miscellaneous Revenue* in the financial statements.

2. CAPITAL ASSETS AND EQUIPMENT USED IN OPERATIONS

Assets under \$5,000 are expensed in the year purchased. Assets valued at \$100,000 or more are recorded at cost less straight-line depreciation over the estimated useful life of five to ten years. Capital assets include the web-based employer reporting software and the MPERA website.

The accumulated depreciation on the web based employer reporting system is \$1,498,820 as of June 30, 2010 and the carrying value as of June 30, 2010 is \$202,790. The Deferred Compensation web-based employer reporting system was first used in fiscal year 2004 and was

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fully depreciated as of June 30, 2010, with an accumulated depreciation of \$187,587. The accumulated depreciation on the MPERA website as of June 30, 2010 is \$87,303 and the carrying value is \$28,347.

3. OPERATING LEASE

Operating leases are rental agreements where the payments are chargeable as rent and recorded as administrative expenses. The MPERA entered into a 10-year lease for office space in November 2003, at the location of 100 North Park Avenue, Helena, MT. 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 No. 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, appear in the table at the bottom of the page.

The net Funded Ratio decreased in fiscal year 2010 for all retirement plans.

Funded Ratio as of June 30, 2010	
PERS-DBRP	74%
JRS	144%
HPORS	64%
SRS	81%
GWPORS	75%
MPORS	57%
FURS	64%
VFCA	77%

Funded Status as of June 30, 2010

(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	\$3,889,890	\$5,241,819	\$1,351,929	74.21%	\$1,083,780	124.74%
JRS	61,277	42,513	(18,765)	144.13%	5,687	-329.95%
HPORS	97,204	151,177	53,973	64.30%	13,036	414.03%
SRS	200,739	246,734	45,995	81.36%	54,681	84.11%
GWPORS	85,151	113,855	28,704	74.79%	39,436	72.79%
MPORS	217,545	380,393	162,848	57.19%	37,220	437.52%
FURS	213,755	335,463	121,708	63.72%	33,339	365.06%
VFCA	26,576	34,512	7,936	77.01%	N/A*	N/A*

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

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 below is general and applicable to each defined benefit plan, except the VFCA's amortization method is a level dollar amount instead of a level percent of payroll like the other plans.

General to each DB Retirement System	
Valuation date	June 30, 2010
Actuarial cost method	Entry Age
Amortization method, except VFCA	Level percent payroll, open
Asset valuation method	4-year smoothed market
Actuarial assumptions:	
Investment rate of return	7.75%
Projected salary increases:	
General Wage Growth*	4.00%
*includes inflation rate at	3.00%
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.

Merit Projected Salary Increases	
PERS-DBRP	0% - 6%
JRS	0%
HPORS	0% - 7.3%
SRS	0% - 7.3%
GWPORS	0% - 7.3%
MPORS	0% - 7.3%
FURS	0% - 7.3%
VFCA	N/A

Remaining Amortization Period	
PERS-DBRP	Does not amortize
JRS	N/A*
HPORS	29.9 years
SRS	Does not amortize
GWPORS	Does not amortize
MPORS	23 years
FURS	14.7 years
VFCA	7.7 years
* Currently the surplus is not expected to be exhausted.	

The minimum benefit adjustment (non-GABA) 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 of probationary officer's base pay, not to exceed 5% increase over previous benefit
MPORS	50% of newly confirmed officer's pay
FURS	50% of newly confirmed officer's pay

5. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Beginning with the fiscal year ending June 30, 2008, the State of Montana implemented Governmental Accounting Standards Board (GASB) Statement No. 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. The OPEB liability at June 30, 2010 and June 30,

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2009 are \$276,398 and \$187,485, respectively.

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 who retire under applicable retirement provisions, and their dependents; and (2) surviving dependents of deceased employees. For reporting under GASB Statement No. 45, 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 that vary between \$260 and \$916 per month depending on the medical plan selected, family coverage, and Medicare eligibility. Administratively established dental premiums vary between \$34.10 and \$58.00; 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 valued 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 are based on an actuarial valuation prepared as of January 1, 2009 for the Department of Administration. 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 No. 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 Statement's parameters. 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 2010 ARC is calculated for all the State plan's participants and then individually allocated to individual participants. The MPERA 2010 ARC is estimated at \$88,913 and is based on the plan's current ARC rate of 6.45 percent of participants' annual covered payroll. The MPERA 2010 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 No. 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 that shows the actuarial value of plan assets and liabilities. In the December 31, 2009, actuarial valuation, the projected unit credit funding method is used. The actuarial assumptions did not include an investment rate of return since no assets meet the definition of plan assets under GASB Statements No. 43 or No. 45. Annual healthcare cost trend rates of 10 percent for medical and 9.5 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, using a 4.25 percent discount and a 2.50 percent payroll growth rate assumption.

The State finances claims on 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 of Montana or MPERA. Therefore, the following cost information shows no cost contributions or plan assets made by MPERA.

Annual OPEB Cost: MPERA's allocated annual OPEB cost (expense) for the year ending June 30, 2010 was \$88,913. The interest on the net OPEB obligation for the year ending June 30, 2010 was

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\$4,067. For fiscal year 2009, MPERA's allocated annual OPEB cost (expense) was \$95,693. The cost that was allocated to MPERA for the years ended June 30, 2010 and June 30, 2009 was \$88,913 and \$95,693, respectively.

The PERB annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2010 and prior years are as follows:

Annual OPEB Cost			
Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2008	\$91,792	0.00%	\$ 91,792
6/30/2009	95,693	0.00%	187,485
6/30/2010	88,913	0.00%	276,398

Funded Status and Funding Progress: As of June 30, 2010, the State of Montana's most recent actuarial valuation available was for the calendar year ending December 31, 2009, where the MPERA allocation of the plan was as follows: Actuarial Accrued Liability (AAL) is \$686,393; Actuarial Value of Plan Assets is \$0; Unfunded Actuarial Accrued Liability (UAAL) is \$686,393; Funded Ratio (Actuarial Value of Plan Assets/AAL) is 0 percent; Covered Payroll (Active Plan Members) is \$1,505,823; and the UAAL as a Percentage of Covered Payroll is 45.55 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 plan members. 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. For the defined benefit pools, the PERB relies on the Investment Policy statements that are drafted and approved by the BOI with the assistance of RV Kuhns & Associates, Inc., the investment consultant. Investments are reported at fair value. As of June 30, 2010, there were six major diversified pools, Montana Short Term Investment Pool (STIP), Montana Domestic Equity Pool (MDEP), Retirement Funds Bond Pool (RFBP), Montana International Equity Pool (MTIP), Montana Private Equity Pool (MPEP) and Montana Real Estate Investment Pool (MTRP).

The PERS-DCRP and Deferred Compensation Plan's fixed investments were administered through outside vendors Pacific Investment Management Company (PIMCO) and custodial bank State Street Bank Kansas City (SSKC) and a third-party insurer, Aegon. All money invested in the Fixed Investments of the PERS-DCRP and Deferred Compensation Plan were transferred to a Pooled Trust on March 1, 2010 from PIMCO's Moderate Duration mutual fund for PERS-DCRP and fixed investments administered and invested directly by PIMCO and SSKC for the Deferred Compensation Plan.

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, the PERS-DCRP investments are also governed by section 19-3-2122, MCA. There are separate investment policies for the Deferred Compensation and PERS-DCRP 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. 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 substandard 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. Investments are reported at fair value as of June 30, 2010.

The following are the summaries of the BOI's fiscal year end statements, the Aegon/PIMCO/SSKC contracts and a statement about the variable investments. The BOI fiscal year statements and information on the income can be obtained by contacting BOI at the following address:

Montana Department of Commerce
Board of Investments
2401 Colonial Drive, 3rd Floor
PO Box 200126
Helena, MT 59620-0126.

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 manages the STIP 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 an 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 2010 income was distributed on the first calendar day of each month. *Credit Risk* is the risk 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. The total investments credit quality rating for STIP is not rated (NR). For *Custodial Credit Risk* as of June 30, 2010, 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 3.55 percent.

At June 30, 2010, the STIP balance included Structure Investment Vehicles (SIVs) that were no longer liquid. As a

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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. depository bank representing shares of a foreign stock or bonds held abroad by the foreign subcustodian of the American depository bank. For *Custodial Credit Risk* as of June 30, 2010, 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 61.92 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 and interest payments. With the exception of the U.S. government securities, the RFBP fixed income instruments have credit risk as measured by major credit rating services. 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. The total fixed income investments credit quality rating for RFBP is not rated (NR). For *Custodial Credit Risk* as of June 30, 2010, 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 \$1,880,871,631 with an effective duration of 4.08 years. *Foreign Currency Risk* is the risk that changes in exchange rates will adversely affect the fair value of an investment. The RFBP includes securities subject to foreign currency risk. The PERB portion of the foreign currency risk is 50.31%. The PERB portion of the entire RFBP is 61.97 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, 2010, all MTIP securities were registered in the nominee name for the 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 includes securities subject to foreign currency risk. The PERB portion of the foreign currency risk is 50.53%. The PERB portion of the entire MTIP is 62.03 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 ten 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, 2010, 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 the foreign currency risk is 50.39%. The PERB portion of the entire MPEP is 61.79 percent.

MTRP portfolio includes investments in private 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. 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. *Custodial Credit Risk* as of June 30, 2010, 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 the foreign currency risk is 50.48%. The PERB portion of the entire MTRP is 61.94 percent.

All Other Funds (AOF) Investments portfolio for the pension plans includes real estate buildings and residential mortgages. Fair values are determined, primar-

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ily, 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, 2010, 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. The *Custodial Credit Risk* as of June 30, 2010, 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, 2010, 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 Plan, are administered through outside vendors Pacific Investment Management Company (PIMCO) and custodial bank, State Street Bank Kansas City (SSKC), and a third-party insurer, Aegon. When participants invest in the fixed investment option they are guaranteed a rate of return. The fixed investment employs a synthetic stable value strategy where the investment manager, PIMCO, manages a diversified bond portfolio and Aegon guarantees the participants principal investments and earnings. Aegon calculates the rate of return each quarter called the “crediting rate”, which is used to credit earnings to participant accounts. Aegon sets a fixed quarterly rate of return based on the investment manager’s portfolio yield and duration.

For the period July 1, 2009 through February 28, 2010, the PERS-DCRP, fixed investments were invested in PIMCO’s Moderate Duration mutual fund. For the Deferred Compensation Plan the fixed investments were administered and invested directly by PIMCO and SSKC. PIMCO invested Deferred Compensation assets under an investment policy agreed to between the PERB, Aegon and PIMCO.

On January 1, 2010, the PERB entered into a Pooled Trust contract with Aegon,

PIMCO and SSKC for all funds in the PERS-DCRP and Deferred Compensation Plan. The Pooled Trust qualifies as a group trust under sections 401(a), including section 401(a)(24) and 501(a), of the IRC of 1986, as amended. All monies invested in the Fixed Investments of the PERS-DCRP and Deferred Compensation Plan were transferred to the Pooled Trust on March 1, 2010.

The PERS-DCRP fixed investments funds were invested in a PIMCO Moderate Duration mutual fund between July 1, 2009 and February 28, 2010. 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. The average portfolio duration of this Fund normally varies from two to five years based on PIMCO's forecast for interest rates.

According to the Summary Prospectus dated July 1, 2010 for the PIMCO Moderate Duration Fund, the PIMCO Moderate Duration 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 S&P, 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 will normally limit its foreign currency exposure (from non-U.S. dollar-denominated securities or currencies) to 20% of its total assets.

Beginning March 1, 2010, all Fixed Investment Funds transferred to the Pooled

Trust. Under the Pooled Trust agreement Aegon provides a guarantee of principal and sets a fixed quarterly rate of return based on the portfolio yield and duration. The Pooled Trust assets are invested by PIMCO and are held under a custodial agreement with SSKC. The Pooled Trust assets are invested by PIMCO based on an investment guideline schedule as agreed upon in the Pooled Trust Contract and approved by the PERB, Aegon and PIMCO. *Concentration of Credit Risk* is not addressed in the investment policy.

Variable Investments for the PERS-DCRP and Deferred Compensation Plan are held and managed in 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. With the advice from an independent investment analyst and assistance from the statutorily-created Employee Investment Advisory Council, the PERB 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 Statements adopted by the PERB. The investment policies state 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 deter-

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mined 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, 2010. Available funds in the PERS-DCRP and Deferred Compensation Plan are listed on pages 72 and 75, respectively. A listing may also 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 plan's financial position as a whole.

John Crossman, et al. v. MPERA. The claimants are 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. Because the claimants

all retired prior to the effective dates of the amendments, MPERA determined that they are not eligible to have their retirement benefits recalculated. Following the filing of cross motions for summary judgment, the hearing examiner issued a proposed order granting MPERA's motion. PERB adopted the proposed order as its Final Order on December 12, 2008. The claimants then filed a petition for judicial review in the First Judicial District, Judge Dorothy McCarter presiding. Judge McCarter issued an order on January 25, 2010, holding that the claimants are included with section 19-17-404, MCA, but remanding for a determination on whether their claim is barred by the two year statute of limitations under section 27-2-211(1)(c), MCA. The statute of limitations issue remains before the hearing examiner for decision. If the claims are determined to not be barred by the statute of limitations, VFCA retirees would be owed over \$477,000 as of May 2010. Based on retiree data as of May 2010, monthly benefits would then increase by approximately \$7,432.50 for 282 retirees.

Connelly v. State ex rel. PERB and the State of Montana. In June 2009, claimants filed a complaint with the Human Rights Bureau alleging age discrimination against PERB and the State of Montana. The complaint is based on section 19-13-104(5), (6) and (9), MCA, which through reference to section 7-33-4107, MCA, limits participation in the Firefighters' Unified Retirement System (FURS) to individuals who are no more than 34 years of age at the time of original appointment as a firefighter. Claimants are firefighters with a rural fire district, which did not resolve to join FURS until September 2009. While the Human Rights Bureau was investigating the complaint of discrimination, the Montana Supreme Court issued *Jaksha v. Butte-*

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Silver Bow County, 2009 MT 263. That Court found section 7-33-4107, MCA to be unconstitutional. Thereafter, the investigator for the Human Rights Bureau asked both parties for statements regarding the impact of *Jaksha* on *Connelly*. PERB stated that because of *Jaksha*, PERB would no longer enforce the age 34 requirement for FURS members. Claimants provided a similar statement and requested retroactive damages. The investigator for the Human Rights Bureau determined that the claimants did not file their complaint timely, and therefore were not entitled to any fiscal relief, including retroactive damages. The matter was settled pursuant to a Conciliation Agreement that included training in discrimination issues and the payment of nominal attorney fees by MPERA to claimants.

Jaksha's elimination of the age 34 requirement could eventually result in a material actuarial impact on the FURS fund in the event disability claims significantly increase. FURS members are entitled to a 50% disability from their first day of covered employment, regardless whether dis-

ability is work-related or not. The total cost to the FURS will depend upon the actual numbers of older firefighters hired, as well as their ages at the time of hire. The percentage of pay varies by the age at hire. The normal cost of each individual as a percentage of pay increases from about 25% at ages 25 and 30 to over 30% at age 45, and over 35% at age 50.

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 member. If a member returns to service and repays the withdrawn contributions plus the interest the contributions would have earned had they remained on deposit, membership service is restored. Membership in each plan as of June 30, 2010 and June 30, 2009 is detailed in the following charts.

PERS-DBRP Membership					
	<u>2010</u>	<u>2009</u>		<u>2010</u>	<u>2009</u>
Number of participating employers	533	529			
Active plan members	28,834	28,983	Retirees and beneficiaries receiving benefits		
Terminated plan members entitled to but not yet receiving benefits or a refund			Service Retirements	16,872	16,437
Vested	2,471	2,476	Disability Retirements	261	279
Non-vested	5,402	5,670	Survivor Benefits	379	359
	7,873	8,146		17,512	17,075

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JRS Membership					
	<u>2010</u>	<u>2009</u>		<u>2010</u>	<u>2009</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	53	53
Vested	1	1	Disability Retirements	-	-
Non-vested	-	-	Survivor Benefits	2	2
	<u>1</u>	<u>1</u>		<u>55</u>	<u>55</u>

HPORS Membership					
	<u>2010</u>	<u>2009</u>		<u>2010</u>	<u>2009</u>
Number of participating employers	1	1			
Active plan members	230	222	Retirees and beneficiaries receiving benefits		
Terminated plan members entitled to but not yet receiving benefits or a refund			Service Retirements	275	273
Vested	13	14	Disability Retirements	7	6
Non-vested	6	8	Survivor Benefits	13	12
	<u>19</u>	<u>22</u>		<u>295</u>	<u>291</u>

SRS Membership					
	<u>2010</u>	<u>2009</u>		<u>2010</u>	<u>2009</u>
Number of participating employers	57	57			
Active plan members	1,181	1,185	Retirees and beneficiaries receiving benefits		
Terminated plan members entitled to but not yet receiving benefits or a refund			Service Retirements	362	353
Vested	36	41	Disability Retirements	35	35
Non-vested	157	155	Survivor Benefits	18	18
	<u>193</u>	<u>196</u>		<u>415</u>	<u>406</u>

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GWORS Membership					
	<u>2010</u>	<u>2009</u>		<u>2010</u>	<u>2009</u>
Number of participating employers	7	7			
Active plan members	966	950	Retirees and beneficiaries receiving benefits		
Terminated plan members entitled to but not yet receiving benefits or a refund			Service Retirements	129	122
Vested	47	40	Disability Retirements	-	-
Non-vested	100	103	Survivor Benefits	7	5
	147	143		136	127

MPORS Membership					
	<u>2010</u>	<u>2009</u>		<u>2010</u>	<u>2009</u>
Number of participating employers	30	29			
Active plan members	727	692	Retirees and beneficiaries receiving benefits		
Terminated plan members entitled to but not yet receiving benefits or a refund			Service Retirements	618	600
Vested	47	48	Disability Retirements	23	17
Non-vested	65	59	Survivor Benefits	29	29
	112	107		670	646

FURS Membership					
	<u>2010</u>	<u>2009</u>		<u>2010</u>	<u>2009</u>
Number of participating employers	23	21			
Active plan members	570	558	Retirees and beneficiaries receiving benefits		
Terminated plan members entitled to but not yet receiving benefits or a refund			Service Retirements	518	516
Vested	13	9	Disability Retirements	7	5
Non-vested	53	49	Survivor Benefits	21	21
	66	58		546	542

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VFCA Membership					
	<u>2010</u>	<u>2009</u>		<u>2010</u>	<u>2009</u>
Number of participating companies	216	215			
Active plan members	2,315	2,253	Retirees and beneficiaries receiving benefits		
Terminated plan members entitled to but not yet receiving benefits			Service Retirements	1,149	1,103
Vested	827	840	Disability Retirements	-	-
			Survivor Benefits	-	-
				1,149	1,103

PERS-DCRP Membership					
	<u>2010</u>	<u>2009</u>		<u>2010</u>	<u>2009</u>
Number of participating employers	244	271			
Active plan members	2,018	1,979	Retirees and beneficiaries receiving benefits		
Terminated plan members entitled to but not yet receiving benefits or a refund			Periodic Distributions	1	3
Vested	125	108	Disability Payments	2	1
Non-vested	320	255	Survivor Payments	1	-
	445	363		4	4

Deferred Compensation (457) Membership					
	<u>2010</u>	<u>2009</u>		<u>2010</u>	<u>2009</u>
Number of participating employers	21*	19*	Number of participating plan members	8,090	8,053
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	4,760	5,243
*All State agencies are counted as one employer.					

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, certain employees of the Montana University System, and school districts.

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.

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

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

Eligibility for benefit

Service retirement:

- Age 60, 5 years of membership service;
- Age 65, regardless of membership service; or
- Any age, 30 years of membership 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, 2010 PERS had 533 participating employers, four more than fiscal year 2009. The participating employers consist of:

PERS-DBRP EMPLOYERS		
<u>Employers</u>	<u>June 30, 2010</u>	<u>June 30, 2009</u>
State Agencies	34	34
Counties	55	55
Cities and Towns	97	96
Colleges and Universities	5	5
School Districts	231	232
High Schools	6	5
Other Agencies	<u>105</u>	<u>102</u>
Total	533	529

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 2010 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 7.17% of PERS-covered payroll during fiscal year 2010. This was an increase of 0.135% from fiscal year 2009. Participating local governments contributed 7.07% of PERS-covered payroll during fiscal year 2010. This was an increase of 0.135% from fiscal year 2009. The State contributed the remaining 0.1% for local governments. Participating school districts contribute 6.8% of PERS-covered payroll during fiscal year 2010. The state contributed the remaining 0.37%. This was an increase of 0.135% from fiscal year 2009. A percentage of the employers' contributions is used to fund the em-

ployee education program. (Reference Schedule of Contribution Rates on page 77).

Plan Membership Elections: MPERA has included in the financial statements transfers of \$860,060 in Transfers to DCRP and \$175,290 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 2011.

PERS-DBRP Active Membership by Employer Type		
<u>Employer Type</u>	<u>6/30/2010</u>	<u>6/30/2009</u>
State Agencies	10,815	11,074
Counties	5,438	5,370
Cities	3,238	3,196
Universities	2,626	2,666
High Schools	64	57
School Districts	5,446	5,459
Other Agencies	<u>1,207</u>	<u>1,161</u>
Total	28,834	28,983

Additional Service Purchase Due to a Reduction in Force: Section 19-2-706, MCA allows state and university system employees who are eligible for a service retirement and whose positions have been eliminated due to a reduction in force, 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. The employees participating under section 19-2-706, MCA increased from 192 in fiscal year 2009 to 199 in fiscal year 2010. The retirement incentive contributions received (including interest) during fiscal year 2010 totaled \$75,418. The outstanding balance at June 30, 2010, totaled \$25,660.

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 2010.

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. As of June 30, 2010, the statutory contribution rates are not sufficient to amortize the unfunded actuarial accrued liability. During the year ended June 30, 2010, the PERS’ assets gained 12.91% on a market value basis. However, due to the asset-smoothing technique which recognizes only a portion of the gains and losses, the return on the actuarial asset value was a negative 1.18%. The prior actuarial assumed rate of return of 8.0% was used to calculate the actuarial loss of \$364 million on investments. Effective July 1, 2010, the assumed rate of return changed from 8.0% to 7.75%. This change is due to the recent experience study.

Judges’ Retirement System (JRS)

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

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JRS Summary of Benefits

Member's current salary¹ or highest average compensation (HAC)²

¹Hired prior to July 1, 1997 and non-GABA prior to January 1, 1988 or December 1, 2005 - monthly compensation at time of retirement;

²Hired 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 salary¹ (non-GABA) or HAC² (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, 2010 JRS had one participating employer, the same as fiscal year 2009. The participating employer consists of:

JRS EMPLOYERS		
<u>Employer</u>	<u>June 30, 2010</u>	<u>June 30, 2009</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 2010 was 7.0% of the member's monthly compensation. Contributions are deducted

from each member's salary and remitted by the participating employer. An individual account is established for each member's contributions and interest allocations until a retirement or refund request is processed.

As the employer, the State contributed 25.81% of the total JRS-covered payroll to the retirement plan during fiscal year 2010. (Reference Schedule of Contribution Rates on page 77).

Employee Type	6/30/2010	6/30/2009
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 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.

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 5.0% over the current benefit and may not exceed 60% of the current base salary of a probationary officer.

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At June 30, 2010 HPORS had one participating employer, the same as fiscal year 2009. The participating employer consists of:

HPORS EMPLOYERS		
<u>Employer</u>	<u>June 30, 2010</u>	<u>June 30, 2009</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 2010 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 2010. 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 77).

Additional Service Purchase Due to a Reduction in Force: Section 19-2-706, MCA 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 \$2,678 in September 2010.

HPORS Active Membership by Employee Type		
<u>Employee Type</u>	<u>6/30/2010</u>	<u>6/30/2009</u>
GABA	230	222
Non-GABA	0	0
Total	230	222

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, 2010 SRS had 57 participating employers, the same as fiscal year 2009. The participating employers consist of:

SRS EMPLOYERS		
<u>Employers</u>	<u>June 30, 2010</u>	<u>June 30, 2009</u>
State Agencies — Department of Justice	1	1
Counties	<u>56</u>	<u>56</u>
Total	57	57

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Contributions: Member and employer contribution rates are established by state law and may be amended only by the Legislature. The member contribution rate for fiscal year 2010 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.

The employer contribution for fiscal year 2010 was 10.115%. This was an increase of 0.58% from fiscal year 2009. (Reference Schedule of Contribution Rates on page 77).

SRS Active Membership by Employer Type		
Employer Type	6/30/2010	6/30/2009
Dept of Justice	51	46
Counties	1,130	1,139
Total	1,181	1,185

Additional Service Purchase Due to a Reduction in Force: Section 19-2-706, MCA 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 pur-

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

chasing 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. As of June 30, 2010 the statutory contribution rates are not sufficient to amortize the unfunded actuarial accrued liability. During the year ending June 30, 2010, the SRS' assets gained 12.65% on a market value basis. However, due to the asset-smoothing technique which recognizes only a portion of the gains and losses, the return on the actuarial asset value was a negative 0.92%. The prior actuarial assumed rate of return of 8.0% was used to calculate the actuarial loss of \$18 million on investments. Effective July 1, 2010, the assumed rate of return changed from 8.0% to 7.75%. This change is due to the recent experience study.

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.

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, 2010 GWPORS had seven participating employers, the same as fiscal year 2009. The participating employers consist of:

GWPORS EMPLOYERS		
<u>Employers</u>	<u>June 30, 2010</u>	<u>June 30, 2009</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 2010 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 2010. (Reference Schedule of Contribution Rates on page 77).

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GWPORS Active Membership by Employer		
Employer	6/30/2010	6/30/2009
Dept of Corrections	717	692
Dept FW&P	102	103
Dept of Livestock	31	33
Dept of Trans.	81	88
Universities	35	34
Total	966	950

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

Actuarial Status: The statutory funding rate is tested in the valuation to determine if it is sufficient to cover the Normal Cost Rate plus an amortization payment of the Unfunded Actuarial Liability, if any, over no more than 30 years. As of June 30, 2010, the statutory contribution rates are not sufficient to amortize the unfunded actuarial accrued liability. During the year ending June 30, 2010, the GWPORS’ assets gained 12.21% on a market value basis. However, due to the asset-smoothing technique which recognizes only a portion of the gains and losses, the return on the actuarial asset value was a negative 0.55%. The prior actuarial assumed rate of return of 8.0% was used to calculate the actuarial loss of \$7.1 million on investments. Effective July 1, 2010, the assumed rate of return changed from 8.0% to 7.75%. This change is due to the recent experience study.

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

MPORS Summary of Benefits (continued)

Early Retirement

Age 50, 5 years of membership service

Vesting 5 years of membership service

Monthly benefit formula

2.5% of FAC per year of service credit

Guaranteed Annual Benefit Adjustment (GABA)

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, 2010 MPORS had 30 participating employers, one more than fiscal year 2009. The participating employers consist of:

MPORS EMPLOYERS		
<u>Employers</u>	<u>June 30, 2010</u>	<u>June 30, 2009</u>
Cities	<u>30</u>	<u>29</u>
Total	30	29

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 2010, member contributions as a percentage of salary were 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 con-

tributions 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 2010 was 29.37%. (Reference Schedule of Contribution Rates on page 77).

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MPORS Active Membership by Employee Type		
Employee Type	6/30/2010	6/30/2009
GABA	719	683
Non-GABA	8	9
Total	727	692

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 as 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, 2010, a total of 78 members have participated in the DROP.

DROP Participation		
	6/30/2010	6/30/2009
Participants Beginning of Year	29	30
Participants Added	8	4
Completed DROP	5	5
Participants End of Year	32	29
DROP Distributions	\$406,814	\$408,121

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 established by state law and can only be amended by the Legislature. The FURS provides retire-

ment, 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 member rights are vested after five years of service.

A brief summary of eligibility and benefits follows on top of the next page.

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

1. Members hired prior to July 1, 1981 and not electing GABA are entitled to the greater of:
 - 2.5% of HMC 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
2. 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 membership service).

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At June 30, 2010 FURS had 23 participating employers, two more than in fiscal year 2009. The participating employers consist of:

FURS EMPLOYERS		
<u>Employers</u>	<u>June 30, 2010</u>	<u>June 30, 2009</u>
State Agencies - Department of Military Affairs	1	1
Cities	16	16
Rural Fire Districts	<u>6</u>	<u>4</u>
Total	23	21

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 2010 are 9.5% for members hired prior to July 1, 1997 and not electing GABA, and 10.7% for members hired after June 30, 1997 and 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 contribution rates for fiscal year 2010 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 2010. 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 77).

FURS Active Membership by Employee Type		
<u>Employee Type</u>	<u>6/30/2010</u>	<u>6/30/2009</u>
GABA	564	552
Non-GABA	<u>6</u>	<u>6</u>
Total	570	558

Additional Service Purchase Due to a Reduction in Force: Section 19-2-706, MCA 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

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 a volunteer fire department without loss of benefits. A returning retired member may not be considered an active member accruing credit for service.

A brief summary of eligibility and benefits follows.

VFCA Summary of Benefits

Eligibility for benefit

Age 55, 20 years of credit for service;
Age 60, 10 years of credit for service.

Additional benefit

Members who retire after April 25, 2005 and have greater than 20 years of credit for service (with a maximum of 30 years) may receive additional benefits (maximum benefit \$225).

Vesting 10 years of credit for service

Monthly benefit formula

\$7.50 per year of credit for service, maximum benefit \$225 (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 77).

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, Montana University System, local governments, and school districts. All new members are initially members of the PERS-DBRP and have a 12-month window during which they may choose to

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transfer to the PERS-DCRP or remain in the PERS-DBRP by filing an irrevocable election. Members may not be members of both the *defined contribution* and *defined benefit* retirement plans. The PERS-DCRP provides

retirement, disability, and death benefits to plan members and their beneficiaries.

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

Depends upon eligibility and individual account balance;
Various payout options are 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 2010 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 and maintained by the record keeper.

0.135% from fiscal year 2009. (Reference Schedule of Contribution Rates on page 77).

The employer rate of 7.17% is allocated as follows: 4.19% allocated to the member's retirement account, 2.64% allocated to the defined benefit plan choice rate, 0.04% allocated to the defined contribution education fund and 0.3% allocated to the long-term disability plan.

Each state agency and university system employer contributed 7.17% of PERS-covered payroll during fiscal year 2010. This was an increase of 0.135% from fiscal year 2009. Participating local governments employers contribute 7.07% of PERS-covered payroll during fiscal year 2010. This was an increase of 0.135% from fiscal year 2009. The State contributes the remaining 0.1% for local governments. Participating school districts contribute 6.8% of PERS-covered payroll during fiscal year 2010. The State contributed the remaining 0.37%. This was an increase of

PERS-DCRP Active Membership by Employer Type		
Employer Type	6/30/2010	6/30/2009
State Agencies	945	919
Counties	354	356
Cities	255	246
Universities	99	99
High Schools	4	2
School Districts	218	225
Other Agencies	143	132
Total	2,018	1,979

At June 30, 2010 PERS-DCRP had 244 reporting employers, 27 less than in fiscal year 2009. The participating employers consist of:

PERS-DCRP EMPLOYERS		
<u>Employers</u>	<u>June 30, 2010</u>	<u>June 30, 2009</u>
State Agencies	32	31
Counties	44	45
Cities and Towns	44	46
Universities	5	5
School Districts	81	103
High Schools	3	3
Other Agencies	<u>35</u>	<u>38</u>
Total	244	271

Plan Membership Elections: Included in the financial statements are employer contribution transfers of \$16,049 and member contribution transfers of \$26,430. 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 2011.

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 members who have joined the PERS-DCRP. The DCEd was funded by 0.04% of the employers' contributions in fiscal year 2010.

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.

The investment options offered are selected by the PERB in compliance with their Investment Policy Statement, the advice of an independent investment analyst, and assistance from the statutorily-created Employee Investment Advisory Council. Participants of the PERS-DCRP direct their contributions and a portion of their employer's contribution among the offered investment options. Participants may invest in any or all of the offered options and transfer between options on a daily basis, if desired. 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.

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, 2010 are listed on the next page.

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PERS-DCRP Investment Options

International Stock Funds

American Funds New Perspective A
Oakmark International
Principal International Growth Inst

Small Company Stock Funds

Managers AMG Essex Sm/Micro Cap
Growth A
Vanguard Small-Cap Index Signal
Target Small Cap Value

Mid-Sized Company Stock Funds

Munder Mid-Cap Core Growth A
Perkins Mid-Cap Value Fund T

Large Company Stock Funds

American Funds Growth Fund A
BlackRock Equity Index - Collective F
Vanguard Equity Income - Adm
Vanguard Growth & Income - Adm

Balanced Funds

Vanguard Balanced Index - Inst'l

Bond Funds

Vanguard Total Bond Market Index Signal

Fixed Investment Options

DCRP Fixed Fund

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

rate of return each quarter, called the “crediting rate”, which is used to credit earnings to participant accounts. Aegon sets a fixed quarterly rate of return based on the investment manager’s portfolio yield and duration.

For the period July 1, 2009 through February 28, 2010, the PERS-DCRP, fixed investments were invested in PIMCO’s Moderate Duration mutual fund.

On January 1, 2010, the PERB entered into a Pooled Trust contract with Aegon, PIMCO and SSKC for all funds in the PERS-DCRP and Deferred Compensation Plan. The Pooled Trust qualifies as a group trust under sections 401(a), including section 401(a)(24) and 501(a), of the IRC of 1986, as amended. All monies invested in the Fixed Investments of the PERS-DCRP were transferred to the Pooled Trust on March 1, 2010.

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

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* in the financial statements.

Record keeping 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. They are recorded as *Miscellaneous Expense* in the financial statements.

Fixed investment fees: The fixed investment crediting rate is declared net of expenses.

From July 2009 through February 2010, fees on the fixed investments were charged by the providers, Aegon and PIMCO. The fees are defined per the contracts for specific services. The fees charged by Aegon are classified as *Administrative Expense* in the financial statements. The fees charged by PIMCO are not presented in the financial statements because the assets were held in a PIMCO mutual fund and income was reported net of fees.

With the implementation of the pooled trust on March 1, 2010, 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 ser-

vices. The fees charged by PIMCO and SSKC for the externally managed fixed investments are classified as *Investment Expense*. The fees charged by Aegon are classified as *Miscellaneous 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 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.

Deferred Compensation Plan (457)

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 Code (IRC) §457. This plan is available to all employees of the State, Montana University System, and contracting political subdivisions.

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.

A brief summary of eligibility and benefits is on the following page.

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Deferred Compensation Plan Summary

Contribution

Voluntary, tax-deferred

Eligibility for 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, immediately.

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, 2010 the Deferred Compensation Plan had 21 participating employers, an increase of four from fiscal year 2009. The participating employers consist of:

DEFERRED COMPENSATION EMPLOYERS		
<u>Employers</u>	<u>June 30, 2010</u>	<u>June 30, 2009</u>
State of Montana *	1	1
Counties	2	2
Colleges and Universities	6	6
School Districts	2	2
Cities	4	3
Other	<u>6</u>	<u>3</u>
Total	21	17

*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 have participating employees.

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.

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, the advice of an independent investment analyst, and the statutorily-created Employee Investment Advisory Council. 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, 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 the plans' underlying mutual funds to achieve a set investment objective. The investment options as of June 30, 2010 are as follows.

Deferred Compensation (457) Plan
Investment Options

International Stock Funds

Artisan International
Mutual Global Discovery Z
Dodge & Cox International
American Funds New Perspective R4

Small Company Stock Funds

Neuberger Berman Genesis -Trust
Managers AMG Essex Sm/Micro Cap
Growth A
Vanguard Small Cap Index Signal

Mid Cap Company Stock Funds

Munder Mid-cap Core Growth A
Columbia Mid-cap Value Fund Z

Large Cap Stock Funds

Davis NY Venture A
Fidelity Contrafund
Vanguard Institutional Index
Calvert Social Investment Fund Equity

Balanced Funds

Dodge & Cox Balanced

Bond Funds

Neuberger Berman High Income Inv
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 investments: The fixed investments of the Deferred Compensation Plan are administered through outside vendors Pacific Investment Management Company (PIMCO) and custodial bank, State Street Bank Kansas City (SSKC), and a third-party insurer, Aegon. When participants invest in the fixed investment option they are guaranteed a rate of return. The fixed investment employs a synthetic stable value strategy where the investment manager, PIMCO, manages a diversified bond portfolio and Aegon guarantees the participants principal investments and earnings. Aegon calculates the rate of return each quarter, called the "crediting rate", which is used to credit earnings to participant accounts. Aegon sets a fixed quarterly rate of return based on the investment manager's portfolio yield and duration.

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For the period July 1, 2009 through February 28, 2010, the Deferred Compensation Plan fixed investments were administered and invested directly by PIMCO, and SSKC. PIMCO invested Deferred Compensation assets under an investment policy agreed to between the PERB, Aegon and PIMCO.

On January 1, 2010, the PERB entered into a Pooled Trust contract with Aegon, PIMCO and SSKC for all funds in the PERS-DCRP and Deferred Compensation Plan. The Pooled Trust qualifies as a group trust under sections 401(a), including section 401(a)(24) and 501(a), of the IRC of 1986, as amended. All monies invested in the Fixed Investments of the Deferred Compensation Plan were transferred to the Pooled Trust on March 1, 2010.

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. These amounts are recorded as *Miscellaneous Expense*.

Fixed investment fees: The fixed investment crediting rate is declared net of expenses. 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 fees charged by PIMCO and SSKC for the externally managed fixed investments are classified as *Investment Expense*. The fees charged by Aegon are classified as *Miscellaneous 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 administrative, 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.

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<i>FY 2010 Schedule of Contribution Rates</i>			
System	Member	Employer	State
PERS-DBRP	6.9% [19-3-315, MCA]	7.17% State & University 7.07% Local Governments 6.8% School Districts (K-12) [19-3-316, MCA]	0.1% of local government payroll – paid from the General Fund 0.37% School Districts (K-12) payroll – paid from the General Fund [19-3-319, MCA]
PERS-DCRP	6.9% [19-3-315, MCA]	7.17% State & University 7.07% Local Governments 6.8% School Districts (K-12) [19-3-316, MCA]	0.1% of local government payroll – paid from the General Fund 0.37% School Districts (K-12) payroll – paid from the General Fund [19-3-319, MCA]
JRS	7.0% [19-5-402, MCA]	25.81% [19-5-404, MCA]	
HPORS	9.0% - hired prior to 7-01-97 & not electing GABA 9.05% - hired after 6-30-97 & members electing GABA [19-6-402, MCA]	26.15% [19-6-404(1), MCA] 10.18% of salaries – paid from the General Fund [19-6-404(2), MCA]	
SRS	9.245% [19-7-403, MCA]	10.115% [19-7-404, MCA]	
GWPORS	10.56% [19-8-502, MCA]	9.0% [19-8-504, MCA]	
MPORS	7.0% - hired after 6-30-75 & prior to 7-1-79 & not electing GABA [19-9-710(b), MCA] 8.5% - hired after 6-30-79 and prior to 7-1-97 & not electing GABA [19-9-710(c), MCA] 9.0% - hired after 6-30-97 & members electing GABA [19-9-710(d), MCA & 19-9-710(2), MCA]	14.41% [19-9-703, MCA]	29.37% of salaries – paid from the General Fund [19-9-702, MCA]
FURS	9.5% - hired prior to 7-1-97 & not electing GABA [19-13-601(2)(a), MCA] 10.7% - hired after 06-30-97 & members electing GABA [19-13-601(2)(b), MCA]	14.36% [19-13-605, MCA]	32.61% of salaries – paid from the General Fund [19-13-604, MCA]
VFCA			5.0% 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 ¹ (a)	Actuarial Accrued Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio % (a/b)	Covered Payroll ² (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
PERS-DBRP	06/30/05	3,179,010	3,719,998	540,988	85.46	857,431	63.09
	06/30/06	3,459,084	3,919,313	460,229	88.26	900,708	51.10
	06/30/07	3,825,234	4,201,251	376,017	91.05	947,424	39.69
	06/30/08	4,065,307	4,504,743	439,436	90.25	995,113	44.16
	06/30/09	4,002,212	4,792,819	790,607	83.50	1,043,215	75.79
	06/30/10	3,889,890	5,241,819	1,351,929	74.21	1,083,780	124.74
JRS	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
	06/30/08	62,040	39,435	(22,605)	157.32	5,096	-443.58
	06/30/09	61,929	41,848	(20,081)	147.98	5,110	-392.99
	06/30/10	61,277	42,513	(18,765)	144.13	5,687	-329.95
HPORS	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
	06/30/08	101,500	134,683	33,183	75.36	10,866	305.38
	06/30/09	99,652	137,815	38,163	72.31	11,425	334.03
	06/30/10	97,204	151,177	53,973	64.30	13,036	414.03
SRS	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
	06/30/08	199,453	204,549	5,096	97.51	47,196	10.80
	06/30/09	200,690	223,893	23,203	89.64	51,457	45.09
	06/30/10	200,739	246,734	45,995	81.36	54,681	84.11

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.

¹ Refer to the "Notes to the Required Supplementary Information" for the Actuarial Asset Valuation Method (Page 84).

² Applicable only to the PERS-DBRP, the annual covered payroll has been corrected for FY2006 - FY2009 due to a database field that was not sufficient in length. This correction also impacts the UAAL as a percent of covered payroll.

FINANCIAL SECTION

System	Actuarial Valuation Date	Actuarial Value of Assets ¹ (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)
GWPORS	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
	06/30/08	77,511	83,449	5,938	92.88	32,365	18.35
	06/30/09	81,177	92,155	10,978	88.09	36,023	30.48
	06/30/10	85,151	113,855	28,704	74.79	39,436	72.79
MPORS	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
	06/30/08	212,312	327,556	115,244	64.82	32,181	358.11
	06/30/09	214,345	345,261	130,916	62.08	34,687	377.42
	06/30/10	217,545	380,393	162,848	57.19	37,220	437.52
FURS	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
	06/30/08	206,127	287,218	81,091	71.77	29,158	278.11
	06/30/09	209,775	306,236	96,460	68.50	30,160	319.83
	06/30/10	213,755	335,463	121,708	63.72	33,339	365.06
VFCA	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
	06/30/08	27,544	32,735	5,191	84.14	N/A	N/A
	06/30/09	27,226	33,548	6,322	81.16	N/A	N/A
	06/30/10	26,576	34,512	7,936	77.01	N/A	N/A

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

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)
12/31/2007		\$1,048	\$1,048	0.00	\$1,326	79.03%
12/31/2009		\$ 686	\$ 686	0.00	\$1,506	45.55%

Projected unit credit funding method

The most recent actuarial valuation available was completed by the State of Montana for the calendar year ending December 31, 2009. The State of Montana finances claims on a pay-as-you-go basis and does not advance fund the OPEB liability. Therefore, the funded ratio remains at 0% at June 30, 2010.

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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	Percentage Contributed	Annual Required State Contribution ¹	Percentage Contributed
PERS-DBRP	2005 ²	72,367,156	8.44	81.10	420,658	100.00
	2006 ²	70,885,689	7.87	89.50	442,994	100.00
	2007 ²	62,908,960	6.64	105.75	445,798	100.00
	2008 ²	68,165,225	6.85	105.98	377,713	100.00
	2009 ²	99,314,044	9.52	76.35	357,260	100.00
	2010	132,004,388	12.18	60.46	536,881	100.00
JRS³	2005	143,222	3.21	811.43		
	2006	112,854	2.37	1,089.03		
	2007					
	2008					
	2009					
	2010					
HPORS	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
	2008	3,947,723	36.33	100.03	289,515	100.00
	2009	2,500,911	21.89	165.97	285,517	100.00
	2010	3,403,692	26.11	139.93	286,829	100.00
SRS	2005	3,474,750	12.23	80.95		
	2006	3,896,731	11.38	90.42		
	2007	4,175,763	9.58	105.04		
	2008	4,443,543	9.42	108.78		
	2009	6,506,675	12.65	79.81		
	2010	7,734,578	14.15	72.88		

Refer to the "Notes to the Required Supplementary Information" (Page 84).

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

¹The Annual Required State Contribution for HPORS includes the required registration fees. For MPORS and FURS it is based on covered payroll, which includes payroll adjustments.

²Applicable only to the PERS-DBRP, the annual covered payroll has been changed for FY2006 - FY2009 due to a database field that was not sufficient in length. This change impacts the the Annual Required Contributions and Percentage contributed.

³The actuarial value of assets is greater than the actuarial accrued liabilities for FY2007 - FY2010. The funding excess is large enough so that the sum of normal cost and the amortization of the funding excess is negative. Common actuarial practice is to set the ARC at zero. (No employer contribution would be required for these years.)

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System	Year Ended June 30	Annual Required Contributions	Actuarial Required Contribution Rate ¹	Percentage Contributed	Annual Required State Contribution	Percentage Contributed
GWPORS	2005	2,083,154	9.26	98.58		
	2006	2,336,515	9.04	102.34		
	2007	2,217,558	7.70	118.94		
	2008	2,540,673	7.85	117.23		
	2009	3,490,652	9.69	94.31		
	2010	4,917,654	12.47	73.45		
MPORS	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
	2008	4,637,223	14.41	111.19	9,451,808	100.00
	2009	3,454,837	9.96	146.35	10,185,974	100.00
	2010	3,896,969	10.47	176.04	10,931,612	100.00
FURS	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
	2008	4,187,118	14.36	106.68	9,568,388	100.63
	2009	117,622	0.39	3852.37	9,831,417	100.00
	2010	850,134	2.55	603.27	10,871,717	100.00
VFCA	2005				1,527,264	100.00
	2006				1,610,462	100.00
	2007				1,660,695	100.00
	2008				1,562,019	100.00
	2009				1,579,887	100.00
	2010				1,574,589	100.00

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, 2010	June 30, 2010	June 30, 2010
Actuarial cost method	Entry Age	Entry Age	Entry Age
Amortization method	Level percentage of payroll, open	Level percentage of payroll, open	Level percentage of payroll, open
Remaining amortization period in years:			
Unfunded Liability	Does not amortize ¹		29.9
Unfunded Credit ²		30	
Asset valuation method	4-Year smoothed market	4-Year smoothed market	4-Year smoothed market
Actuarial assumptions:³			
Investment rate of return compounded annually	7.75%	7.75%	7.75%
Projected salary increases			
General Wage Growth*	4.00%	4.00%	4.00%
Merit	0% - 6%	None	0% - 7.3%
*Includes inflation at	3.00%	3.00%	3.00%
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

¹ The amortization period for the unfunded actuarial liability in the PERS, SRS and GWPORS exceeds 30 years.

² 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.

³ Refer to the Actuarial Section of this report for a description of the changes in actuarial assumptions from last year's actuarial valuation (Page 115).

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SRS	GWPORS	MPORS	FURS	VFCA
June 30, 2010	June 30, 2010	June 30, 2010	June 30, 2010	June 30, 2010
Entry Age	Entry Age	Entry Age	Entry Age	Entry Age
Level percentage of payroll, open	Level percentage of payroll, open	Level percentage of payroll, open	Level percentage of payroll, open	Level dollar amount, open
Does not amortize ¹	Does not amortize ¹	23	14.7	7.7 Based on Current Revenue
4-Year smoothed market	4-Year smoothed market	4-Year smoothed market	4-Year smoothed market	4-Year smoothed market
7.75%	7.75%	7.75%	7.75%	7.75%
4.00%	4.00%	4.00%	4.00%	N/A
0% - 7.3%	0% - 7.3%	0% - 7.3%	0% - 7.3%	N/A
3.00%	3.00%	3.00%	3.00%	
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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Public Employees' Retirement Board

A Component Unit of the State of Montana

Schedule of Administrative Expenses

Year Ended June 30, 2010

	Defined Benefit Plans	PERS-DBRP Education Fund	Defined Contribution PERS-DCRP	Deferred Compensation (457) Plan
Personal Services				
Salaries	\$ 1,297,553	\$ 118,874	\$ 150,619	\$ 107,747
Board Members' Per Diem	6,748		895	731
Employee Benefits	411,695	42,433	49,939	35,397
Total Personal Services	1,715,996	161,307	201,453	143,875
Other Services				
Consulting Services	538,806	31	91,653	61,463
Legal Fees and Court Costs	9,037		554	439
Payroll Fees				
Audit Fees	37,931		4,626	3,701
Medical Services	17,663			
Records Storage	22,024			
Pre-Retirement Seminars		1,000		
Computer Processing	151,822	147	35,651	17,352
Printing and Photocopy Charges	24,414	5,651	7,478	798
Warrant Writing Services	42,766		5,215	4,172
Other	180,425	986	1,644	986
Total Other Services	1,024,888	7,815	146,821	88,911
Communications				
Recruitment Costs	1,549		189	151
Postage and Mailing	74,772	6,320	1,179	3,104
Telephone	38,179	4,083	5,197	3,462
Total Communications	114,500	10,403	6,565	6,717
Other Expenses				
Supplies and Materials	87,014	7,493	10,544	7,302
Travel	25,576	13,789	5,620	4,752
Rent	193,999	15,203	24,872	14,923
Repairs and Maintenance	2,272	175	291	175
Depreciation/Amortization	128,454	23	2,423	2,661
Compensated Absences	(32,708)	1,044	(7,464)	(7,698)
OPEB Expenses	67,106	7,423	8,445	5,939
Miscellaneous	111,909	7,763	16,015	9,651
Total Other Expenses	583,622	52,913	60,746	37,705
Total Administrative Expenses	\$ 3,439,006	\$ 232,438	\$ 415,585	\$ 277,208

FINANCIAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Schedule of Investment Expenses

Year Ended June 30, 2010

<u>Plan</u>	<u>Investment Manager</u>	<u>Fees</u>
PERS-DBRP	Board of Investments	\$ 20,229,013
JRS	Board of Investments	315,145
HPORS	Board of Investments	502,911
SRS	Board of Investments	1,028,752
GWPORS	Board of Investments	428,732
MPORS	Board of Investments	1,063,068
FURS	Board of Investments	1,044,107
VFCA	Board of Investments	131,435
457	PIMCO	436,992
	State Street Bank	<u>41,068</u>
Total Investment Expense		<u>\$ 25,221,223</u>

FINANCIAL SECTION**Public Employees' Retirement Board***A Component Unit of the State of Montana***Schedule of Consultants***Year Ended June 30, 2010*

Individual or Firm	Nature of Service	Amount Paid
AMDEC Software	Computer Programming Services	\$ 374,955
Cheiron	Actuarial Consultant	147,278
Wilshire Associates Inc	Mutual Funds Performance Review	98,833
Legislative Audit Division, Legislative Branch	Independent Auditors	46,257
Ice Miller	Tax Consultant	39,868
Milliman	Actuarial Consultant	19,919
Robert N. Mitgang, MD	Medical Consultant	8,825
Professional Development Center, Department of Administration	Retirement Planning Seminars	1,000

FINANCIAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Detail of Fiduciary Net Assets (PERS-DBRP and PERS-DBEd) as of June 30, 2010

	PERS-DBRP	PERS-DBEd	TOTAL
Assets			
Cash and Short-term Investments	\$ 60,749,817	\$ 1,961,446	\$ 62,711,263
Securities Lending Collateral	215,097,892	79,610	215,177,502
Receivables			
Interest	5,423,770	590	5,424,360
Accounts Receivable	1,026,657		1,026,657
Due from Other Funds		3,204	3,204
Due from Primary Government			
Notes Receivable	32,288		32,288
<i>Total Receivables</i>	6,482,715	3,794	6,486,509
Investments, at fair value			
Montana Domestic Equity Pool (MDEP)	1,114,071,635		1,114,071,635
Retirement Fund Bond Pool (RFBP)	939,430,189		939,430,189
Montana International Pool (MTIP)	552,711,749		552,711,749
Montana Private Equity Pool (MPEP)	430,729,235		430,729,235
Montana Real Estate Pool (MTRP)	178,786,541		178,786,541
Real Estate Investments	8,962,696		8,962,696
Mortgages & Commercial Loans net of Accumulated Mortgage Discount	19,184,707		19,184,707
Structured Investment Vehicles (SIV)	3,640,003	124,566	3,764,569
<i>Total Investments</i>	3,247,516,755	124,566	3,247,641,321
Capital Assets			
Property and Equipment, at cost, net of Accumulated Depreciation	513		513
Intangible Assets, at cost, net of Amortization Expense	210,657		210,657
<i>Total Capital Assets</i>	211,170		211,170
Total Assets	3,530,058,349	2,169,416	3,532,227,765
Liabilities			
Securities Lending Collateral Liability	215,097,892	79,610	215,177,502
Accounts Payable	312,701	8,306	321,007
Due to Other Funds	292,976	1,011	293,987
Due to Primary Government			
Deferred Revenue	84,563		84,563
Compensated Absences	225,469	11,590	237,059
OPEB Implicit Rate Subsidy LT	186,940	21,069	208,009
Total Liabilities	216,200,541	121,586	216,322,127
Net Assets Held in Trust for Pension Benefits	\$ 3,313,857,808	\$ 2,047,830	\$ 3,315,905,638

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, 2010**

	PERS-DBRP	PERS-DBEd	TOTAL
Additions			
Contributions			
Employer	\$ 79,814,740	\$ 431,287	\$ 80,246,027
Plan Member	78,614,399		78,614,399
Membership Fees	158		158
Interest Reserve Buyback	56,252		56,252
Retirement Incentive Program	75,418		75,418
Miscellaneous Revenue	4,286	171	4,457
State Contributions	536,881		536,881
<i>Total Contributions</i>	159,102,134	431,458	159,533,592
Investment Income			
Net Appreciation (Depreciation) in Fair Value of Investments	268,863,901		268,863,901
Interest	122,851,586	5,835	122,857,421
Dividends	15,172,019		15,172,019
Investment Expense	(20,229,013)		(20,229,013)
<i>Net Investment Income</i>	386,658,493	5,835	386,664,328
Securities Lending Income			
Securities Lending Income	1,660,015	893	1,660,908
Securities Lending Rebate and Fees	(463,658)	(302)	(463,960)
<i>Net Securities Lending Income</i>	1,196,357	591	1,196,948
Total Net Investment Income	387,854,850	6,426	387,861,276
Total Additions	546,956,984	437,884	547,394,868
Deductions			
Benefits	212,186,085		212,186,085
Refunds/Distributions	10,967,292		10,967,292
Refunds to Other Plans	880,787		880,787
Transfers to DCRP	860,060		860,060
Transfers to ORP	175,290		175,290
OPEB Expenses	58,720	7,423	66,143
Administrative Expenses	2,966,138	225,015	3,191,153
Total Deductions	228,094,372	232,438	228,326,810
Net Increase (Decrease)	318,862,612	205,446	319,068,058
Net Assets Held in Trust for Pension Benefits			
Beginning of Year	2,996,517,133	1,842,384	2,998,359,517
Prior Period Adjustment	(1,521,937)		(1,521,937)
End of Year	\$3,313,857,808	\$2,047,830	\$3,315,905,638

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, 2010

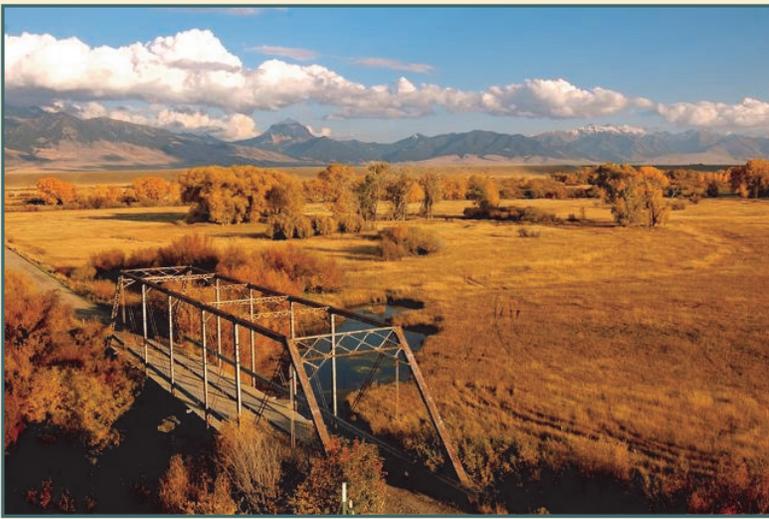
	PERS-DCRP	PERS-DCEd	PERS-DC DISABILITY	TOTAL
Assets				
Cash and Short-term Investments	\$ 1,209,510	\$ 152,859	\$ 1,328,408	\$ 2,690,777
Cash Collateral - SI	46,370	6,196	54,333	106,899
Receivables				
Interest	341	46	401	788
Accounts Receivables				
Due from Other Funds	282,186	1,011	7,585	290,782
Total Receivables	282,527	1,057	7,986	291,570
Investments, at fair value				
Defined Contributions Fixed Investments	6,724,580			6,724,580
Defined Contributions Variable Investments	49,946,001			49,946,001
Structured Investment Vehicles (SIV)	72,555	9,695	85,016	167,266
Total Investments	56,743,136	9,695	85,016	56,837,847
Intangible Assets, at cost, net of Amortization Expense	5,313			5,313
Total Assets	58,286,856	169,807	1,475,743	59,932,406
Liabilities				
Accounts Payable	95,112	637		95,749
Due to Other Funds				
Due to Primary Government				
Compensated Absences	16,096	593		16,689
Securities Lending Collateral Liability	46,370	6,196	54,333	106,899
OPEB Implicit Rate Subsidy LT	23,096	1,127		24,223
Total Liabilities	180,674	8,553	54,333	243,560
Net Assets Held in Trust for Pension Benefits	\$ 58,106,182	\$ 161,254	\$ 1,421,410	\$ 59,688,846

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, 2010

	PERS-DCRP	PERS-DCEd	PERS-DC DISABILITY	TOTAL
Additions				
Contributions				
Employer	\$ 3,722,193	\$ 41,991	\$ 264,735	\$ 4,028,919
Plan Member	6,139,800			6,139,800
Miscellaneous Revenue	163,984			163,984
Forfeiture of Nonvested Member	323,172			323,172
Total Contributions	10,349,149	41,991	264,735	10,655,875
Investment Income				
Net Appreciation (Depreciation) in Fair Value of Investments	4,840,436			4,840,436
Interest	1,276,356	443	3,792	1,280,591
Net Investment Income	6,116,792	443	3,792	6,121,027
Securities Lending Income				
Securities Lending Income	522	68	580	1,170
Securities Lending Rebate and Fees	(177)	(23)	(196)	(396)
Net Securities Lending Income	345	45	384	774
Total Net Investment Income	6,117,137	488	4,176	6,121,801
Total Additions	16,466,286	42,478	268,911	16,777,676
Deductions				
Distributions	1,932,830			1,932,830
Benefits			14,078	14,078
OPEB Expensee	8,008	438		8,445
Administrative Expenses	389,228	17,911		407,140
Miscellaneous Expenses	250,453			250,453
Total Deductions	2,580,519	18,349	14,078	2,612,946
Net Increase (Decrease)	13,885,767	24,129	254,833	14,164,730
Net Assets Held in Trust for Pension Benefits				
Beginning of Year	44,220,415	137,125	1,166,576	45,524,116
Prior Period Adjustment				
End of Year	\$ 58,106,182	\$ 161,254	\$ 1,421,410	\$ 59,688,846



Ennis

Located in Madison County, Ennis sits at an elevation of 4,941 feet. In 1863, William Ennis homesteaded a site along the Madison River. This soon after became the town of Ennis.

Photo courtesy of Ennis Chamber of Commerce and Michael Flaherty

Townsend

Lewis and Clark journeyed through the area where Townsend would be founded in 1805. But it wasn't until the late 1860's that the first settlers arrived, searching for gold. Townsend then became a stop for the railroad as businesses grew in support of local gold mining. Today, Townsend is home to a population of almost 1,900 residents.

Photo courtesy of Ursula Hatfield



Hobson

What started as a friendly event between two ranchers, "What the Hay" has become a nationally recognized celebration. The hay bale sculptures line the Montana Bale Trail, a 21 mile loop of state highways 239 and 541.

Hobson was named for S. S. Hobson, a rancher and a state senator from Judith Basin County.

Photos courtesy of Shelly Pardis



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 with the same resources, familiar with like matters, 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 assumed actuarial return over the long term. In addition, the BOI will seek to outperform the appropriate market benchmarks for each asset class over time and provide returns comparable to those attained by similar public fund peers.

To calculate the PERB's defined benefit plan investment returns, State Street Bank, BOI's custodial bank and an independent third party, uses the time-weighted total rate of return method.

RISK TOLERANCE

In view of the long time horizon of the pension plans, subject to the need for sufficient liquidity to pay benefits, all funds have an above-average ability to assume risk.

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 including but not limited to stocks, bonds, real estate, and private equity. 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 2010 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, 2010

Asset Class	<u>INDEX</u>	<u>PERS- DBRP</u>	<u>JRS</u>	<u>HPORS</u>	<u>SRS</u>
Cash Equivalents (STIP)		0.33%	0.33%	0.33%	0.33%
<i>Libor 1 Month</i>	<i>0.27%</i>				
Equities ¹		13.90%	13.92%	13.92%	13.89%
<i>S&P 1500 Comp Index</i>	<i>15.57%</i>				
<i>International Equities²</i>	<i>11.13%</i>				
Fixed Income ³		14.04%	14.20%	14.20%	14.20%
<i>BC Aggregate Bond</i>	<i>9.50%</i>				
Private Equity ⁴		18.19%	18.19%	18.19%	18.19%
<i>S&P 1500 + 4%</i>	<i>19.57%</i>				
Real Estate ⁵		-16.17%	-17.38%	-17.38%	-17.38%
<i>NFI-ODCE⁶</i>	<i>-18.76%</i>				
Total Plan		12.87%	12.83%	12.95%	12.77%
<i>Index Composite⁷</i>		15.99%	15.95%	16.10%	15.91%
	<u>INDEX</u>	<u>GWPORS</u>	<u>MPORS</u>	<u>FURS</u>	<u>VFCA</u>
Cash Equivalents (STIP)		0.33%	0.33%	0.33%	0.33%
<i>Libor 1 Month</i>	<i>0.27%</i>				
Equities ¹		13.93%	13.86%	13.86%	13.86%
<i>S&P 1500 Comp Index</i>	<i>15.57%</i>				
<i>International Equities²</i>	<i>11.13%</i>				
Fixed Income ³		14.20%	14.20%	14.21%	14.20%
<i>BC Aggregate Bond</i>	<i>9.50%</i>				
Private Equity ⁴		18.19%	18.19%	18.19%	18.19%
<i>S&P 1500 + 4%</i>	<i>19.57%</i>				
Real Estate ⁵		-17.38%	-17.38%	-17.38%	-17.38%
<i>NFI-ODCE⁶</i>	<i>-18.76%</i>				
Total Plan		12.72%	12.88%	12.84%	12.67%
<i>Index Composite⁷</i>		15.81%	16.02%	15.97%	15.58%

¹ Return is a dollar weighted combination of Domestic and International Common Stock

² Montana International Equity blended benchmark

³ Includes Retirement Fund Bond Pool and Mortgages

⁴ Includes Montana Private Equity Pool

⁵ Includes Direct and Pooled Real Estate

⁶ 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.

⁷ 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, 2010

Asset Class	<u>INDEX</u>	<u>PERS- DBRP</u>	<u>JRS</u>	<u>HPORS</u>	<u>SRS</u>
Cash Equivalents (STIP)		2.16%	2.07%	2.11%	2.07%
<i>Libor 1 Month</i>	1.89%				
Equities ¹		-10.97%	-10.94%	-10.96%	-10.95%
<i>S&P 1500 Comp Index</i>	-9.43%				
<i>International Equities</i> ²	-10.52%				
Fixed Income ³		7.60%	7.61%	7.62%	7.61%
<i>BC Aggregate Bond</i>	7.55%				
Private Equity ⁴		-0.65%	-0.65%	-0.65%	-0.65%
<i>S&P 1500 + 4%</i>	-5.43%				
Real Estate ⁵		-13.57%	-14.63%	-14.63%	-14.64%
<i>NFI-ODCE</i> ⁶	-11.56%				
Total Plan		-5.21%	-5.16%	-5.21%	-5.18%
<i>Index Composite</i> ⁷		-4.88%	-4.79%	-4.84%	-4.78%
	<u>INDEX</u>	<u>GWPORS</u>	<u>MPORS</u>	<u>FURS</u>	<u>VFCA</u>
Cash Equivalents (STIP)		2.03%	3.43%	2.17%	2.32%
<i>Libor 1 Month</i>	1.89%				
Equities ¹		-10.93%	-10.98%	-10.97%	-10.98%
<i>S&P 1500 Comp Index</i>	-9.43%				
<i>International Equities</i> ²	-10.52%				
Fixed Income ³		7.58%	7.61%	7.61%	7.62%
<i>BC Aggregate Bond</i>	7.55%				
Private Equity ⁴		-0.65%	-0.65%	-0.65%	-0.65%
<i>S&P 1500 + 4%</i>	-5.43%				
Real Estate ⁵		-14.64%	-14.63%	-14.64%	-14.63%
<i>NFI-ODCE</i> ⁶	-11.56%				
Total Plan		-5.18%	-5.26%	-5.18%	-5.20%
<i>Index Composite</i> ⁷		-4.81%	-4.88%	-4.82%	-4.89%

¹ Return is a dollar weighted combination of Domestic and International Common Stock

² Montana International Equity blended benchmark

³ Includes Retirement Fund Bond Pool and Mortgages

⁴ Includes Montana Private Equity Pool

⁵ Includes Direct and Pooled Real Estate

⁶ 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.

⁷ 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, 2010

Asset Class	<u>INDEX</u>	<u>PERS- DBRP</u>	<u>JRS</u>	<u>HPORS</u>	<u>SRS</u>
Cash Equivalents (STIP)		3.24%	3.19%	3.21%	3.19%
<i>Libor 1 Month</i>	<i>3.10%</i>				
Equities ¹		-0.45%	-0.44%	-0.44%	-0.46%
<i>S&P 1500 Comp Index</i>	<i>-0.49%</i>				
<i>International Equities²</i>	<i>3.26%</i>				
Fixed Income ³		6.00%	5.97%	5.98%	5.97%
<i>BC Aggregate Bond</i>	<i>5.54%</i>				
Private Equity ⁴		7.29%	7.29%	7.29%	7.29%
<i>S&P 1500 + 4%</i>	<i>3.51%</i>				
Real Estate ⁵		-6.15%			
<i>NFI-ODCE⁶</i>	<i>-0.96%</i>				
Total Plan		1.85%	1.85%	1.84%	1.83%
<i>Index Composite⁷</i>		<i>2.01%</i>	<i>2.02%</i>	<i>2.01%</i>	<i>2.02%</i>
	<u>INDEX</u>	<u>GWPORS</u>	<u>MPORS</u>	<u>FURS</u>	<u>VFCA</u>
Cash Equivalents (STIP)		3.16%	4.01%	3.25%	3.34%
<i>Libor 1 Month</i>	<i>3.10%</i>				
Equities ¹		-0.42%	-0.46%	-0.46%	-0.41%
<i>S&P 1500 Comp Index</i>	<i>-0.49%</i>				
<i>International Equities²</i>	<i>3.26%</i>				
Fixed Income ³		5.95%	5.97%	5.97%	5.98%
<i>BC Aggregate Bond</i>	<i>5.54%</i>				
Private Equity ⁴		7.29%	7.29%	7.29%	7.29%
<i>S&P 1500 + 4%</i>	<i>3.51%</i>				
Real Estate ⁵					
<i>NFI-ODCE⁶</i>	<i>-0.96%</i>				
Total Plan		1.77%	1.78%	1.83%	1.81%
<i>Index Composite⁷</i>		<i>1.94%</i>	<i>1.96%</i>	<i>2.00%</i>	<i>1.95%</i>

¹ Return is a dollar weighted combination of Domestic and International Common Stock

² Montana International Equity blended benchmark

³ Includes Retirement Fund Bond Pool and Mortgages

⁴ Includes Montana Private Equity Pool

⁵ Includes Direct and Pooled Real Estate

⁶ 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.

⁷ 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, 2010

Asset Class	<u>INDEX</u>	<u>PERS- DBRP</u>	<u>JRS</u>	<u>HPORS</u>	<u>SRS</u>
Cash Equivalents (STIP)		3.05%	3.02%	3.03%	3.02%
<i>Libor 1 Month</i>	2.87%				
Equities ¹		-1.46%	-1.48%	-1.47%	-1.45%
<i>S&P 1500 Comp Index</i>	-0.86%				
<i>International Equities²</i>	1.32%				
Fixed Income ³		7.50%	7.58%	7.59%	7.58%
<i>BC Aggregate Bond</i>	6.47%				
Private Equity ⁴		8.11%			
<i>S&P 1500 + 4%</i>	3.14%				
Real Estate ⁵		-0.59%			
<i>NFI-ODCE⁶</i>	3.83%				
Total Plan		2.35%	2.36%	2.36%	2.37%
<i>Index Composite⁷</i>		2.52%	2.46%	2.45%	2.44%
	<u>INDEX</u>	<u>GWPORS</u>	<u>MPORS</u>	<u>FURS</u>	<u>VFCA</u>
Cash Equivalents (STIP)		3.01%	3.43%	3.05%	3.10%
<i>Libor 1 Month</i>	2.87%				
Equities ¹		-1.43%	-1.46%	-1.44%	-1.43%
<i>S&P 1500 Comp Index</i>	-0.86%				
<i>International Equities²</i>	1.32%				
Fixed Income ³		7.58%	7.59%	7.59%	7.59%
<i>BC Aggregate Bond</i>	6.47%				
Private Equity ⁴					
<i>S&P 1500 + 4%</i>	3.17%				
Real Estate ⁵					
<i>NFI-ODCE⁶</i>	3.83%				
Total Plan		2.34%	2.33%	2.34%	3.23%
<i>Index Composite⁷</i>		2.41%	2.40%	2.39%	3.24%

¹ Return is a dollar weighted combination of Domestic and International Common Stock

² Montana International Equity blended benchmark

³ Includes Retirement Fund Bond Pool and Mortgages

⁴ Includes Montana Private Equity Pool

⁵ Includes Direct and Pooled Real Estate

⁶ 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.

⁷ An Index Composite paralleling the Fund's Asset Allocation at market value

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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 2010 is listed in the following table for the short term investment pool (STIP), fixed income investments, equity investments, and real estate investments.

FY2010 ASSET ALLOCATION

	Investment Objective	Actual Investment		Investment Objective	Actual Investment
PERS-DBRP			GWPORS		
STIP	1% to 5%	1.8%	STIP	1% to 5%	3.7%
Fixed	22% to 32%	30.0%	Fixed	22% to 32%	28.0%
Equity	60% to 70%	63.5%	Equity	60% to 70%	62.9%
Real Estate	4% to 8%	5.7%	Real Estate	4% to 8%	5.4%
JRS			MPORS		
STIP	1% to 5%	2.8%	STIP	1% to 5%	1.4%
Fixed	22% to 32%	28.7%	Fixed	22% to 32%	29.4%
Equity	60% to 70%	63.1%	Equity	60% to 70%	63.7%
Real Estate	4% to 8%	5.4%	Real Estate	4% to 8%	5.4%
HPORS			FURS		
STIP	1% to 5%	1.9%	STIP	1% to 5%	1.6%
Fixed	22% to 32%	29.2%	Fixed	22% to 32%	29.2%
Equity	60% to 70%	63.5%	Equity	60% to 70%	63.7%
Real Estate	4% to 8%	5.4%	Real Estate	4% to 8%	5.4%
SRS			VFCA		
STIP	1% to 5%	2.8%	STIP	1% to 5%	6.5%
Fixed	22% to 32%	28.6%	Fixed	22% to 32%	28.2%
Equity	60% to 70%	63.3%	Equity	60% to 70%	60.3%
Real Estate	4% to 8%	5.4%	Real Estate	4% to 8%	5.0%

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

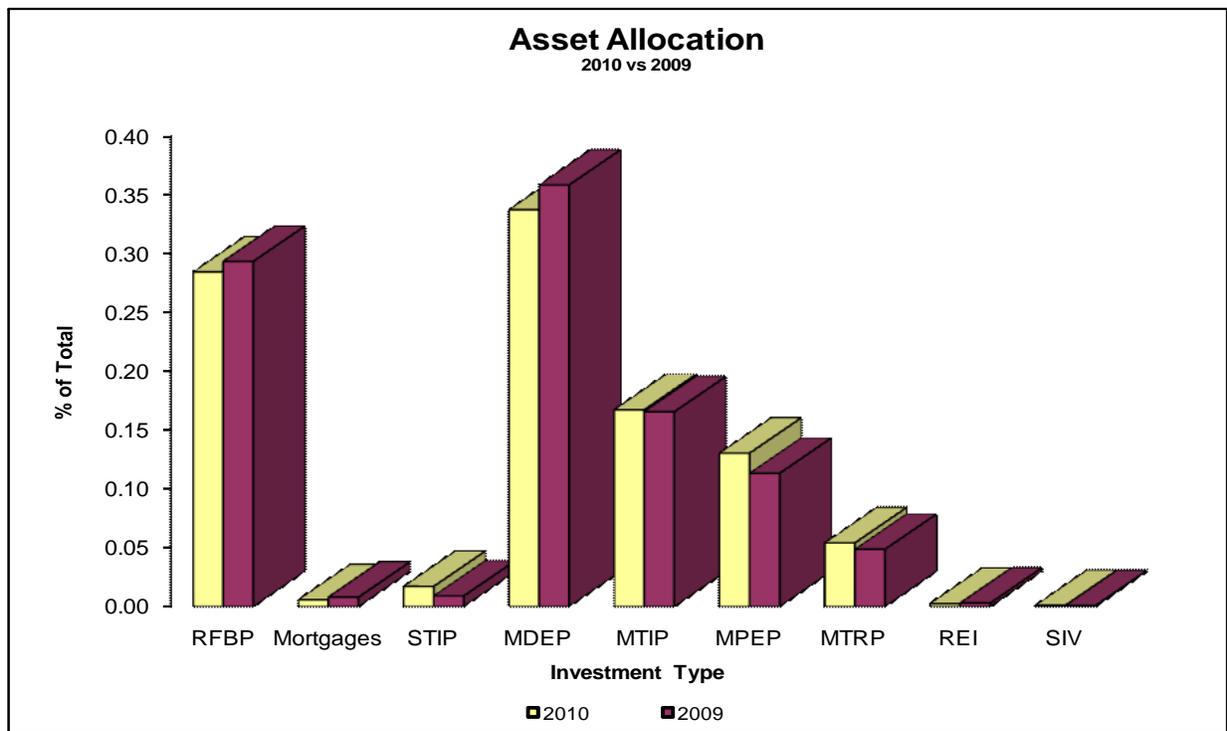
are "grossed up" to report the investment expense for the external manager, custodial bank fees and the BOI administrative cost. This process was implemented July 1, 1995, in compliance with GASB Statement No. 25.

Fiscal 2010 Administrative Expense Reconciliation										
	STIP	MDEP	MPEP	MTIP	MTRP	RFBP	AOF	Real Estate	AOF Pension Admin	Total
PERS	19,174.35	5,501,756.40	7,055,752.05	2,839,751.35	3,842,462.66	880,099.23	61,067.25	28,950.00	90,017.25	20,229,013.29
MPORS	1,230.84	291,281.11	369,181.96	150,419.41	203,221.11	47,733.45				1,063,067.88
GWPORS	703.55	118,067.83	148,036.91	61,198.39	81,659.02	19,066.67				428,732.37
SRS	1,416.84	281,949.39	358,679.87	145,482.26	195,271.11	45,952.20				1,028,751.67
JRS	408.02	86,385.57	109,927.08	44,323.06	60,015.94	14,084.99				315,144.66
HPORS	507.57	137,521.31	175,797.76	70,840.79	95,673.97	22,569.91				502,911.31
VFCA	239.86	36,328.91	46,132.26	18,363.59	24,434.51	5,936.27				131,435.40
FURS	1,262.16	286,037.04	362,654.49	148,174.73	199,117.05	46,861.22				1,044,106.69
Totals	24,943.19	6,739,327.56	8,626,162.38	3,478,553.58	4,701,855.37	1,082,303.94	61,067.25	28,950.00	90,017.25	24,743,163.27

PERS-DBRP

**Asset Mix (fair value)
as of June 30, 2010 and 2009**
(in thousands)

Investment Type	2010 Fair Value	% of Total	2009 Fair Value	% of Total	Dollar Change	% Change
Fixed Income:						
Retirement Funds Bond Pool (RFBP)	\$ 939,430	28.43%	\$ 876,390	29.33%	\$ 63,040	7.19%
Montana Mortgages	19,185	0.58%	24,055	0.80%	(4,870)	-20.25%
STIP ¹	56,727	1.72%	27,140	0.91%	29,587	109.02%
<i>Total Fixed Income</i>	<u>\$1,015,342</u>	<u>30.73%</u>	<u>\$ 927,585</u>	<u>31.04%</u>	<u>\$ 87,757</u>	<u>9.46%</u>
Equities:						
Montana Domestic Equity Pool (MDEP)	\$1,114,072	33.72%	\$1,070,435	35.82%	\$ 43,637	4.08%
Montana International Pool (MTIP)	552,712	16.73%	494,790	16.56%	57,922	11.71%
Montana Private Equity Pool (MPEP)	430,729	13.04%	338,517	11.33%	92,212	27.24%
<i>Total Equities</i>	<u>\$2,097,513</u>	<u>63.49%</u>	<u>\$1,903,742</u>	<u>63.71%</u>	<u>\$ 193,771</u>	<u>10.18%</u>
Alternative Investments:						
Montana Real Estate Pool (MTRP)	\$ 178,787	5.41%	\$ 145,478	4.87%	\$ 33,309	22.90%
Real Estate Investments (REI)	8,963	0.26%	8,937	0.30%	26	0.29%
Structured Investment Vehicles (SIV) ¹	3,640	0.11%	2,463	0.08%	1,177	47.79%
<i>Total Alternative Investments</i>	<u>\$ 191,390</u>	<u>5.78%</u>	<u>\$ 156,878</u>	<u>5.25%</u>	<u>\$ 34,512</u>	<u>22.00%</u>
Total	\$3,304,245	100.00%	\$2,988,205	100.00%	\$ 316,040	10.58%



¹These figures only include those of the Defined Benefit Retirement Plan, whereas the financial statements include the Defined Benefit Retirement Plan and the Defined Benefit Education Program.

INVESTMENT SECTION

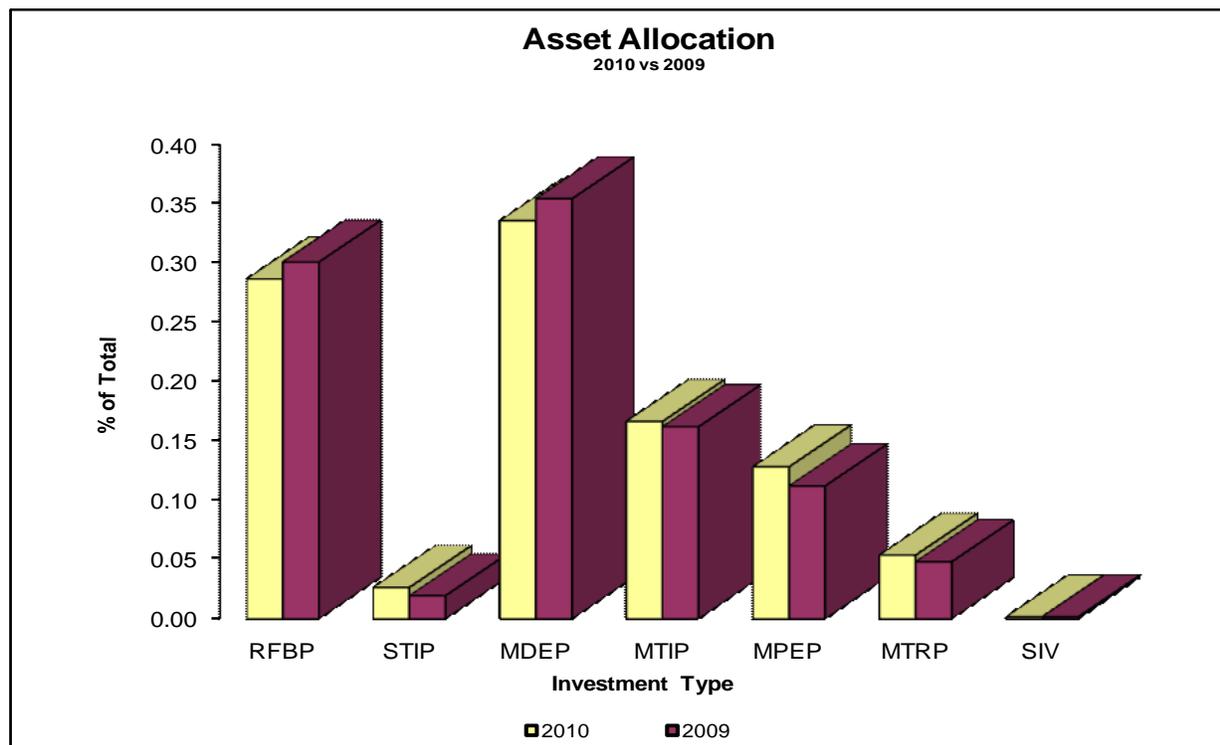
JRS

Asset Mix (fair value)

as of June 30, 2010 and 2009

(in thousands)

Investment Type	2010 Fair Value	% of Total	2009 Fair Value	% of Total	Dollar Change	% Change
Fixed Income:						
Retirement Funds Bond Pool (RFBP)	\$ 15,034	28.69%	\$ 14,019	30.12%	\$ 1,015	7.24%
STIP	1,392	2.66%	913	1.96%	479	52.46%
<i>Total Fixed Income</i>	<u>\$ 16,426</u>	<u>31.35%</u>	<u>\$ 14,932</u>	<u>32.08%</u>	<u>\$ 1,494</u>	<u>10.01%</u>
Equities:						
Montana Domestic Equity Pool (MDEP)	\$ 17,608	33.61%	\$ 16,507	35.47%	\$ 1,101	6.67%
Montana International Pool (MTIP)	8,732	16.66%	7,551	16.22%	1,181	15.64%
Montana Private Equity Pool (MPEP)	6,725	12.83%	5,224	11.22%	1,501	28.73%
<i>Total Equities</i>	<u>\$ 33,065</u>	<u>63.10%</u>	<u>\$ 29,282</u>	<u>62.91%</u>	<u>\$ 3,783</u>	<u>12.92%</u>
Alternative Investments:						
Montana Real Estate Pool (MTRP)	\$ 2,820	5.38%	\$ 2,247	4.83%	\$ 573	25.50%
Structured Investment Vehicles (SIV)	\$ 89	0.17%	\$ 83	0.18%	6	7.23%
<i>Total Alternative Investments</i>	<u>\$ 2,909</u>	<u>5.55%</u>	<u>\$ 2,330</u>	<u>5.01%</u>	<u>\$ 579</u>	<u>24.85%</u>
Total	\$ 52,400	100.00%	\$ 46,544	100.00%	\$ 5,856	12.58%



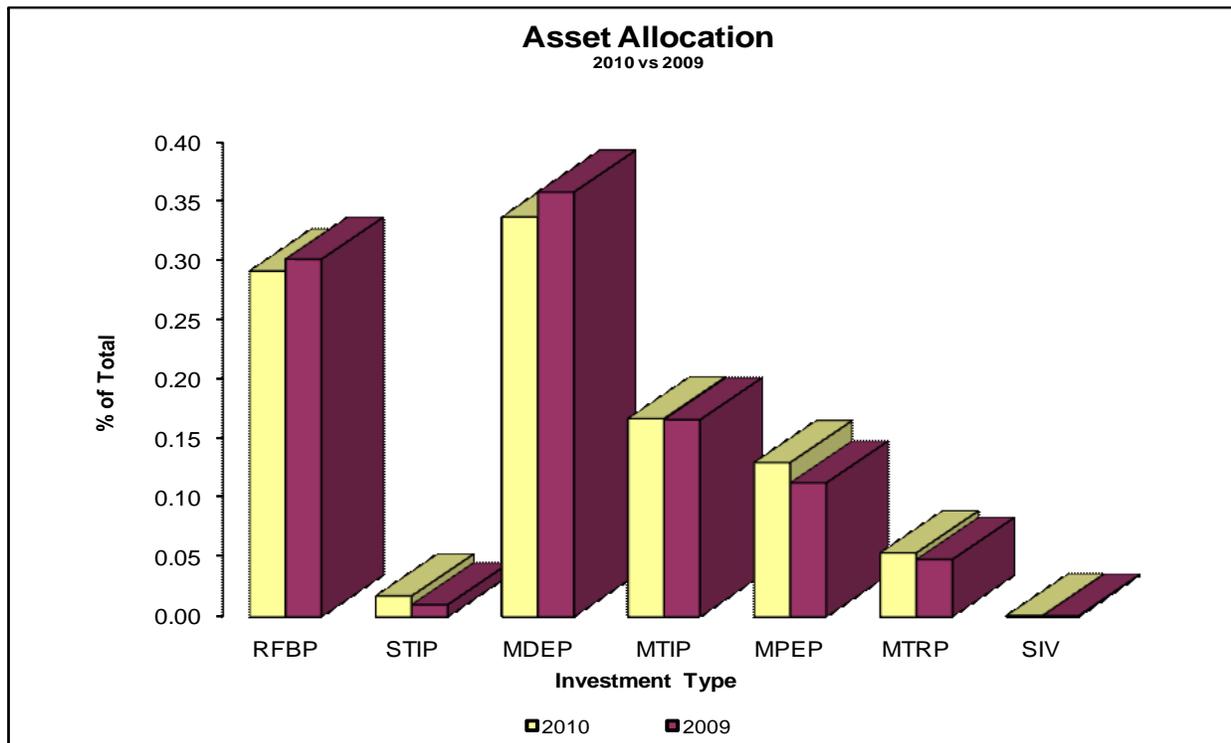
HPORS

Asset Mix (fair value)

as of June 30, 2010 and 2009

(in thousands)

Investment Type	2010 Fair Value	% of Total	2009 Fair Value	% of Total	Dollar Change	% Change
Fixed Income:						
Retirement Funds Bond Pool (RFBP)	\$ 24,091	29.19%	\$ 22,471	30.20%	\$ 1,620	7.21%
STIP	1,461	1.77%	774	1.04%	687	88.76%
<i>Total Fixed Income</i>	<u>\$ 25,552</u>	<u>30.96%</u>	<u>\$ 23,245</u>	<u>31.24%</u>	<u>\$ 2,307</u>	<u>9.92%</u>
Equities:						
Montana Domestic Equity Pool (MDEP)	\$ 27,848	33.75%	\$ 26,680	35.85%	\$ 1,168	4.38%
Montana International Pool (MTIP)	13,815	16.74%	12,387	16.65%	1,428	11.53%
Montana Private Equity Pool (MPEP)	10,751	13.03%	8,419	11.31%	2,332	27.70%
<i>Total Equities</i>	<u>\$ 52,414</u>	<u>63.52%</u>	<u>\$ 47,486</u>	<u>63.81%</u>	<u>\$ 4,928</u>	<u>10.38%</u>
Alternative Investments:						
Montana Real Estate Pool (MTRP)	\$ 4,466	5.41%	\$ 3,613	4.86%	\$ 853	23.61%
Structured Investment Vehicles (SIV)	\$ 94	0.11%	\$ 70	0.09%	\$ 24	34.29%
<i>Total Real Estate</i>	<u>\$ 4,560</u>	<u>5.52%</u>	<u>\$ 3,683</u>	<u>4.95%</u>	<u>\$ 877</u>	<u>23.81%</u>
Total	\$ 82,526	100.00%	\$ 74,414	100.00%	\$ 8,112	10.90%



INVESTMENT SECTION

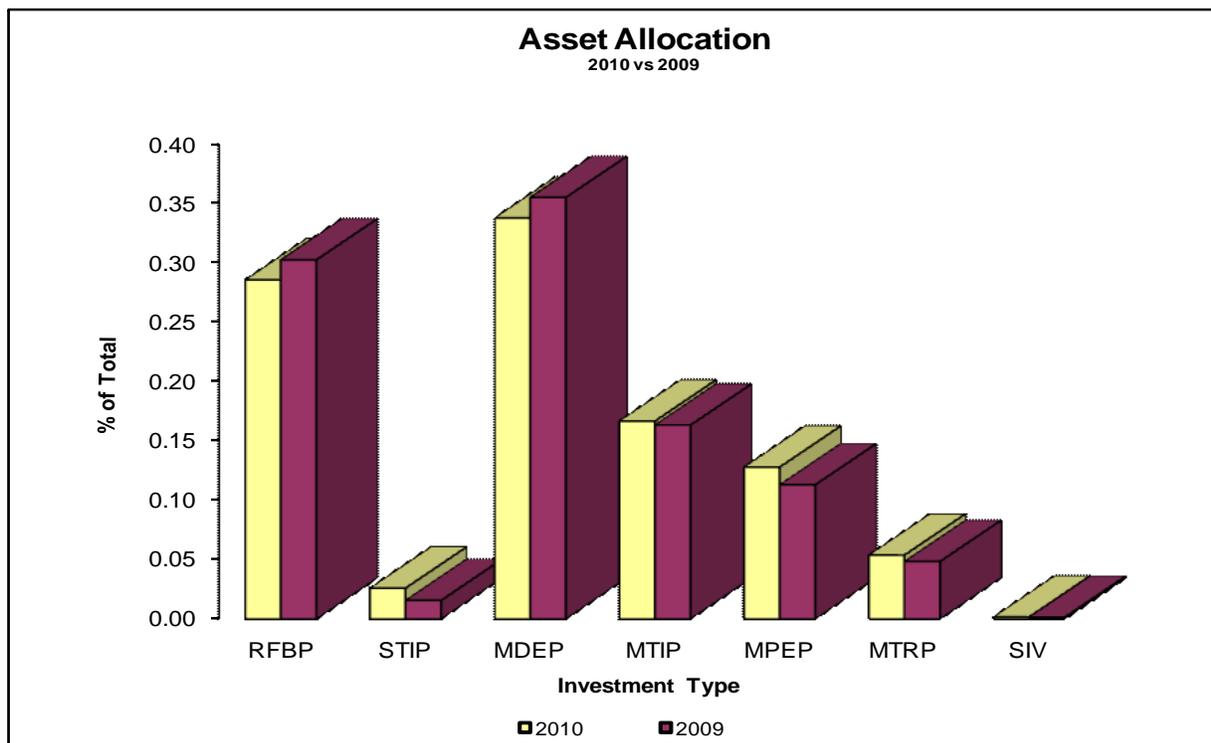
SRS

Asset Mix (fair value)

as of June 30, 2010 and 2009

(in thousands)

Investment Type	2010 Fair Value	% of Total	2009 Fair Value	% of Total	Dollar Change	% Change
Fixed Income:						
Retirement Funds Bond Pool (RFBP)	\$ 49,172	28.57%	\$ 45,693	30.27%	\$ 3,479	7.61%
STIP	4,473	2.60%	2,370	1.57%	2,103	88.73%
<i>Total Fixed Income</i>	<u>\$ 53,645</u>	<u>31.17%</u>	<u>\$ 48,063</u>	<u>31.84%</u>	<u>\$ 5,582</u>	<u>11.61%</u>
Equities:						
Montana Domestic Equity Pool (MDEP)	\$ 58,159	33.80%	\$ 53,630	35.53%	\$ 4,529	8.44%
Montana International Pool (MTIP)	28,703	16.68%	24,673	16.34%	4,030	16.33%
Montana Private Equity Pool (MPEP)	22,037	12.80%	17,060	11.31%	4,977	29.17%
<i>Total Equities</i>	<u>\$ 108,899</u>	<u>63.28%</u>	<u>\$ 95,363</u>	<u>63.18%</u>	<u>\$ 13,536</u>	<u>14.19%</u>
Alternative Investments:						
Montana Real Estate Pool (MTRP)	\$ 9,259	5.38%	\$ 7,311	4.84%	\$ 1,948	26.64%
Structured Investment Vehicles (SIV)	287	0.17%	215	0.14%	72	33.49%
<i>Total Alternative Investments</i>	<u>\$ 9,546</u>	<u>5.55%</u>	<u>\$ 7,526</u>	<u>4.98%</u>	<u>\$ 2,020</u>	<u>26.84%</u>
Total	\$ 172,090	100.00%	\$ 150,952	100.00%	\$ 21,138	14.00%



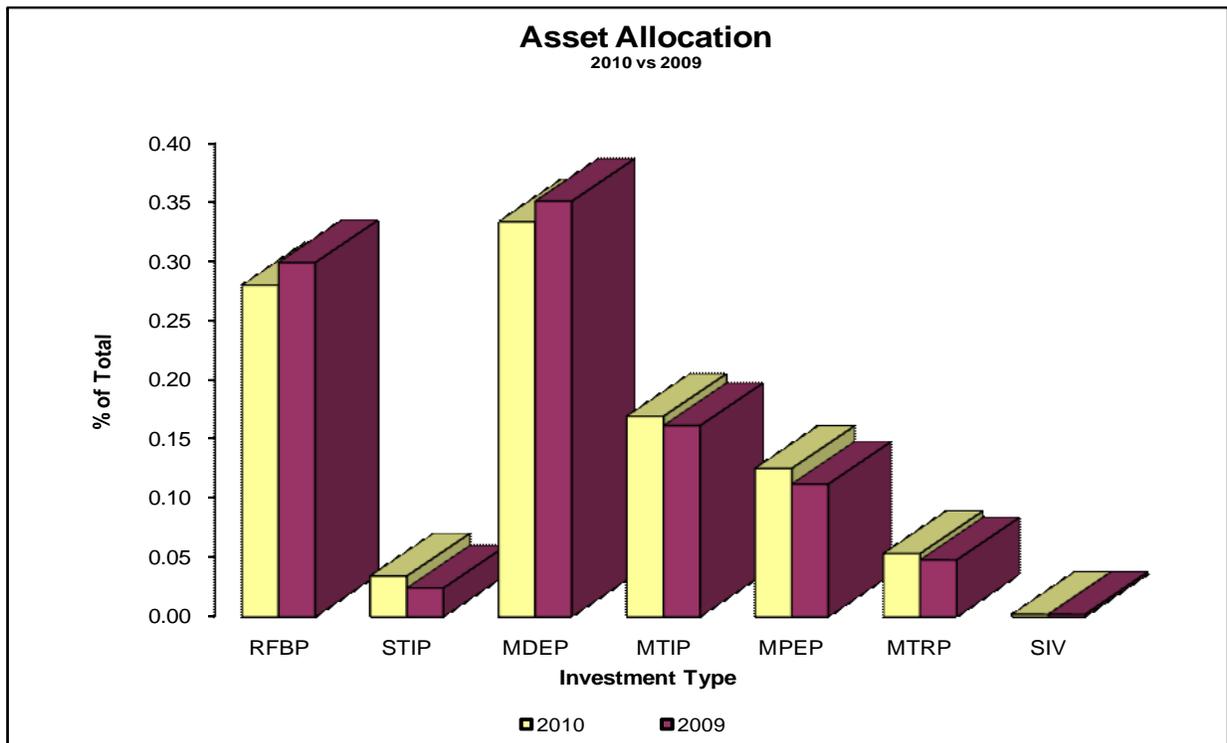
GWPORS

Asset Mix (fair value)

as of June 30, 2010 and 2009

(in thousands)

Investment Type	2010 Fair Value	% of Total	2009 Fair Value	% of Total	Dollar Change	% Change
Fixed Income:						
Retirement Funds Bond Pool (RFBP)	\$ 20,691	28.05%	\$ 18,518	29.95%	\$ 2,173	11.73%
STIP	2,548	3.46%	1,514	2.45%	1,034	68.30%
<i>Total Fixed Income</i>	<u>\$ 23,239</u>	<u>31.51%</u>	<u>\$ 20,032</u>	<u>32.40%</u>	<u>\$ 3,207</u>	<u>16.01%</u>
Equities:						
Montana Domestic Equity Pool (MDEP)	\$ 24,643	33.40%	\$ 21,722	35.14%	\$ 2,921	13.45%
Montana International Pool (MTIP)	12,513	16.96%	10,000	16.18%	2,513	25.13%
Montana Private Equity Pool (MPEP)	9,262	12.55%	6,949	11.24%	2,313	33.29%
<i>Total Equities</i>	<u>\$ 46,418</u>	<u>62.91%</u>	<u>\$ 38,671</u>	<u>62.56%</u>	<u>\$ 7,747</u>	<u>20.03%</u>
Alternative Investments:						
Montana Real Estate Pool (MTRP)	\$ 3,954	5.36%	\$ 2,981	4.82%	\$ 973	32.64%
Structured Investment Vehicles (SIV)	164	0.22%	137	0.22%	27	19.71%
<i>Total Alternative Investments</i>	<u>\$ 4,118</u>	<u>5.58%</u>	<u>\$ 3,118</u>	<u>5.04%</u>	<u>\$ 1,000</u>	<u>32.07%</u>
Total	\$ 73,775	100.00%	\$ 61,821	100.00%	\$ 11,954	19.34%

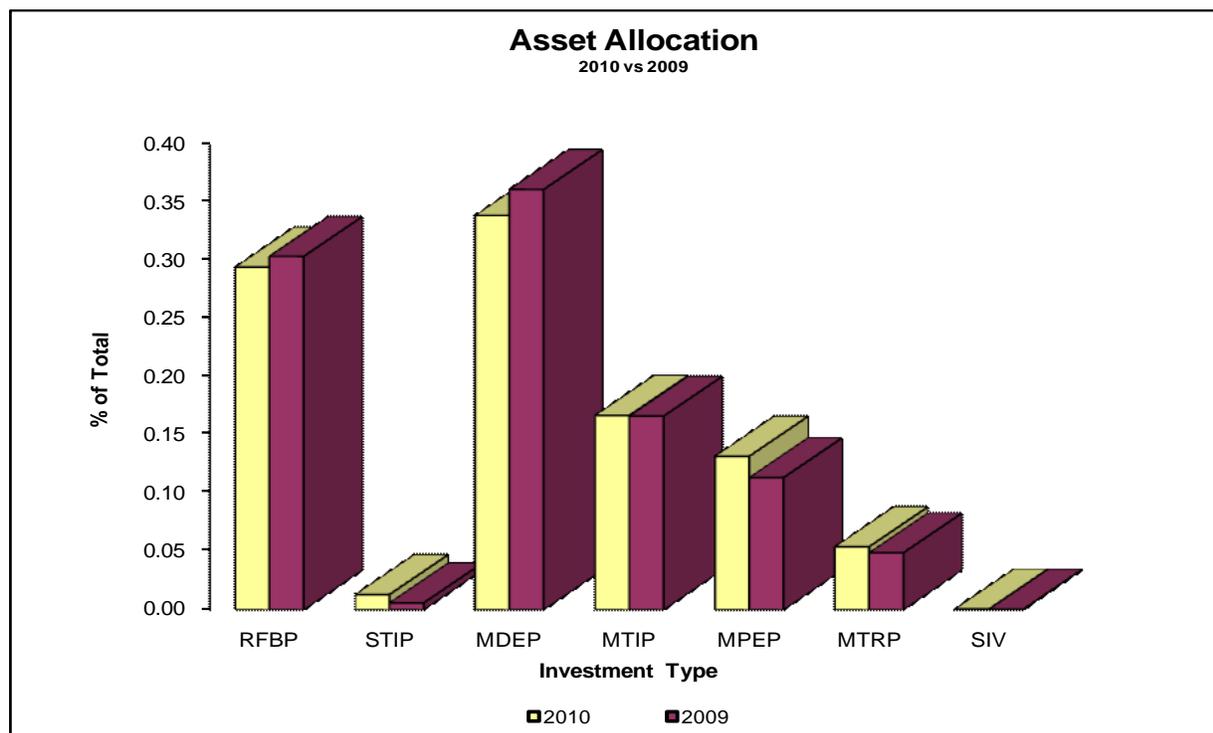


INVESTMENT SECTION

MPORS

Asset Mix (fair value)
as of June 30, 2010 and 2009
 (in thousands)

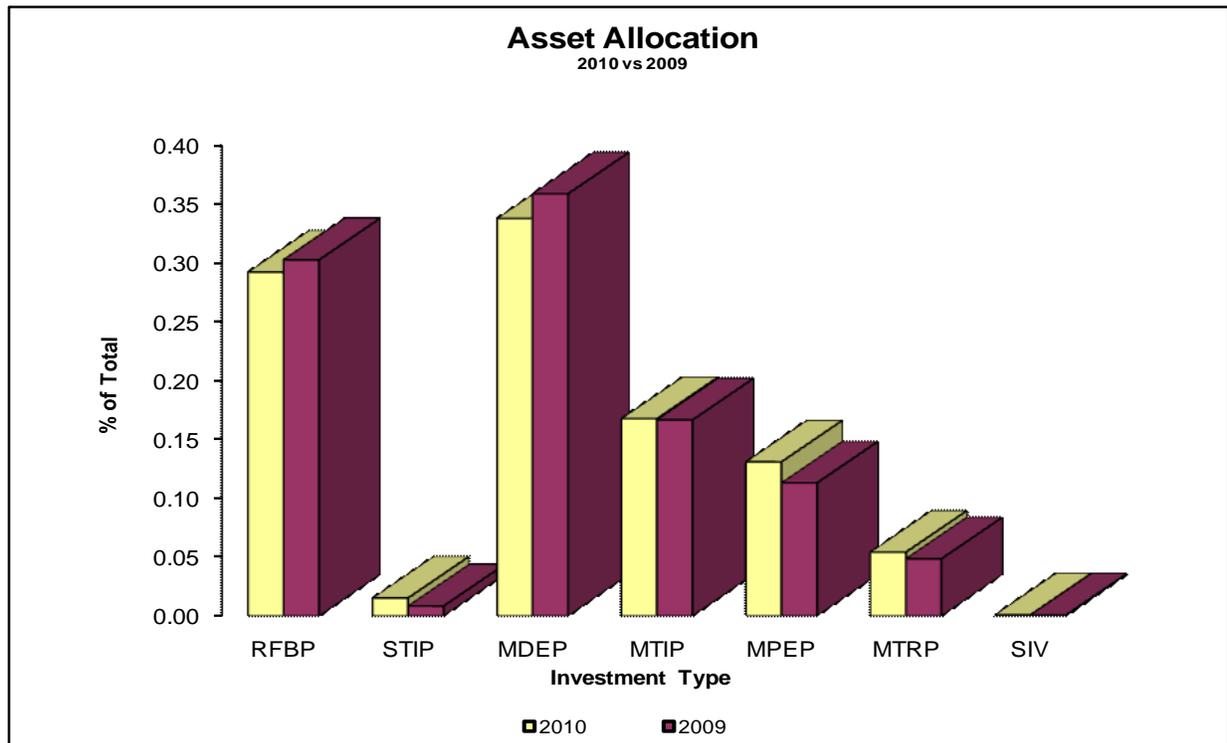
Investment Type	2010 Fair Value	% of Total	2009 Fair Value	% of Total	Dollar Change	% Change
Fixed Income:						
Retirement Funds Bond Pool (RFBP)	\$ 51,742	29.43%	\$ 45,995	30.35%	\$ 5,747	12.49%
STIP	2,305	1.32%	920	0.61%	1,385	150.54%
<i>Total Fixed Income</i>	<u>\$ 54,047</u>	<u>30.75%</u>	<u>\$ 46,915</u>	<u>30.96%</u>	<u>\$ 7,132</u>	<u>15.20%</u>
Equities:						
Montana Domestic Equity Pool (MDEP)	\$ 59,532	33.86%	\$ 54,681	36.09%	\$ 4,851	8.87%
Montana International Pool (MTIP)	29,350	16.69%	25,207	16.63%	4,143	16.44%
Montana Private Equity Pool (MPEP)	23,192	13.19%	17,242	11.36%	5,950	34.51%
<i>Total Equities</i>	<u>\$ 112,074</u>	<u>63.74%</u>	<u>\$ 97,130</u>	<u>64.08%</u>	<u>\$ 14,944</u>	<u>15.39%</u>
Alternative Investments:						
Montana Real Estate Pool (MTRP)	\$ 9,547	5.43%	\$ 7,437	4.91%	\$ 2,110	28.37%
Structured Investment Vehicles (SIV)	148	0.08%	83	0.05%	65	78.31%
<i>Total Alternative Investments</i>	<u>\$ 9,695</u>	<u>5.51%</u>	<u>\$ 7,520</u>	<u>4.96%</u>	<u>\$ 2,175</u>	<u>28.92%</u>
Total	\$ 175,816	100.00%	\$ 151,565	100.00%	\$ 24,251	16.00%



FURS

Asset Mix (fair value)
as of June 30, 2010 and 2009
 (in thousands)

Investment Type	2010 Fair Value	% of Total	2009 Fair Value	% of Total	Dollar Change	% Change
Fixed Income:						
Retirement Funds Bond Pool (RFBP)	\$ 50,657	29.25%	\$ 45,160	30.29%	\$ 5,497	12.17%
STIP	2,649	1.53%	1,268	0.85%	1,381	108.91%
<i>Total Fixed Income</i>	<u>\$ 53,306</u>	<u>30.78%</u>	<u>\$ 46,428</u>	<u>31.14%</u>	<u>\$ 6,878</u>	<u>14.81%</u>
Equities:						
Montana Domestic Equity Pool (MDEP)	\$ 58,543	33.80%	\$ 53,532	35.91%	\$ 5,011	9.36%
Montana International Pool (MTIP)	29,067	16.78%	24,862	16.68%	4,205	16.91%
Montana Private Equity Pool (MPEP)	22,703	13.11%	16,890	11.32%	5,813	34.42%
<i>Total Equities</i>	<u>\$ 110,313</u>	<u>63.69%</u>	<u>\$ 95,284</u>	<u>63.91%</u>	<u>\$ 15,029</u>	<u>15.77%</u>
Alternative Investments:						
Montana Real Estate Pool (MTRP)	\$ 9,403	5.43%	\$ 7,260	4.87%	\$ 2,143	29.52%
Structured Investment Vehicles (SIV)	170	0.10%	115	0.08%	55	47.83%
<i>Total Alternative Investments</i>	<u>\$ 9,573</u>	<u>5.53%</u>	<u>\$ 7,375</u>	<u>4.95%</u>	<u>\$ 2,198</u>	<u>29.80%</u>
Total	\$ 173,192	100.00%	\$ 149,087	100.00%	\$ 24,105	16.17%

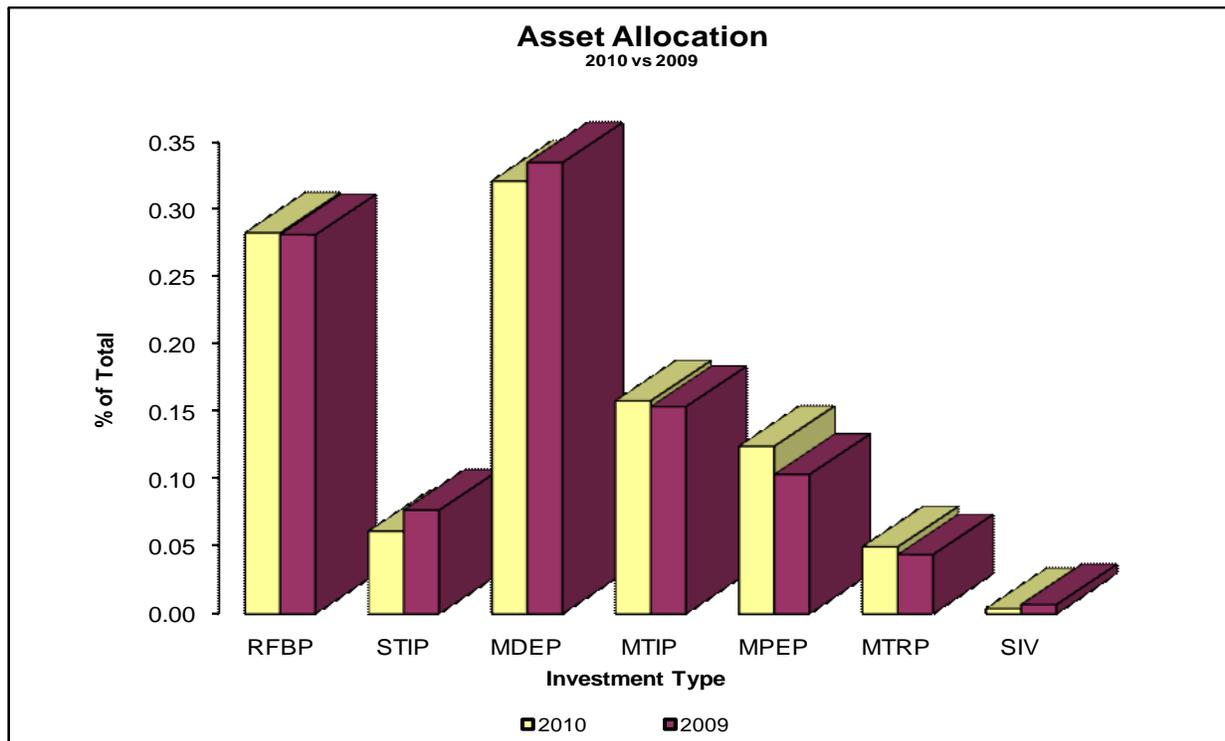


INVESTMENT SECTION

VFCA

Asset Mix (fair value) as of June 30, 2010 and 2009 (in thousands)

Investment Type	2010 Fair Value	% of Total	2009 Fair Value	% of Total	Dollar Change	% Change
Fixed Income:						
Retirement Funds Bond Pool (RFBP)	\$ 6,379	28.23%	\$ 5,742	28.10%	\$ 637	11.09%
STIP	1,385	6.13%	1,571	7.68%	(186)	-11.84%
<i>Total Fixed Income</i>	<u>\$ 7,764</u>	<u>34.36%</u>	<u>\$ 7,313</u>	<u>35.78%</u>	<u>\$ 451</u>	<u>6.17%</u>
Equities:						
Montana Domestic Equity Pool (MDEP)	\$ 7,245	32.07%	\$ 6,836	33.44%	\$ 409	5.98%
Montana International Pool (MTIP)	3,567	15.79%	3,140	15.36%	427	13.60%
Montana Private Equity Pool (MPEP)	2,806	12.42%	2,115	10.34%	691	32.67%
<i>Total Equities</i>	<u>\$ 13,618</u>	<u>60.28%</u>	<u>\$ 12,091</u>	<u>59.14%</u>	<u>\$ 1,527</u>	<u>12.63%</u>
Alternative Investments:						
Montana Real Estate Pool (MTRP)	\$ 1,124	4.97%	\$ 898	4.39%	\$ 226	25.17%
Structured Investment Vehicles (SIV)	89	0.39%	142	0.69%	(53)	-37.32%
<i>Total Alternative Investments</i>	<u>\$ 1,213</u>	<u>5.36%</u>	<u>\$ 1,040</u>	<u>5.08%</u>	<u>\$ 173</u>	<u>16.63%</u>
Total	\$ 22,595	100.00%	\$ 20,444	100.00%	\$ 2,151	10.52%



Public Employees' Retirement Board

A Component Unit of the State of Montana

Largest Holdings (by portfolio fair value)

as of June 30, 2010

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.

Shares/Par	MDEP Portfolio By Manager	Fair Value
1,088,864	Blackrock Equity Index Fund	\$ 341,625,636
8,795,211	JP Morgan Investments	254,051,746
8,645,272	T Rowe Price	231,679,731
6,808,612	Barrow Hanley MeWhinney	156,472,254
5,409,876	Intech	143,477,866
12,697,962	Western Asset US Indx Plux LLC	117,126,006
8,413,890	Columbus Circle	113,665,352
5,835,332	Rainier Investments	109,010,216
4,811,921	Quantitative Management	98,525,717
3,070,880	Renaissance Investments	91,296,960

PERS' 9,513,594 shares represent 50.50% of the total MDEP portfolio at market.

JRS' 150,363 shares represent 0.80% of the total MDEP portfolio at market.

HPORS' 237,810 shares represent 1.26% of the total MDEP portfolio at market.

SRS' 496,646 shares represent 2.64% of the total MDEP portfolio at market.

GWPORS' 210,443 shares represent 1.12% of the total MDEP portfolio at market.

MPORS' 508,370 shares represent 2.70% of the total MDEP portfolio at market.

FURS' 499,930 shares represent 2.65% of the total MDEP portfolio at market.

VFCA's 61,872 shares represent 0.33% of the total MDEP portfolio at market.

Shares/Par	RFBP Portfolio By Manager	Fair Value
1,364,502,563	Core Internal Bond Portfolio	\$ 1,402,372,667
217,555,717	Reams Asset Management	216,255,345
99,624,208	Artio Global Management	102,771,817
103,896,613	Neuberger Berman	99,854,553
56,493,200	Post Advisory Group	54,971,812
4,645,437	Short Term Investment Pool	4,645,437

PERS' 878,206,300 shares represent 49.95% of the total RFBP portfolio at market.

JRS' 14,054,597 shares represent 0.80% of the total RFBP portfolio at market.

HPORS' 22,521,063 shares represent 1.28% of the total RFBP portfolio at market.

SRS' 45,967,413 shares represent 2.61% of the total RFBP portfolio at market.

GWPORS' 19,342,218 shares represent 1.10% of the total RFBP portfolio at market.

MPORS' 48,369,682 shares represent 2.75% of the total RFBP portfolio at market.

FURS' 47,355,746 shares represent 2.69% of the total RFBP portfolio at market.

VFCA's 5,963,551 shares represent 0.34% of the total RFBP portfolio at 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, 2010

Shares/Par	MTIP Portfolio By Manager	Fair Value
23,694,660	Blackrock ACW1EX US Superfund	\$ 380,523,563
8,748,925	Artio Global	98,511,634
17,388,301	Batterymarch	95,292,508
18,519,118	Bernstein	90,837,116
8,152,729	Hansberger	87,998,464
4,994,700	Blackrock GL Ex US Alpha Tilt	87,550,613
15,422,902	Martin Currie	82,586,636
32,192,386	Acadian	73,182,259
4,007,326	DFA Intl Small Co Portfolio	53,056,998
2,135,589	EA FE Stock Performance Index	42,891,177

PERS' 4,541,620 shares represent 50.59% of the total MTIP portfolio at market.

JRS' 71,748 shares represent 0.80% of the total MTIP portfolio at market.

HPORS' 113,517 shares represent 1.26% of the total MTIP portfolio at market.

SRS' 235,849 shares represent 2.63% of the total MTIP portfolio at market.

GWPORS' 102,817 shares represent 1.15% of the total MTIP portfolio at market.

MPORS' 241,169 shares represent 2.69% of the total MTIP portfolio at market.

FURS' 238,846 shares represent 2.66% of the total MTIP portfolio at market.

VFCA's 29,311 shares represent 0.33% of the total MTIP portfolio at market.

Shares/Par	MPEP Portfolio By Manager	Fair Value
192,106,275	Adams Street	\$ 185,515,068
44,292,783	Welsh Carson	52,950,886
40,344,080	Lexington	51,267,886
44,450,339	Carlyle	47,791,698
33,140,105	Oak Tree	47,045,144
42,699,977	Madison Dearborn	42,340,850
32,598,771	A Venue Capital	41,055,772
33,859,691	Oak Hill	35,560,056
33,823,441	Portfolio Advisors	32,390,607
31,747,433	Arclight	31,894,370

PERS' 2,652,194 shares represent 50.39% of the total MPEP portfolio at market.

JRS' 41,411 shares represent 0.79% of the total MPEP portfolio at market.

HPORS' 66,199 shares represent 1.26% of the total MPEP portfolio at market.

SRS' 135,690 shares represent 2.58% of the total MPEP portfolio at market.

GWPORS' 57,031 shares represent 1.08% of the total MPEP portfolio at market.

MPORS' 142,802 shares represent 2.71% of the total MPEP portfolio at market.

FURS' 139,790 shares represent 2.66% of the total MPEP portfolio at market.

VFCA's 17,277 shares represent 0.33% 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, 2010

Shares/Par	MTRP Portfolio By Manager		Fair Value
60,446	JP Morgan	\$	78,021,757
309	Invesco Core Real Estate		28,195,926
26,782,869	Short Term Investment Pool		26,782,869
31,957	Clarion Lion Properties		23,410,940
28,000,000	TA Associates Realty		20,895,036
25,156,323	Angelo Gordon		20,879,832
3,057	UBS Realty Investors LLC		20,381,100
25,000,000	Hudson Realty Capitl		19,902,095
19,313,352	ABR Chesapeake		18,067,718
20,000	Area Property Partners		17,667,861

PERS' 2,850,357 shares represent 50.48% of the total MTRP portfolio at market.

JRS' 44,963 shares represent 0.80% of the total MTRP portfolio at market.

HPORS' 71,194 shares represent 1.26% of the total MTRP portfolio at market.

SRS' 147,608 shares represent 2.61% of the total MTRP portfolio at market.

GWPORS' 63,032 shares represent 1.12% of the total MTRP portfolio at market.

MPORS' 152,211 shares represent 2.70% of the total MTRP portfolio at market.

FURS' 149,910 shares represent 2.65% of the total MTRP portfolio at market.

VFCA's 17,917 shares represent 0.32% of the total MTRP portfolio at market.

Shares/Par	Mortgages Portfolio		Fair Value
205,427,525	Montana Coal Tax Trust Loans	\$	205,427,525
35,778,065	Montana Residential Mortgages		35,527,234

PERS' 19,320,155 shares represent 8.0% 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, 2010

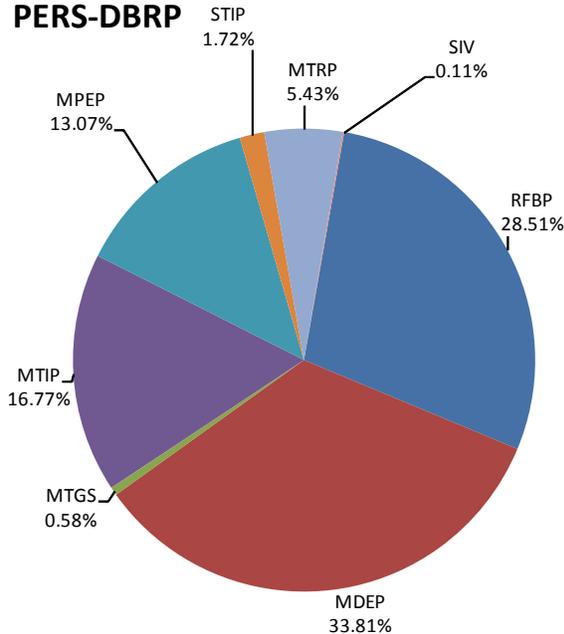
(in thousands)

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	\$ 939,430	28.43%	\$ 15,034	28.69%	\$ 24,091	29.19%	\$ 49,172	28.57%
<i>Equities</i>								
Montana Domestic Equity Pool	1,114,072	33.72%	17,608	33.61%	27,848	33.75%	58,159	33.80%
Montana International Pool	552,712	16.73%	8,732	16.66%	13,815	16.74%	28,703	16.68%
Montana Private Equity Pool	430,729	13.04%	6,725	12.83%	10,751	13.03%	22,037	12.80%
<i>Alternative Investments</i>								
Real Estate Investments	8,963	0.26%						
Montana Real Estate Pool	178,787	5.41%	2,820	5.38%	4,466	5.41%	9,259	5.38%
Mortgages	19,185	0.58%						
Structured Investment Vehicles ¹	3,640	0.11%	89	0.17%	94	0.11%	287	0.17%
<i>Short Term Investments</i>								
Short Term Investment Pool ¹	56,727	1.72%	1,392	2.66%	1,461	1.77%	4,473	2.60%
Total	\$ 3,304,245	100.00%	\$ 52,400	100.00%	\$ 82,526	100.00%	\$172,090	100.00%

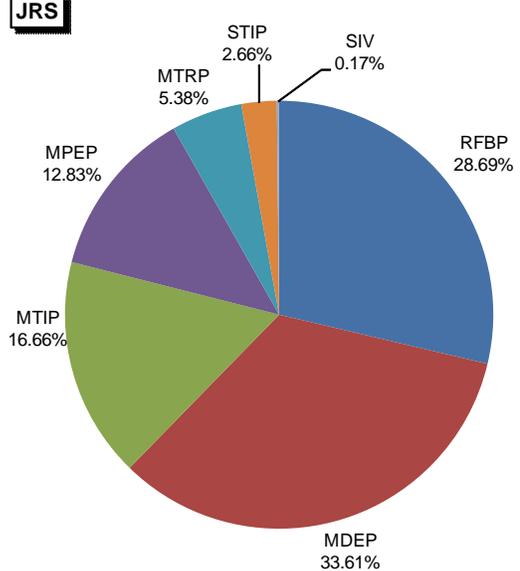
¹These figures only include those of the Defined Benefit Retirement Plan, whereas the financial statements include the Defined Benefit Retirement Plan and the Defined Benefit Education Program.

INVESTMENT SECTION

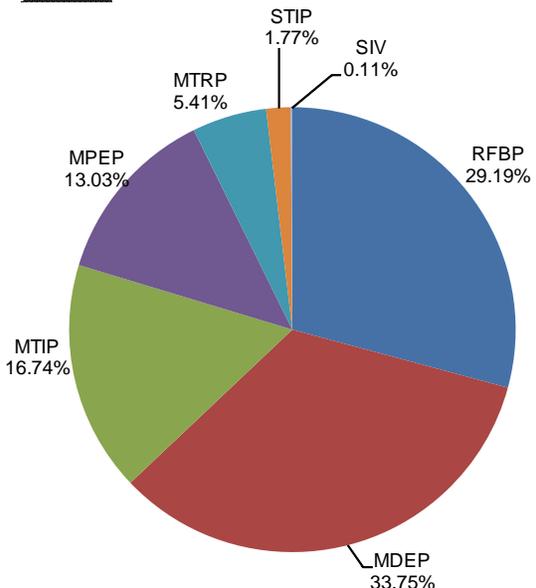
PERS-DBRP



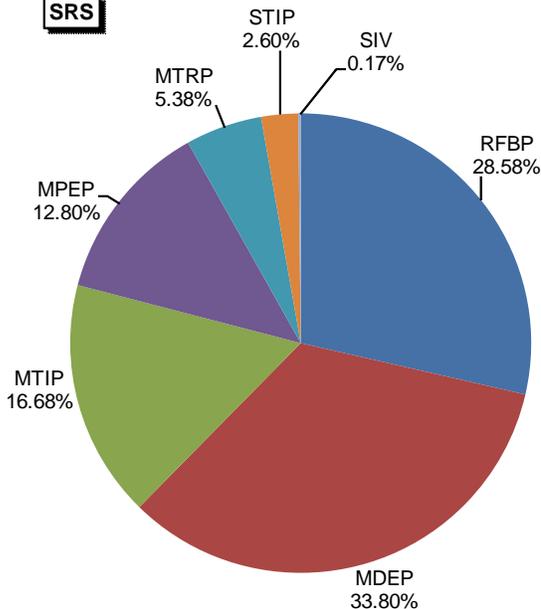
JRS



HPORS



SRS



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

INVESTMENT SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Investment Summary

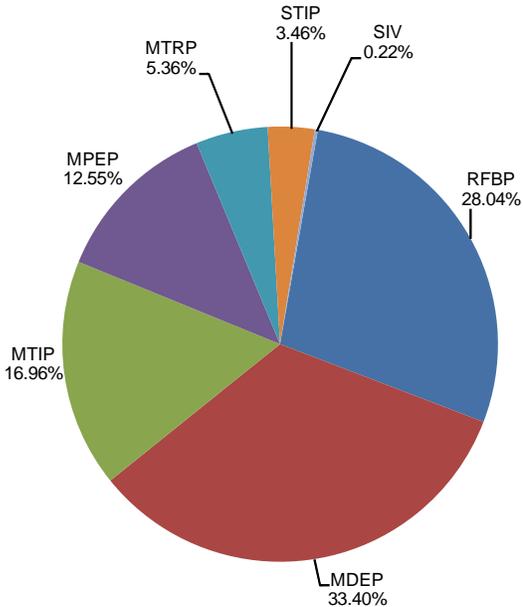
as of June 30, 2010

(in thousands)

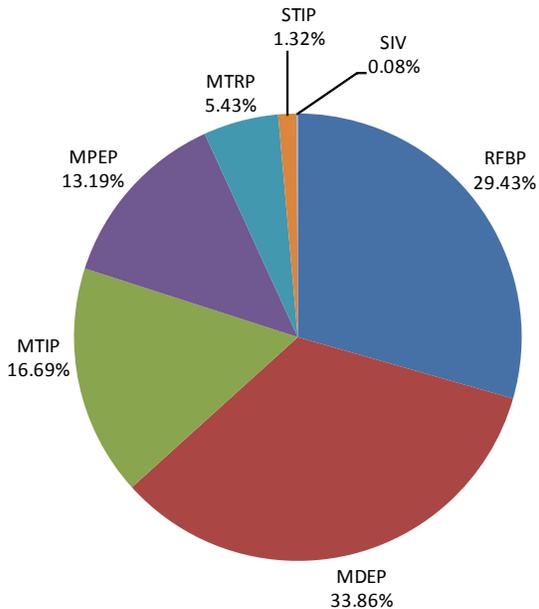
Type of Investment	GWPORS		MPORS		FURS		VFCA		
	Fair Value	% of Total Fair Value	Fair Value	% of Total Fair Value	Fair Value	% of Total Fair Value	Fair Value	% of Total Fair Value	
<i>Fixed Income</i>									
Retirement Funds Bond Pool	\$ 20,691	28.05%	\$ 51,742	29.43%	\$ 50,657	29.25%	\$ 6,379	28.23%	
<i>Equities</i>									
Montana Domestic Equity Pool	24,643	33.40%	59,532	33.86%	58,543	33.80%	7,245	32.07%	
Montana International Pool	12,513	16.96%	29,350	16.69%	29,067	16.78%	3,567	15.79%	
Montana Private Equity Pool	9,262	12.55%	23,192	13.19%	22,703	13.11%	2,806	12.42%	
<i>Alternative Investments</i>									
Real Estate Investments									
Montana Real Estate Pool	3,954	5.36%	9,547	5.43%	9,403	5.43%	1,124	4.97%	
Mortgages									
Structured Investment Vehicles	164	0.22%	148	0.08%	170	0.10%	89	0.39%	
<i>Short Term Investments</i>									
Short Term Investment Pool	2,548	3.46%	2,305	1.32%	2,649	1.53%	1,385	6.13%	
Total	\$ 73,775	100.00%	\$ 175,816	100.00%	\$ 173,192	100.00%	\$ 22,595	100.00%	

INVESTMENT SECTION

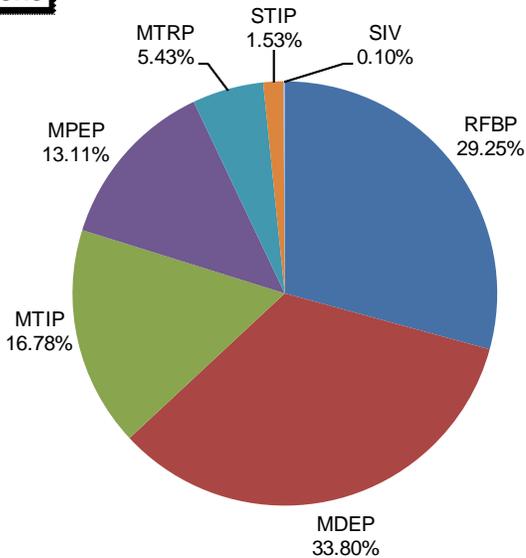
GWPORS



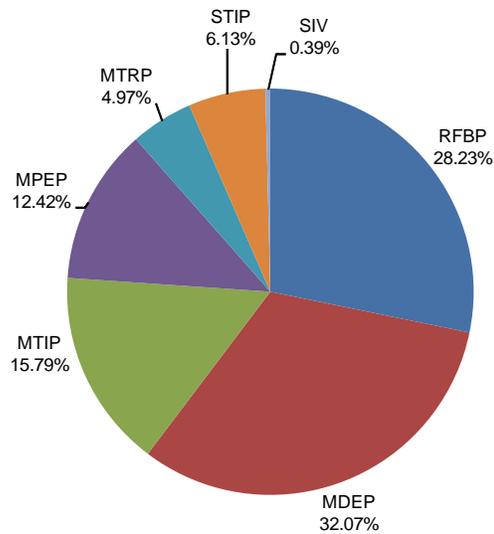
MPORS



FURS



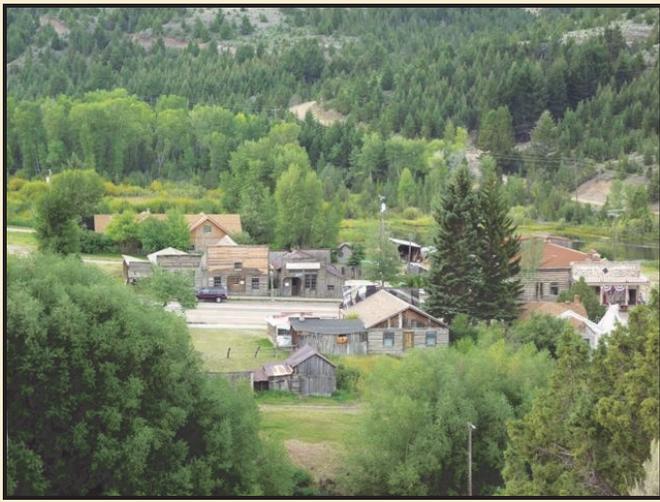
VFCA



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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VIRGINIA CITY

Currently home to 132 residents, Virginia City was established in 1863 with the discovery of gold in Alder Gulch. For 10 years, Virginia City was the territorial capital of Montana. Today, over 100 buildings are preserved as a reminder of Montana's past.

Photo courtesy of Ann Nydam

YORK

Neither a town, nor a village, York is what is known as a community. Located inside the Helena National Forest, York sits at an elevation of 3,980 feet.

Photo courtesy of Ann Nydam



CULBERTSON

Named after Major Alexander Culbertson, the town was founded in 1887 on the banks of the Missouri river. With the presence of the railroad, the town was able to weather the agricultural depression of the 1920s and 30s better than its neighbors.

Photos courtesy of Dixie Berwick



November 17, 2010

Public Employees' Retirement Board
100 North Park Avenue, Suite 200
Helena, Montana 59620

Dear Members of the Board:

At your request we have conducted the June 30, 2010 annual actuarial valuations of each of the eight funded pension programs administered by the Public Employees' Retirement Board.

Valuation Results

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 three systems. The amortization periods are shown below.

- | | |
|--|------------|
| • Highway Patrol Officers' Retirement System | 29.9 years |
| • Municipal Police Officers' Retirement System | 23.0 years |
| • Firefighters' Unified Retirement System | 14.7 years |

The amortization periods above are based upon the Actuarial Value of Assets which recognizes investment gains and losses over a four year period. If the Market Value of Assets had been used, the amortization periods above would have been 49.4, 30.5, and 19.8 years respectively.

For three of the systems our findings indicate the projected income stream from the expected contributions will be sufficient to pay the Normal Costs but will not be sufficient to amortize the Unfunded Actuarial Liability.

- Public Employees' Retirement System
- Sheriffs' Retirement System
- Game Wardens' and Peace Officers' Retirement System

Based on the assumed level of future revenue, the Unfunded Actuarial Liability for the Volunteer Firefighters' Compensation Act is expected to be amortized over 7.7 years using the Actuarial Value of Assets and over 14.3 years using Market Value of Assets. The Judges' Retirement System had an Actuarial Surplus as of June 30, 2010.

The funded status for each of the eight systems decreased based on the Actuarial Value of Assets. Due to the large investment losses for the year ending June 30, 2009 which are being recognized over four years, the Actuarial Value of Assets exceeded the Market Value of Assets by 15% to 17% for each of the Systems. If the Market Value of Assets had been used to determine the funded status, the funded status of each of the systems would have been lower than using the Actuarial Value of Assets.

Assumptions and Methods

These valuations are the second valuations performed for the Board by Cheiron. Since the previous valuations, Cheiron performed an experience study and recommended revised



actuarial assumptions which were adopted by the Board and made effective for these valuations.

We believe that all the costs, liabilities, rates of interest, and other factors for the systems have been determined on the basis of actuarial assumptions and methods which are reasonable in the aggregate. Nevertheless, the emerging costs will vary from those presented in this report to the extent that actual experience differs from that projected by the actuarial assumptions.

The calculations in the following exhibits have been made on a basis consistent with our understanding of the systems' funding requirements and goals, and of GASB Statement No. 25. Determinations for purposes other than meeting these requirements may be significantly different from the results in this report. Accordingly, additional determinations may be needed for other purposes.

Reliance on Others

In preparing the 2010 valuations, we relied upon the financial and membership data furnished by the Public Employees' Retirement Administration. We have not audited or verified this data and other information. If the underlying data or information is inaccurate or incomplete, the results of our analysis may likewise be inaccurate or incomplete.

We performed a limited review of the data used directly in our analysis for reasonableness and consistency and have not found material defects in the data. If there were material defects in the data, it is possible that they would be uncovered by a detailed, systematic review and comparison of the data to search for data values that are questionable. Such a review was beyond the scope of our assignment.

Supporting Schedules

Information presented in this Actuarial Section as of June 30, 2010, and in various parts of the Financial and Statistical Sections is based on information found in our actuarial valuation reports. Numbers reported for years prior to 2009 were developed by the prior actuary and are reported per their valuation reports.

Certification

We certify that to the best of our knowledge, the information included in this report is complete and accurate and has been 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.

The undersigned actuaries are Members of the American Academy of Actuaries, and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained therein.

Sincerely,
Cheiron

/s/ Stephen T. McElhaney

Stephen T. McElhaney, FSA
Consulting Actuary

/s/ Margaret Tempkin

Margaret Tempkin, FSA
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 2010 by the PERB's actuary, Cheiron. An experience study was performed during fiscal year 2010 examining the plans' experience during the six year period July 1, 2003 to June 30, 2009. The experience study investigated the actual experience of each plan administered by the PERB. The methods, assumptions and factors adopted by the PERB were based on Cheiron's recommendation. The actuarial assumptions were approved by the PERB on May 13, 2010 and were used in the fiscal year 2010 actuarial valuation. The recommendations were formed on the basis of recent experience of the plans and on the current expectations of future economic conditions. The actuarial methods, assumptions, factors, and any changes in the actuarial assumptions are described in this section.

Cheiron studied the Plans' experience with respect to both "demographic" and "economic" assumptions. Demographic assumptions are based on expected membership behavior. These include the retirement rates, termination rates, disability rates, mortality rates, and miscellaneous assumptions including marital status. Economic assumptions are based on common system elements such as investment returns, inflation, and administrative expenses. Salary increases can be considered either demographic (membership oriented) or economic (given the inflation component). For this study Cheiron included salary experience under the economic portion of the study.

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 based on 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 MPERA was accepted for valuation purposes without audit.

ACTUARIAL FUNDING 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 to determine costs in these valuations is the Entry Age Actuarial Cost Method. Under this funding method, a normal cost rate is determined by taking the value of each member's projected future benefits as of entry age into the plan.

The actuarial accrued liability is that portion of the present value of projected benefits that will not be paid by future normal cost. The difference between this liability and funds accumulated as of the same date is referred to as the unfunded actuarial liability.

ACTUARIAL SECTION

The portion of the actuarial accrued liability in excess of plan assets is amortized to develop an additional cost or savings which is added to each year's employer normal cost. Under this cost method, actuarial gains and losses are directly reflected in the size of the unfunded actuarial liability.

ACTUARIAL VALUE OF ASSETS

Asset values were supplied by MPERA and were accepted without audit by the actuary. The Actuarial Value of Assets is the current market value, adjusted by a four-year smoothing of gains and losses on a market value basis. The asset adjustment method dampens the volatility in asset values that could occur because of fluctuations in market conditions. Each year's gain or loss is determined as the difference between the actual market return and the expected market return using the assumed rate of investment return.

INVESTMENT RETURN

The future investment earnings of the assets of the plans are assumed to accrue at an annual rate of 7.75%, net of all administrative and investment-related expenses. As a result of the experience study performed during fiscal year 2010, the actuarial assumption for the rate of investment return decreased to 7.75% from 8.0%.

AMORTIZATION METHOD

The unfunded actuarial accrued liability is amortized as a level percentage of future payroll, except for VFCA for which is amortized as level dollar amounts.

INTEREST ON MEMBER CONTRIBUTIONS

Interest on member contributions at the time of the valuation was assumed to accrue at a

net annual rate of 3.50%, with the exception of VFCA. As a result of the experience study performed during fiscal year 2010, the actuarial assumption for the interest on member contributions decreased to 3.50% from 5.0%.

CAPITAL PRESERVATION PREMIUM ON MPORS DROP ACCOUNTS

Effective July 1, 2009, the interest earned on MPORS DROP accounts changed from the actual trust fund earnings to the actuarial assumed rate of return.

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. As a result of the experience study performed during fiscal year 2010, the assumed increase in future salaries due to general wage growth is 4.00% per year for all plans, a decrease from 4.25% in previous valuations. 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.

MARRIAGE

As a result of the experience study performed during fiscal year 2010, the probability of marriage assumption is 100% of all non-retired members. Male spouses are assumed to be three years older than female spouses for all systems except JRS where the male spouses are assumed to be four years older than female spouses. In past actuarial valuations the male spouses were assumed to be four years older

than female spouses for all systems except PERS. Male spouses were assumed to be three years older than female spouse in PERS.

MORTALITY

As a result of the experience study performed during fiscal year 2010, the mortality assumption among contributing members, terminated vested members, service retired members, and beneficiaries are based on RP-2000 Combined Healthy Male and Female Mortality Tables projected to 2015 with scale AA. In past actuarial valuations the actuarial assumption for the probability of mortality was based on 1994 Uninsured Pensioner Mortality tables for males and females and were adjusted for each plan. The sample mortality rates for healthy retirees, beneficiaries and non-retired members for all plans is presented in the following table.

Healthy Retirees, Beneficiaries and Non-Retired Members Sample Mortality Rates		
<u>Age</u>	<u>Male</u>	<u>Female</u>
50	0.163%	0.130%
55	0.241%	0.241%
60	0.530%	0.469%
65	1.031%	0.900%
70	1.770%	1.553%
75	3.062%	2.492%
80	5.536%	4.129%
85	9.968%	7.076%
90	17.271%	12.588%

As a result of the experience study performed during fiscal year 2010, the mortality assumptions among Disabled Retirees are based on the RP-2000 Combined Healthy Male and Female Mortality Tables with no projections. In past actuarial valuations the probabilities of

mortality for Disabled Retirees were based on the 1994 Uninsured Pensioner Mortality Tables for males and females for each plan except PERS, JRS, and VFCA, which were based on the IRS Revenue Ruling 96-7 Males/Females table and were adjusted for each plan. The sample mortality rates for the disabled retirees for all plans is presented in the following table.

Disabled Retirees Sample Mortality Rates		
	<u>Males</u>	<u>Females</u>
50	0.241%	0.168%
55	0.362%	0.272%
60	0.675%	0.506%
65	1.274%	0.971%
70	2.221%	1.674%
75	3.783%	2.811%
80	6.437%	4.588%
85	11.076%	7.745%
90	18.341%	13.168%

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 recent experience study performed during fiscal year 2010. 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. As a result of the experience study performed during fiscal year 2010, it is further assumed that 75% of all disabilities are duty-related for HPORS, SRS, and GWPORS. For MPORS and FURS it is assumed that 10% of all dis-

ACTUARIAL SECTION

abilities are duty-related. For PERS, JRS and VFCA all disabilities are assumed to be non-duty related. 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. For past valuations it was assumed that 10% of all disabilities are duty-related for all plans except PERS and VFCA.

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 reason other 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 accumulated contributions. The probability of a terminating, vested 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 FACTORS

As a result of the experience study performed in fiscal year 2010, the retirement actuarial factor tables were updated. Retirement actuarial factors are used in determining joint, survivor and period certain annuities.

ACTUARIAL AUDIT

In preparation for the fiscal year 2009 actuarial valuation, their first valuation, Cheiron attempted a reproduction of the results in the prior valuation at June 30, 2008 performed by

PERB's actuary at that time, Milliman. In this reproduction of results, Cheiron obtained an actuarial accrued liability well within established norms for all plans administered by the PERB.

This is the second valuation performed by Cheiron. All results shown for valuations prior to June 30, 2009 were derived from reports prepared by the prior actuary, Milliman.

CALCULATIONS BASED ON THE MARKET VALUE OF ASSETS

Section 19-2-407, MCA, as amended by the 2007 Legislature, 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 one of the defined benefit retirement systems is explained using the market value of assets.

At June 30, 2010, the market value of assets for **PERS-DBRP** was \$574 million less than the actuarial value of assets. If the market value of assets was used rather than the actuarial value of assets, the funded ratio on the valuation date would be 63% and the statutory contribution rates would not be sufficient to amortize the unfunded actuarial liability within a 30 year amortization period. Using the actuarial value of assets in the valuation, the funded ratio at June 30, 2010 is 74% and the amortization period for the unfunded actuarial liability is infinite.

The valuation also includes calculations related to the Plan Choice Rate (PCR). The PCR is the percent of the employer contribution allocated to the PERS-DBRP for members who choose the PERS-DCRP or the Optional Retirement Plan (ORP). The calculations show that the amortization of the PCR un-

funded actuarial liability is 6.4 years, which is within the acceptable range.

At June 30, 2010, the market value of assets for **JRS** was \$8.7 million less than the actuarial value of assets. If the market value of assets was used rather than the actuarial value of assets, the funded ratio on the valuation date would be 124% and the amortization period for the unfunded actuarial liability would be zero years since the plan is overfunded. Using the actuarial value of assets in the valuation, the funded ratio at June 30, 2010 is 144% and the amortization period for the unfunded actuarial liability is still zero years since the plan is overfunded.

At June 30, 2010, the market value of assets for **HPORS** was \$14.3 million less than the actuarial value of assets. If the market value of assets was used rather than the actuarial value of assets, the funded ratio on the valuation date would be 55% and the amortization period for the unfunded actuarial liability would be 49.4 years. Using the actuarial value of assets in the valuation, the funded ratio at June 30, 2010 is 64% and the amortization period for the unfunded actuarial liability is 29.9 years.

At June 30, 2010, the market value of assets for **SRS** was \$28.1 million less than the actuarial value of assets. If the market value of assets was used rather than the actuarial value of assets, the funded ratio on the valuation date would be 70% and the statutory contribution rates are not sufficient to amortize the unfunded actuarial liability within a 30 year amortization period. Using the actuarial value of assets in the valuation, the funded ratio at June 30, 2010 is 81% and the amortization period for the unfunded actuarial liability is infinite.

At June 30, 2010, the market value of assets for **GWPORS** was \$11.0 million less than the

actuarial value of assets. If the market value of assets was used rather than the actuarial value of assets, the funded ratio on the valuation date would be 65% and the statutory contribution rates are not sufficient to amortize the unfunded actuarial liability within a 30 year amortization period. Using the actuarial value of assets in the valuation, the funded ratio at June 30, 2010 is 75% and the amortization period is infinite.

At June 30, 2010, the market value of assets for **MPORS** was \$30.4 million less than the actuarial value of assets. If the market value of assets was used rather than the actuarial value of assets, the funded ratio on the valuation date would be 49% and the amortization period for the unfunded actuarial liability would be 30.5 years. Using the actuarial value of assets in the valuation, the funded ratio at June 30, 2010 is 57% and the amortization period is 23.0 years.

At June 30, 2010, the market value of assets for **FURS** was \$29.3 million less than the actuarial value of assets. If the market value of assets was used rather than the actuarial value of assets, the funded ratio on the valuation date would be 55% and the amortization period for the unfunded actuarial liability would be 19.8 years. Using the actuarial value of assets in the valuation, the funded ratio at June 30, 2010 is 64% and the amortization period for the unfunded actuarial liability is 14.7 years.

At June 30, 2010, the market value of assets for **VFCA** retirement system was \$3.9 million less than the actuarial value of assets. If the market value of assets was used rather than the actuarial value of assets, the funded ratio on the valuation date would be 66% and the amortization period for the unfunded actuarial liability would be 14.3 years with the annual required contribution being \$1.4 million. Us-

ACTUARIAL SECTION

ing the actuarial value of assets in the valuation, the funded ratio at June 30, 2010 is 77% and the amortization period for the unfunded actuarial liability is 7.7 years. The total required contribution is \$987 thousand.

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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 ³ (c)	Average Annual Pay (c/a)	% Pay Increase
PERS-DBRP	June 30, 2005	28,213	530	847,430,761	30,037	1.71%
	June 30, 2006	27,962	524	900,707,616	32,212	7.24%
	June 30, 2007	27,977	528	947,424,089	33,864	5.13%
	June 30, 2008	28,293	528	995,112,779	35,172	3.86%
	June 30, 2009	28,983	529	1,043,214,752	35,994	2.34%
	June 30, 2010	28,834	533	1,083,779,866	37,587	4.43%
JRS	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%
	June 30, 2008	51	1	5,095,771	99,917	5.27%
	June 30, 2009	51	1	5,109,726	100,191	0.27%
	June 30, 2010	51	1	5,686,874	111,507	11.30%
HPORS ¹	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%
	June 30, 2008	212	1	10,866,291	51,256	6.07%
	June 30, 2009	222	1	11,424,902	51,464	0.40%
	June 30, 2010	230	1	13,035,971	56,678	10.13%
SRS ²	June 30, 2005	680	56	28,423,312	41,799	1.09%
	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%
	June 30, 2008	1,109	57	47,196,418	42,558	5.00%
	June 30, 2009	1,185	57	51,456,506	43,423	2.03%
	June 30, 2010	1,181	57	54,680,650	46,300	6.63%

¹In fiscal year 2005 a wage settlement occurred for certain members of the HPORS that was retroactive to 1995.

² Effective 7/1/2005, 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.

³ Applicable only to the the PERS-DBRP, the annual covered payroll has been changed for FY2006 - FY2009 due to a database field that was not sufficient in length. This also impacts the Average Annual Pay and % Pay Increase.

The last actuarial valuation was performed as of June 30, 2010.

ACTUARIAL SECTION

System	Valuation Date	Number Members (a)	Nbr ERs (b)	Covered Payroll (c)	Average Annual Pay (c/a)	% Pay Increase
GWPORS	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%
	June 30, 2008	885	7	32,365,266	36,571	4.25%
	June 30, 2009	950	7	36,023,244	37,919	3.69%
	June 30, 2010	966	7	39,435,882	40,824	7.66%
MPORS ⁴	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%
	June 30, 2008	644	27	32,180,590	49,970	8.24%
	June 30, 2009	663	29	34,687,120	52,318	4.70%
	June 30, 2010	695	30	37,220,334	53,554	2.36%
FURS	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%
	June 30, 2008	525	19	29,158,206	55,539	9.93%
	June 30, 2009	558	21	30,159,570	54,049	-2.68%
	June 30, 2010	570	23	33,338,599	58,489	8.21%
VFCA	June 30, 2005	2,754				
	June 30, 2006	2,733				
	⁵ June 30, 2007	2,207				
	June 30, 2008	2,301				
	June 30, 2009	2,253				
	June 30, 2010	2,315				

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

⁴Does not include DROP membership.

⁵The 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, 2010

	PERS-DBRP	JRS	HPORS	SRS	GWPORS	MPORS ¹	FURS	VFCA ²
Average Age	48.9	58.86	40.29	40.97	41.62	37.8	39.44	44.98
Average Service	10.0	12.3	9.9	7.4	6.4	8.2	10.5	9.2
Average Salary	\$ 38,281	\$ 111,456	\$ 57,614	\$ 47,317	\$ 41,803	\$ 51,951	\$ 58,427	N/A
Under Age 25								
Number Members	498		3	59	43	31	11	139
Average Salary	\$ 26,316		\$ 48,937	\$ 33,783	\$ 33,595	\$ 43,271	\$ 43,960	N/A
Ages 25-29								
Number Members	1,402		25	134	109	111	83	179
Average Salary	\$ 32,261		\$ 52,045	\$ 41,186	\$ 36,704	\$ 46,230	\$ 49,121	N/A
Ages 30-34								
Number Members	1,900		36	174	127	117	105	203
Average Salary	\$ 36,287		\$ 54,559	\$ 46,389	\$ 40,447	\$ 48,058	\$ 54,550	N/A
Ages 35-39								
Number Members	2,523		40	196	151	130	108	269
Average Salary	\$ 36,595		\$ 56,819	\$ 47,697	\$ 42,232	\$ 51,239	\$ 57,419	N/A
Ages 40-44								
Number Members	2,759	1	49	183	140	162	96	295
Average Salary	\$ 38,824	\$ 110,482	\$ 58,054	\$ 48,974	\$ 42,899	\$ 55,766	\$ 59,263	N/A
Ages 45-49								
Number Members	4,077	4	49	156	150	84	64	337
Average Salary	\$ 39,197	\$ 112,321	\$ 61,763	\$ 49,055	\$ 43,846	\$ 57,221	\$ 65,354	N/A
Ages 50-54								
Number Members	5,316	11	17	126	116	36	59	340
Average Salary	\$ 40,180	\$ 111,151	\$ 59,200	\$ 50,614	\$ 44,017	\$ 60,206	\$ 66,618	N/A
Ages 55-59								
Number Members	5,549	8	10	96	78	17	35	245
Average Salary	\$ 40,420	\$ 110,482	\$ 63,068	\$ 52,147	\$ 45,232	\$ 51,224	\$ 68,479	N/A
Ages 60-64								
Number Members	3,489	17	1	46	47	7	8	195
Average Salary	\$ 39,229	\$ 112,105	\$ 58,363	\$ 50,364	\$ 42,327	\$ 67,132	\$ 70,103	N/A
Ages 65-69								
Number Members	959	8		10	4			69
Average Salary	\$ 34,657	\$ 111,401		\$ 58,914	\$ 43,795			N/A
Age 70 & Over								
Number Members	362	2		1	1		1	44
Average Salary	\$ 25,602	\$ 110,482		\$ 45,326	\$ 41,268		\$ 54,094	N/A

¹The number of members for MPORS does not include the 32 DROP members.

²Average Salary is not applicable to VFCA, members are unpaid volunteers.

The last actuarial valuation was performed as of June 30, 2010.

ACTUARIAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Schedule of Retiree Member Composition

as of June 30, 2010

	PERS-DBRP	JRS	HPORS	SRS	GWPORS	MPORS	FURS	VFCA
Total Count	16,872	53	275	362	129	618	518	1,149
Average Age	72.0	80.2	69.1	63.8	67.9	66.4	67.7	70.1
Average Age at Retirement	59.2	65.6	49.6	52.9	55.3	47.6	50.4	59.4
Average Annual Benefit	\$ 12,503	\$ 40,751	\$ 25,314	\$ 20,765	\$ 20,598	\$ 24,268	\$ 27,596	\$ 1,640
Under Age 45								
Number Members	41		2			1	1	
Average Annual Benefit	\$ 6,026		\$ 17,986			\$ 25,664	\$ 24,851	
Ages 45-49								
Number Members	48		7	8		24	12	
Average Annual Benefit	\$ 12,450		\$ 29,808	\$ 25,824		\$ 25,194	\$ 30,466	
Ages 50-54								
Number Members	303		13	45	8	60	43	
Average Annual Benefit	\$ 17,638		\$ 29,087	\$ 22,544	\$ 28,400	\$ 24,485	\$ 25,343	
Ages 55-59								
Number Members	1,036	1	18	72	19	104	55	119
Average Annual Benefit	\$ 18,989	\$ 13,683	\$ 26,087	\$ 23,780	\$ 21,853	\$ 25,878	\$ 31,425	\$ 2,058
Ages 60-64								
Number Members	2,666	8	61	99	31	133	117	225
Average Annual Benefit	\$ 16,548	\$ 30,904	\$ 30,423	\$ 21,575	\$ 17,782	\$ 27,260	\$ 35,103	\$ 1,728
Ages 65-69								
Number Members	3,404	6	46	52	24	70	80	239
Average Annual Benefit	\$ 13,560	\$ 44,544	\$ 27,206	\$ 22,001	\$ 17,877	\$ 24,998	\$ 30,875	\$ 1,586
Ages 70-74								
Number Members	2,948	5	45	41	12	64	72	228
Average Annual Benefit	\$ 11,814	\$ 50,473	\$ 25,164	\$ 18,006	\$ 24,969	\$ 21,311	\$ 24,866	\$ 1,571
Ages 75-79								
Number Members	2,438	5	41	21	17	57	57	161
Average Annual Benefit	\$ 10,279	\$ 56,669	\$ 18,993	\$ 14,530	\$ 24,989	\$ 22,043	\$ 21,286	\$ 1,548
Ages 80 & Over								
Number Members	3,988	28	42	24	18	105	81	177
Average Annual Benefit	\$ 8,765	\$ 39,140	\$ 20,256	\$ 11,171	\$ 17,219	\$ 21,058	\$ 18,590	\$ 1,492

The last actuarial valuation was performed as of June 30, 2010.

ACTUARIAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Schedule of Disabled Member Composition

as of June 30, 2010

	PERS-DBRP	JRS	HPORS	SRS	GWPORS	MPORS	FURS	VFCA ¹
Total Count	261		7	35		23	7	
Average Age	55.2		42.9	52.8		43.2	42.0	
Average Age at Disablement	47.1		33.3	43.5		38.8	38.6	
Average Annual Benefit	\$ 8,892		\$ 19,872	\$ 19,151		\$ 22,526	\$ 25,133	
Under Age 45								
Number Members	11		4	4		14	4	
Average Annual Benefit	\$ 4,800		\$ 21,288	\$ 20,721		\$ 22,415	\$ 25,468	
Ages 45-49								
Number Members	20		3	6		8	3	
Average Annual Benefit	\$ 8,106		\$ 17,984	\$ 18,256		\$ 23,359	\$ 24,687	
Ages 50-54								
Number Members	61			10		1		
Average Annual Benefit	\$ 9,862			\$ 17,891		\$ 17,425		
Ages 55-59								
Number Members	151			13				
Average Annual Benefit	\$ 8,822			\$ 20,033				
Ages 60-64								
Number Members	17			2				
Average Annual Benefit	\$ 7,881			\$ 19,259				
Ages 65-69								
Number Members	1							
Average Annual Benefit	\$ 8,377							
Ages 70-74								
Number Members								
Average Annual Benefit								
Ages 75-79								
Number Members								
Average Annual Benefit								
Ages 80 & Over								
Number Members								
Average Annual Benefit								

¹Disability is applicable to the VFCA if disability occurs in the line of duty and member is listed on roster for current fiscal year at time of the injury.

The last actuarial valuation was performed as of June 30, 2010.

ACTUARIAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Schedule of Beneficiary Member Composition

as of June 30, 2010

	PERS-DBRP	JRS	HPORS	SRS	GWPORS	MPORS	FURS	VFCA
Total Count	379	2	13	18	7	29	21	
Average Age	64	78	51	56	67	60	67	
Average Annual Benefit	\$ 9,685	\$ 24,719	\$ 16,453	\$ 16,009	\$ 7,660	\$ 20,966	\$ 20,580	
Under Age 45								
Number Members	42		6	5	1	3	3	
Average Annual Benefit	\$ 6,422		\$ 14,020	\$ 8,781	\$ 2,853	\$ 22,000	\$ 21,762	
Ages 45-49								
Number Members	18		1	1		3		
Average Annual Benefit	\$ 5,981		\$ 5,747	\$ 48,908		\$ 19,434		
Ages 50-54								
Number Members	27		1	2		5	3	
Average Annual Benefit	\$ 8,488		\$ 19,006	\$ 32,931		\$ 20,836	\$ 18,758	
Ages 55-59								
Number Members	41			1	2	2	1	
Average Annual Benefit	\$ 9,242			\$ 17,519	\$ 5,798	\$ 20,801	\$ 25,962	
Ages 60-64								
Number Members	58		2	2	2	6	3	
Average Annual Benefit	\$ 9,792		\$ 9,165	\$ 9,124	\$ 6,977	\$ 23,334	\$ 24,987	
Ages 65-69								
Number Members	51		2	2		2		
Average Annual Benefit	\$ 9,596		\$ 33,561	\$ 12,881		\$ 18,394		
Ages 70-74								
Number Members	55					2	4	
Average Annual Benefit	\$ 10,375					\$ 24,745	\$ 15,087	
Ages 75-79								
Number Members	40	2	1	3		4	1	
Average Annual Benefit	\$ 14,019	\$ 24,719	\$ 19,569	\$ 17,133		\$ 19,701	\$ 31,653	
Ages 80 & Over								
Number Members	47			2	2	2	6	
Average Annual Benefit	\$ 10,559			\$ 8,283	\$ 12,610	\$ 16,417	\$ 19,617	

The last actuarial valuation was performed as of June 30, 2010.

ACTUARIAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Schedule of Retirants and Beneficiaries

Added to and Removed from Rolls

Year Ended	Added		Removed		End of Year	Benefits ²	Average Annual Benefit ³	% Benefit Increase
	No.	Annual Benefits ¹	No.	Annual Benefits ¹				
PERS-DBRP								
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	1009	10,833,593	519	1,912,403	16,627	180,815,238	11,231	5.97%
June 30, 2009	953	11,308,027	505	2,147,526	17,075	196,401,589	11,884	5.81%
June 30, 2010	905	11,510,903	468	2,803,801	17,512	212,186,085	12,575	5.81%
JRS								
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%
June 30, 2009	6	159,326	1	17,466	55	1,971,931	37,027	1.19%
June 30, 2010	1	129,486	1	4,668	55	2,118,121	39,269	6.06%
HPORS								
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%
June 30, 2009	6	220,859	5	37,537	291	7,127,383	24,057	4.51%
June 30, 2010	8	264,156	4	102,241	295	7,556,735	24,765	2.95%
SRS								
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%
June 30, 2009	14	330,201	2	27,745	406	7,858,026	19,487	0.58%
June 30, 2010	17	379,084	8	82,426	415	8,276,901	21,033	7.93%

¹ These amounts are based on annual benefit totals.

² Includes death benefit payments for active members.

³ Based on June monthly benefit totals.

The last actuarial valuation was performed as of June 30, 2010.

ACTUARIAL SECTION

Year Ended	Added		Removed		End of Year	Benefits ²	Average Annual Benefit ³	% Benefit Increase
	No.	Annual Benefits ¹	No.	Annual Benefits ¹				
GWPORS								
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%
June 30, 2009	9	157,614	2	13,612	127	2,520,735	19,799	2.52%
June 30, 2010	10	112,042	1	10,583	136	2,621,834	20,044	1.24%
MPORS								
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%
June 30, 2009	17	456,299	7	44,723	646	15,008,432	23,597	3.90%
June 30, 2010	34	559,746	10	77,537	670	15,727,576	24,260	2.81%
FURS								
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%
June 30, 2009	16	510,583	9	97,630	542	13,986,547	26,221	4.77%
June 30, 2010	17	501,398	13	111,575	546	14,597,875	27,314	4.17%
VFCA								
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%
June 30, 2009	61	67,748	40	29,115	1,103	1,779,708	1,621	0.82%
June 30, 2010	82	89,933	36	33,825	1,149	1,856,833	1,627	0.38%

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 Active Member Accounts ¹	2 Retirants and Beneficiaries	3 Active Members (ER Financed Portion)		1	2	3
PERS-DBRP	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
	06/30/08	783,801	2,232,148	1,488,794	4,065,307	100	100	70
	06/30/09	828,390	2,272,582	1,691,847	4,002,212	100	100	53
	06/30/10	848,756	2,481,534	1,911,529	3,889,890	100	100	29
JRS	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
	06/30/08	4,431	20,682	14,323	62,040	100	100	258
	06/30/09	4,790	21,625	15,433	61,929	100	100	230
	06/30/10	5,207	22,279	15,027	61,277	100	100	225
HPORS	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
	06/30/08	8,796	96,395	29,492	101,500	100	96	0
	06/30/09	9,571	97,087	31,157	99,652	100	93	0
	06/30/10	10,369	102,450	38,359	97,204	100	85	0
SRS	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
	06/30/08	31,220	102,967	70,362	199,453	100	100	93
	06/30/09	36,225	106,352	81,316	200,690	100	100	71
	06/30/10	39,841	117,422	89,470	200,739	100	100	49

¹ Active Member Accounts include Regular and Additional Contributions with interest, and excludes all accounts of inactive members.

The last actuarial valuation was performed as of June 30, 2010.

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)				
GWPORS	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
	06/30/08	20,574	29,647	33,228	77,511	100	100	82
	06/30/09	23,800	29,536	38,820	81,177	100	100	72
	06/30/10	26,592	32,383	54,880	85,151	100	100	48
MPORS	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
	06/30/08	27,165	207,233	93,158	212,312	100	89	0
	06/30/09	28,693	212,169	104,399	214,345	100	88	0
	06/30/10	30,986	229,057	120,350	217,545	100	81	0
FURS	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
	06/30/08	25,482	187,999	73,737	206,127	100	96	0
	06/30/09	28,561	194,949	82,725	209,775	100	93	0
	06/30/10	31,422	207,715	96,326	213,755	100	88	0
VFCA	06/30/05		16,997	13,776	21,311	N/A	100	31
	06/30/06		17,803	14,080	23,238	N/A	100	39
	06/30/07		19,579	12,019	25,862	N/A	100	52
	06/30/08		20,129	12,606	27,544	N/A	100	59
	06/30/09		14,498	19,050	27,239	N/A	100	67
	06/30/10		15,846	18,665	26,575	N/A	100	57

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)

	<u>PERS DBRP</u>	<u>JRS</u>	<u>HPORS</u>	<u>SRS</u>
Investment (Gain) or Loss	\$ 364,392	\$ 5,548	\$ 9,066	\$ 17,978
Liability (Gain) or Losses:				
Salary (Gain) or Loss	(2,079)	1,065	2,936	(348)
New Participant (Gain) or Loss	5,167	78	276	452
Other (Gain) or Loss	<u>6,913</u>	<u>415</u>	<u>1,635</u>	<u>(2,092)</u>
Total Actuarial (Gain) or Loss	\$ 374,393	\$ 7,106	\$ 13,913	\$ 15,990
Changes In Actuarial Assumptions	156,543	(3,215)	2,700	5,509
Total (Gain) or Loss Including Assumptions	<u>\$530,936</u>	<u>\$3,891</u>	<u>\$16,613</u>	<u>\$21,499</u>
	<u>GWPORS</u>	<u>MPORS</u>	<u>FURS</u>	<u>VFCA</u>
Investment (Gain) or Loss	\$ 7,125	\$ 19,446	\$ 18,763	\$ 2,518
Liability (Gain) or Losses:				
Salary (Gain) or Loss	252	1,159	1,243	
New Participant (Gain) or Loss	451	5,615	113	457
Rural Fire Districts (Gain) or Loss			677	
Other (Gain) or Loss	<u>119</u>	<u>(2,215)</u>	<u>(637)</u>	<u>(484)</u>
Total Actuarial (Gain) or Loss	\$ 7,947	\$ 24,005	\$ 20,159	\$ 2,491
Changes In Actuarial Assumptions	10,100	10,526	9,873	(170)
Total (Gain) or Loss Including Assumptions	<u>\$18,047</u>	<u>\$34,531</u>	<u>\$30,032</u>	<u>\$2,321</u>

The prior actuarial assumed rate of return of 8% was used to calculate the actuarial gain/loss on investments. Effective July 1, 2010, the actuarial assumed rate of return changed to 7.75% due to the recent experience study.

The last actuarial valuation was performed as of June 30, 2010.

Public Employees' Retirement Board

A Component Unit of the State of Montana

Summary of Defined Benefit Retirement Plans Provisions as of June 30, 2010

Public Employees' Retirement System-DBRP

MEMBERSHIP

The Plan is a multiple-employer cost sharing plan that covers employees of the State, local governments, and certain employees of the university system and school districts, who are not covered by a separate retirement system governed by Title 19 of Montana Code Annotated.

CONTRIBUTIONS

Members contribute 6.9% of their compensation. Interest is credited at rates determined by the Board.

Member contributions are made through an "employer pick-up" arrangement which results in deferral of taxes on the contributions.

Employers contribute 6.9% of each member's compensation, increased to 7.035% on July 1, 2007 and 7.17% on July 1, 2009. This is offset by a 0.1% of compensation from the State for local governments, increased to 0.235% on July 1, 2007 and 0.37% on July 1, 2009 for school districts. These increased contributions and offsets as of 2007 and 2009 will terminate if an actuarial valuation shows that the period required to amortize the system's unfunded liabilities is less than 25 years, and that the termination of those increases would not cause the amortization to increase beyond 25 years.

SERVICE CREDIT

Service used to determine the amount of retirement benefit. One month of service credit is earned for each month where the member is paid for 160 hours. This includes certain transferred and purchased service.

MEMBERSHIP SERVICE

Service used to determine eligibility for vesting, retirement or other PERS benefits. One month of membership service is earned for any month member contributions are made to PERS, regardless of the number of hours worked.

ACTUARIAL SECTION

PERS-DBRP (continued)

HIGHEST AVERAGE COMPENSATION (HAC)

Highest Average Compensation (HAC) is the average of any 36 consecutive months (or shorter period of total service) of compensation paid to the member. Compensation generally means all remuneration paid, excluding certain allowances, benefits and lump sum payments.

NORMAL RETIREMENT

Eligibility: (i) age 60 with 5 years of membership service; or
(ii) age 65 regardless of service; or
(iii) any age with 30 years of membership service.

Benefit: (i) If less than 25 years of membership service, the greater of:
(a) $1/56$ of HAC multiplied by years of service credit, or
(b) the actuarial equivalent of double the member's regular contributions plus interest plus the actuarial equivalent of any additional contributions plus interest.
(ii) If 25 years of membership service or more:
(a) $1/50$ of HAC multiplied by years of service credit, or
(b) from above.

EARLY RETIREMENT

Eligibility: (i) age 50 with 5 years of membership service; or
(ii) any age with 25 years of membership service.

Benefit: Normal retirement benefit calculated using HAC and service at early retirement, and reduced for each month which retirement age precedes the earlier of age 60 or the attainment of 30 years of service by 0.5% for the first 60 months and 0.3% for the next 60 months.

DISABILITY BENEFIT

Eligibility: Five years of membership service.

Benefit: (i) If hired on or before February 24, 1991, the greater of (a) or (b):
(a) Less than 25 years of membership service: 90% of $1/56$ of HAC multiplied by service credit.
At least 25 years of membership service: 90% of $1/50$ of HAC multiplied by service credit, or
(b) 25% of HAC.

- (ii) If hired after February 24, 1991:
90% is replaced by 100% in the above formulas, but there is no 25% minimum benefit.

SURVIVOR’S BENEFIT

Eligibility: (i) active,
(ii) within six months after severance,
(iii) receiving disability benefit for less than six months,
(iv) continuously disabled without receiving a disability benefit, or
(v) inactive.

Benefit: The sum of (i) accumulated contributions plus (ii) monthly compensation multiplied by the lesser of service credit or six months, plus (iii) interest. However, an inactive member will receive only accumulated contributions.

For an active member who had completed five years of membership service, the benefit will be the actuarial equivalent of the accrued retirement benefit at the time of death subject to the minimum in the above paragraph.

A beneficiary may elect to receive the payment as an annuity that is the actuarial equivalent of the amount of benefit.

For retired members receiving the normal form of annuity, a payment will be made equal to the accumulated contributions reduced by any retirement benefits already paid.

VESTING

Eligibility: Five years of membership service.

Benefit: Accrued normal retirement benefit, payable at age 60. In lieu of a pension, a member may receive a refund or accumulated contributions. Upon receipt of a refund of contributions a member’s vested right to a monthly benefit is forfeited.

WITHDRAWAL OF EMPLOYEE CONTRIBUTIONS

Eligibility: Terminates service and is not eligible for other benefits.

Benefit: Accumulated employee contributions.

ACTUARIAL SECTION

PERS-DBRP (continued)

FORM OF PAYMENT

The normal form of payment is a life annuity with a refund of any remaining account balance to a designated beneficiary. (Option 1)

Optional

benefits:

- (i) Option 2, a joint and 100% survivor benefit,
- (ii) Option 3, a joint and 50% survivor benefit, and
- (iii) Option 4, a life annuity with a period certain.

If a retiring member selects Option 2 or 3 and the designated beneficiary predeceases the member, the benefit reverts to the higher Option 1 benefit available at retirement if the retiree provides notification within 18 months.

POST RETIREMENT BENEFIT INCREASES

For retired members who have been retired at least 12 months, a Guaranteed Annual Benefit Adjustment (GABA) will be made each year equal to:

- (i) 3% for members hired before July 1, 2007, and
- (ii) 1.5% for members hired on or after July 1, 2007.

Ad hoc adjustments may be made to assure that the current benefit is no less than 75% of the purchasing power of the original benefit.

CHANGES SINCE LAST VALUATION

None.

Judges' Retirement System

MEMBERSHIP

The Plan is a single-employer defined benefit plan that covers judges of district courts, justices of the supreme court, and the chief water judge.

CONTRIBUTIONS

Members contribute 7% of their compensation. Interest is credited at rates determined by the Board.

Member contributions are made through an "employer pick-up" arrangement which results in deferral of taxes on the contributions.

The employer contributes 25.81% of each member's compensation.

SERVICE CREDIT

Service used to determine the amount of retirement benefit. One month of service credit is earned for each month where the member is paid for 160 hours. This includes certain transferred and purchased service.

MEMBERSHIP SERVICE

Service used to determine eligibility for vesting, retirement or other JRS benefits. One month of membership service is earned for any month employees contributions are made to JRS, regardless of the number of hours worked.

CURRENT SALARY OR HIGHEST AVERAGE COMPENSATION (HAC)

For members hired prior to July 1, 1997, and those who have not elected GABA, benefits are calculated using current salary which means the current compensation of the office retired from.

For members hired on or after July 1, 1997, and those who elected GABA, benefits are calculated using HAC, which is the average of any 36 consecutive months (or shorter period of total service) of compensation paid to the member. Compensation is specifically defined in law for JRS.

ACTUARIAL SECTION

Judges' Retirement System (continued)

NORMAL RETIREMENT

Eligibility: Age 60 and 5 years of membership service.

Benefit: 3⅓% per year of current salary or HAC for the first 15 years of service credit and 1.785% per year of current salary or HAC for service credit over 15 years.

DISABILITY BENEFIT

Eligibility: Any active member.

Benefit: For duty-related disability, the greater of 50% of member's current salary or 50% of member's HAC.

For regular disability, the actuarial equivalent of the normal retirement benefit.

SURVIVOR'S BENEFIT

Eligibility: Active or retired member.

Benefit: For duty-related deaths, the greater of:
(i) the equivalent of the contingent annuitant's benefit if applicable, or
(ii) the member's service retirement benefit on the date of death.

For non-duty-related deaths, a refund of the member's accumulated contributions.

A beneficiary may elect to receive the payment as an annuity that is the actuarial equivalent of the amount of benefit.

For retired members without a contingent annuitant, a payment will be made to the member's designated beneficiary equal to the accumulated contributions reduced by any retirement benefits already paid.

VESTING

Eligibility: Five years of membership service.

Benefit: Accrued normal retirement benefit, payable when eligible for retirement. In lieu of a pension, a member may receive a refund of accumulated contributions. Upon receipt of a refund of contributions, a member's vested right to a monthly benefit shall be forfeited.

WITHDRAWAL OF EMPLOYEE CONTRIBUTIONS

Eligibility: Terminates service and is not eligible for other benefits.

Benefit: Accumulated employee contributions.

FORM OF PAYMENT

The normal form of payment is a life annuity with a refund of any remaining account balance to a designated beneficiary. (Option 1)

Optional benefits: (i) Option 2, a joint and 100% survivor benefit,
(ii) Option 3, a joint and 50% survivor benefit, and
(iii) Option 4, a life annuity with a period certain.

If a member retires and has selected Option 2 or 3 and the designated beneficiary predeceases the member, the benefit reverts to the higher Option 1 benefit available at retirement if the retiree provides notification within 18 months.

POST RETIREMENT BENEFIT INCREASES

For retired members who became active members on and after July 1, 1997 and those who elected to be covered under this provision, and who have been retired at least 12 months, a Guaranteed Annual Benefit Adjustment (GABA) will be made each year equal to 3%.

For retired members who were hired prior to July 1, 1997 and who did not elect GABA, the current salary of an active member in the same position is used to recalculate the monthly benefit.

CHANGES SINCE LAST VALUATION

None.



ACTUARIAL SECTION

Highway Patrol Officers' Retirement System

MEMBERSHIP

The Plan is a single-employer defined benefit plan that covers all members of the Montana highway patrol including the supervisor and assistant supervisor.

CONTRIBUTIONS

For members not covered by GABA, members contribute 9% of their compensation. For members covered by GABA, members contribute 9.05% of their compensation. Interest is credited at rates determined by the Board.

Member contributions are made through an "employer pick-up" arrangement which results in deferral of taxes on the contributions.

The employer contributes 36.33% of each member's compensation.

SERVICE CREDIT

Service used to determine the amount of retirement benefit. One month of service credit is earned for each month where the member is paid for 160 hours. This includes certain transferred and purchased service.

MEMBERSHIP SERVICE

Service used to determine eligibility for vesting, retirement, or other HPORS benefits. Earned for all periods of service, regardless of hours worked or pay received.

HIGHEST AVERAGE COMPENSATION (HAC)

Highest Average Compensation is the average of any 36 consecutive months (or shorter period of total service) of compensation paid to the member. Compensation is specifically defined in law.

NORMAL RETIREMENT

Eligibility: 20 years of membership service.

Benefit: 2.5% of HAC multiplied by years of service credit.

EARLY RETIREMENT

Eligibility: Five years of membership service; if discontinued from service other than for cause.

Benefit: Normal retirement benefit calculated using HAC and service credit at early retirement, and reduced to the actuarial equivalent based on a retirement age of 60.

DISABILITY BENEFIT

Eligibility: Any active member.

Benefit: (i) For duty-related disability:
(a) If less than 20 years of membership service: 50% of HAC
(b) If 20 years or more of membership service: 2.5% of HAC multiplied by years of service credit.
(ii) For regular disability, the actuarial equivalent of the normal retirement benefit based on retirement age of 60.

SURVIVOR'S BENEFIT

Eligibility: Active or retired member.

Benefit: For duty-related deaths, a monthly survivor benefit to the surviving spouse or dependent child equal to 50% of HAC of the member.

For non-duty-related deaths, the member's spouse will receive (or, if there is no surviving spouse or after the surviving spouse dies, each dependent child for as long as they remain dependent children will equally receive) a benefit that is the actuarial equivalent of the early retirement benefit.

A beneficiary may elect to receive the payment as an annuity that is the actuarial equivalent of the amount of benefit.

For retired members without a surviving spouse or dependent child, the member's designated beneficiary will be made a payment equal to the retired member's accumulated contributions reduced by any retirement benefits already paid.

ACTUARIAL SECTION

Highway Patrol Officers' Retirement (continued)

VESTING

Eligibility: Five years of membership service.

Benefit: Accrued normal retirement benefit, payable at normal or early retirement date. In lieu of a pension, a member may receive a refund of accumulated contributions. Upon receipt of a refund of contributions a member's vested right to a monthly benefit shall be forfeited.

WITHDRAWAL OF EMPLOYEE CONTRIBUTIONS

Eligibility: Terminates service and is not eligible for other benefits.

Benefit: Accumulated member contributions.

FORM OF PAYMENT

The retirement benefit is paid for the retired member's life. Upon the death of the retired member, the benefit is paid to the surviving spouse. If there is no surviving spouse, or after the death of a surviving spouse, benefits are paid to the dependent children, if any, for as long as they remain dependent children.

POST RETIREMENT BENEFIT INCREASES

For retired members who became active members on and after July 1, 1997, and those who elected to be covered under this provision, and who have been retired at least 12 months, a Guaranteed Annual Benefit Adjustment (GABA) will be made each year equal to 3%.

For retired members who were hired prior to July 1, 1997 and who did not elect GABA, the minimum monthly benefit is provided equal to 2% times service credit multiplied by the current base compensation of a probationary highway patrol officer. Such benefit may not exceed 60% of the current base compensation of a probationary highway patrol office and the increase may not exceed 5% of the current benefit.

For non-GABA members who retired prior to July 1, 1991 and meet eligibility requirements, a lump sum payment will be made each year based on the increase in the Consumer Price Index.

CHANGES SINCE LAST VALUATION

None.

Sheriffs' Retirement System

MEMBERSHIP

The Plan is a multiple-employer cost sharing plan that covers persons employed as sheriffs, investigators (effective July 1, 1993), and detention officers (effective July 1, 2005).

CONTRIBUTIONS

Members contribute 9.245% of their compensation. Interest is credited at rates determined by the board.

Member contributions are made through an “employer pick-up” arrangement which results in deferral of taxes on the contributions.

Employers contributed 9.535% of each member’s compensation, the rate increased to 9.825% on July 1, 2007 and 10.115% on July 1, 2009. These increased contributions as of 2007 and 2009 will terminate if an actuarial valuation shows that the period required to amortize the system’s unfunded liabilities is less than 25 years, and that the termination of those increases would not cause the amortization to increase beyond 25 years.

SERVICE CREDIT

Service used to determine the amount of retirement benefit. One month of service credit is earned for each month where the member worked 160 hours. This includes certain transferred and purchased service.

MEMBERSHIP CREDIT

Service used to determine eligibility for vesting, retirement or other SRS benefits. One month of membership service is earned for any month member contributions are made to SRS, regardless of the number of hours worked.

Additionally, eligible active and inactive members may purchase some types of service that will count as membership service.

HIGHEST AVERAGE COMPENSATION (HAC)

Highest Average Compensation is the average of any 36 consecutive months (or shorter period of total service) of compensation paid to the member. Compensation generally means total compensation paid, excluding maintenance, allowances and expenses.

ACTUARIAL SECTION

Sheriffs' Retirement System (continued)

NORMAL RETIREMENT

Eligibility: 20 years of membership service.

Benefit: 2.5% of HAC multiplied by years of service credit.

EARLY RETIREMENT

Eligibility: Age 50 with 5 years of membership service.

Benefit: Normal retirement benefit calculated using HAC and service at early retirement, and reduced to the actuarial equivalent commencing at the earliest of age 60 or the attainment of 20 years of service credit.

DISABILITY BENEFIT

Eligibility: Any active member.

Benefit: (i) For duty-related disability:
(a) If less than 20 years of membership service: 50% of HAC, and
(b) If 20 years or more of membership service: 2.5% of HAC multiplied by years of service credit.
(ii) For non-duty-related disability, the actuarial equivalent of the accrued normal retirement benefit on a retirement age after completing 20 years of membership service, or age 60.

SURVIVOR'S BENEFIT

Eligibility: Active or retired member.

Benefit: For duty-related deaths, a monthly survivor benefit to the designated beneficiary equal to:
(i) at least 50% of HAC.

For non-duty-related deaths before retirement:

- (i) lump-sum payment of the member's accumulated contributions, or
- (ii) 2.5% of HAC for each year of service credit actuarially reduced from age 65.

A beneficiary may elect to receive the payment as an annuity that is the actuarial equivalent of the amount of benefit.

For retired members without a contingent annuitant, a payment will be made equal to the accumulated contributions reduced by any retirement benefits already paid.

VESTING

Eligibility: Five years of membership service.

Benefit: Accrued normal retirement benefit, payable at normal or early retirement date. In lieu of a pension, a member may receive a refund of accumulated contributions. Upon receipt of a refund of contributions a member's vested right to a monthly benefit shall be forfeited.

WITHDRAWAL OF EMPLOYEE CONTRIBUTIONS

Eligibility: Terminates service and is not eligible for other benefits.

Benefit: Accumulated member contributions.

FORM OF PAYMENT

The normal form of payment is a life annuity.

Optional benefits:

- (i) Option 2, a joint and 100% survivor benefit,
- (ii) Option 3, a joint and 50% survivor benefit, and
- (iii) Option 4, a life annuity with a period certain.

POST RETIREMENT BENEFIT INCREASES

For retired members who have been retired at least 12 months, a Guaranteed Annual Benefit Adjustment (GABA) will be made each year equal to:

- (i) 3% for members hired before July 1, 2007, and
- (ii) 1.5% for members hired on or after July 1, 2007.

CHANGES SINCE LAST VALUATION

None.



ACTUARIAL SECTION

Game Wardens and Peace Officers' Retirement System

MEMBERSHIP

The Plan is a multiple-employer cost sharing plan that covers persons employed as a game warden, warden supervisor, or state peace officer.

CONTRIBUTIONS

Members contribute 10.56% of their compensation. Interest is credited at rates determined by the Board.

Member contributions are made through an "employer pick-up" arrangement which results in deferral of taxes on the contributions.

Employers contribute 9.0% of each member's compensation.

SERVICE CREDIT

Service used to determine the amount of retirement benefit. One month of service credit is earned for each month where the member worked 160 hours. This includes certain transferred and purchased service.

MEMBERSHIP SERVICE

Service used to determine eligibility for vesting, retirement or other GWPORS benefits. One month of membership service is earned for any month member contributions are made to GWPORS, regardless of the number of hours worked.

HIGHEST AVERAGE COMPENSATION (HAC)

Highest Average Compensation is the average of any 36 consecutive months (or shorter period of total service) of compensation paid to the member. Compensation is specifically defined by law.

NORMAL RETIREMENT

Eligibility: Age 50 with 20 years of membership service.

Benefit: 2.5% of HAC multiplied by years of service credit.

EARLY RETIREMENT

Eligibility: Age 55 with 5 years of membership service.

Benefit: Normal retirement benefit calculated using HAC and service credit at early retirement.

DISABILITY BENEFIT

Eligibility: (i) Five years of membership service for duty-related disability, or
(ii) any service for regular disability.

Benefit: (i) For duty-related disability:
(a) If less than 20 years of membership service: 50% of HAC, and
(b) If 20 years or more of membership service: 2.5% of HAC multiplied by years of service credit.

(ii) For regular disability, the actuarial equivalent of the accrued normal retirement benefit on a retirement age of 50.

SURVIVOR'S BENEFIT

Eligibility: Active or retired member.

Benefit: For duty-related deaths, a monthly survivor benefit to the designated beneficiary equal to:
(i) If less than 20 years of membership service: 50% of HAC, or
(ii) If deceased member has more than 25 years of membership service: 2% of HAC multiplied by years of service credit.

For non-duty-related deaths, a refund of the member's accumulated contributions.

A beneficiary may elect to receive the payment as an annuity that is the actuarial equivalent of the amount of the benefit based on a retirement age of 55.

For retired members without a contingent annuitant, a payment will be made to the member's designated beneficiary equal to the accumulated contributions reduced by any retirement benefits already paid.

ACTUARIAL SECTION

Game Wardens' and Peace Officers' Retirement System (continued)

VESTING

Eligibility: Five years of membership service.

Benefit: Accrued normal retirement benefit, payable at normal or early retirement date. In lieu of a pension, a member may receive a refund of accumulated contributions. Upon receipt of a refund of contributions a member's vested right to a monthly benefit shall be forfeited.

WITHDRAWAL OF EMPLOYEE CONTRIBUTIONS

Eligibility: Terminates service and is not eligible for other benefits.

Benefit: Accumulated member contributions.

FORM OF PAYMENT

The normal form of payment is a life annuity.

Optional benefits:

- (i) Option 2, a joint and 100% survivor benefit,
- (ii) Option 3, a joint and 50% survivor benefit, or
- (iii) Option 4, a life annuity with a period certain.

POST RETIREMENT BENEFIT INCREASES

For retired members who have been retired at least 12 months, a Guaranteed Annual Benefit Adjustment (GABA) will be made each year equal to:

- (i) 3% for members hired before July 1, 2007, and
- (ii) 1.5% for members hired on or after July 1, 2007.

CHANGES SINCE LAST VALUATION

None.

Municipal Police Officers' Retirement System

MEMBERSHIP

The Plan is a multiple-employer cost sharing plan that covers police officers of cities within the state, other than those cities which maintain a separate local police fund.

CONTRIBUTIONS

Members' contributions depend upon date of hire and whether the member has elected to be covered by a Guaranteed Annual Benefit Adjustment (GABA). For members who have not elected GABA the rates of contribution are as follows:

- (i) Hired on or before June 30, 1975: 5.8%
- (ii) Hired after June 30, 1975 but on or before June 30, 1979: 7.0%
- (iii) Hired after June 30, 1979 but before July 1, 1997: 8.5%
- (iv) Hired on or after July 1, 1997: 9%

For all members who have elected GABA, the rate is 9.0% of compensation.

Interest is credited at rates determined by the Board.

Member contributions are made through an "employer pick-up" arrangement which results in deferral of taxes on the contributions.

Employers contribute 14.41% of each member's compensation.

The State contributes 29.37% of each member's compensation.

SERVICE CREDIT

Service used to determine the amount of retirement benefit. One month of service credit is earned for each month where the member works 160 hours. This includes certain purchased service.

MEMBERSHIP SERVICE

Service used to determine eligibility for vesting, retirement or other MPORS benefits. One month of membership service is earned for any month member contributions are made to MPORS, regardless of the number of hours worked.

ACTUARIAL SECTION

Municipal Police Officers' Retirement System (continued)

FINAL AVERAGE COMPENSATION

Final Average Compensation (FAC) is the average over the last 36 months (or shorter period of total service) of compensation paid to the member. Compensation is specifically defined by law.

NORMAL RETIREMENT

Eligibility: (i) Age 50 with 5 years of membership service; or
(ii) any age with 20 years of membership service.

Benefit: 2.5% of FAC multiplied by years of service credit.

DISABILITY BENEFIT

Eligibility: Immediately upon employment.

Benefit: (i) Before completing 20 years of membership service: 50% of FAC.
(ii) After completing 20 years or more of membership service: 2.5% of FAC for each year of service credit.

SURVIVOR'S BENEFIT

Eligibility: Any active member.

Benefit: (i) Before completing 20 years of membership service: 50% of member's FAC.
(ii) After completing 20 years of membership service: 2.5% of member's FAC for each year of service credit.

Benefits are paid to the surviving spouse (or equally to dependent children if there is no surviving spouse or after a surviving spouse dies, for as long as they remain dependent children). In the absence of a spouse or child, the accumulated contributions minus any benefits already paid will be paid to the member's designated beneficiary.

VESTING

Eligibility: Five years of membership service.

Benefit: Accrued normal retirement benefit, payable at age 50. In lieu of a pension, a member may receive a refund of accumulated contributions. Upon receipt of a refund of contributions a member's vested right to a monthly benefit shall be forfeited.

Withdrawal of Employee Contributions

Eligibility: Terminates service and is not eligible for other benefits.

Benefit: Accumulated member contributions.

FORM OF PAYMENT

The normal form of payment is a life annuity, with 100% continuation after death to a surviving spouse. If there is no surviving spouse, or after the death of a surviving spouse, benefits are paid to the dependent children, if any, for as long as they remain dependent children.

POST RETIREMENT BENEFIT INCREASES

For retired members who became active members on and after July 1, 1997, and those who elected to be covered under this provision and who have been retired at least 12 months, a Guaranteed Annual Benefit Adjustment (GABA) will be made each year equal to 3%.

For retired members who were hired prior to July 1, 1997 and who did not elect GABA, the minimum monthly benefit is provided equal to 50% of the current base compensation of a newly confirmed police officer of the employer that last employed the member as a police officer.



ACTUARIAL SECTION

MPORS Deferred Retirement Option Plan (DROP)

- Eligibility: 20 years of membership service.
- Period: Maximum of five years. Member may not receive service credit during the DROP period.
- Contributions: State, employer and member contributions continue during the DROP period and are to be made to the retirement system.
- 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.
- Survivor Benefit: If a member dies before the end of their DROP period, the surviving spouse or dependent children are entitled to receive a lump-sum payment equal to the member's DROP benefit and the member's accumulated contributions minus any benefits paid from the member's DROP account, including monthly DROP accruals.
- If the member does not have a surviving spouse or dependent children, then the member's designated beneficiary is entitled to receive a lump-sum payment equal to the member's DROP benefit.
- The benefit paid must include interest credited to the participant's account as follows:
- (a) through June 30, 2009, interest must be credited every fiscal year end at a rate reflecting the retirement system's annual investment earnings for the applicable fiscal year.
 - (b) after June 30, 2009, interest must be credited every fiscal year end at the actuarially assumed rate of return. Proportionate interest must be credited for distributions taking place at other than a fiscal year end.
- Benefit: Member receives DROP accruals equal to the retirement benefit calculated at DROP commencement and added each month during the DROP period plus interest reflecting the retirement system's assumed annual investment earnings.

CHANGES SINCE LAST VALUATION

None.

Firefighters' Unified Retirement System

MEMBERSHIP

The Plan is a multiple-employer cost sharing plan that covers all firefighters in cities of the first and second class, other cities and rural fire district departments that adopt the plan. The plan also covers firefighters hired by the Montana Air National Guard on or after October 1, 2001.

CONTRIBUTIONS

For members not covered by GABA, members contribute 9.5% of their compensation. For members covered by GABA, members contribute 10.7% of their compensation. Interest is credited at rates determined by the Board.

Member contributions are made through an “employer pick-up” arrangement which results in deferral of taxes on the contributions.

The employer contributes 14.36% of each member’s compensation.

The State contributes 32.61% of each member’s compensation.

SERVICE CREDIT

Service used to determine the amount of retirement benefit. One month of service credit is earned for each month where the member is paid for 160 hours. This includes certain transferred and purchased service.

MEMBERSHIP SERVICE

Service used to determine eligibility for vesting, retirement or other FURS benefits. Earned for all periods of service, regardless of hours worked or pay received.

HIGHEST AVERAGE COMPENSATION (HAC)

Highest Average Compensation is the average of any 36 consecutive months (or shorter period of total service) of compensation paid to the member. Compensation generally means total compensation paid, excluding overtime, holiday payments shift differential payments, compensatory time payments, payments in lieu of sick leave or annual leave, and also excludes maintenance, allowances and expenses. For a part-time firefighter, compensation is calculated as 15% of the regular compensation of a newly confirmed full-time firefighter.

ACTUARIAL SECTION

Firefighters' Unified Retirement System (continued)

NORMAL RETIREMENT

Eligibility: 20 years of membership service.

Benefit: (i) For a member hired on or after July 1, 1981, or a member who had elected to be covered by the Guaranteed Annual Benefit Adjustment (GABA): 2.5% of HAC multiplied by years of service credit.

(ii) For a member hired prior to July 1, 1981, and who had not elected to be covered by GABA, the minimum of (i), and:

(a) If membership service is less than 20 years: 2% of highest monthly compensation (HMC) multiplied by years of service credit, and

(b) If membership is greater or equal to 20 years: 50% of HMC plus 2% of HMC multiplied by years of service credit in excess of 20.

EARLY RETIREMENT

Eligibility: Age 50 with 5 years of membership service.

Benefit: Normal retirement benefit calculated using HAC and service credit at early retirement, and reduced to the actuarial equivalent commencing at age 60.

DISABILITY BENEFIT

Eligibility: Any active member.

Benefit: The greater of:

(a) 50% of HAC, or

(b) 2.5% of HAC multiplied by years of service credit.

SURVIVOR'S BENEFIT

Eligibility: Active or retired members.

Benefit: For deaths with less than 20 years of membership service, a monthly survivor benefit to the surviving spouse (or equally to dependent children if there is no surviving spouse or after a surviving spouse dies, for as long as they remain dependent children) equal to 50% of HAC. For more than 20 years of membership service, a benefit equal to the accrued retirement benefit.

ACTUARIAL SECTION

For retired members without a contingent annuitant, a payment will be made equal to the accumulated contributions reduced by any retirement benefits already paid.

VESTING

Eligibility: Employees who separate from service with at least five years of membership service.

Benefit: Accrued normal retirement benefit, payable at normal or early retirement date. In lieu of a pension, a member may receive a refund of accumulated contributions. Upon application for a refund of contributions a member's vested right to a monthly benefit shall be forfeited.

WITHDRAWAL OF EMPLOYEE CONTRIBUTIONS

Eligibility: Terminates service and is not eligible for other benefits.

Benefit: Accumulated employee contributions.

FORM OF PAYMENT

The retirement benefit is paid for the retired member's life. Upon the death of the retired member, the benefit is paid to the surviving spouse. If there is no surviving spouse, or after the death of a surviving spouse, benefits are paid to the dependent children, if any, for as long as they remain dependent children.

POST RETIREMENT BENEFIT INCREASES

For retired members who became active members on and after July 1, 1997, and those who elected to be covered under this provision and who have been retired at least 12 months, a Guaranteed Annual Benefit Adjustment (GABA) will be made each year equal to 3%.

For retired members who were hired prior to July 1, 1997, and who did not elect GABA, the minimum monthly benefit is provided equal to 50% of the current base compensation of a newly confirmed active firefighter of the employer that last employed the member as a firefighter.

CHANGES SINCE LAST VALUATION

None.

ACTUARIAL SECTION

Volunteer Firefighters' Compensation Act

MEMBERSHIP

The Plan is a state-wide retirement and disability plan. The plan covers volunteer firefighters serving with qualified volunteer fire companies in unincorporated areas throughout the state. All members are unpaid volunteers and the State of Montana is the only contributor to the plan.

CONTRIBUTIONS

There are no member contributions.

The State contributes 5% of certain fire insurance premium taxes collected.

SERVICE CREDIT

To receive a year of service credit, a volunteer firefighter must serve with a fire company for an entire fiscal year and receive a minimum of 30 hours of training. Fractional years are not credited.

NORMAL RETIREMENT

Eligibility: (i) Age 55 with 20 years of service credit, or
(ii) Age 60 with 10 years of service credit.

Benefit: \$7.50 per month for each year of credit for service but not exceeding 30 years.

DISABILITY BENEFIT

Eligibility: Any active member.

Benefit: The greater of:
(i) \$75 per month, or
(ii) \$7.50 per month per year of service (up to 30 years of service).

SURVIVOR'S BENEFIT

Eligibility: 10 years of credit for service or a retired member.

Benefit: A monthly survivor benefit to the surviving spouse (or equally to dependent children if there is no surviving spouse or after a surviving spouse dies, for as long as they remain dependent children) equal to the full benefit otherwise payable to the member. Survivor benefits terminate when benefits have been paid for a total of 40 months, including any benefits paid to the retired member prior to death.

CHANGES SINCE LAST VALUATION

None.

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ACTUARIAL SECTION

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STANFORD

Home to about 400 people, Stanford is the county seat of Judith Basin County. The majority of residents of Stanford are of German and Norwegian decent. Deer and antelope hunting is a popular pastime around Stanford.

Photo courtesy of Joel Thompson



DUPUYER

Taken from the French word *dupouilles*, which means the back fat of a buffalo, Dupuyer began as a stage stop between Fort Benton and Fort Browning. Dupuyer is one of the oldest towns along the Rocky Mountain Front.

Photo courtesy of Joel Thompson



FORT BENTON

Known as the birthplace of Montana, Fort Benton was established as a fur trading center in 1847. The fort grew rapidly with the growth of steamboats in 1859 and a gold strike in 1862. Today, Fort Benton is home to almost 1,600 people.

Photos courtesy of Linda Miller



SUMMARY OF STATISTICAL DATA

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

The pension funds are accounted for under the accrual basis of accounting. Information is provided for the last ten years ending June 30, 2010 for the following five objectives: financial trends; revenue capacity; debt capacity; demographic and economic trends; and operations.

Financial trends are presented on pages 162 to 179. 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 162 to 169. 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 171 to 173 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 174 to 183. 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.

The schedules showing the History of Membership in the Retirement Plans are presented on pages 184 to 187.

Debt capacity is presented on pages 188 to 192. 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 194 to 213. 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 200, depicts the location of benefit recipients. The map shows that the majority (88 percent) of benefit recipients remain in Montana. Beginning on page 212, the average monthly benefit is provided.

Operating information is presented on pages 214 to 227. 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	2001	2002	2003	2004	2005	2006	2007
PERS-DBRP							
Additions							
Member Contributions ¹	\$ 57,119	\$ 60,030	\$ 62,628	\$ 62,664	\$ 66,986	\$ 66,145	\$ 69,150
Employer Contributions ²	53,976	56,505	57,597	58,231	60,454	88,573	67,195
State Contributions	383	374	389	403	421	443	446
Investment Income ³	(148,517)	(201,366)	167,331	360,266	244,976	293,679	629,559
Other ⁴	26						
Total Additions to Plan Net Assets	(37,013)	(84,457)	287,945	481,564	372,837	448,840	766,350
Deductions							
Benefits	101,546	114,663	122,204	132,683	142,789	153,886	166,188
Refunds	11,874	10,683	10,218	10,913	13,236	12,754	12,868
Administrative Expenses	2,275	3,310	2,254	2,825	2,569	2,886	2,681
Other ⁵	185	364	22,175	1,882	1,516	1,816	2,108
Total Deductions to Plan Net Assets	115,880	129,020	156,851	148,303	160,110	171,342	183,845
Change in Net Assets	\$ (152,893)	\$ (213,477)	\$ 131,094	\$ 333,261	\$ 212,727	\$ 277,498	\$ 582,505
JRS							
Additions							
Member Contributions ¹	\$ 256	\$ 280	\$ 285	\$ 443	\$ 412	\$ 333	\$ 339
Employer Contributions	944	1,032	1,052	1,136	1,162	1,229	1,249
Investment Income ³	(2,162)	(3,047)	2,661	5,248	3,640	4,344	9,435
Total Additions to Plan Net Assets	(962)	(1,735)	3,998	6,827	5,214	5,906	11,023
Deductions							
Benefits	1,431	1,566	1,552	1,670	1,624	1,743	1,772
Refunds							
Administrative Expenses	5	4	3	14	9	12	8
Other ⁷							
Total Deductions to Plan Net Assets	1,436	1,570	1,555	1,684	1,633	1,755	1,780
Change in Net Assets	\$ (2,398)	\$ (3,305)	\$ 2,443	\$ 5,143	\$ 3,581	\$ 4,151	\$ 9,243
HPORS							
Additions							
Member Contributions ¹	\$ 716	\$ 693	\$ 805	\$ 743	\$ 862	\$ 851	\$ 1,005
Employer Contributions	2,642	2,770	2,866	2,859	3,324	2,905	3,634
State Contributions	335	309	354	348	669	277	285
Investment Income ³	(3,828)	(5,590)	4,611	9,322	6,353	7,453	15,875
Total Additions to Plan Net Assets	(135)	(1,818)	8,636	13,272	11,208	11,486	20,799
Deductions							
Benefits	4,624	4,861	5,160	5,493	5,790	6,365	6,460
Refunds	86	130	60	144	181	89	139
Administrative Expenses	22	20	15	31	29	31	28
Other ⁷		19	48	152	49	1	139
Total Deductions to Plan Net Assets	4,732	5,030	5,283	5,820	6,049	6,486	6,766
Change in Net Assets	\$ (4,867)	\$ (6,848)	\$ 3,353	\$ 7,452	\$ 5,159	\$ 5,000	\$ 14,033

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

¹Includes Interest Reserve Buybacks.

²Includes Membership Fees, Retirement Incentive, Miscellaneous Revenue and Education Contributions.

³Includes Common Stock Dividends.

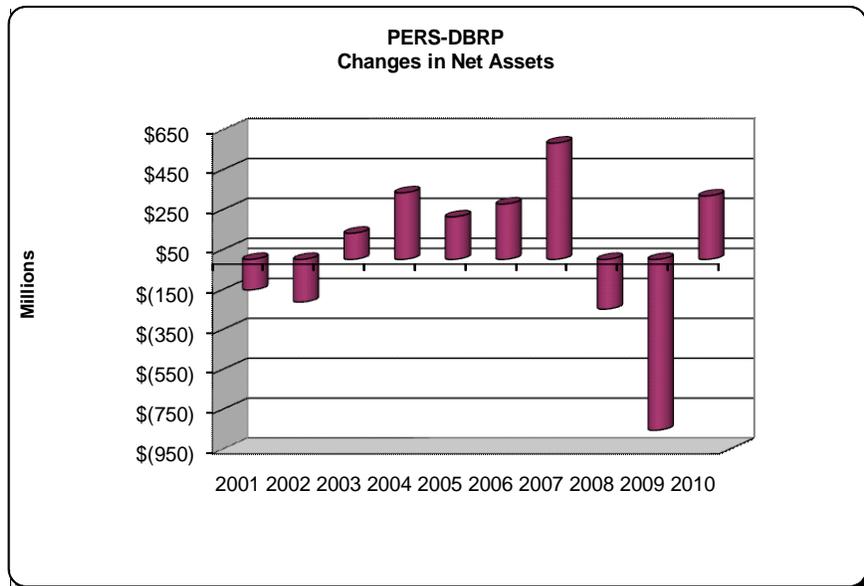
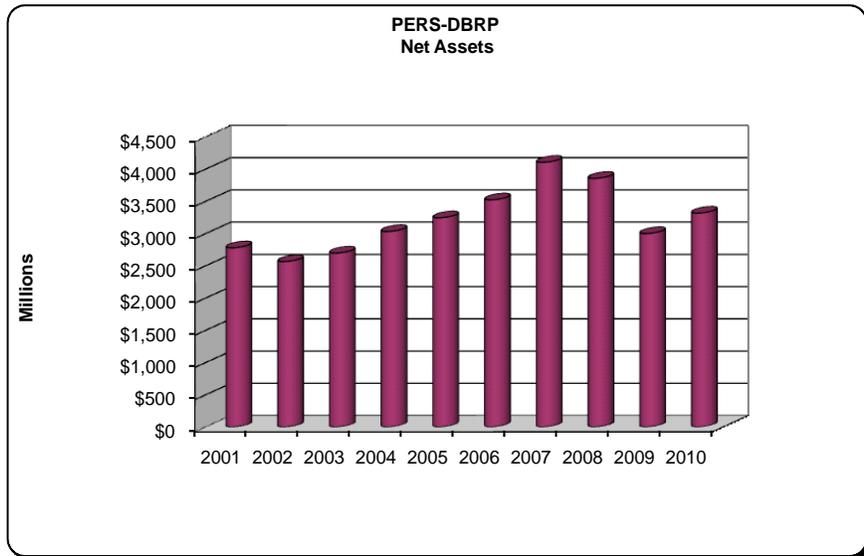
⁴Includes Operating Income and Refunds to Other Plans.

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

⁶Includes Prior Year Adjustments.

STATISTICAL SECTION

	2008	2009	2010
\$	72,874	\$ 76,003	\$ 78,671
	72,270	75,949	80,326
	378	357	537
	(197,030)	(796,242)	387,861
	(51,508)	(643,933)	547,395
	180,815	196,402	212,186
	12,123	10,821	10,967
	2,832	2,948	3,257
	1,987	1,713	3,438
	197,757	211,884	229,848
\$	(249,265)	\$ (855,817)	\$ 317,547
\$	385	\$ 584	\$ 595
	1,315	1,347	1,468
	(2,991)	(12,103)	6,013
	(1,291)	(10,172)	8,076
	1,829	1,972	2,118
	9	17	10
			24
	1,838	1,989	2,152
\$	(3,129)	\$ (12,161)	\$ 5,924
\$	1,082	\$ 1,035	\$ 1,262
	3,949	4,151	4,763
	290	285	287
	(4,929)	(19,978)	9,714
	392	(14,507)	16,026
	6,814	7,127	7,557
	61	26	56
	27	49	35
	14	17	37
	6,916	7,219	7,685
\$	(6,524)	\$ (21,726)	\$ 8,341



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	2001	2002	2003	2004	2005	2006	2007
SRS							
Additions							
Member Contributions ¹	\$ 2,262	\$ 2,496	\$ 2,669	\$ 2,685	\$ 2,988	\$ 3,721	\$ 4,921
Employer Contributions ²	2,227	2,431	2,508	2,684	2,813	3,524	4,386
Investment Income ³	(6,379)	(9,152)	8,164	16,404	11,381	13,566	29,732
<i>Total Additions to Plan Net Assets</i>	<i>(1,890)</i>	<i>(4,225)</i>	<i>13,341</i>	<i>21,773</i>	<i>17,182</i>	<i>20,811</i>	<i>39,039</i>
Deductions							
Benefits	3,294	3,700	4,307	4,903	5,527	6,152	6,769
Refunds	373	409	457	306	611	365	934
Administrative Expenses	43	40	32	55	57	78	77
Other ⁵	5	37	18	12	22	17	82
<i>Total Deductions to Plan Net Assets</i>	<i>3,715</i>	<i>4,186</i>	<i>4,814</i>	<i>5,276</i>	<i>6,217</i>	<i>6,612</i>	<i>7,862</i>
<i>Change in Net Assets</i>	<i>\$ (5,605)</i>	<i>\$ (8,411)</i>	<i>\$ 8,527</i>	<i>\$ 16,497</i>	<i>\$ 10,965</i>	<i>\$ 14,199</i>	<i>\$ 31,177</i>
GWPORS							
Additions							
Member Contributions ¹	\$ 1,306	\$ 1,846	\$ 2,293	\$ 2,714	\$ 3,023	\$ 3,027	\$ 3,199
Employer Contributions	1,366	1,595	1,835	2,021	2,054	2,391	2,638
Investment Income ³	(1,599)	(2,564)	2,541	5,073	3,696	4,594	10,838
<i>Total Additions to Plan Net Assets</i>	<i>1,073</i>	<i>877</i>	<i>6,669</i>	<i>9,808</i>	<i>8,773</i>	<i>10,012</i>	<i>16,675</i>
Deductions							
Benefits	1,235	1,230	1,316	1,460	1,539	1,835	2,085
Refunds	212	317	355	500	607	477	702
Administrative Expenses	30	30	25	42	42	49	47
Other ⁵	4	14		4	6	13	
<i>Total Deductions to Plan Net Assets</i>	<i>1,481</i>	<i>1,591</i>	<i>1,696</i>	<i>2,006</i>	<i>2,194</i>	<i>2,374</i>	<i>2,834</i>
<i>Change in Net Assets</i>	<i>\$ (408)</i>	<i>\$ (714)</i>	<i>\$ 4,973</i>	<i>\$ 7,802</i>	<i>\$ 6,579</i>	<i>\$ 7,638</i>	<i>\$ 13,841</i>
MPORS							
Additions							
Member Contributions ¹	\$ 1,914	\$ 2,171	\$ 2,254	\$ 2,313	\$ 2,425	\$ 2,549	\$ 2,709
Employer Contributions	3,015	3,273	3,502	3,612	3,791	4,035	4,283
State Contributions ⁴	6,148	6,529	6,798	7,208	7,705	8,182	8,677
Investment Income ³	(6,165)	(9,220)	8,530	16,392	11,707	14,091	31,080
<i>Total Additions to Plan Net Assets</i>	<i>4,912</i>	<i>2,753</i>	<i>21,084</i>	<i>29,525</i>	<i>25,628</i>	<i>28,857</i>	<i>46,749</i>
Deductions							
Benefits	9,125	9,845	10,426	10,885	11,363	12,032	12,691
Refunds	386	345	326	337	786	551	688
Administrative Expenses	55	49	40	70	65	68	70
Other ⁵	44	3	47	52	12	48	29
<i>Total Deductions to Plan Net Assets</i>	<i>9,610</i>	<i>10,242</i>	<i>10,839</i>	<i>11,344</i>	<i>12,226</i>	<i>12,699</i>	<i>13,478</i>
<i>Change in Net Assets</i>	<i>\$ (4,698)</i>	<i>\$ (7,489)</i>	<i>\$ 10,245</i>	<i>\$ 18,181</i>	<i>\$ 13,402</i>	<i>\$ 16,158</i>	<i>\$ 33,271</i>

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

¹ Includes Interest Reserve Buybacks.

² Includes Retirement Incentive and Miscellaneous Revenue.

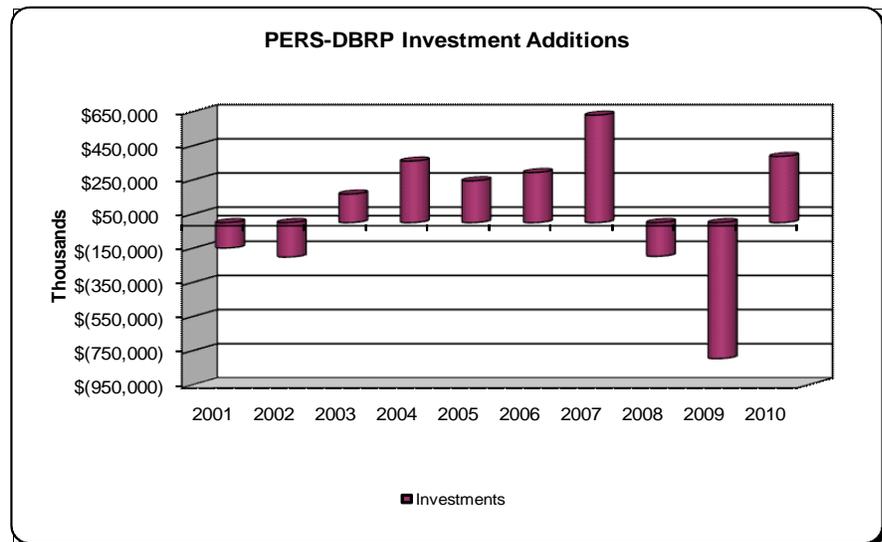
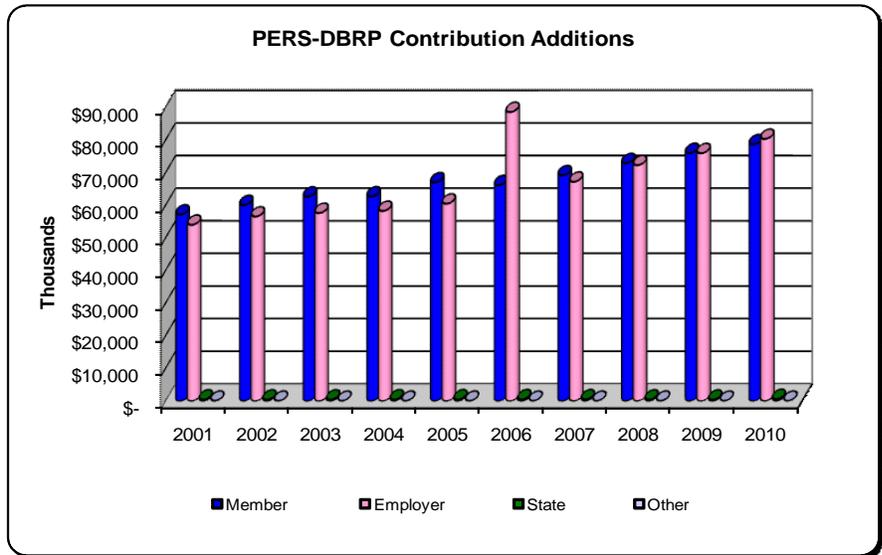
³ Includes Common Stock Dividends.

⁴ Includes Percent of Salary.

⁵ Includes Refunds to Other Plans and Prior Year Adjustments.

STATISTICAL SECTION

	2008	2009	2010
\$	4,815	\$ 5,207	\$ 5,336
	4,834	5,193	5,637
	(9,598)	(38,824)	19,470
	51	(28,424)	30,443
	7,243	7,858	8,277
	722	968	766
	80	115	97
	11	29	116
	8,056	8,970	9,256
\$	(8,005)	\$ (37,394)	\$ 21,187
\$	3,613	\$ 3,912	\$ 4,340
	2,979	3,292	3,612
	(3,653)	(15,133)	7,924
	2,939	(7,929)	15,876
	2,271	2,521	2,622
	643	840	879
	52	79	61
	30		59
	2,996	3,440	3,621
\$	(57)	\$ (11,369)	\$ 12,255
\$	2,974	\$ 3,186	\$ 4,141
	5,156	5,056	6,860
	9,452	10,186	10,932
	(10,262)	(40,908)	19,972
	7,320	(22,480)	41,905
	13,707	15,008	15,728
	4,290	794	849
	78	98	80
	4	62	149
	18,079	15,962	16,806
\$	(10,759)	\$ (38,442)	\$ 25,099



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	2001	2002	2003	2004	2005	2006	2007
FURS							
Additions							
Member Contributions ¹	\$ 1,742	\$ 1,874	\$ 2,141	\$ 2,213	\$ 2,330	\$ 2,472	\$ 2,619
Employer Contributions	2,373	2,521	2,802	2,796	2,959	3,328	3,520
State Contributions ²	5,369	5,764	6,006	6,533	6,719	7,533	7,957
Investment Income ³	(5,997)	(8,845)	8,066	15,692	11,140	13,409	29,577
Total Additions to Plan Net Assets	3,487	1,314	19,015	27,234	23,148	26,742	43,673
Deductions							
Benefits	8,018	8,508	9,081	9,674	10,386	11,040	11,851
Refunds	44	80	83	77	101	45	241
Administrative Expenses	43	40	30	53	53	58	56
Other ⁴				2			
Total Deductions to Plan Net Assets	8,105	8,628	9,194	9,806	10,540	11,143	12,148
Change in Net Assets	\$ (4,618)	\$ (7,314)	\$ 9,821	\$ 17,428	\$ 12,608	\$ 15,599	\$ 31,525
VFCA							
Additions							
State Contributions	\$ 1,003	\$ 1,134	\$ 1,310	\$ 1,434	\$ 1,527	\$ 1,611	\$ 1,661
Investment Income ³	(260)	(591)	1,259	2,271	1,550	1,853	4,103
Total Additions to Plan Net Assets	743	543	2,569	3,705	3,077	3,464	5,764
Deductions							
Benefits	882	1,411	1,412	1,479	1,517	1,564	1,637
Insurance Payments	12	13	12	12	11	11	13
Administrative Expenses	42	38	30	40	47	48	50
Other ⁴							
Total Deductions to Plan Net Assets	936	1,462	1,454	1,531	1,575	1,623	1,700
Change in Net Assets	\$ (193)	\$ (919)	\$ 1,115	\$ 2,174	\$ 1,502	\$ 1,841	\$ 4,064

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

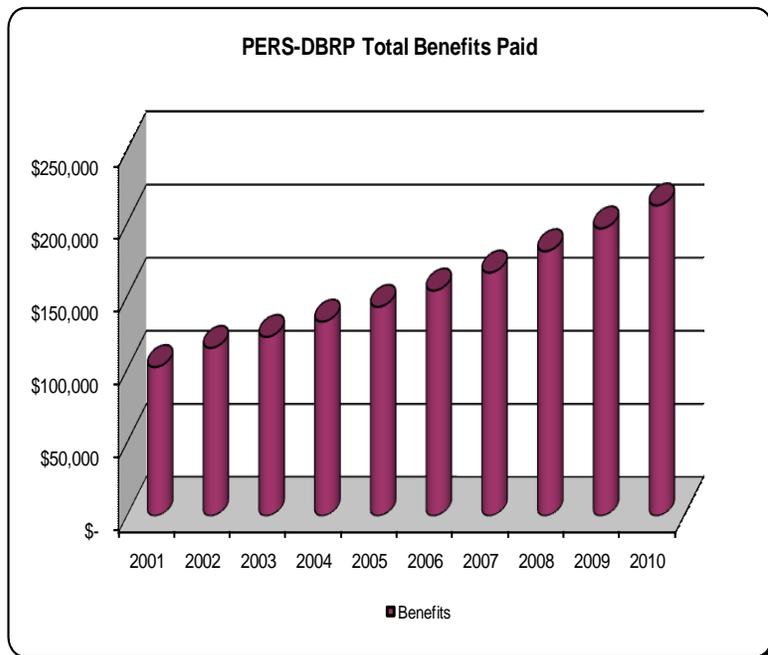
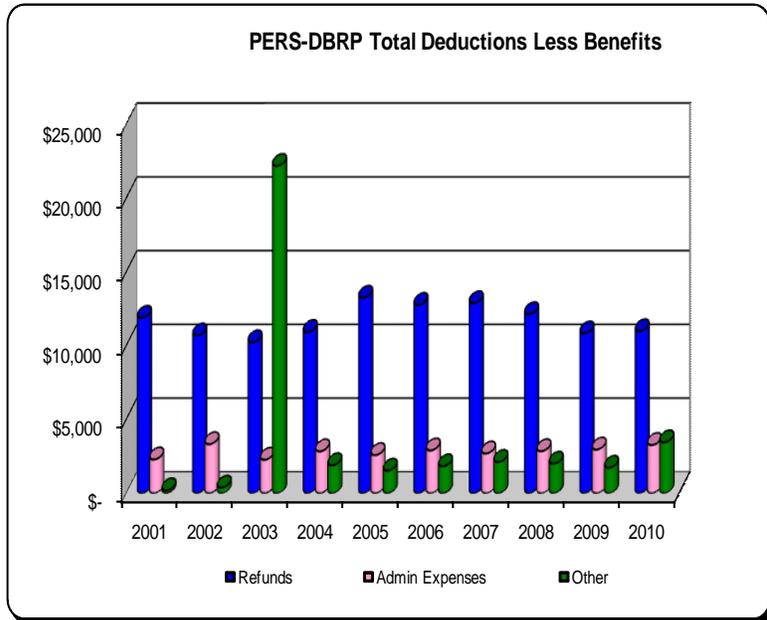
¹ Includes Interest Reserve Buybacks.

² Includes Percent of Salary.

³ Includes Common Stock Dividends.

⁴ Includes Refunds to Other Plans and Prior Year Adjustments.

	2008	2009	2010
\$	3,152	\$ 3,701	\$ 4,419
	4,467	4,531	5,129
	9,568	9,832	10,872
	(9,733)	(39,421)	19,606
	7,454	(21,357)	40,026
	13,353	13,987	14,598
	116	69	86
	57	98	72
			85
	13,526	14,154	14,841
\$	(6,072)	\$ (35,511)	\$ 25,185
\$	1,562	\$ 1,580	\$ 1,575
	(1,275)	(5,304)	2,566
	287	(3,724)	4,141
	1,717	1,780	1,857
	14	17	17
	46	59	58
			9
	1,777	1,856	1,941
\$	(1,490)	\$ (5,580)	\$ 2,200



STATISTICAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Changes in Net Assets, Last Ten Fiscal Years¹

(In thousands)

Fiscal Year	2001	2002	2003	2004	2005	2006	2007
PERS-DCRP							
Additions							
Member Contributions		\$ 10,389	\$ 2,661	\$ 3,184	\$ 3,699	\$ 4,394	
Employer Contributions		6,130	1,781	1,856	2,319	2,857	
Investment Income		551	2,381	1,768	2,098	5,415	
Other ²		63	262	371	487	1,893	
<i>Total Additions to Plan Net Assets</i>		17,133	7,085	7,179	8,603	14,559	
Deductions							
Refunds		629	2,240	1,873	1,570	2,632	
Administrative Expenses		552	214	231	227	253	
Other ³		14	214	256	295	282	
<i>Total Deductions to Plan Net Assets</i>		1,195	2,668	2,360	2,092	3,167	
<i>Change in Net Assets</i>		\$ 15,938	\$ 4,417	\$ 4,819	\$ 6,511	\$ 11,392	
DEFERRED COMPENSATION PLAN							
Additions							
Member Contributions	\$ 12,010	\$ 13,314	\$ 14,725	\$ 14,623	\$ 15,501	\$ 16,990	\$ 17,712
Employer Contributions	21	46	44	40	55	52	74
Investment Income	(2,962)	(4,434)	8,542	16,152	15,267	3,618	37,102
Other ⁴	233	223	256	267	167	209	277
<i>Total Additions to Plan Net Assets</i>	9,302	9,149	23,567	31,082	30,990	20,869	55,165
Deductions							
Refunds	7,102	11,460	10,648	14,446	15,592	11,443	14,693
Administrative Expenses	175	242	218	170	289	204	225
Other ⁵	162	811	780	800	698	737	781
<i>Total Deductions to Plan Net Assets</i>	7,439	12,513	11,646	15,416	16,579	12,384	15,699
<i>Change in Net Assets</i>	\$ 1,863	\$ (3,364)	\$ 11,921	\$ 15,666	\$ 14,411	\$ 8,485	\$ 39,466

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

² Includes Miscellaneous Revenues and Forfeitures.

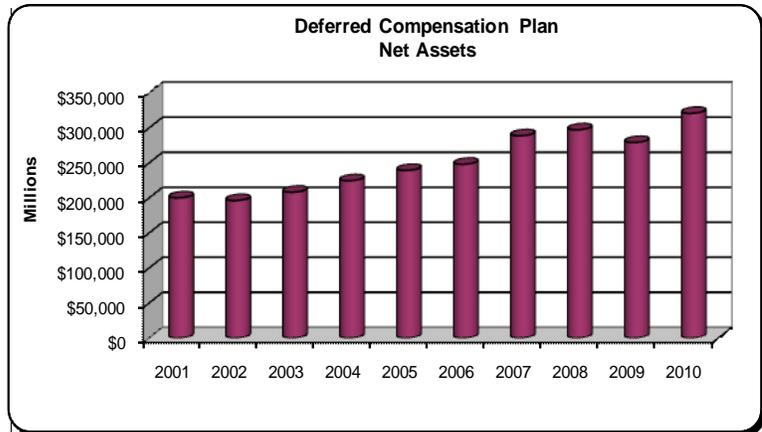
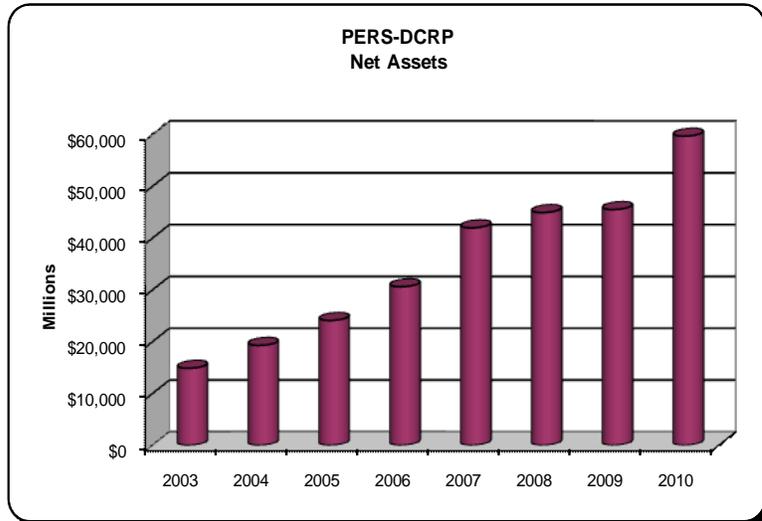
³ Fees paid to Great-West and Aegon for services provided.

⁴ Miscellaneous Revenue remitted to MPERA to pay administrative costs.

⁵ Fees paid to Great-West, Aegon and Allianz for services provided.

STATISTICAL SECTION

	2008	2009	2010
\$	5,118	\$ 5,723	\$ 6,140
	3,255	3,730	4,029
	(2,987)	(6,801)	6,122
	554	468	487
	5,940	3,120	16,778
	2,519	1,903	1,947
	246	411	416
	223	222	250
	2,988	2,536	2,613
\$	2,952	\$ 584	\$ 14,165
\$	19,107	\$ 19,661	\$ 18,607
	70	65	61
	3,287	(26,444)	37,203
	416	335	330
	22,880	(6,383)	56,201
	13,302	11,024	13,398
	241	318	277
	817	865	991
	14,360	12,207	14,666
\$	8,520	\$ (18,590)	\$ 41,535



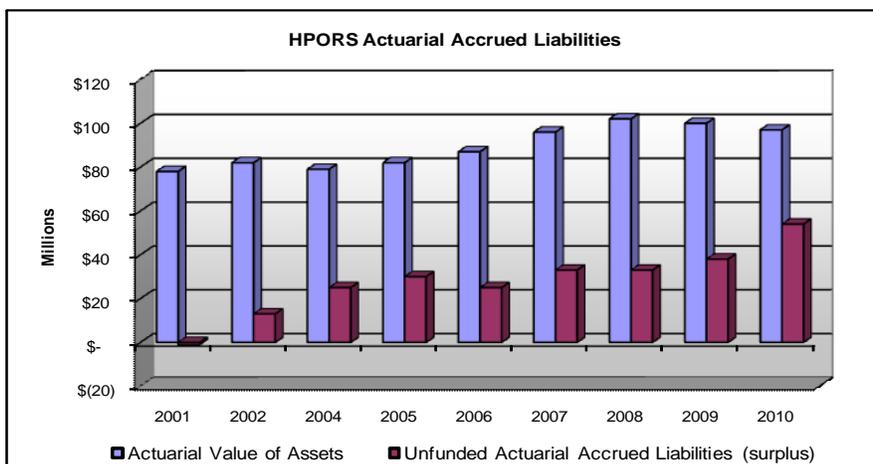
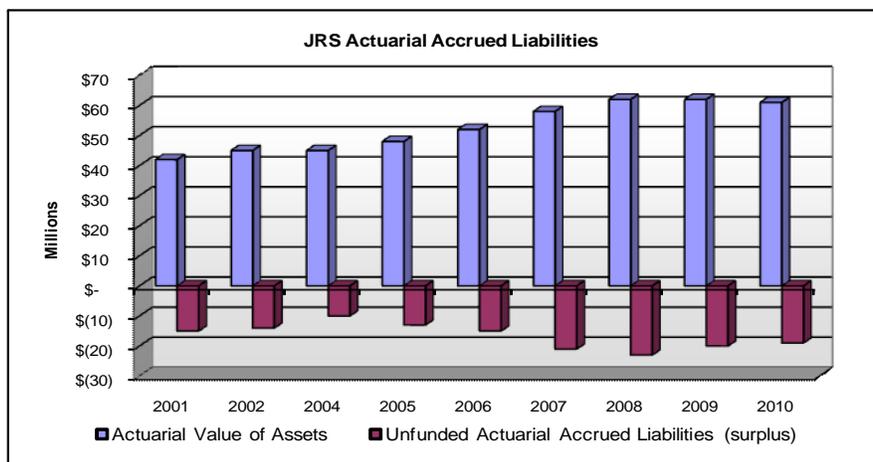
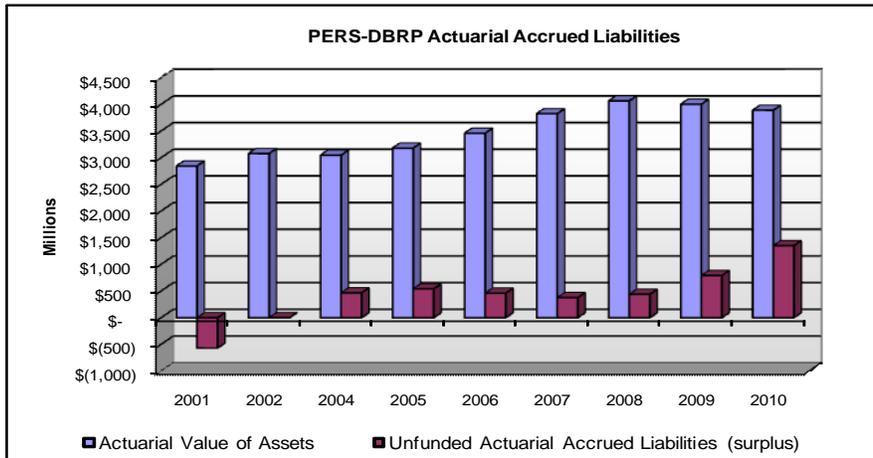
STATISTICAL SECTION

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Public Employees' Retirement Board

A Component Unit of the State of Montana

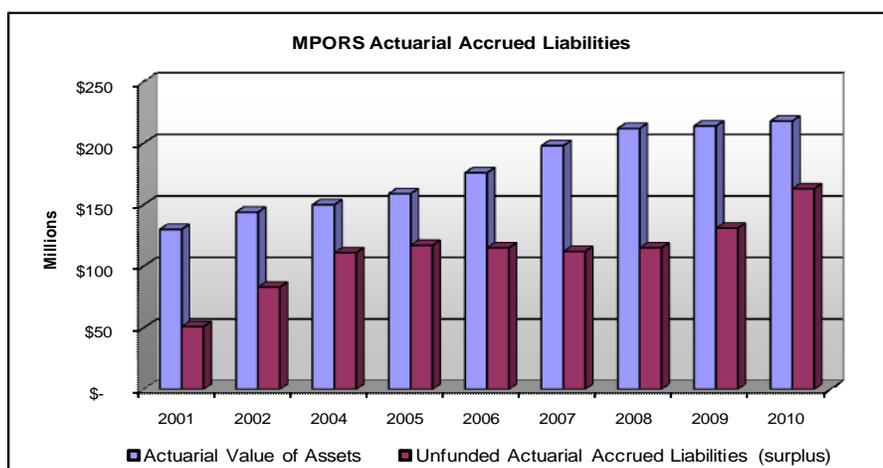
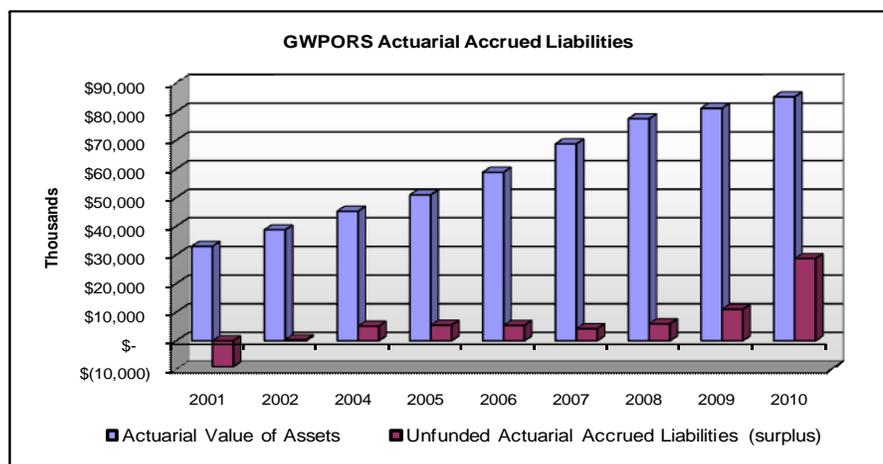
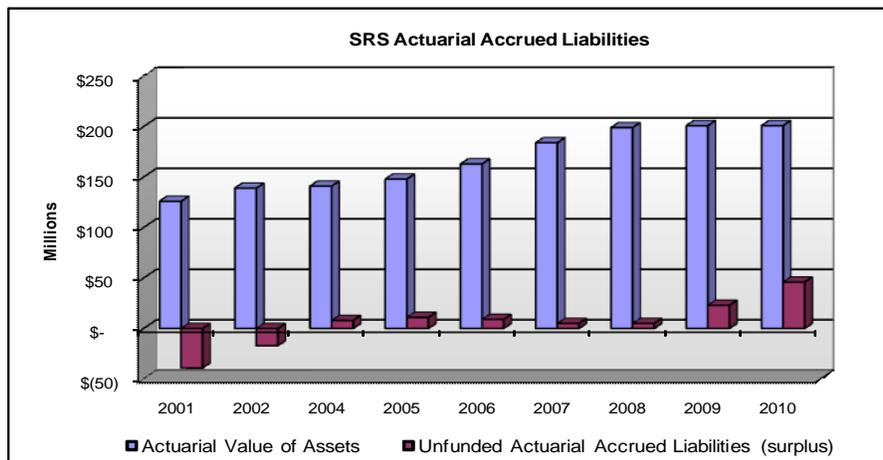
History of Actuarial Accrued Liabilities



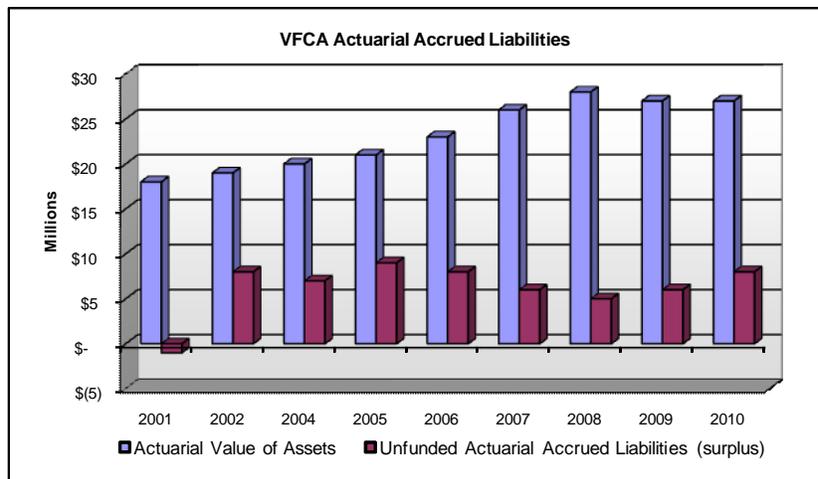
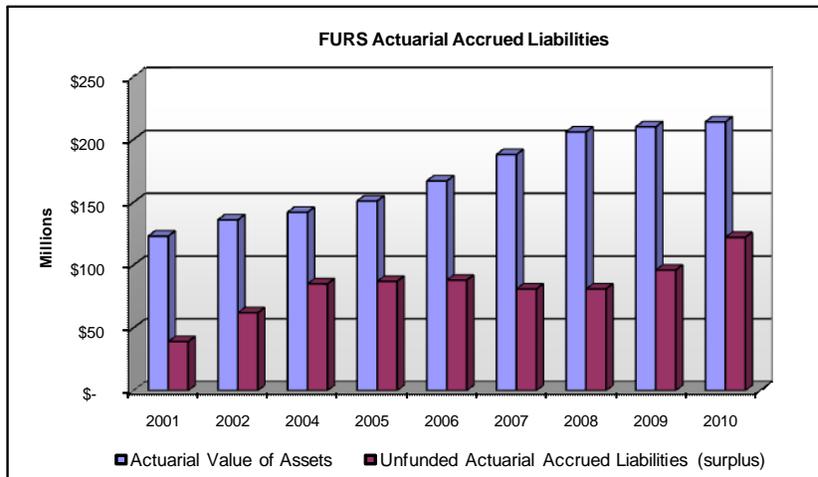
Public Employees' Retirement Board

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

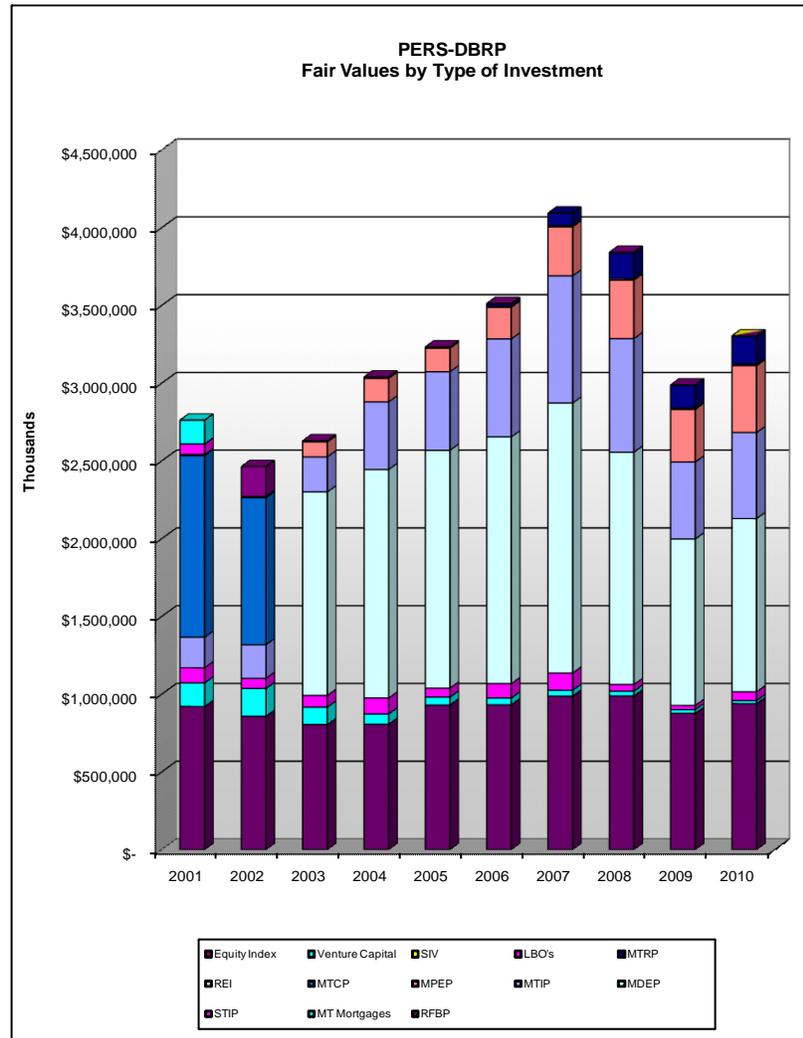
Schedule of Fair Values by Type of Investment, Last Ten Years

(in thousands)

System	2001	2002	2003	2004	2005	2006	2007
PERS-DBRP							
<i>Fixed Income:</i>							
Retirement Funds Bond Pool (RFBP)	\$ 920,352	\$ 858,467	\$ 804,470	\$ 805,840	\$ 930,369	\$ 932,048	\$ 987,821
Montana Mortgages	152,021	178,442	112,079	66,755	50,658	43,097	36,861
Short Term Investment Pool (STIP)	97,637	65,339	75,120	102,343	58,112	92,362	111,318
<i>Equities:</i>							
Montana Dometic Equity Pool (MDEP)			1,308,884	1,469,963	1,529,418	1,586,747	1,735,718
Montana International Pool (MTIP)	196,692	215,598	225,347	434,917	505,112	630,135	818,362
Montana Private Equity Pool (MPEP)		95,927	150,960	128,797	150,595	203,406	315,059
Montana Stock Pool (MTCP)	1,167,554	946,375					
<i>Alternative Investments:</i>							
Real Estate Investments (REI)	7,035	7,035	7,246	8,409	8,525	8,636	8,816
Montana Real Estate Pool (MTRP)						15,200	79,459
Leveraged Buy-Outs (LBO's)	67,250						
Structured Investment Vehicles (SIV)							
Venture Capital	153,616						
Equity Index		192,493					
Total	\$ 2,762,157	\$ 2,559,676	\$ 2,684,106	\$ 3,017,024	\$ 3,232,789	\$ 3,511,631	\$ 4,093,414
JRS							
<i>Fixed Income:</i>							
Retirement Funds Bond Pool (RFBP)	\$ 15,733	\$ 14,878	\$ 14,046	\$ 13,024	\$ 14,655	\$ 14,685	\$ 15,576
Short Term Investment Pool (STIP)	1,200	1,036	837	1,733	1,284	1,519	1,770
<i>Equities:</i>							
Montana Dometic Equity Pool (MDEP)			19,162	21,739	22,749	23,744	26,348
Montana International Pool (MTIP)	2,710	2,995	3,294	6,393	7,507	9,365	12,162
Montana Private Equity Pool (MPEP)		1,353	2,243	1,906	2,229	3,047	4,744
Montana Stock Pool (MTCP)	17,712	14,012					
<i>Alternative Investments:</i>							
Montana Real Estate Pool (MTRP)						225	1,206
Leveraged Buy-Outs (LBO's)	3,185						
Structured Investment Vehicles (SIV)							
Equity Index		2,900					
Total	\$ 40,540	\$ 37,174	\$ 39,582	\$ 44,795	\$ 48,424	\$ 52,585	\$ 61,806
HPORS							
<i>Fixed Income:</i>							
Retirement Funds Bond Pool (RFBP)	\$ 28,878	\$ 27,230	\$ 25,178	\$ 23,018	\$ 25,244	\$ 24,889	\$ 25,897
Short Term Investment Pool (STIP)	2,625	832	1,501	2,430	1,978	2,134	2,785
<i>Equities:</i>							
Montana Dometic Equity Pool (MDEP)			34,191	38,192	39,376	40,232	43,439
Montana International Pool (MTIP)	5,018	5,590	5,883	11,296	13,035	15,795	20,513
Montana Private Equity Pool (MPEP)		2,468	3,933	3,375	3,946	5,178	7,979
Montana Stock Pool (MTCP)	32,490	25,563					
<i>Alternative Investments:</i>							
Montana Real Estate Pool (MTRP)						380	2,004
Leveraged Buy-Outs (LBO's)	5,324						
Structured Investment Vehicles (SIV)							
Equity Index		5,729					
Total	\$ 74,335	\$ 67,412	\$ 70,686	\$ 78,311	\$ 83,579	\$ 88,608	\$ 102,617

STATISTICAL SECTION

	2008	2009	2010
\$	988,124	\$ 876,390	\$ 939,430
	31,837	24,055	19,185
	41,820	27,140	56,727
	1,494,306	1,070,435	1,114,072
	730,360	494,790	552,712
	376,615	338,517	430,729
	8,931	8,937	8,963
	164,667	145,478	178,787
	4,306	2,619	3,640
\$	3,840,966	2,988,361	3,304,245
\$	15,581	\$ 14,019	\$ 15,034
	967	913	1,392
	22,790	16,507	17,608
	10,973	7,551	8,732
	5,733	5,224	6,725
	2,515	2,247	2,820
	99	83	89
\$	58,658	46,544	52,400
\$	25,614	\$ 22,471	\$ 24,091
	1,014	774	1,461
	37,406	26,680	27,848
	18,307	12,387	13,815
	9,429	8,419	10,751
	4,127	3,613	4,466
	104	70	94
\$	96,001	74,414	82,526



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)

System	2001	2002	2003	2004	2005	2006	2007
SRS							
<i>Fixed Income:</i>							
Retirement Funds Bond Pool (RFBP)	\$ 47,203	\$ 45,736	\$ 43,639	\$ 40,680	\$ 45,890	\$ 45,822	\$ 49,551
Short Term Investment Pool (STIP)	5,872	3,338	3,186	5,055	3,441	5,182	5,526
<i>Equities:</i>							
Montana Dometic Equity Pool (MDEP)			59,059	68,112	71,278	74,633	84,481
Montana International Pool (MTIP)	8,289	9,593	10,250	20,127	23,457	29,263	38,004
Montana Private Equity Pool (MPEP)		4,167	6,906	5,936	6,941	9,508	14,859
Montana Stock Pool (MTCP)	53,611	43,178					
<i>Alternative Investments:</i>							
Montana Real Estate Pool (MTRP)						710	3,796
Leveraged Buy-Outs (LBO's)	8,227						
Structured Investment Vehicles (SIV)							
Equity Index		8,875					
Total	\$ 123,202	\$ 114,887	\$ 123,040	\$ 139,910	\$ 151,007	\$ 165,118	\$ 196,217
GWPORS							
<i>Fixed Income:</i>							
Retirement Funds Bond Pool (RFBP)	\$ 12,366	\$ 12,658	\$ 12,921	\$ 12,837	\$ 15,471	\$ 15,806	\$ 18,332
Short Term Investment Pool (STIP)	1,337	1,875	1,691	2,472	3,292	2,782	2,536
<i>Equities:</i>							
Montana Dometic Equity Pool (MDEP)			17,476	21,521	23,111	26,705	31,082
Montana International Pool (MTIP)	2,396	2,555	2,996	6,372	7,705	10,518	14,344
Montana Private Equity Pool (MPEP)		1,115	2,058	1,856	2,170	3,330	5,497
Montana Stock Pool (MTCP)	14,689	11,576					
<i>Alternative Investments:</i>							
Montana Real Estate Pool (MTRP)						255	1,404
Leveraged Buy-Outs (LBO's)	2,315						
Structured Investment Vehicles (SIV)							
Equity Index		2,586					
Total	\$ 33,103	\$ 32,365	\$ 37,142	\$ 45,058	\$ 51,749	\$ 59,396	\$ 73,195
MPORS							
<i>Fixed Income:</i>							
Retirement Funds Bond Pool (RFBP)	\$ 47,732	\$ 46,045	\$ 43,873	\$ 41,584	\$ 47,395	\$ 46,944	\$ 51,176
Short Term Investment Pool (STIP)	2,689	1,568	1,446	3,403	2,246	4,338	4,404
<i>Equities:</i>							
Montana Dometic Equity Pool (MDEP)			59,430	69,175	72,390	76,683	87,099
Montana International Pool (MTIP)	8,299	9,695	10,833	20,458	24,555	30,633	39,784
Montana Private Equity Pool (MPEP)		4,167	6,975	6,105	7,138	10,089	15,547
Montana Stock Pool (MTCP)	53,867	42,820					
<i>Alternative Investments:</i>							
Montana Real Estate Pool (MTRP)						730	4,102
Leveraged Buy-Outs (LBO's)	8,086						
Structured Investment Vehicles (SIV)							
Equity Index		8,271					
Total	\$ 120,673	\$ 112,566	\$ 122,557	\$ 140,725	\$ 153,724	\$ 169,417	\$ 202,112

STATISTICAL SECTION

2008	2009	2010
\$ 50,063	\$ 45,693	\$ 49,172
3,300	2,370	4,473
73,074	53,630	58,159
35,060	24,673	28,703
18,271	17,060	22,037
8,054	7,311	9,259
340	215	287
\$ 188,162	\$ 150,952	\$ 172,090
\$ 19,243	\$ 18,518	\$ 20,691
1,761	1,514	2,548
28,272	21,722	24,643
13,545	10,000	12,513
7,008	6,949	9,262
3,115	2,981	3,954
181	137	164
\$ 73,125	\$ 61,821	\$ 73,775
\$ 51,238	\$ 45,995	\$ 51,742
85	920	2,305
75,279	54,681	59,532
36,707	25,207	29,350
18,999	17,242	23,192
8,274	7,437	9,547
9	83	148
\$ 190,591	\$ 151,565	\$ 175,816

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)

System	2001	2002	2003	2004	2005	2006	2007
FURS							
<i>Fixed Income:</i>							
Retirement Funds Bond Pool (RFBP)	\$ 45,197	\$ 43,775	\$ 41,757	\$ 39,592	\$ 44,975	\$ 44,650	\$ 48,813
Short Term Investment Pool (STIP)	3,335	1,349	1,641	3,414	2,641	4,241	4,488
<i>Equities:</i>							
Montana Domestic Equity Pool (MDEP)			56,638	65,851	68,911	73,144	82,766
Montana International Pool (MTIP)	7,966	9,337	10,235	19,469	23,361	29,143	37,848
Montana Private Equity Pool (MPEP)		3,929	6,546	5,813	6,797	9,587	14,850
Montana Stock Pool (MTCP)	51,462	40,946					
<i>Alternative Investments:</i>							
Montana Real Estate Pool (MTRP)						700	3,744
Leveraged Buy-Outs (LBO's)	7,260						
Structured Investment Vehicles (SIV)							
Equity Index		8,002					
Total	\$ 115,220	\$ 107,338	\$ 116,817	\$ 134,139	\$ 146,685	\$ 161,465	\$ 192,509
VFCA							
<i>Fixed Income:</i>							
Retirement Funds Bond Pool (RFBP)	\$ 8,805	\$ 7,838	\$ 5,964	\$ 5,617	\$ 6,170	\$ 6,233	\$ 6,542
Short Term Investment Pool (STIP)	192	1,811	1,414	180	512	1,870	2,194
<i>Equities:</i>							
Montana Domestic Equity Pool (MDEP)			8,134	9,221	9,096	9,872	11,043
Montana International Pool (MTIP)	1,286	1,262	1,379	2,746	3,294	4,023	5,258
Montana Private Equity Pool (MPEP)		628	969	848	992	1,341	1,951
Montana Stock Pool (MTCP)	5,097	4,100					
<i>Alternative Investments:</i>							
Montana Real Estate Pool (MTRP)						95	504
Leveraged Buy-Outs (LBO's)	1,298						
Structured Investment Vehicles (SIV)							
Equity Index		1,194					
Total	\$ 16,678	\$ 16,833	\$ 17,860	\$ 18,612	\$ 20,064	\$ 23,434	\$ 27,492
PERS-DCRP¹							
Defined Contributions Fixed Annuity		\$ 407	\$ 914	\$ 1,546	\$ 1,832	\$ 1,805	
Defined Contributions Variable Annuity			8,831	19,566	23,402	26,102	38,634
Total		\$ 9,238	\$ 20,480	\$ 24,948	\$ 27,934	\$ 40,439	
DEFERRED COMPENSATION PLAN							
Deferred Comp Fixed Annuity	\$ 114,387	\$ 122,729	\$ 137,687	\$ 143,162	\$ 152,215	\$ 143,870	\$ 159,669
Deferred Comp Variable Annuity	82,044	71,460	67,329	81,202	86,916	104,061	128,873
Deferred Comp Life Insurance	12	12	12	12	12	12	12
Total	\$ 196,443	\$ 194,201	\$ 205,028	\$ 224,376	\$ 239,143	\$ 247,943	\$ 288,554

¹ The PERS-Defined Contribution Retirement Plan was implemented July 1, 2002.

STATISTICAL SECTION

	2008		2009		2010
\$	49,419	\$	45,160	\$	50,657
	1,573		1,268		2,649
	72,476		53,532		58,543
	34,970		24,862		29,067
	18,175		16,890		22,703
	7,962		7,260		9,403
	162		115		170
\$	184,737	\$	149,087	\$	173,192
\$	6,609	\$	5,742	\$	6,379
	1,404		1,571		1,385
	9,645		6,836		7,245
	4,731		3,140		3,567
	2,411		2,115		2,806
	1,047		898		1,124
	145		142		89
\$	25,992	\$	20,444	\$	22,595
\$	3,128	\$	4,820	\$	6,725
	39,622		38,198		49,946
\$	42,750	\$	43,018	\$	56,671
\$	181,740	\$	189,421	\$	213,414
	115,151		89,388		106,893
	12		12		12
\$	296,903	\$	278,821	\$	320,319

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	State & Universities		Local Government		School Districts	
	Member	Employer	Employer	State	Employer	State
2010	6.900%	7.170%	7.070%	0.100%	6.800%	0.370%
2008-2009	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
1998-2010	7.000%	25.810%
1993-1997	7.000%	6.000%
1968-1992	6.000%	6.000%

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

HPORS

Fiscal Year	Member		Employer
	Non-GABA	GABA	
1998-2010	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%

STATISTICAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Schedule of Contribution Rate History (cont.)

SRS

Fiscal Year	Member	Employer
2010	9.245%	10.115%
2008-2009	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

Fiscal Year	Member	Employer
2003-2010	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

Schedule of Contribution Rate History (cont.)

MPORS

Fiscal Year	Member				Employer	State
	Hired <7/1/75	Hired >6/30/75	Hired >6/30/79	Hired >6/30/97 GABA		
2000-2010	5.800%	7.000%	8.500%	9.000%	14.410%	29.370%
1998-1999	7.800%	9.000%	10.500%	11.000%	14.410%	29.370%
1997	7.800%	9.000%	10.500%		14.360%	29.370%
1994-1996	7.800%	9.000%	10.500%		14.360%	15.660%
1993	7.800%	9.000%	10.500%		13.920%	15.660%
1992	6.000%	7.200%	8.700%		13.920%	15.660%
1986-1991	6.000%	6.000%	7.500%		13.020%	15.060%
1982-1985	6.000%	6.000%	7.500%		14.040%	14.040%
1980-1981	6.000%	6.000%	7.500%		14.000%	14.040%
1978-1979	6.000%	6.000%			12.000%	14.040%
1976-1977	6.000%	6.000%			11.000%	14.040%
1974-1975	6.000%				11.000%	14.040%

FURS

Fiscal Year	Member			State
	Non-GABA	GABA	Employer	
1998-2010	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 Government		School Districts	
	Member	Employer	Employer	State	Employer	State
2010	6.900%	7.170%	7.070%	0.100%	6.800%	0.370%
2008-2009	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%

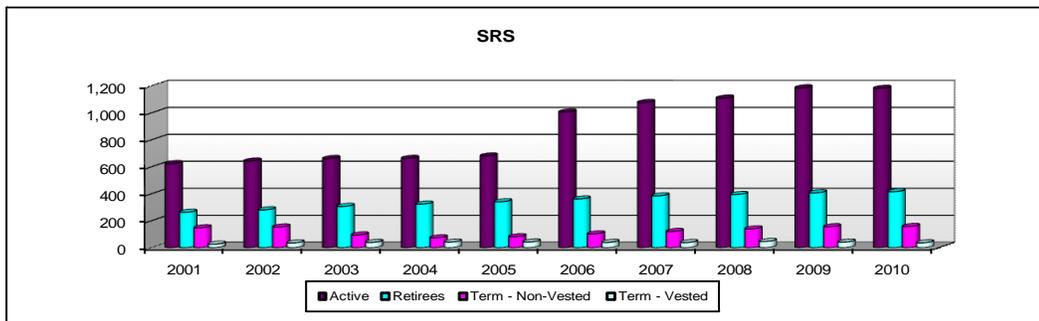
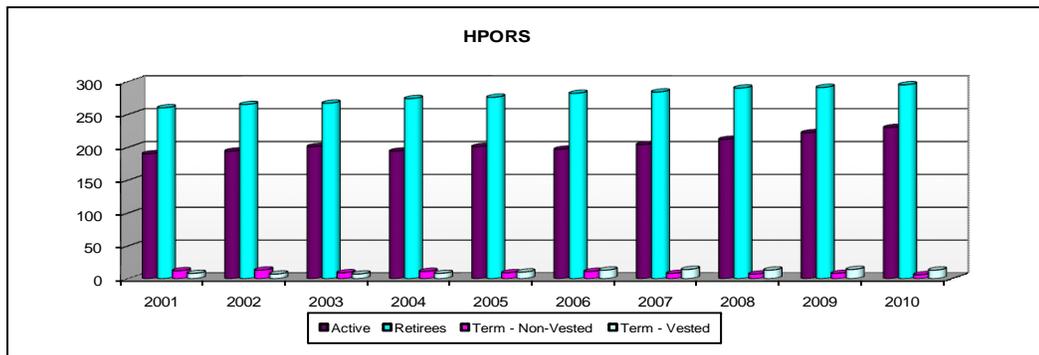
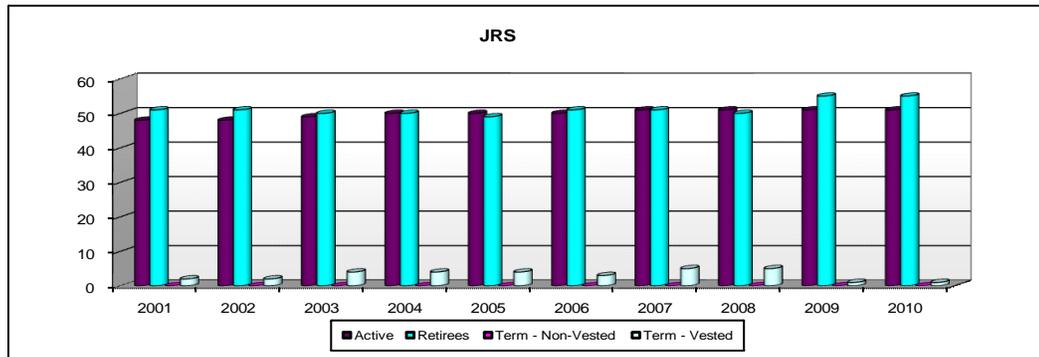
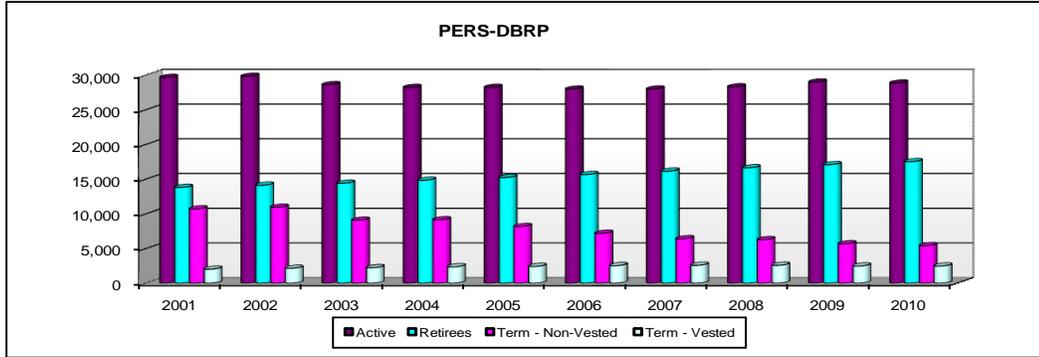
STATISTICAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

History of Membership in Retirement Plans, Last Ten Years

System	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
PERS-DBRP										
Active	29,641	29,808	28,604	28,201	28,213	27,962	27,977	28,293	28,983	28,834
Retirees/Beneficiaries	13,798	14,116	14,401	14,834	15,220	15,654	16,137	16,627	17,075	17,512
Term-Non-Vested	10,706	10,944	9,070	9,132	8,153	7,178	6,401	6,268	5,670	5,402
Term-Vested	2,015	2,150	2,231	2,362	2,418	2,530	2,576	2,579	2,476	2,471
Total	56,160	57,018	54,306	54,529	54,004	53,324	53,091	53,767	54,204	54,219
JRS										
Active	48	48	49	50	50	50	51	51	51	51
Retirees/Beneficiaries	51	51	50	50	49	51	51	50	55	55
Term-Non-Vested										
Term-Vested	2	2	4	4	4	3	5	5	1	1
Total	101	101	103	104	103	104	107	106	107	107
HPORS										
Active	190	194	201	194	201	197	204	212	222	230
Retirees/Beneficiaries	260	265	267	274	276	282	284	290	291	295
Term-Non-Vested	12	13	9	11	9	11	8	7	8	6
Term-Vested	8	7	7	8	10	13	14	13	14	13
Total	470	479	484	487	496	503	510	522	535	544
SRS										
Active	623	642	661	662	680	1,006	1,076	1,109	1,185	1,181
Retirees/Beneficiaries	262	280	306	323	340	361	384	394	406	415
Term-Non-Vested	147	153	94	73	81	102	120	139	155	157
Term-Vested	26	35	39	41	42	39	38	46	41	36
Total	1,058	1,110	1,100	1,099	1,143	1,508	1,618	1,688	1,787	1,789



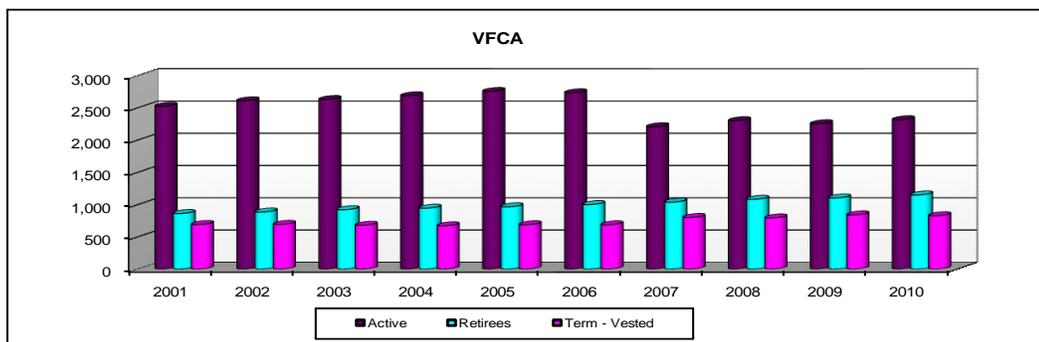
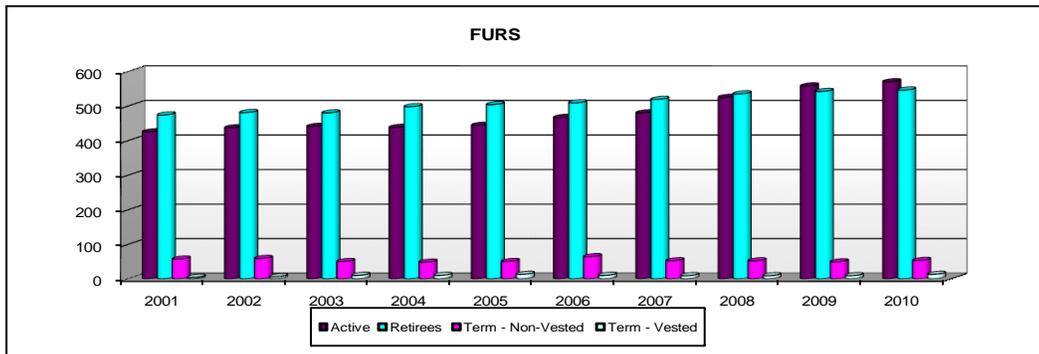
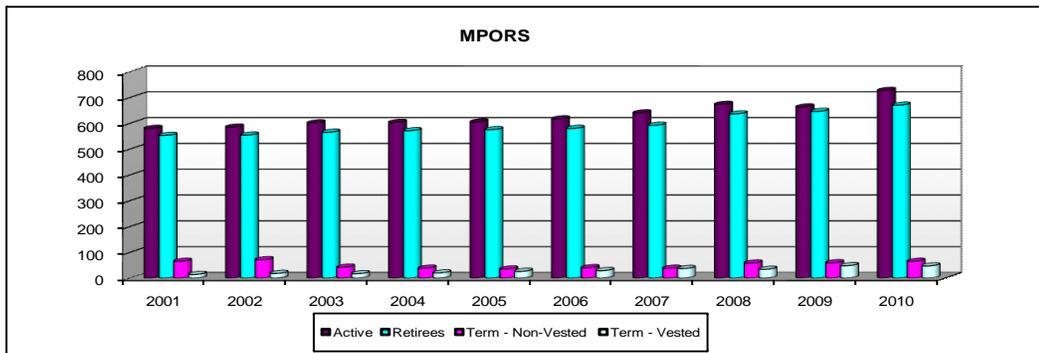
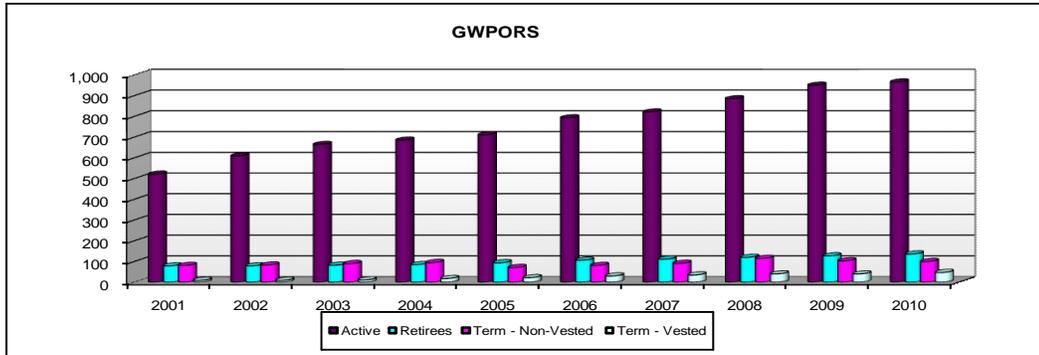
STATISTICAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

History of Membership in Retirement Plans, Last Ten Years (cont.)

System	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
GWPORS										
Active	521	609	664	685	711	793	821	885	950	966
Retirees/Beneficiaries	79	79	82	85	94	106	111	120	127	136
Term-Non-Vested	81	83	90	95	71	81	91	115	103	100
Term-Vested	9	9	11	18	22	30	35	40	40	47
Total	690	780	847	883	898	1,010	1,058	1,160	1,220	1,249
MPORS										
Active	580	585	601	603	605	617	640	673	663	727
Retirees/Beneficiaries	553	554	565	571	575	580	592	636	646	670
Term-Non-Vested	65	71	42	38	35	40	38	58	59	65
Term-Vested	14	18	17	20	26	29	37	34	48	47
Total	1,212	1,228	1,225	1,232	1,241	1,266	1,307	1,401	1,416	1,509
FURS										
Active	425	437	441	438	444	467	480	525	558	570
Retirees/Beneficiaries	474	481	480	498	504	509	519	535	542	546
Term-Non-Vested	57	59	50	48	50	64	52	52	49	53
Term-Vested	4	6	10	10	13	10	9	9	9	13
Total	960	983	981	994	1,011	1,050	1,060	1,121	1,158	1,182
VFCA										
Active	2,524	2,609	2,629	2,687	2,754	2,733	2,207	2,301	2,253	2,315
Retirees/Beneficiaries	862	884	921	944	966	1,001	1,038	1,082	1,103	1,149
Term-Vested	691	693	679	671	687	687	800	793	840	827
Total	4,077	4,186	4,229	4,302	4,407	4,421	4,045	4,176	4,196	4,291



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	2001	2002	2003	2004	2005	2006	2007
PERS-DBRP							
<i>Benefit Expenses</i>							
Retirees	\$ 96,472	\$ 108,447	\$ 116,333	\$ 126,751	\$ 136,632	\$ 147,502	\$ 159,790
Survivors	1,869	2,180	2,248	2,298	2,436	2,681	2,815
Disability	2,176	2,326	2,345	2,541	2,729	2,738	2,717
<i>Refunds</i>							
Death	1,029	1,710	1,278	1,093	992	965	866
Lump Sum	11,875	10,683	10,218	10,913	13,236	12,754	12,868
Total	\$ 113,421	\$ 125,346	\$ 132,422	\$ 143,596	\$ 156,025	\$ 166,640	\$ 179,056
Number of Lump Sum	3,294	2,890	2,964	3,302	3,756	3,763	3,465

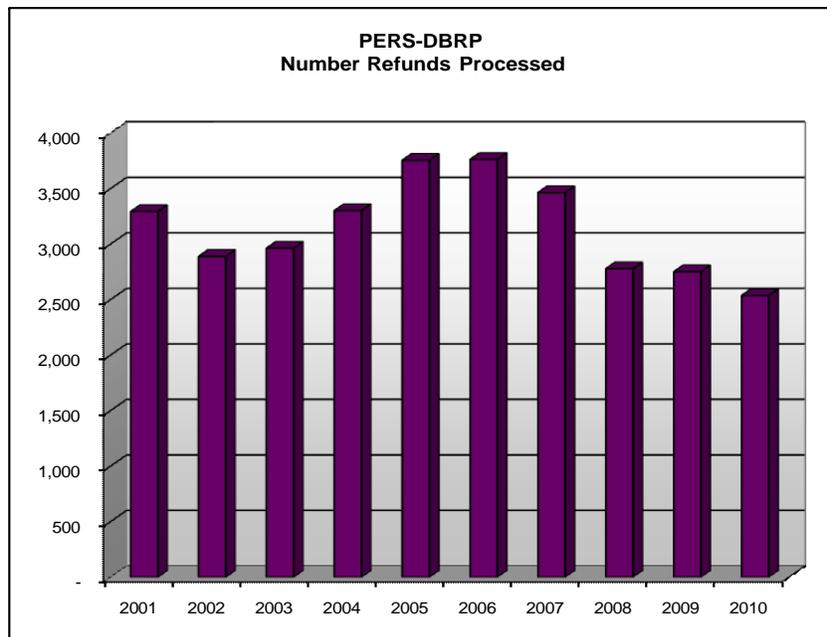
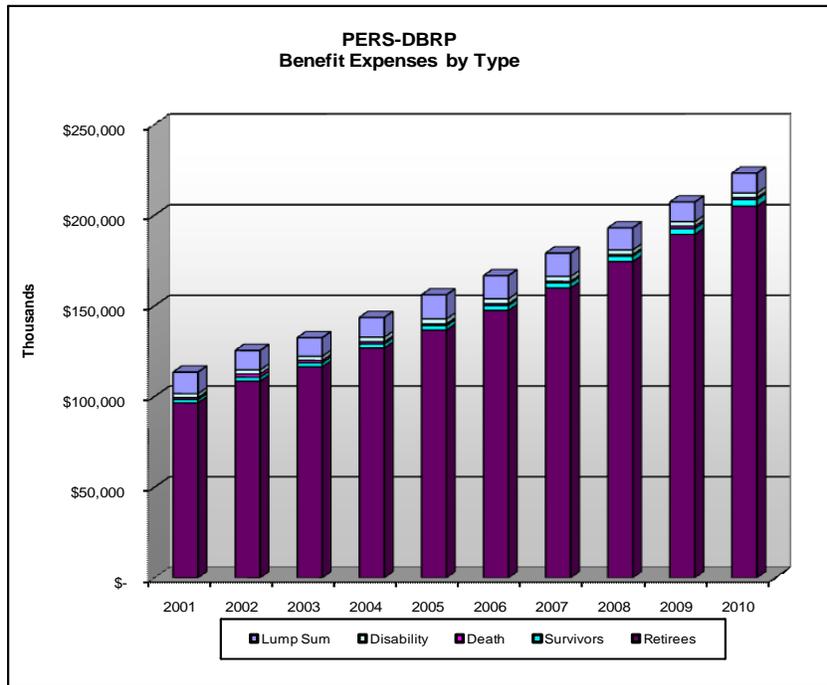
JRS							
<i>Benefit Expenses</i>							
Retirees	\$ 1,395	\$ 1,528	\$ 1,513	\$ 1,611	\$ 1,583	\$ 1,699	\$ 1,728
Survivors	36	38	38	41	41	44	44
Disability							
<i>Refunds</i>							
Death				18			
Lump Sum							
Total	\$ 1,431	\$ 1,566	\$ 1,551	\$ 1,670	\$ 1,624	\$ 1,743	\$ 1,772
Number of Lump Sum							

HPORS							
<i>Benefit Expenses</i>							
Retirees	\$ 4,343	\$ 4,586	\$ 4,900	\$ 5,254	\$ 5,524	\$ 6,061	\$ 6,181
Survivors	150	143	134	137	144	149	155
Disability	131	132	126	102	121	155	124
<i>Refunds</i>							
Death							
Lump Sum	86	130	60	144	181	89	139
Total	\$ 4,710	\$ 4,991	\$ 5,220	\$ 5,637	\$ 5,970	\$ 6,454	\$ 6,599
Number of Lump Sum	10	7	7	13	8	7	3

SRS							
<i>Benefit Expenses</i>							
Retirees	\$ 2,809	\$ 3,193	\$ 3,761	\$ 4,259	\$ 4,851	\$ 5,439	\$ 5,997
Survivors	126	129	127	144	148	153	187
Disability	357	378	419	498	528	560	585
<i>Refunds</i>							
Death				2			1
Lump Sum	373	409	457	306	612	365	934
Total	\$ 3,665	\$ 4,109	\$ 4,764	\$ 5,209	\$ 6,139	\$ 6,517	\$ 7,704
Number of Lump Sum	52	39	59	61	60	71	153

STATISTICAL SECTION

2008	2009	2010
\$ 174,357	\$ 189,360	\$ 204,885
3,043	3,244	3,692
2,583	2,521	2,481
832	1,277	1,128
12,124	10,821	10,967
\$ 192,939	\$ 207,223	\$ 223,153
2,779	2,751	2,537
<hr/>		
\$ 1,486	\$ 1,926	\$ 2,069
335	46	49
8		
\$ 1,829	\$ 1,972	\$ 2,118
<hr/>		
\$ 6,505	\$ 6,821	\$ 7,198
176	191	216
132	115	143
61	26	58
\$ 6,874	\$ 7,153	\$ 7,615
5	1	4
<hr/>		
\$ 6,435	\$ 6,878	\$ 7,291
215	272	293
593	670	693
722	38	766
\$ 7,965	\$ 8,826	\$ 9,043
146	141	125



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	2001	2002	2003	2004	2005	2006	2007
GWPORS							
<i>Benefit Expenses</i>							
Retirees	\$ 1,174	\$ 1,177	\$ 1,277	\$ 1,429	\$ 1,509	\$ 1,760	\$ 2,022
Survivors	30	25	26	27	27	28	29
Disability	31	24	13	4	2	19	18
<i>Refunds</i>							
Death		4			1	27	16
Lump Sum	212	317	355	501	607	477	702
Total	\$ 1,447	\$ 1,547	\$ 1,671	\$ 1,961	\$ 2,146	\$ 2,311	\$ 2,787
Number of Lump Sum	83	85	80	124	146	85	125

MPORS							
<i>Benefit Expenses</i>							
Retirees	\$ 8,416	\$ 9,149	\$ 9,733	\$ 10,208	\$ 10,646	\$ 11,256	\$ 11,861
Survivors	452	457	452	446	473	491	517
Disability	257	239	241	231	244	285	314
<i>Refunds</i>							
Death							
DROP				18	510	234	502
Lump Sum	386	345	326	319	276	317	186
Total	\$ 9,511	\$ 10,190	\$ 10,752	\$ 11,222	\$ 12,149	\$ 12,583	\$ 13,380
Number of Lump Sum	31	37	30	44	29	27	23
Number of DROP				2	6	3	5

FURS							
<i>Benefit Expenses</i>							
Retirees	\$ 7,514	\$ 6,666	\$ 8,620	\$ 9,201	\$ 9,903	\$ 10,527	\$ 11,307
Survivors	386	415	389	385	398	408	412
Disability	118	98	72	88	85	105	131
<i>Refunds</i>							
Death							1
Lump Sum	44	80	83	77	101	46	241
Total	\$ 8,062	\$ 7,259	\$ 9,164	\$ 9,751	\$ 10,487	\$ 11,086	\$ 12,092
Number of Lump Sum	9	4	9	11	6	8	21

VFCA							
<i>Benefit Expenses</i>							
Retirees	\$ 879	\$ 1,350	\$ 1,406	\$ 1,455	\$ 1,494	\$ 1,561	\$ 1,635
Survivors	3	61	6	24	23	3	2
Disability							
Total	\$ 882	\$ 1,411	\$ 1,412	\$ 1,479	\$ 1,517	\$ 1,564	\$ 1,637

STATISTICAL SECTION

	2008		2009		2010
\$	2,208	\$	2,427	\$	2,566
	33		41		49
	9				3
	21		53		4
	643		840		879
\$	2,914	\$	3,361	\$	3,501
	113		110		143
\$	12,827	\$	13,960	\$	14,652
	547		560		613
	333		340		462
	3,777		148		407
	513		794		442
\$	17,997	\$	15,802	\$	16,576
	34		42		39
	20		5		5
\$	12,788	\$	13,428	\$	14,031
	442		433		427
	124		126		140
	116		70		86
\$	13,470	\$	14,057	\$	14,684
	16		13		8
\$	1,710	\$	1,779	\$	1,848
	7		1		9
\$	1,717	\$	1,780	\$	1,857

STATISTICAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Schedule of Distributions Processed, Last Ten Fiscal Years

(in thousands)

System	2003	2004	2005	2006	2007	2008	2009	2010
PERS-DCRP¹								
Number of Retirements		2	1	2	3	6	3	35
Number of Deaths		2	3	2	3	1	1	2
Number of Full Refunds	29	96	97	115	145	106	145	116
Amount Refunded	\$ 556	\$ 1,789	\$ 1,582	\$ 1,475	\$ 2,457	\$ 2,254	\$ 1,744	\$ 1,438
Number of Partial Refunds	2	19	9	10	10	10	3	13
Amount Refunded	\$ 42	\$ 235	\$ 198	\$ 96	\$ 153	\$ 243	\$ 128	\$ 198
Number of Forfeitures	10	53	73	103	118	134	121	94
Amount of Contributions Forfeited ²	\$ 31	\$ 135	\$ 192	\$ 264	\$ 315	\$ 215	\$ 266	\$ 318

¹The PERS-DCRP was implemented July 1, 2002.

²Members 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, 2010

	Amount of Monthly Benefit	Number of Retired Members	Type of Retirement		
			Regular	Disability	Survivor
PERS-DBRP					
	\$ 1 - 250	2,275	1,970	16	289
	251 - 500	3,652	3,055	58	539
	501 - 750	2,834	2,360	76	398
	751 - 1,000	2,106	1,775	48	283
	1,001 - 1,250	1,438	1,256	22	160
	1,251 - 1,500	1,193	1,063	14	116
	1,501 - 1,750	945	853	8	84
	1,751 - 2,000	745	692	2	51
	Over 2,000	2,324	2,229	4	91
	Total	17,512	15,253	248	2,011

	Amount of Monthly Benefit	Number of Retired Members	Type of Retirement		
			Regular	Disability	Survivor
JRS					
	\$ 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	1		
	1,501 - 1,750	1			1
	1,751 - 2,000	3			3
	Over 2,000	42	33		9
	Total	55	37		18

	Amount of Monthly Benefit	Number of Retired Members	Type of Retirement		
			Regular	Disability	Survivor
HPORS					
	\$ 1 - 250	2	1		1
	251 - 500	7	4		3
	501 - 750	7	5		2
	751 - 1,000	5	2		3
	1,001 - 1,250	12	6		6
	1,251 - 1,500	21	11	3	7
	1,501 - 1,750	86	59	1	26
	1,751 - 2,000	30	26	2	2
	Over 2,000	125	116	1	8
	Total	295	230	7	58

¹ 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

	Option Selected ¹						GABA	NON-GABA	
	1	2	3	4A	4B	5A			5B
PERS-DBRP									
	1,611	417	74	36	103	20	14	2,261	14
	2,363	829	176	62	158	58	6	3,643	9
	1,744	731	173	45	96	43	2	2,830	4
	1,312	475	181	32	74	32		2,103	3
	861	372	126	21	40	18		1,437	1
	653	363	113	18	30	16		1,193	
	508	271	123	12	21	10		944	1
	406	208	93	17	13	8		745	
	1,280	572	323	51	77	21		2,324	
	10,738	4,238	1,382	294	612	226	22	17,480	32

	Option Selected ¹						GABA	NON-GABA	
	1	2	3	4A	4B	5A			5B
JRS									
		1							1
			1						1
	1	3	1			1		1	5
		1						1	1
		1						1	
		1	1			1		2	1
	10	27	3		1	1		18	24
	11	34	6		1	3		22	33

	Option Selected ¹						GABA	NON-GABA	
	1	2	3	4A	4B	5A			5B
HPORS									
		2						1	1
	1	4				2		3	4
		6				1		2	5
		2				3		1	4
		12						4	8
	3	18						7	14
	9	74				3		21	65
	7	22				1		25	5
	7	116				2		122	3
	27	256				12		186	109

STATISTICAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Retired Members by Type of Benefit (cont.)

As of June 30, 2010

	Amount of Monthly Benefit	Number of Retired Members	Type of Retirement		
			Regular	Disability	Survivor
SRS					
	\$ 1 - 250	18	11	1	6
	251 - 500	26	19	1	6
	501 - 750	38	28	2	8
	751 - 1,000	33	27		6
	1,001 - 1,250	31	22	4	5
	1,251 - 1,500	40	29	5	6
	1,501 - 1,750	40	31	7	2
	1,751 - 2,000	45	37	8	
	Over 2,000	144	134	7	3
	Total	415	338	35	42

	Amount of Monthly Benefit	Number of Retired Members	Type of Retirement		
			Regular	Disability	Survivor
GWPORS					
	\$ 1 - 250	1			1
	251 - 500	17	15		2
	501 - 750	17	14		3
	751 - 1,000	12	8		4
	1,001 - 1,250	8	6		2
	1,251 - 1,500	14	10		4
	1,501 - 1,750	11	10		1
	1,751 - 2,000	9	8		1
	Over 2,000	47	46		1
	Total	136	117		19

	Amount of Monthly Benefit	Number of Retired Members	Type of Retirement		
			Regular	Disability	Survivor
MPORS					
	\$ 1 - 250	13	13		
	251 - 500	11	10		1
	501 - 750	7	7		
	751 - 1,000	6	5		1
	1,001 - 1,250	5	2		3
	1,251 - 1,500	76	48	3	25
	1,501 - 1,750	160	103	5	52
	1,751 - 2,000	141	99	6	36
	Over 2,000	251	224	8	19
	Total	670	511	22	137

¹ 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

	Option Selected ¹						GABA	NON-GABA
	1	2	3	4A	4B	5A		
SRS								
	7	6	1			4	17	1
	7	15	3		1		26	
	19	13	4			2	38	
	14	14	1	1		3	33	
	12	16	2			1	31	
	16	17	3		1	3	40	
	18	13	3	2	2	2	40	
	26	12	5	2			45	
	81	36	13	7	7		144	
	<u>200</u>	<u>142</u>	<u>35</u>	<u>12</u>	<u>11</u>	<u>15</u>	<u>414</u>	<u>1</u>

	Option Selected ¹						GABA	NON-GABA
	1	2	3	4A	4B	5A		
GWPORS								
					1		1	
	3	8	3		1	2	17	
	12	1	1		1	2	17	
	5	2	4			1	12	
	3	2	3				8	
	8	3	2			1	14	
	6	4			1		11	
	4	4	1				9	
	23	14	8		2		47	
	<u>64</u>	<u>38</u>	<u>22</u>		<u>6</u>	<u>6</u>	<u>136</u>	

	Option Selected ¹						GABA	NON-GABA
	1	2	3	4A	4B	5A		
MPORS								
	2	11					10	3
	6	5					10	1
	4	3					6	1
	2	4					6	
	1	3				1	5	
	8	62				6	72	4
	13	138				9	141	19
	10	127				4	106	35
	26	219				6	248	3
	<u>72</u>	<u>572</u>				<u>26</u>	<u>604</u>	<u>66</u>

STATISTICAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Retired Members by Type of Benefit (cont.)

As of June 30, 2010

FURS	Amount of Monthly Benefit	Number of Retired Members	Type of Retirement		
			Regular	Disability	Survivor
	\$ 1 - 250	36	26	0	10
	251 - 500	7	6	0	1
	501 - 750	5	4	0	1
	751 - 1,000	6	6	0	0
	1,001 - 1,250	7	3	0	4
	1,251 - 1,500	39	24	0	15
	1,501 - 1,750	109	56	0	53
	1,751 - 2,000	91	63	4	24
	Over 2,000	246	227	3	16
	Total	546	415	7	124

VFCA	Amount of Monthly Benefit	Number of Retired Members	Type of Retirement		
			Regular	Disability	Survivor
	\$ 1 - 250	1,149	1,147		2
	251 - 500				
	501 - 750				
	751 - 1,000				
	1,001 - 1,250				
	1,251 - 1,500				
	1,501 - 1,750				
	1,751 - 2,000				
	Over 2,000				
	Total	1,149	1,147		2

¹ Option Selected (excluding the VFCA):

- 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

² Option Selected VFCA:

- 1 - Member receiving monthly benefit
- 2 and 5A - Benefit paid to survivor equal to member's full or partial benefit. Benefit is limited to 40 months including any pension paid to member before death.

STATISTICAL SECTION

FURS	Option Selected ¹						GABA	NON-GABA
	1	2	3	4A	4B	5A		
	2	33				1	28	8
	1	6				0	3	4
	1	4				0	4	1
	1	5				0	6	0
	1	6				0	4	3
	2	33				4	37	2
	3	98				8	106	3
	4	82				5	69	22
	31	212				3	245	1
	46	479				21	502	44

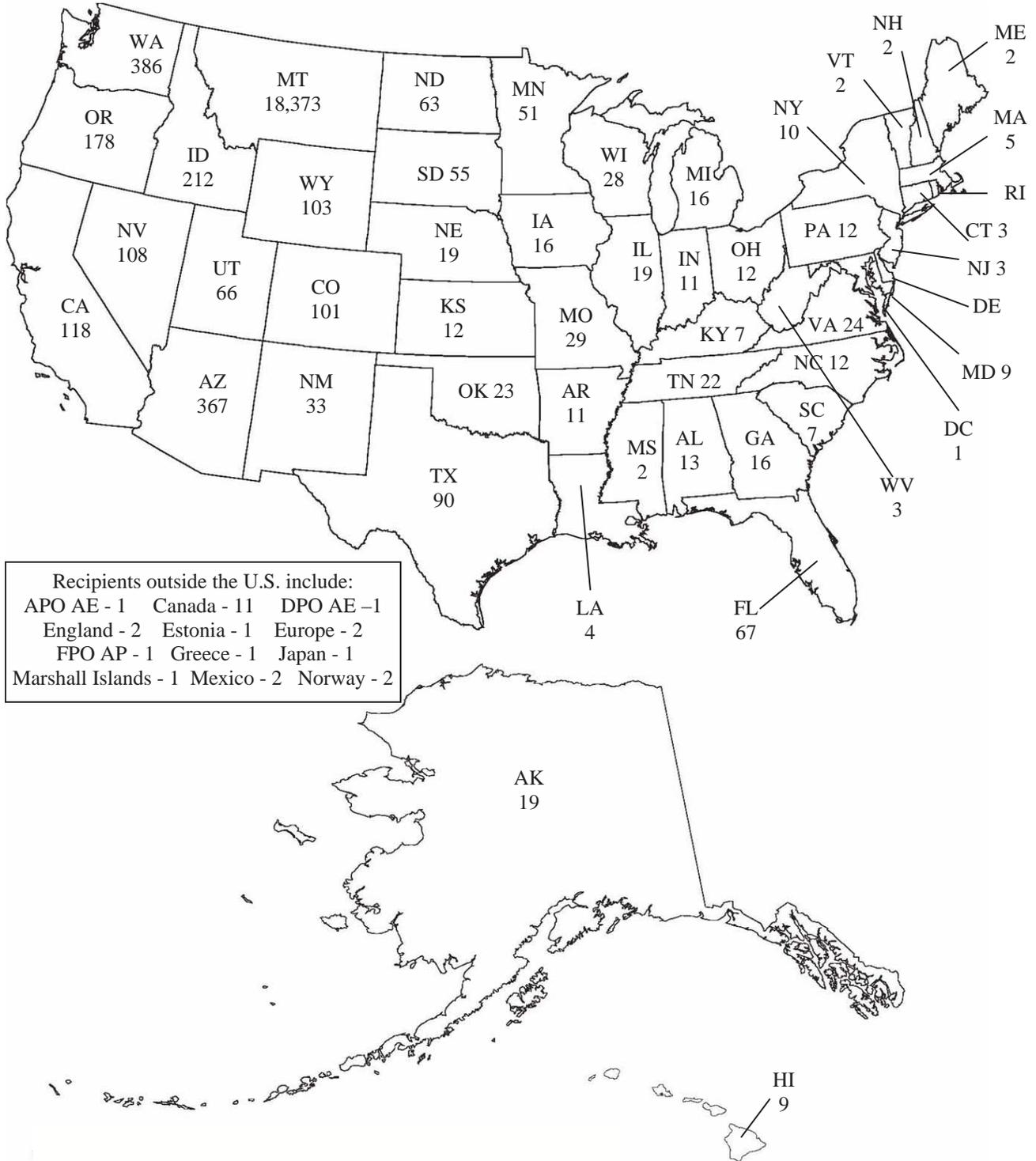
VFCA	Option Selected ²						GABA	NON-GABA
	1	2	3	4A	4B	5A		
	1,146	3					N/A	N/A
	1,146	3						

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, 2010**



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STATISTICAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Schedule of Active Members by Age and Gender

As of June 30, 2010

System	Ages	Male	Female	Total	System	Ages	Male	Female	Total
PERS-DBRP	Under 20	15	19	34	GWPORS	Under 20			
	20 - 29	864	1,177	2,041		20 - 29	118	49	167
	30 - 39	1,761	2,423	4,184		30 - 39	204	70	274
	40 - 49	2,962	4,122	7,084		40 - 49	211	70	281
	50 - 59	4,671	6,143	10,814		50 - 59	143	47	190
	60 - 69	1,877	2,132	4,009		60 - 69	35	9	44
	70 & Older	163	161	324		70 & Older			
	¹ Unkown			344		¹ Unkown			10
Total	12,313	16,177	28,834	Total	711	245	966		
JRS	Under 20				MPORS	Under 20			
	20 - 29					20 - 29	143	11	154
	30 - 39					30 - 39	233	21	254
	40 - 49	4	1	5		40 - 49	224	24	248
	50 - 59	13	8	21		50 - 59	57	1	58
	60 - 69	21	2	23		60 - 69	9		9
	70 & Older	2		2		70 & Older			
	¹ Unkown					¹ Unkown			4
Total	40	11	51	Total	666	57	727		
HPORS	Under 20				FURS	Under 20			
	20 - 29	29	2	31		20 - 29	92	7	99
	30 - 39	78	1	79		30 - 39	214	7	221
	40 - 49	88	5	93		40 - 49	153	1	154
	50 - 59	25	1	26		50 - 59	89		89
	60 - 69	1		1		60 - 69	6		6
	70 & Older					70 & Older	1		1
	Total	221	9	230		Total	555	15	570
SRS	Under 20	1		1	PERS-DCRP	Under 20	1		1
	20 - 29	172	34	206		20 - 29	77	114	191
	30 - 39	316	46	362		30 - 39	296	294	590
	40 - 49	286	51	337		40 - 49	282	339	621
	50 - 59	197	22	219		50 - 59	194	273	467
	60 - 69	45	2	47		60 - 69	81	57	138
	70 & Older	1		1		70 & Older	7	3	10
	¹ Unkown			8		Total	938	1,080	2,018
Total	1,018	155	1,181						

¹ Membership data not received as of June 30, 2010.

² Membership data not required on VFCA members until retirement.

Public Employees' Retirement Board

A Component Unit of the State of Montana

Schedule of Retired Members by Age and Gender

As of June 30, 2010

System	Ages	Male	Female	Total	System	Ages	Male	Female	Total
PERS-DBRP	Under 20				GWPORS	Under 20			
	20 - 29					20 - 29			
	30 - 39		2	2		30 - 39			
	40 - 49	36	26	62		40 - 49			
	50 - 59	864	826	1,690		50 - 59	28	1	29
	60 - 69	3,101	3,172	6,273		60 - 69	53	3	56
	70 & Older	4,893	4,592	9,485		70 & Older	49	2	51
Total		8,894	8,618	17,512	Total	130	6	136	
JRS	Under 20				MPORS	Under 20			
	20 - 29					20 - 29			
	30 - 39					30 - 39	7	1	8
	40 - 49					40 - 49	42	7	49
	50 - 59					50 - 59	164	6	170
	60 - 69	10	3	13		60 - 69	205	1	206
	70 & Older	42		42		70 & Older	235	2	237
Total		52	3	55	Total	653	17	670	
HPORS	Under 20				FURS	Under 20			
	20 - 29	1		1		20 - 29			
	30 - 39	2	1	3		30 - 39	4		4
	40 - 49	11	4	15		40 - 49	20		20
	50 - 59	31	6	37		50 - 59	105		105
	60 - 69	105	1	106		60 - 69	189		189
	70 & Older	133		133		70 & Older	226	2	228
Total		283	12	295	Total	544	2	546	
SRS	Under 20				VFCA	Under 20			
	20 - 29					20 - 29			
	30 - 39	3		3		30 - 39			
	40 - 49	23	2	25		40 - 49			
	50 - 59	139	6	145		50 - 59	130	2	132
	60 - 69	141	4	145		60 - 69	447	28	475
	70 & Older	93	4	97		70 & Older	524	18	542
Total		399	16	415	Total	1,101	48	1,149	

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						
	0-4	5-9	10-14	15-19	20-24	25-29	30+
Period 7/1/2009 - 6/30/2010							
Average monthly benefit	\$ 1,800	\$ 1,120	\$ 1,945	\$ 1,563	\$ 1,262	\$ 2,034	\$ 2,840
Average HAC ¹	1,873	1,817	2,233	2,500	2,524	3,241	3,845
Number of retired members	25	137	132	132	107	135	157
Period 7/1/2008 - 6/30/2009							
Average monthly benefit	187	332	908	836	1,238	1,901	2,729
Average HAC ¹	1,694	2,294	2,518	2,435	2,896	3,333	3,936
Number of retired members	8	119	134	141	95	160	205
Period 7/1/2007 - 6/30/2008							
Average monthly benefit	347	366	585	806	1,168	1,988	2,570
Average HAC ¹	3,067	2,142	2,523	2,936	2,894	3,400	4,019
Number of retired members	11	140	157	155	123	178	197
Period 7/1/2006 - 6/30/2007							
Average monthly benefit	163	324	500	956	1,089	1,677	2,445
Average HAC ¹	2,296	2,400	2,286	4,112	2,891	3,243	3,849
Number of retired members	17	141	148	172	130	145	189
Period 7/1/2005 - 6/30/2006							
Average monthly benefit	185	304	491	932	1,169	1,624	2,589
Average HAC ¹	2,320	1,997	2,308	2,918	2,642	3,001	3,730
Number of retired members	10	135	145	138	109	135	193
Period 7/1/2004 - 6/30/2005							
Average monthly benefit	135	293	537	755	1,194	1,628	2,547
Average HAC ¹							
Number of retired members	10	134	164	133	107	127	130
Period 7/1/2003 - 6/30/2004							
Average monthly benefit	155	277	514	775	1,071	1,781	2,954
Average HAC ¹							
Number of retired members	8	121	133	117	121	126	165
Period 7/1/2002 - 6/30/2003							
Average monthly benefit	142	274	507	712	997	1,770	2,364
Average HAC ¹							
Number of retired members	10	103	126	118	93	107	136
Period 7/1/2001 - 6/30/2002							
Average monthly benefit	190	256	501	683	973	1,864	2,588
Average HAC ¹							
Number of retired members	12	118	122	107	85	116	163
Period 7/1/2000 - 6/30/2001							
Average monthly benefit	174	291	510	737	961	1,420	2,473
Average HAC ¹							
Number of retired members	9	158	164	144	122	81	64

¹HAC = Highest Average Compensation during any consecutive 36 months unavailable prior to FY2006.

Public Employees' Retirement Board

A Component Unit of the State of Montana

Average Benefit Payments, Last Ten Fiscal Years (cont.)

Judges' Retirement System

Retirement Effective Dates	Years of Credited Service						
	0-4	5-9	10-14	15-19	20-24	25-29	30+
Period 7/1/2009 - 6/30/2010							
Average monthly benefit					\$ 4,831		
Average HAC ¹					9,797		
Number of retired members					1		
Period 7/1/2008 - 6/30/2009							
Average monthly benefit		1,223	2,872	4,250	4,173		
Average HAC ¹		8,270	8,270	8,296	8,158		
Number of retired members		1	1	2	1		
Period 7/1/2007 - 6/30/2008							
Average monthly benefit			4,240				
Average HAC ¹			8,849				
Number of retired members			1				
Period 7/1/2006 - 6/30/2007							
Average monthly benefit			3,307				
Average HAC ¹			7,841				
Number of retired members			1				
Period 7/1/2005 - 6/30/2006							
Average monthly benefit		2,387				4,381	
Average HAC ¹		8,407				7,841	
Number of retired members		1				1	
Period 7/1/2004 - 6/30/2005							
Average monthly benefit			3,980				
Average HAC ¹							
Number of retired members			1				
Period 7/1/2003 - 6/30/2004							
Average monthly benefit					5,032		
Average HAC ¹							
Number of retired members					1		
Period 7/1/2002 - 6/30/2003							
Average monthly benefit							
Average HAC ¹							
Number of retired members							
Period 7/1/2001 - 6/30/2002							
Average monthly benefit							
Average HAC ¹							
Number of retired members							
Period 7/1/2000 - 6/30/2001							
Average monthly benefit		588	2,549	4,157			5,230
Average HAC ¹							
Number of retired members		1	2	4			1

¹HAC = Highest Average Compensation during any consecutive 36 months 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 (cont.)

Highway Patrol Officers' Retirement System

Retirement Effective Dates	Years of Credited Service						
	0-4	5-9	10-14	15-19	20-24	25-29	30+
Period 7/1/2009 - 6/30/2010							
Average monthly benefit	\$ 423			\$ 2,319	\$ 2,255	\$ 3,238	
Average HAC ¹	3,731			4,638	4,494		
Number of retired members	1			2	3	1	
Period 7/1/2008 - 6/30/2009							
Average monthly benefit	1,718			2,125		2,446	
Average HAC ¹	3,436			4,263		6,231	
Number of retired members	2			1		3	
Period 7/1/2007 - 6/30/2008							
Average monthly benefit	1,729	637		1,965	2,392	3,036	
Average HAC ¹	3,415	3,450		3,974	4,482	4,517	
Number of retired members	1	1		1	4	1	
Period 7/1/2006 - 6/30/2007							
Average monthly benefit					1,893		
Average HAC ¹					3,959		
Number of retired members					6		
Period 7/1/2005 - 6/30/2006							
Average monthly benefit		1,689			2,115	2,921	4,299
Average HAC ¹		3,092			3,635	3,678	4,840
Number of retired members		1			2	1	1
Period 7/1/2004 - 6/30/2005							
Average monthly benefit			1,225		2,465	2,693	3,843
Average HAC ¹							
Number of retired members			2		2	1	2
Period 7/1/2003 - 6/30/2004							
Average monthly benefit		1,706			2,926	3,621	3,892
Average HAC ¹							
Number of retired members		1			2	1	4
Period 7/1/2002 - 6/30/2003							
Average monthly benefit			1,812		2,379	3,729	3,873
Average HAC ¹							
Number of retired members			1		2	2	1
Period 7/1/2001 - 6/30/2002							
Average monthly benefit			743		2,316	2,808	3,887
Average HAC ¹							
Number of retired members			1		2	2	2
Period 7/1/2000 - 6/30/2001							
Average monthly benefit		1,721				2,882	4,117
Average HAC ¹							
Number of retired members		1				2	2

¹HAC = Highest Average Compensation during any consecutive 36 months unavailable prior to FY2006.

Public Employees' Retirement Board

A Component Unit of the State of Montana

Average Benefit Payments, Last Ten Fiscal Years (cont.)

Sheriffs' Retirement System

Retirement Effective Dates	Years of Credited Service						
	0-4	5-9	10-14	15-19	20-24	25-29	30+
Period 7/1/2009 - 6/30/2010							
Average monthly benefit	\$ 1,732	\$ 1,188	\$ 772	\$ 2,308	\$ 2,836	\$ 3,217	\$ 3,511
Average HAC ¹	3,464	1,581	3,652	6,252	2,629	2,982	5,085
Number of retired members	1	2	4	1	4	3	1
Period 7/1/2008 - 6/30/2009							
Average monthly benefit	1,110	475		1,600	2,412	3,119	4,666
Average HAC ¹	2,579	3,405		3,745	4,718	5,608	6,204
Number of retired members	1	3		2	2	1	1
Period 7/1/2007 - 6/30/2008							
Average monthly benefit	845	1,145	998	2,692	2,040	2,297	5,109
Average HAC ¹	2,121	3,375	2,650	5,228	4,265	4,061	5,503
Number of retired members	2	4	2	1	5	3	1
Period 7/1/2006 - 6/30/2007							
Average monthly benefit		687	2,032	1,614	1,736	3,183	3,183
Average HAC ¹		3,577	4,059	3,734	3,844	5,276	4,412
Number of retired members		5	2	7	12	2	3
Period 7/1/2005 - 6/30/2006							
Average monthly benefit		587	691	1,358	2,365	2,790	3,048
Average HAC ¹		2,799	3,188	3,358	4,263	3,988	3,958
Number of retired members		1	6	2	8	5	1
Period 7/1/2004 - 6/30/2005							
Average monthly benefit		172	1,041	1,549	2,072	3,182	
Average HAC ¹							
Number of retired members		3	4	3	10	1	
Period 7/1/2003 - 6/30/2004							
Average monthly benefit		2,124	1,014	1,210	1,781	3,282	3,368
Average HAC ¹							
Number of retired members		1	1	1	9	6	3
Period 7/1/2002 - 6/30/2003							
Average monthly benefit	1,609	386	1,128	1,133	2,098	3,000	4,174
Average HAC ¹							
Number of retired members	2	2	3	5	10	7	1
Period 7/1/2001 - 6/30/2002							
Average monthly benefit	47		1,278	1,163	1,650	2,929	3,172
Average HAC ¹							
Number of retired members	1		3	2	10	4	2
Period 7/1/2000 - 6/30/2001							
Average monthly benefit	109	620	824		2,437	3,367	
Average HAC ¹							
Number of retired members	2	4	3		6	4	

¹HAC = Highest Average Compensation during any consecutive 36 months 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 (cont.)

Game Wardens' and Peace Officers' Retirement System

Retirement Effective Dates	Years of Credited Service						
	0-4	5-9	10-14	15-19	20-24	25-29	30+
Period 7/1/2009 - 6/30/2010							
Average monthly benefit		\$ 524	\$ 1,175			\$ 3,571	
Average HAC ¹		3,039	3,936				4,192
Number of retired members		3	5				1
Period 7/1/2008 - 6/30/2009							
Average monthly benefit	397	549		1,434			3,078
Average HAC ¹	3,226	2,229		3,670			3,904
Number of retired members	2	3		1			3
Period 7/1/2007 - 6/30/2008							
Average monthly benefit		579	803		1,690	2,707	3,214
Average HAC ¹		3,368	3,044		3,537	3,768	4,300
Number of retired members		5	2		1	1	1
Period 7/1/2006 - 6/30/2007							
Average monthly benefit		423			2,108		3,698
Average HAC ¹		2,134			4,676		3,964
Number of retired members		2			1		3
Period 7/1/2005 - 6/30/2006							
Average monthly benefit		781	999		2,009		3,124
Average HAC ¹		2,668	3,248		3,044		4,076
Number of retired members		5	5		1		6
Period 7/1/2004 - 6/30/2005							
Average monthly benefit		483				1,712	4,171
Average HAC ¹							
Number of retired members		8				2	1
Period 7/1/2003 - 6/30/2004							
Average monthly benefit		1,031			976		2,415
Average HAC ¹							
Number of retired members		2			2		1
Period 7/1/2002 - 6/30/2003							
Average monthly benefit					1,458		3,399
Average HAC ¹							
Number of retired members					1		3
Period 7/1/2001 - 6/30/2002							
Average monthly benefit		365			1,623		
Average HAC ¹							
Number of retired members		2			1		
Period 7/1/2000 - 6/30/2001							
Average monthly benefit							
Average HAC ¹							
Number of retired members							

¹HAC = Highest Average Compensation during any consecutive 36 months unavailable prior to FY2006.

Public Employees' Retirement Board

A Component Unit of the State of Montana

Average Benefit Payments, Last Ten Fiscal Years (cont.)

Municipal Police Officers' Retirement System

Retirement Effective Dates	Years of Credited Service						
	0-4	5-9	10-14	15-19	20-24	25-29	30+
Period 7/1/2009 - 6/30/2010							
Average monthly benefit	\$ 893	\$ 1,438	\$ 2,040	\$ 2,199	\$ 2,097	\$ 2,655	\$ 5,370
Average HAC ¹	3,905	3,354	4,618	3,416	3,224		
Number of retired members	4	4	4	4	9	1	1
Period 7/1/2008 - 6/30/2009							
Average monthly benefit		2,099		2,276	1,885	3,648	4,466
Average HAC ¹		4,199		4,552	4,042	5,120	5,383
Number of retired members		1		4	7	1	2
Period 7/1/2007 - 6/30/2008							
Average monthly benefit	91	1,462	1,121	2,412	2,198	3,179	4,175
Average HAC ¹	5,911	3,341	3,736	4,816	4,235	4,589	4,507
Number of retired members	10	3	2	3	13	14	2
Period 7/1/2006 - 6/30/2007							
Average monthly benefit	902		1,720	2,089	2,079	3,647	
Average HAC ¹	2,452		3,232	3,907	4,111	4,759	
Number of retired members	2		5	4	12	2	
Period 7/1/2005 - 6/30/2006							
Average monthly benefit	1,436		1,228	3,116	2,532	5,354	5,010
Average HAC ¹	2,707		4,067	5,875	4,243	6,220	5,527
Number of retired members	3		1	1	4	1	2
Period 7/1/2004 - 6/30/2005							
Average monthly benefit	1,570	1,111	1,873	2,018	2,885	3,892	5,517
Average HAC ¹							
Number of retired members	2	2	2	2	3	3	1
Period 7/1/2003 - 6/30/2004							
Average monthly benefit		1,257		1,937	2,202	2,844	
Average HAC ¹							
Number of retired members		2		2	8	4	
Period 7/1/2002 - 6/30/2003							
Average monthly benefit	1,733		1,995	1,552	2,220	4,316	
Average HAC ¹							
Number of retired members	1		1	2	11	3	
Period 7/1/2001 - 6/30/2002							
Average monthly benefit		1,367	1,250	1,955	2,696	4,148	
Average HAC ¹							
Number of retired members		1	3	1	8	2	
Period 7/1/2000 - 6/30/2001							
Average monthly benefit				2,117	2,510	2,124	4,049
Average HAC ¹							
Number of retired members				1	17	1	2

¹HAC = Highest Average Compensation during any consecutive 36 months 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 (cont.)

Firefighters' Unified Retirement System

Retirement Effective Dates	Years of Credited Service						
	0-4	5-9	10-14	15-19	20-24	25-29	30+
Period 7/1/2009 - 6/30/2010							
Average monthly benefit	\$ 2,165		\$ 2,493	\$ 224	\$ 2,475	\$ 3,389	\$ 3,694
Average HAC ¹	4,329		4,986	2,985	4,496	3,641	5,433
Number of retired members	1		1	2	3	4	5
Period 7/1/2008 - 6/30/2009							
Average monthly benefit		978		2,035	3,788	3,490	4,178
Average HAC ¹		3,989			6,380	5,037	4,876
Number of retired members		5		1	4	3	2
Period 7/1/2007 - 6/30/2008							
Average monthly benefit			1,794	1,494	2,118	3,287	4,247
Average HAC ¹			3,453	2,902	4,248	4,736	4,994
Number of retired members			1	1	8	4	9
Period 7/1/2006 - 6/30/2007							
Average monthly benefit		1,894	1,376	2,881	2,541	3,455	4,960
Average HAC ¹		3,625	3,254	5,431	3,665	4,588	5,694
Number of retired members		2	2	1	5	3	8
Period 7/1/2005 - 6/30/2006							
Average monthly benefit	1,374		2,314	2,209	3,246	3,082	4,350
Average HAC ¹	2,749		4,235	4,333	5,005	4,049	4,480
Number of retired members	1		1	2	1	4	8
Period 7/1/2004 - 6/30/2005							
Average monthly benefit		1,915		1,818	2,068	2,459	3,690
Average HAC ¹							
Number of retired members		1		2	5	3	2
Period 7/1/2003 - 6/30/2004							
Average monthly benefit		1,046	1,794	1,921	1,925	3,414	4,081
Average HAC ¹							
Number of retired members		2	1	1	6	5	9
Period 7/1/2002 - 6/30/2003							
Average monthly benefit				225	2,436	3,515	3,872
Average HAC ¹							
Number of retired members				1	1	5	3
Period 7/1/2001 - 6/30/2002							
Average monthly benefit	1,580				2,587	3,827	4,065
Average HAC ¹							
Number of retired members	1				4	5	7
Period 7/1/2000 - 6/30/2001							
Average monthly benefit	1,380	1,029	1,299	1,230	2,098	3,179	3,903
Average HAC ¹							
Number of retired members	1	1	1	2	3	7	4

¹HAC = Highest Average Compensation during any consecutive 36 months unavailable prior to FY2006.

Public Employees' Retirement Board

A Component Unit of the State of Montana

Average Benefit Payments, Last Ten Fiscal Years (cont.)

Volunteer Firefighters' Compensation Act

Retirement Effective Dates	Years of Credited Service						
	0-4	5-9	10-14	15-19	20-24	25-29	30+
Period 7/1/2009 - 6/30/2010							
Average monthly benefit	\$ 76	\$ 100	\$ 148	\$ 168	\$ 946		
Average HAC ¹							
Number of retired members	7	21	18	24	12		
Period 7/1/2008 - 6/30/2009							
Average monthly benefit	75	102	145	166	219		
Average HAC ¹							
Number of retired members	1	13	23	16	8		
Period 7/1/2007 - 6/30/2008							
Average monthly benefit	75	94	148	167	213	225	
Average HAC ¹							
Number of retired members	5	16	22	17	6	6	
Period 7/1/2006 - 6/30/2007							
Average monthly benefit	75	90	144	166	205	225	
Average HAC ¹							
Number of retired members	5	16	22	17	6	6	
Period 7/1/2005 - 6/30/2006							
Average monthly benefit			96	148	166	206	225
Average HAC ¹							
Number of retired members			14	18	24	14	1
Period 7/1/2004 - 6/30/2005							
Average monthly benefit	446	650	354	156	210		
Average HAC ¹							
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 ¹							
Number of retired members	5	18	30	2	2		
Period 7/1/2002 - 6/30/2003							
Average monthly benefit	75	99	149				
Average HAC ¹							
Number of retired members	9	8	46				
Period 7/1/2001 - 6/30/2002							
Average monthly benefit	75	1,556	743				
Average HAC ¹							
Number of retired members	5	22	42				
Period 7/1/2000 - 6/30/2001							
Average monthly benefit	75	95	148				
Average HAC ¹							
Number of retired members	3	12	38				

¹HAC = 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 2010

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	\$ 176	\$ 131	\$ 103	\$ 301	\$ 198	\$ 295	\$ 189	\$ 201	\$ 229	\$ 225
	5-9	286	405	283	289	303	313	294	269	257	286
	10-14	619	733	496	442	640	530	497	444	421	490
	15-19	451	572	651	652	774	788	754	692	622	709
	20-24	629	1,612	1,060	978	1,164	1,063	1,007	928	872	991
	25-29	2,510	2,056	1,932	1,878	1,820	1,614	1,422	1,337	1,123	1,546
	30-34		3,134	2,655	2,706	2,482	2,222	1,915	1,713	1,461	2,156
	35-39			5,161	3,308	3,044	2,854	2,387	2,257	1,783	2,525
	40-UP			5,330	5,334	4,167	3,648	3,325	2,601	2,152	2,990
	Average	\$ 582	\$1,370	\$1,434	\$1,494	\$1,362	\$1,116	\$ 969	\$ 854	\$ 725	\$ 1,035

JRS	0-4										
	5-9					\$ 975		\$2,559	\$2,118	\$1,657	\$ 1,708
	10-14					3,822	\$2,554		2,746	2,962	2,977
	15-19					4,377		4,253	4,621	2,910	3,368
	20-24						4,858			4,100	4,403
	25-29						4,775		5,248	5,265	5,016
	30-34								5,973	6,112	6,043
	35-39										
	40-UP										
	Average					\$3,058	\$3,847	\$3,688	\$3,804	\$3,055	\$ 3,272

HPORS	0-4	\$1,710	\$1,060		\$1,418	\$ 762					\$ 1,334
	5-9	1,758		\$1,715	1,772	1,133	\$1,430		\$1,247		1,417
	10-14	2,107	1,738	479	1,866	658		\$ 394	286	\$ 825	846
	15-19		2,125	2,154	1,582		1,631		931	593	1,317
	20-24	2,358	2,480	2,461	2,123	1,894	1,570	1,547	1,492	1,376	1,777
	25-29			2,600	3,546	2,966	2,420	2,390	1,668	1,584	2,301
	30-34					3,778	3,259	3,293	2,071	1,966	2,943
	35-39						4,612	3,921	2,046	3,135	3,725
	40-UP									3,824	3,824
	Average	\$1,847	\$1,945	\$2,251	\$2,315	\$2,423	\$2,336	\$2,039	\$1,605	\$1,660	\$ 2,066

SRS	0-4	\$ 807	\$1,415	\$1,559	\$ 798	\$ 779	\$1,015	\$ 221	\$ 152		\$ 869
	5-9	984	1,514	691	825	872	676	627	489	\$ 380	817
	10-14	2,136		904	1,370	766	941	858	1,112	536	939
	15-19		1,607	2,317	1,552	1,144	1,321	1,336	996	879	1,228
	20-24		2,102	2,029	2,077	1,939	1,836	1,514	1,000	768	1,899
	25-29			2,933	2,999	3,110	2,962	2,183	1,476	1,153	2,568
	30-34				4,131	3,550	3,411	2,651	1,357	1,893	3,197
	35-39					2,512	5,262	2,931	3,099		3,451
	40-UP										
	Average	\$1,064	\$1,873	\$1,887	\$2,031	\$1,716	\$1,904	\$1,431	\$1,198	\$ 890	\$ 1,700

STATISTICAL SECTION

System	Years of Service	Recipients's Age									
		< 45	45-49	50-54	55-59	60-64	65-69	70-74	75-79	Over 80	Average
GWPORS	0-4					\$ 436	\$ 381				\$ 409
	5-9			\$ 934	\$ 591	623	470				604
	10-14				1,120	1,127	995	\$1,443			1,130
	15-19				1,310	1,478				\$ 799	1,042
	20-24			1,956	1,296	2,070	1,326	1,617	\$1,545	1,063	1,441
	25-29			2,788	1,763	2,225	2,173	1,925	1,894	1,249	1,821
	30-34			3,271	3,414	3,237	3,166	2,617	2,503	1,484	2,758
	35-39				4,133	2,810		2,952	3,454	2,127	2,732
	40-UP					3,945					3,945
	Average			\$2,406	\$1,654	\$1,400	\$1,506	\$2,073	\$2,192	\$1,342	\$ 1,661
MPORS	0-4	\$1,593	\$1,577	\$1,148	\$ 248	\$1,068	\$ 434	\$1,463		\$1,495	\$ 1,041
	5-9	1,991	1,817	1,183	992	1,089	1,679	1,572	\$1,616	1,623	1,452
	10-14	2,133	1,936	1,501	1,400	1,483	1,572	1,687	1,662	1,529	1,572
	15-19	2,359	2,083	2,212	1,901	1,896	1,558	1,603	1,693	1,765	1,850
	20-24	2,139	2,258	2,129	2,184	2,202	1,932	1,737	1,764	1,718	1,977
	25-29			3,503	3,727	3,618	2,995	2,645	2,443	1,768	3,138
	30-34				4,600	4,612	4,644	2,404	2,255	2,076	3,799
	35-39									2,469	2,469
	40-UP										
	Average	\$1,888	\$2,135	\$1,990	\$2,136	\$2,274	\$2,129	\$1,773	\$1,852	\$1,727	\$ 2,012
FURS	0-4	\$1,896	\$1,472	\$1,524	\$1,844	\$1,771				\$ 253	\$ 1,523
	5-9	1,943		154	814	1,238		\$1,754		1,554	1,261
	10-14	2,493	2,014	1,228	1,555	1,620	\$ 936	1,585	\$1,716	1,704	1,555
	15-19			1,624	1,923	1,488	1,418	1,184	1,678	1,559	1,565
	20-24	2,071	2,420	2,138	2,365	1,931	1,592	1,549	1,652	1,563	1,822
	25-29		3,348	3,271	3,275	3,150	2,661	1,992	1,778	1,511	2,420
	30-34				4,331	4,235	4,130	3,252	1,219	1,865	3,739
	35-39					4,539	4,764	4,952	3,100	1,816	4,135
	40-UP										
	Average	\$2,016	\$2,459	\$2,100	\$2,609	\$2,913	\$2,534	\$2,136	\$1,803	\$1,560	\$ 2,281
VFCA	0-4										
	5-9										
	10-14					\$ 89	\$ 88	\$ 85	\$ 87	\$ 85	\$ 87
	15-19				\$ 225	129	124	127	125	124	126
	20-24				159	153	151	149	150	150	152
	25-29				203	191	188	198	210		197
	30-34				225	225	225	225	225		225
	35-39					225		225			225
	40-UP										
	Average				\$ 171	\$ 142	\$ 133	\$ 130	\$ 130	\$ 124	\$ 137

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, 2010			As of June 30, 2001		
	Covered Employees ¹	Rank	Percentage of Total System	Covered Employees ¹	Rank	Percentage of Total System
PERS-DBRP						
STATE OF MONTANA ²	10,777	1	36.96	10,985	1	36.47
UNIVERSITY OF MONTANA	1,269	2	4.35	1,327	2	4.41
MONTANA STATE UNIVERSITY - BOZEMAN	1,002	3	3.44	1,213	3	4.03
MISSOULA COUNTY	603	4	2.07	593	4	1.97
CITY OF BILLINGS	566	5	1.94	544	5	1.81
GREAT FALLS PUBLIC SCHOOLS	427	6	1.46	458	6	1.52
FLATHEAD COUNTY	396	7	1.36	416	7	1.38
SCHOOL DISTRICT 2 - BILLINGS	373	8	1.28	404	10	1.34
CITY OF GREAT FALLS	359	9	1.23	366	11	1.22
CASCADE COUNTY	358	10	1.23	411	9	1.36
YELLOWSTONE COUNTY	309	14	1.06	412	8	1.37
"All other" ³	12,716		43.62	12,990		43.12
TOTAL (500 EMPLOYERS)	29,155		100.00	30,119		100.00

³ In 2010, "all other" consisted of:

Type	Number	Employees
Cities & Towns	95	2,436
Counties	51	3,915
Other Agencies	105	1,255
School Dist	235	4,786
Universities	3	324
Total	489	12,716

¹ 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.

² 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 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

<u>Participating Government</u>	<u>As of June 30, 2010</u>			<u>As of June 30, 2001</u>		
	<u>Covered Employees¹</u>	<u>Rank</u>	<u>Percentage of Total System</u>	<u>Covered Employees¹</u>	<u>Rank</u>	<u>Percentage of Total System</u>
<u>JRS</u>						
STATE OF MONTANA ²	51	1	100.00	48	1	100
TOTAL (1 EMPLOYER)	51		100.00	48		100
<u>HPORS</u>						
STATE OF MONTANA ²	231	1	100.00	191	1	100
TOTAL (1 EMPLOYER)	231		100.00	191		100
<u>SRS</u>						
MISSOULA COUNTY	117	1	9.77	43	2	6.83
YELLOWSTONE COUNTY	103	2	8.60	50	1	7.94
FLATHEAD COUNTY	103	3	8.60	41	3	6.51
CASCADE COUNTY	91	4	7.60	34	6	5.40
GALLATIN COUNTY	71	5	5.93	32	7	5.08
LEWIS & CLARK COUNTY	59	6	4.93	38	4	6.03
STATE OF MONTANA ²	51	7	4.26	37	5	5.87
DAWSON COUNTY	45	8	3.76	7	29	1.11
RAVALLI COUNTY	42	9	3.51	25	8	3.97
LAKE COUNTY	40	10	3.34	17	10	2.70
ROSEBUD COUNTY	20	15	1.67	17	9	2.70
In 2010 "All other" consists of 46 Counties	455		38.03	289		45.86
TOTAL (57 EMPLOYERS)	1,197		100.00	630		100.00
<u>GWPORS</u>						
STATE OF MONTANA ²	943	1	96.32	518	1	96.82
MONTANA STATE UNIVERSITY - BOZEMAN	16	2	1.63	7	3	1.31
UNIVERSITY OF MONTANA	13	3	1.33	10	2	1.87
MONTANA STATE UNIVERSITY - BILLINGS	7	4	0.72			
TOTAL (4 EMPLOYERS)	979		100.00	535		100.00

¹ 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.

² For the purposes of this schedule the "State of Montana" is considered one employer. For each JRS, HPORS and SRS there is only one State of Montana agency. There are four State of Montana agencies reporting under 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, 2010			As of June 30, 2001		
	Covered Employees ¹	Rank	Percentage of Total System	Covered Employees ¹	Rank	Percentage of Total System
MPORS						
CITY OF BILLINGS	140	1	19.23	123	1	21.06
CITY OF MISSOULA	99	2	13.60	81	2	13.87
CITY OF GREAT FALLS	82	3	11.26	78	3	13.36
CITY OF BOZEMAN	53	4	7.28	40	6	6.85
CITY OF HELENA	48	5	6.59	46	4	7.88
BUTTE-SILVER BOW	47	6	6.46	42	5	7.19
CITY OF KALISPELL	35	7	4.81	31	7	5.31
ANACONDA-DEER LODGE COUNTY	20	8	2.75	21	8	3.60
CITY OF HAVRE	19	9	2.61	20	9	3.42
CITY OF WHITEFISH	18	10	2.47	11	13	1.88
CITY OF MILES CITY	15	11	2.06	15	10	2.57
In 2010 "All other" consists of 19 Cities	152		20.88	76		13.01
TOTAL (30 EMPLOYERS)	728		100.00	584		100.00

FURS

CITY OF BILLINGS	112	1	19.48	106	1	23.61
CITY OF MISSOULA	89	2	15.48	72	2	16.04
CITY OF GREAT FALLS	65	3	11.30	65	3	14.48
CITY OF BOZEMAN	42	4	7.30	25	6	5.57
CITY OF HELENA	35	5	6.09	34	4	7.57
BUTTE-SILVER BOW	31	6	5.39	33	5	7.35
CITY OF KALISPELL	30	7	5.22	23	7	5.12
MISSOULA RURAL FIRE DISTRICT	26	8	4.52			
CITY OF HAVRE	17	9	2.96	17	9	3.79
CITY OF WHITEFISH	17	10	2.96			
CITY OF LEWISTOWN	7	18	1.22	17	10	3.79
CITY OF GLENDIVE	5	21	0.87	19	8	4.23
In 2010 "All other" consists of 5 Cities, 1 State Agency and 5 Rural Fire District	99		17.21	38		8.45
TOTAL (23 EMPLOYERS)	575		100.00	449		100.00

VFCA

Participating employers is not applicable to VFCA because members are unpaid volunteers.

¹ 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, 2010			As of June 30, 2001 ¹		
	Covered Employees ²	Rank	Percentage of Total System	Covered Employees	Rank	Percentage of Total System
PERS-DCRP						
STATE OF MONTANA ³	953	1	47.20			
CITY OF BILLINGS	57	2	2.82			
UNIVERSITY OF MONTANA	51	3	2.53			
MISSOULA COUNTY	50	4	2.48			
YELLOWSTONE CITY-COUNTY HEALTH DEPT	41	5	2.03			
FLATHEAD COUNTY	36	6	1.78			
MONTANA STATE UNIVERSITY - BOZEMAN	36	7	1.78			
GALLATIN COUNTY	29	8	1.44			
YELLOWSTONE COUNTY	29	9	1.44			
CITY OF BOZEMAN	26	10	1.29			
"All other" ⁴	711		35.21			
TOTAL (213 EMPLOYERS)	2,019		100.00			

⁴ In 2010, "all other" consisted of:

Type	Number	Employees
Cities & Towns	42	169
Counties	40	209
Other Agencies	34	97
School Dist	84	224
Universities	3	12
Total	203	711

Deferred Compensation Plan

STATE OF MONTANA ³	4,306	1	90.50
UNIVERSITY OF MONTANA	128	2	2.69
LEWIS & CLARK COUNTY	108	3	2.26
MONTANA STATE UNIVERSITY - BOZEMAN	88	4	1.85
GREAT FALLS TRANSIT	33	5	0.69
MONTANA STATE UNIVERSITY - BILLINGS	16	6	0.34
MONTANA STATE UNIVERSITY - HAVRE	13	7	0.27
CITY OF COLSTRIP	11	8	0.23
BIG SKY WATER & SEWER	8	9	0.17
COLSTRIP PARK & RECREATION DISTRICT	7	10	0.15
"All other" ⁴	42		0.85
TOTAL (21 EMPLOYERS)	4,760		100.00

⁴ In 2010, "all other" consisted of:

Type	Number	Employees
Cities & Towns	3	9
Counties	1	4
Other Agencies	3	7
School Dist	2	11
Universities	2	11
Total	11	42

¹ This information was not available for the DCRP prior to fiscal year 2007 or Deferred Compensation Plan prior to fiscal year 2005. The implementation of the DCRP was July 1, 2002 and MPERA began administering the Deferred Compensation Plan July 1, 1999.

² 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.

³ 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 PERS-DCRP.

STATISTICAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Schedule of Participating Employers

As of June 30, 2010

PERS-DBRP (533)

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 (97)

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
Fairfield
Fairview
Forsyth
Fort Benton
Fort Peck

Cities & Towns (cont.)

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
 West Yellowstone
 White Sulphur Springs
 Whitefish
 Wibaux
 Winnett
 Wolf Point

Colleges & Universities (5)

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

High Schools (6)

Beaverhead County
 Garfield County
 Jefferson County
 Powder River County
 Powell County
 Sweet Grass County

School Districts (231)

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, 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
 SD 6, Lame Deer
 SD 6, Ryegate
 SD 6, Trout Creek
 SD 6, Wibaux

STATISTICAL SECTION

School Districts (cont.)

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 50, East Glacier
SD 8, White Sulphur Springs	SD 20, Kila	SD 50, Evergreen
SD 9, Browning	SD 20, Plentywood	SD 50, Hays
SD 9, Darby	SD 20, Whitewater	SD 52, Absarokee
SD 9, Dixon	SD 21, Broadview	SD 52, Billings
SD 9, East Helena	SD 21, Fairfield	SD 52, Ennis
SD 9, Opheim	SD 21, Galata	SD 55, Brockton
SD 9, Poplar	SD 23, Billings	SD 55, Plevna
SD 9 & 9, Reed Point	SD 23, Harrison	SD 55, Roundup
SD 10, Anaconda	SD 23, Lustre	SD 55F, Sun River Valley
SD 10, Cayuse	SD 23, Missoula	SD 57, Havre
SD 10, Chinook	SD 23, Polson	SD 58, Geyser
SD 10, Conrad	SD 23, Roberts	SD 58, Whitefish
SD 10, Dillon	SD 24, Three Forks	SD 58, Yellowstone
SD 10, Noxon	SD 24, Worden	SD 64, Bainville
SD 11, Brorson	SD 25, Hobson	SD 64, Mountain View
SD 11, Potomac	SD 26, Lockwood	SD 64J, Melstone
SD 11, Wise River	SD 27, Elliston	SD 65, Froid
SD 11 & 2, Drummond	SD 27, Grass Range	SD 69, West Yellowstone
SD 12, Baker	SD 27, Monforton	SD 72, Ophir
SD 12, Harlem	SD 27, Montana City	SD 73, Swan Lake
SD 12, Havre	SD 28C, Dutton	SD 74, Roy
SD 12, Lima	SD 28, St Ignatius	SD 74, Vaughn
SD 12, Rosebud	SD 29, Belt	SD 75, Amsterdam
SD 12, Saco	SD 29, Somers	SD 75, Arrowhead
SD 12, Stanford	SD 29, Wyola	SD 75, Fairfield
SD 12 & 12, Molt	SD 30, Power	SD 78J & 2, Richey
SD J12-5, Shields Valley	SD 30, Ronan	SD 84, Denton
SD 13, Box Elder	SD 30 & 6, Fromberg	SD 85, Ulm
SD 13, Eureka	SD 32, Clinton	SD 86 & 4, Lambert
SD 13, Fishtail	SD 32, Rapelje	SD 87, Box Elder
SD 13, Lone Rock	SD 32J, Ashland	SD 89, Smith Valley
SD 13, Nashua	SD 33, Condon	SD 99M, Rudyard
SD 14, Bonner	SD 33, Gold Creek	SD 104, Spring Creek
SD 14, Fortine	SD 34, Seeley Lake	SD 115, Winifred
SD 14, Hot Springs	SD 35, Gallatin Gateway	SD 159, Winnett
	SD 37, Shepherd	Judith Gap Schools

Other Agencies (105)

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 #1
 Buffalo Rapids Irrigation District #2
 Butte Housing Authority
 Cascade County Conservation District
 Central Montana Special Education Cooperative
 Central Valley Fire District
 Choteau 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
 Frenchtown Rural Fire District
 Gallatin Airport Authority
 Gallatin Canyon Consolidated Rural Fire District
 Gallatin Conservation District
 Gallatin-Madison Special Education Cooperative
 Gardiner-Park County Water District
 Glasgow Housing Authority
 Glasgow Irrigation District
 Center for Mental Health
 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 & Sewer District
 Malta Cemetery District
 Malta Irrigation District
 Miles City Housing Authority

Miles Community College
 Milk River Joint Board Control
 Lakeview Cemetery District
 Missoula Area Special Education Cooperative
 Missoula County Airport
 Missoula Rural Fire District
 North Central Learning Special Education Cooperative
 North Valley Public Library
 Northern Montana Joint Refuse Disposal District
 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
 Rae Water & Sewer
 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

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
Choteau
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 (30)

Anaconda-Deer Lodge

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

FURS (23)

State Agency (1)

Dept of Military Affairs

Cities (16)

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

Rural Fire Districts(6)

Central Valley Fire District
 Frenchtown Rural Fire
 Gallatin Canyon Rural Fire
 Hebgen Basin Rural Fire
 Lockwood Rural Fire
 Missoula Rural Fire

VFCA (216)

Absarokee Volunteer Fire Dept
 Abasarokee-Nye Volunteer
 Fire Dept
 Alder Volunteer Fire Dept
 Amsterdam Rural Volunteer
 Fire Dept
 Arlee Volunteer Fire Dept
 Ashland Volunteer Fire Dept
 Augusta Volunteer Fire Dept
 Bad Rock Volunteer Fire Dept
 Baker Rural Volunteer
 Fire Dept
 Basin Volunteer Fire Dept
 Baxendale Volunteer Fire Dept
 Bear Paw Volunteer Fire Dept
 Belfry Volunteer Fire Dept
 Belt Rural Volunteer Fire Dept
 Big Arm Volunteer
 Fire Company
 Big Butte Volunteer Fire Dept
 Bigfork Volunteer Fire
 Dept, Company A
 Bigfork Volunteer Fire
 Dept, Company B
 Big Sandy Volunteer Fire Dept
 Big Sky Fire Dept
 Birdseye Volunteer Fire Dept
 Black Eagle Volunteer Fire Dept
 Blaine County Rural Fire
 District, Chinook
 Blaine County Rural Fire
 District, Harlem
 Blaine County Rural Fire
 District, Hogeland
 Blankenship Rural Volunteer
 Fire Dept
 Blue Creek Volunteer Fire Dept
 Boulevard Volunteer Fire Dept
 Brady Volunteer Fire Dept
 Bridger Canyon Volunteer
 Fire Dept

Broadwater County Rural Fire
 District, Duck Creek
 Broadwater County Rural Fire
 District, Radersburg
 Broadwater County Rural Fire
 District, Toston
 Broadwater County Rural Fire
 District, Townsend
 Broadwater County Rural Fire
 District, Winston
 Canyon Creek Fire District
 Cascade Rural Volunteer
 Fire Dept
 Centerville Volunteer Fire Dept
 Central Valley Fire Dept,
 Company A
 Central Valley Fire Dept,
 Company B
 Central Valley Fire Dept,
 Company C
 Charlo-Moiese Volunteer
 Fire Dept
 Choteau Rural Volunteer
 Fire Dept
 Clancy Volunteer Fire Dept
 Clarks Fork Rural Volunteer
 Fire Dept
 Clinton Volunteer Fire Dept
 Columbia Falls Rural
 Volunteer Fire Dept
 Columbus Rural Volunteer
 Fire Dept
 Conrad Rural Volunteer
 Fire Dept
 Cooke City-Silver Gate
 Volunteer Fire Dept
 Coram-West Glacier
 Volunteer Fire Dept
 Corvallis Rural Fire District
 Craig Volunteer Fire Dept
 Creston Volunteer Fire
 Dept, Company #1
 Creston Volunteer Fire
 Dept, Company #2 Lake Blain
 Culbertson Volunteer Fire Dept
 Darby Volunteer Fire Dept
 Dean Creek Volunteer
 Fire Dept
 Dearborn Volunteer Fire Dept
 Denton Volunteer Fire Dept
 Dillon Rural Volunteer
 Fire Dept, Company A
 Dillon Rural Volunteer
 Fire Dept, Company B

Dixon Rural Volunteer
 Fire Dept
 Dutton Rural Volunteer
 Fire Dept
 East Missoula Rural
 Volunteer Fire Dept
 East Valley Volunteer
 Fire Dept
 Eastgate Volunteer Fire Dept
 Elk Park Volunteer Fire Dept
 Elliston Volunteer Fire Dept
 Eureka Rural Volunteer
 Fire Dept
 Evergreen Volunteer Fire Dept
 Fairfield Rural Volunteer
 Fire Dept
 Ferndale Volunteer Fire Dept
 Fisher River Valley
 Volunteer Fire Dept
 Floral Park Volunteer Fire Dept
 Florence Volunteer Fire Dept
 Fort Benton Rural
 Volunteer Fire Dept
 Fort Ellis Rural Volunteer
 Fire Company
 Fort Shaw Rural
 Volunteer Fire Dept
 Frenchtown Rural Volunteer
 Fire Dept, Station 1
 Frenchtown Rural Volunteer
 Fire Dept, Station 2
 Frenchtown Rural Volunteer
 Fire Dept, Station 3
 Frenchtown Rural Volunteer
 Fire Dept, Station 4
 Frenchtown Rural Volunteer
 Fire Dept, Station 5
 Gallatin Gateway Rural
 Volunteer Fire Dept
 Gallatin River Ranch Rural
 Fire District
 Garrison Volunteer Fire Dept
 Gateway Hose Volunteer
 Fire Company
 Geraldine Volunteer Fire Dept
 Gore Hill Volunteer Fire Dept
 Grant Volunteer Fire Company
 Grasshopper Valley
 Volunteer Fire Company
 Greenough/Potomac
 Volunteer Fire Dept
 Harrison Volunteer Fire Dept
 Hawk Creek Rural
 Volunteer Fire Dept

STATISTICAL SECTION

VFCA (cont.)

Heath Rural Fire District	Montana City Volunteer Fire Dept, Company 2	Sand Coulee Volunteer Fire Dept
Helmville Volunteer Fire Dept	Monteacato Volunteer Fire District	Seeley Lake Volunteer Fire Dept
Heron Rural Fire District	Musselshell County Rural Volunteer Fire Department	Shepherd Volunteer Fire Dept
Highwood Volunteer Fire Dept	North Toole County Volunteer Fire Dept	Sheridan Volunteer Fire Dept
Hilger Rural Fire District	Noxon Rural Fire District	Simms Volunteer Fire Dept
Hobson Rural Volunteer Fire Dept	Olney Rural Volunteer Fire Dept	Smith Valley Volunteer Fire Dept
Home Atherton Volunteer Fire Dept	Opportunity Volunteer Fire Dept	Somers Volunteer Fire Dept
Jefferson City-Community Volunteer Fire Dept	Ovando Volunteer Fire Dept	Somers Volunteer Fire Dept, Lakeside Company
Jefferson Valley Volunteer Fire Dept	Painted Rocks Fire & Rescue Volunteer Fire Company	Sourdough Rural Volunteer Fire Company
Knees Volunteer Fire Dept	Paradise Valley Fire Service	South Kalispell Volunteer Fire Dept
Lewis & Clark County Rural Volunteer Fire Dept	Park City Rural Volunteer Fire Dept #2	South Toole County Volunteer Fire Dept
Libby Rural Volunteer Fire Dept	Park County Fire Volunteer Dept	Springhill Fire Company
Libby Rural Volunteer Fire Dept, Company 2	Park County Rural Volunteer Fire Dept #1	Stevensville, Burnt Fork Company
Lima Rural Volunteer Fire Dept	Pendroy Rural Volunteer Fire Dept	Stevensville, Etna Company
Little Basin Creek Volunteer Fire Dept	Phillips County Volunteer Fire Dept	Stevensville, Sunset Company
Lockwood Rural Fire District #8	Plains/Paradise Rural Volunteer Fire Dept	Stevensville, Westside Company
Lost Creek/Antelope Gulch Volunteer Fire Dept	Plentywood Rural Volunteer Fire Dept	Swan Lake Volunteer Fire Dept
Manhattan Rural Volunteer Fire Dept	Plevna Volunteer Fire Dept	Swan Valley Volunteer Fire Company
Marion Volunteer Fire Dept	Polson Rural Fire Company	Sweet Grass Volunteer Fire Dept, Company A
Martin City Volunteer Fire Dept	Power Rural Volunteer Fire Dept	Sweet Grass, Volunteer Fire Dept, Company B
Marysville Volunteer Fire Dept	Racetrack Volunteer Fire Dept	Terra Verde Heights Volunteer Fire Dept
McCormick Rural Volunteer Fire Dept	Racetrack Valley Fire District	TFS Volunteer Fire Dept
Medicine Lake Volunteer Fire Dept	Rae Volunteer Fire Company	Thompson Falls Rural Volunteer Fire Dept
Melrose Volunteer Fire Dept	Red Lodge Rural Volunteer Fire Dept, Company 1	Three Forks Rural Volunteer Fire Dept
Missoula Volunteer Fire Dept, Pumper Company 1	Red Lodge Luther Company 2	Three Mile Volunteer Fire Dept - Stevensville
Missoula Volunteer Fire Dept, Pumper Company 2	Roberts Rural Fire District #6	Tri-Lakes Volunteer Fire Dept, Company A
Missoula Volunteer Fire Dept, Pumper Company 3	Rocker Volunteer Fire Dept	Tri-Lakes Volunteer Fire Dept, Company B
Missoula Volunteer Fire Dept, Tanker Company 1	Ronan Volunteer Fire Dept, Station 1	Trout Creek Rural Volunteer Fire Dept
Missoula Volunteer Fire Dept, Tanker Company 2	Ronan Volunteer Fire Dept, Station 2 (Pablo)	Troy Rural Volunteer Fire Dept
Missoula Volunteer Fire Dept, Tanker Company 3	Rudyard Volunteer Fire Dept	Turner Volunteer Fire Dept
Molt Volunteer Fire Dept	St Ignatius Rural Volunteer Fire Dept	Twin Bridges Volunteer Fire Company
Monarch Volunteer Fire Dept	St Labre Volunteer Fire Dept	Ulm Volunteer Fire Dept
Montana City Volunteer Fire Dept, Company 1	St. Marie Rural Volunteer Fire Dept	Valier Volunteer Fire Dept
	St Regis Volunteer Fire Dept	Valley County Long Run Volunteer Fire Dept

VFCA (cont.)

Vaughn Rural Volunteer
Fire Dept
Victor Rural Volunteer Fire Dept
West Fork Rural Fire District
West Glendive Volunteer
Fire Dept
West Helena Valley
Volunteer Fire Dept
West Valley Anaconda
Volunteer Fire Dept
West Valley Kalispell Volunteer
Fire Dept
Wheatland County Volunteer
Fire Dept
Wibaux Volunteer Fire Dept
Willow Creek Rural Volunteer
Fire Dept
Wilsall Fire Department
Winifred Rural Volunteer
Fire Dept
Wisdom Rural Volunteer
Fire Dept
Wise River Volunteer
Fire Company
Wolf Creek Volunteer Fire Dept
Wolf Point Rural Volunteer
Fire Dept
Worden Fire Dept - Company 1
York Fire Service Area

PERS-DCRP (244)

State Agencies (32)

Board of Crime Control
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

Counties (44)

Anaconda - Deer Lodge
Beaverhead
Big Horn
Blaine
Broadwater
Carbon
Carter
Cascade
Custer
Daniels
Dawson
Fergus
Flathead
Gallatin
Garfield
Glacier
Granite
Hill
Jefferson
Judith Basin
Lake
Lewis & Clark
Lincoln
Madison
Missoula
Musselshell
Park
Petroleum
Phillips
Pondera

Powder River
Powell
Prairie
Ravalli
Richland
Roosevelt
Rosebud
Stillwater
Sweet Grass
Teton
Toole
Treasure
Valley
Yellowstone

Cities & Towns (44)

Alberton
Baker
Belgrade
Big Timber
Billings
Boulder
Bozeman
Bridger
Butte-Silver Bow
Chinook
Choteau
Colstrip
Columbia Falls
Conrad
Cut Bank
Dillon
Eureka
Fairview
Froid
Glasgow
Glendive
Great Falls
Hamilton
Hardin
Harlem
Havre
Helena
Hot Springs
Kalispell
Laurel
Lewistown
Libby
Livingston
Miles City
Missoula
Moore
Polson

STATISTICAL SECTION

Cities & Towns (cont.)

Red Lodge
Shelby
Sheridan
Sidney
Sunburst
Townsend
Whitefish

Colleges & Universities (5)

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

High Schools (3)

Jefferson County
Powell County
Sweet Grass County

School Districts (81)

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
SD 2, Big Sandy
SD 2, Billings
SD 2 & 7, Savage
SD 2, Stevensville
SD 2, Sunburst
SD 3, Billings
SD 3, Hamilton
SD 3, Ramsay
SD 3, Westby
SD 3, Wolf Point
SD 4, Hellgate
SD 4, Livingston
SD 4, Swan River

SD 4 & 28, Highwood
SD 5, Kalispell
SD 5, Sidney
SD 6, Columbia Falls
SD 6, Columbus
SD 6, Wibaux
SD 6 & 1, St. Regis
SD 7, Bozeman
SD 7, Gardiner
SD 7, Joliet
SD 7, Lolo
SD 7 & 70, Laurel
SD 8, Arlee
SD 9, East Helena
SD 9, Poplar
SD 10, Anaconda
SD 10, Dillon
SD 12, Lima
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 32, Rapalje
SD 38, Big Fork
SD 38, Lincoln
SD 40, Frenchtown
SD 43, Lamotte
SD 44, Belgrade
SD 44, Geraldine
SD 50, Evergreen
SD 50, Hays
SD 52, Absarokee
SD 52, Ennis
SD 58, Geyser
SD 64, Bainville
SD 72, Ophir
SD 74, Vaughn
SD 85, Ulm
SD 89, Smith Valley

Greenfield School
Judith Gap School

Other Agencies (35)

Bert Mooney Airport Authority
Big Fork Water & Sewer
Big Sky County Water & Sewer
District
Big Sky Economic Development
Authority
Billings Housing Authority
Bitterroot Valley Special
Education Cooperative
Center for Mental Health
Daily Ditches Irrigation District
Dawson College
Flathead Municipal Airport
Authority
Flathead Valley Community
College
Gallatin Airport Authority
Gallatin Canyon Consolidated
Rural Fire Department
Gallatin Conservation District
Glasgow Irrigation District
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 View Special
Services Cooperative
Richland County Housing
Authority
Seeley Lake Missoula County
Water District
Sheridan Daniels Special
Education Cooperative
Yellowstone City-County
Health Dept

Deferred Compensation (21)

State Agencies (1)

*State of Montana

Counties (2)

Carter

Lewis & Clark

Cities & Towns (4)

Colstrip

Sheridan

Sidney

Whitehall

Colleges & Universities (6)

Dawson Community College

Montana State University -

Billings

Montana State University -

Bozeman

Montana State University

College of Technology -

Great Falls

Montana State University -

Northern

University of Montana -

Missoula

School Districts (2)

SD 2, Billings

SD 9, East Helena

Other Agencies (6)

Big Sky County Water & Sewer

District

Big Sky Resort Area District

Colstrip Park & Recreation

District

Gallatin Airport Authority

Great Falls Transit

North Valley Public Library

*For the deferred compensation plan the State of Montana is considered one agency.

STATISTICAL SECTION

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This is a publication of the

**MONTANA PUBLIC EMPLOYEE
RETIREMENT ADMINISTRATION**

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

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

mpera@mt.gov

Front cover: Paradise Montana. Photo courtesy of Barbara Quinn

Paradise was originally developed as a station for the Northern Pacific Railroad. It was a vital water supply stop before climbing over the Bitterroot Range into Idaho. One story of the origins of the town's name says that it was named after a roadhouse on the trail called 'Pair O'Dice.'

Paradise is located in western Montana, north west of Missoula on Highway 200.

Information About Paradise from TravelMT.com

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