

MONTANA



PUBLIC EMPLOYEES RETIREMENT BOARD
A COMPONENT UNIT OF THE STATE OF MONTANA

COMPREHENSIVE ANNUAL
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Highway 12 between White Sulphur Springs and Townsend.

~ photo courtesy of Joel Thompson



Highway 12 near Lolo Pass.

~ photo courtesy of Ann Reber



Moving cows along Highway 12, west of MacDonald Pass.

~ photo courtesy of Ann Reber

Highway 12 runs almost 600 miles east to west through Montana.

~ Google Maps



Highway 12 between Ryegate and Shawmut, near Deadman's Basin.

~ photos courtesy of Joel Thompson



I
N
T
R
O
D
U
C
T
O
R
Y

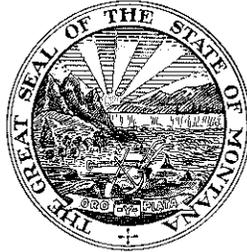
S
E
C
T
I
O
N

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, 2011**

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 ~ PO Box 200131
Helena, MT 59620-0131
(406) 444-3154**

Table of Contents

Introductory Section

Letter of Transmittal	5
Public Employees' Retirement Board	12
Montana Public Employee Retirement Administration Organizational Chart	13
2011 Legislative Highlights.....	14
Dedication.....	18

Financial Section

Independent Auditor's Report	19
Management's Discussion & Analysis.....	21
Basic Financial Statements:	
<i>Statement of Fiduciary Net Assets - Pension Trust Funds</i>	38
<i>(The notes to the financial statements are an integral part of this statement)</i>	
<i>Statement of Changes in Fiduciary Net Assets - Pension Trust Funds</i>	40
<i>(The notes to the financial statements are an integral part of this statement)</i>	
<i>Notes to the Financial Statements</i>	42
Required Supplementary Information:	
Schedule of Funding Progress	82
Schedule of Funding Progress for OPEB	84
Schedule of Employer Contributions and Other Contributing Entities	86
Notes to the Required Supplementary Information.....	88
Supporting Schedules:	
Schedule of Administrative Expenses	91
Schedule of Investment Expenses.....	92
Schedule of Consultants	93
Detail of Fiduciary Net Assets (PERS-DBRP, PERS-DBEd)	94
Detail of Changes in Fiduciary Net Assets (PERS-DBRP, PERS-DBEd)	95
Detail of Fiduciary Net Assets (PERS-DCRP, PERS-DCEd, DC Disability).....	96
Detail of Changes in Fiduciary Net Assets (PERS-DCRP, PERS-DCEd, DC Disability)	96

Investment Section

Board of Investments' Investment Letter	97
Report on Investment Activity	101
Total Rates of Annualized Returns by Asset Class	102
Schedules of Asset Mix	107
Schedule of Largest Holdings.....	115
Investment Summary	118

Actuarial Section

Actuary's Certification	123
Summary of Actuarial Assumptions and Methods	127
Schedule of Active Member Valuation Data	132
Schedule of Active Member Composition.....	134
Schedule of Retiree Member Composition.....	135
Schedule of Disabled Member Composition	136
Schedule of Beneficiary Member Composition.....	137
Schedule of Retirants and Beneficiaries Added to and Removed from Rolls	138
Solvency Test.....	140
Summary of Actuarial (Gain)/Loss by Source.....	142
Summary of Defined Benefit Retirement Plans Provisions as of June 30, 2011	143

Statistical Section

Summary of Statistical Data.....	177
Changes in Net Assets, Last Ten Fiscal Years	178
History of Actuarial Accrued Liabilities	187
Schedule of Fair Values by Type of Investment, Last Ten Years	190
Schedule of Contribution Rate History	197
History of Membership in Retirement Plans, Last Ten Years.....	200
Schedule of Benefit Expenses and Refunds by Type, Last Ten Years.....	204
Schedule of Distributions Processed, Last Ten Fiscal Years	208
Schedule of Retired Members by Type of Benefit.....	210
Distribution of Defined Benefit Recipients by Location.....	216
Schedule of Active Members by Age and Gender	218
Schedule of Retired Members by Age and Gender	219
Average Benefit Payments, Last Ten Fiscal Years	220
Schedule of Average Monthly Benefit Payments, All Retirees	228
Principal Participating Employers	230
Schedule of Participating Employers	234

Mission Statement of the PERB

The Montana Public Employees' Retirement Board, as fiduciaries, administers 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 efficiently provides quality benefits, education and service to help our plan members and beneficiaries realize a successful 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 8, 2011

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, 2011, 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 21, 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

INTRODUCTORY SECTION

PERB. As governed 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 67th 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 2011, the PERS-DBRP experienced a 21.79 percent rate of return; for the last three years an average annualized rate of return of 2.92 percent; for the last five years an average annualized rate of return of 4.12 percent; and for the last ten years an average annualized rate of return of 4.93 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.

The actuarial valuations for the eight defined benefit plans, dated June 30, 2011, show three plans to be actuarially sound, four not actuarially sound, and one plan with an actuarial surplus. Pension funds are required to amortize over a scheduled period of no more than 30 years. The amortization period for the Unfunded Liability (Actuarial Surplus) for the defined benefit plans, as of June 30, 2011, are as follows:

PERS	Does Not Amortize	GWPORS	Does Not Amortize
JRS	0.0 years (Actuarial Surplus)	MPORS	25.0 years
HPORS	48.2 years	FURS	16.0 years
SRS	Does Not Amortize	VFCA	8.8 years

The PERB proposed plan design options and contribution rate increases to the 2011 Legislature to address long-term plan sustainability. Changes in employee contribution rates, benefit eligibility, and benefit structure for new hires became effective July 1, 2011. Other funding mechanisms were eliminated from the bill.

The four plans that are not actuarially sound have not received the actuarial required contributions. The PERB will continue to work with Legislative interim committees and propose legislation in 2013 to address the actuarial soundness of the PERS, SRS, GWPORS and HPORS.

INTRODUCTORY SECTION

The funding status and funding progress of the individual retirement systems can be found in the *Financial Section* of this report on pages 44 and 82, respectively.

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 93.

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 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.

INTRODUCTORY SECTION

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 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 retiree and employer 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 2011 accomplishments of MPERA include: enhancement of the benefit estimator posted on MPERA website; development and implementation of automated forms and letters; replacement of Netware File Server with Microsoft Windows 2008 server; beginning the three to five year computer system upgrade; 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, 2010. This was the thirteenth 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 2011 in recognition of meeting the professional standards for plan administration set forth in the Public Pension Standards. This is the ninth year the PPCC is offering the PPCC Standards Award Program to public retirement systems. The Public Pension

INTRODUCTORY SECTION

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 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 seventh 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 19.

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, 2010

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
2011***

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 black ink 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

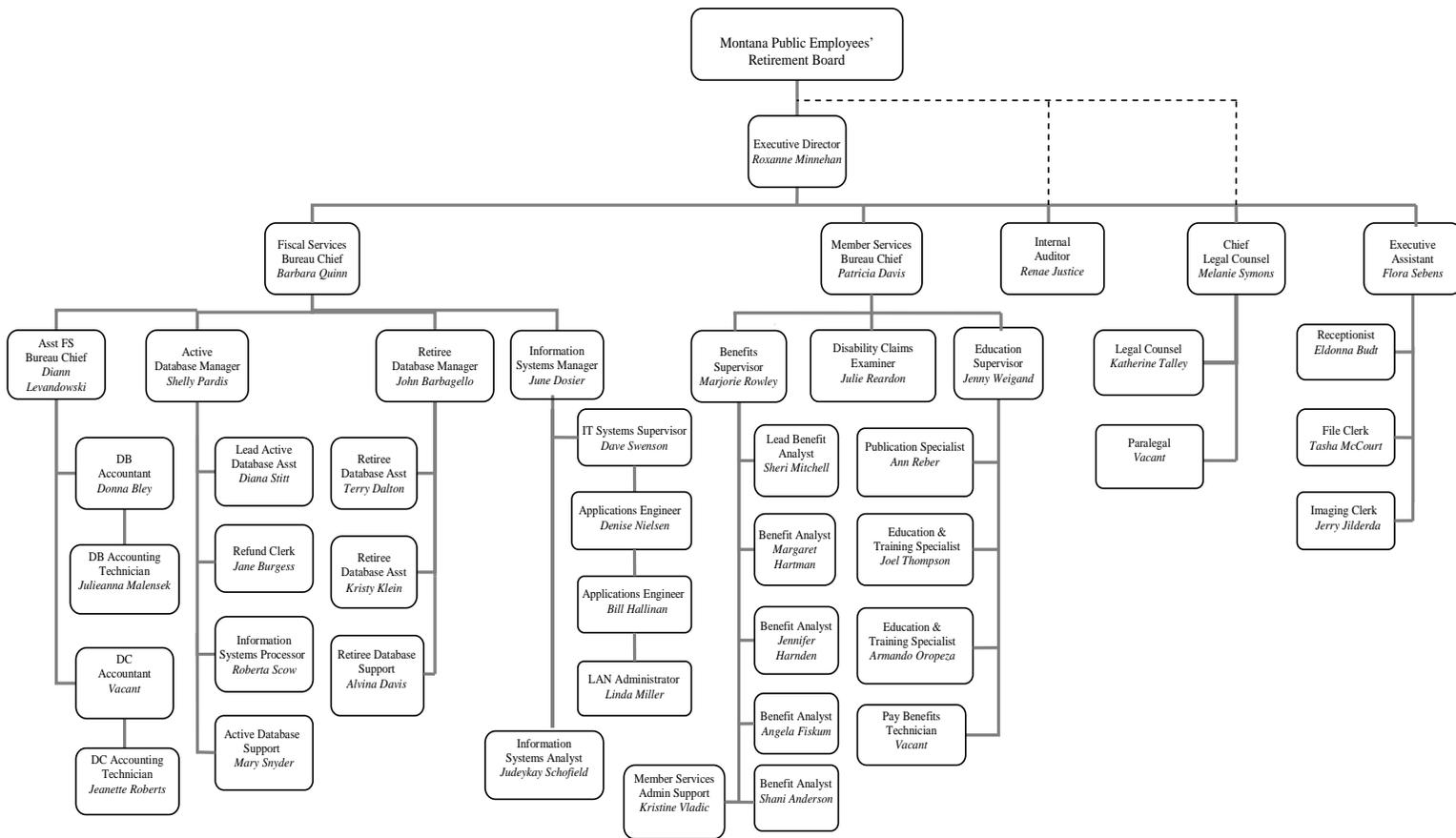
Back Row: Timm Twardoski, Terrence Smith, John Nielsen, and Patrick McKittrick.
 Front Row: Dianna Porter, Scott Moore, and Darcy Halpin.

<p>John Nielsen, President Glendive, Active Public Employee Department of Transportation Glendive Equipment Appointed 4/4/2007 Term Expires 3/31/2012 Email: mperb.jnielsen@gmail.com</p>	<p>Terrence Smith, Vice President Bozeman, PERS DCRP Active Public Employee Big Sky County Water & Sewer District Financial Officer Reappointed 4/1/2009 Term Expires 3/31/2014 Email: mperb.tsmith@gmail.com</p>
<p>Darcy Halpin Belgrade, PERS Retired Member Appointed 4/21/2008 Term Expires 3/31/2013 Email: mperb.dhalpin@gmail.com</p>	<p>Dianna Porter Butte, Member at Large Appointed 4/8/2008 Term Expires 3/31/2013 Email: mperb.dporter@gmail.com</p>
<p>Scott Moore Miles City, Active Public Employee Firefighter Appointed 4/1/2010 Term Expires 3/31/2015 Email: mperb.smoore@gmail.com</p>	<p>Timm Twardoski Helena, Member at Large Appointed 4/1/2011 Term Expires 3/31/2016 Email: mperb.twardoski@gmail.com</p>
<p>Patrick McKittrick Great Falls, Experience in investment management, counseling, or financial planning or other similar experience. Former Chair of the Economic Development Board Appointed 4/1/2009 Term Expires 3/31/2014 Email: mperb.pmckittrick@gmail.com</p>	

Public Employees' Retirement Board

A Component Unit of the State of Montana

MPERA Organizational Chart



INTRODUCTORY SECTION

2011 Legislative Highlights

Below is a discussion of the bills that impacted retirement in the 2011 Legislative Session.

General Revisions — House Bill 70, effective July 1, 2011

Every legislative session, MPERA proposes changes to revise and clarify statutory language so MPERA's retirement systems remain consistent with federal law requirements and are easily understood and administered. The changes in this bill apply to the specific retirement systems as noted:

All Systems

- Clarifies that “termination of service” requires that there will be “no written or verbal agreement between a retiree and employer that the retiree will return to covered employment in the future.” § 19-2-303(52), MCA
- Clarifies that the disability benefit of a disabled member who continues purchasing service or chooses to purchase service following termination of employment will not start until the service purchase is completed. § 19-2-908(3)(b), MCA

PERS

- PERS retirees must be terminated from employment for **at least 90 days** prior to returning to a PERS-covered position as a working retiree. § 19-3-1106, MCA
- PERS-DCRP Members—The compounded annual interest rate credited to the contributions transferred from the defined benefit plan to the member's Defined Contribution Retirement Plan (DCRP) will be 7.75% beginning July 1, 2011. § 19-3-2114, MCA

Note: Additional service credit is not an option available to a DCRP member who is subject to a reduction in force. Service credit purchases are not available to members of a defined contribution retirement plan.

GWPORS

- Clarifies that the “early retirement benefit” is actually a “reduced retirement benefit” available, at age 55, to system members who terminate employment prior to 20 years of service. § 19-8-601(b), MCA

PERS Funding Bill — House Bill 122, varying effective dates

Current PERS Members

Early retirement - Current PERS members remain eligible for early retirement at age 50 or after

INTRODUCTORY SECTION

25 years of membership service. However, beginning **October 1, 2011**, a current PERS member's early retirement benefit will be calculated using actuarial factors. § 19-3-906(2), MCA

Note: These actuarial factors reflect the PERB's most recent experience study and take into account the fact that people are living longer.

Working Retirees

Effective **July 1, 2011**: If you are a working retiree who has returned to work for one employer in two positions, with one position subject to PERS and the other not, the hours worked in **both** positions will count toward your working retiree limit. § 19-3-1106, MCA

If the employer fails to report the member timely or accurately - the member and employer are liable for repayment of the retirement benefits received inappropriately. § 19-3-1106, MCA

New Members Hired On Or After July 1, 2011

- Employee contribution to PERS will be 7.9% of compensation.
- Eligibility for early retirement changes to age 55 with a minimum of 5 years of membership service.
- Normal retirement age changes to age 65 with 5 years of service.
- The Highest Average Compensation (HAC) used to calculate the retirement benefit will be based on a time period of 60 months.
- The multiplier used to calculate the service retirement benefit will be:
 - 1.5% per year if service is less than 10 years,
 - 1.78% per year if service is greater than or equal to 10 years but less than 30 years,
 - 2% per year if service is greater than or equal to 30 years.

VFCA — House Bill 119, effective July 1, 2011

This bill revises the Volunteer Firefighters' Compensation Act (VFCA) statutes and several Title 7 Chapter 33 statutes that govern fire protection.

- The requirement of no more than 28 certificate members being listed on the annual certificate has been removed from § 7-33-2311, MCA.
- The roster of active and inactive members for the current year are to be filed annually with the Public Employees' Retirement Board (PERB) by September 1, and will not have to be certified by the county clerk of the county where the fire company is located. **A copy of the annual certificate will no longer be accepted for this filing.** § 19-17-112(3), MCA
- A new requirement of membership cards which must be filed with the PERB by September 1 of each year. These cards are required for all members, active and

INTRODUCTORY SECTION

2011 Legislative Highlights (continued)

- inactive, of a fire company qualified under the VFCA for the first year and for new members in each subsequent year. § 19-17-112(4), MCA
- Definitions of allowance, compensation, and reimbursed have been added to the statute. In addition, allowable payments to volunteer firefighters is addressed in a separate section. §§ 19-17-102, 19-17-110, MCA
- Fire company, inactive member, and pension benefit have been defined or amended. § 19-17-102, MCA
- Records retention requirements have been defined. § 19-17-111, MCA
- Disputes regarding credited years of service must be resolved, either by staff of the PERB and the member or by the PERB prior to payment of the retirement or disability benefit. Payment will be retroactive to the retirement effective date. § 19-17-201(5), MCA
- Any late or amended annual certificates and the associated certified training records must be filed by the current fire chief within **three** years of the original annual certificate due date; an annual certificate can be amended only once. § 19-17-112(5), MCA

VFCA — Senate Bill 223, effective July 1, 2011

- Amends § 19-17-404, MCA, the monthly pension benefit allowable for VFCA members.
- Volunteer firefighter monthly pension benefits are currently equal to \$7.50 per year of credited service, capped at 30 years of credited service. The change removes the 30 year cap on service for members who retire after July 1, 2011.
- To qualify for the benefit the member must have:
 - service recognized by the PERB beyond 30 years; **and**
 - the pension trust fund must be actuarially sound, amortizing any unfunded liabilities in 20 years or less.
- When the above criteria are met, the member will receive \$7.50 per month for each additional year of credited service after 30 years. A VFCA member's benefit will remain capped at \$225 a month (30 years of credited service) if the amortization period grows to greater than 20 years.

GWPORS — House Bill 134, effective July 1, 2011

For new members hired on or after July 1, 2011:

- The Highest Average Compensation (HAC) used to calculate a monthly retirement benefit will be based on 60 months of service. § 19-8-101(2), MCA
-

SRS — House Bill 134, effective July 1, 2011

For new members hired on or after July 1, 2011:

- The Highest Average Compensation (HAC) used to calculate a monthly retirement benefit will be based on 60 months of service. § 19-7-101(3), MCA
-

JRS — House Bill 587, effective July 1, 2011

Associate water judge has been added to the membership of the Judges' Retirement System.
§ 19-5-301, MCA

INTRODUCTORY SECTION



In Memory of

Ray Peck

Past Board Member

Montana Public Employees' Retirement Board (PERB)

We are dedicating this Annual Report in memory of Ray Peck, a longtime legislator, educator and leading Democrat stalwart. Ray, 84, died May 27, 2011 in Helena after suffering a stroke.

Ray was elected to the Montana House from 1982 to 1998, until term limits barred him from running again. He was elected House Minority leader in 1995. He was active in the Democratic Party for decades. He was a member of the PERB from November 2007 through January 2009. As a longtime teacher and educator, Ray was especially interested in public schools. As a legislator, he also looked out for funding for Montana State University-Northern in Havre.

A Whitefish native, he obtained a bachelor's degree from what is now the University of Great Falls, a master's degree from the University of Montana and a doctorate in education from Montana State University. He served in the Army Air Force during World War II.

Dianna Porter, fellow Board member said, "I would think of him often during this past legislature since he was chair of the legislative committee two years ago. He was not only a smart, fair and kind man but also very dedicated to helping others no matter what the retribution."

John Paul, former Board President said, "Ray was sure a good guy. Ray was so knowledgeable in legislative matters, administrative procedures and state law that he made our job as board members much easier. I will miss his letters to the editor of the Montana Standard (and other papers) - he spoke his mind. He was a great democrat."

He is missed by fellow board members and MPERA staff.



Interstate 15 south of Great Falls
~ photo courtesy of Jennifer Harnden



Bannack Street, near Bannack, MT
~ photo courtesy of Ann Reber

Montana has almost 69,000 miles of public highways and roads.
~ visitmt.com



Highway 89, between White Sulphur Springs and Neihart, runs through the Lewis and Clark National Forest.
~ photo courtesy of Ursula Hatfield



Pioneer Mountains Scenic Byway
~ photos courtesy of Ann Reber



LEGISLATIVE AUDIT DIVISION

Tori Hunthausen, Legislative Auditor
Deborah F. Butler, Legal Counsel



Deputy Legislative Auditors:
Cindy Jorgenson
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, 2011, and the related Statement of Changes in Fiduciary Net Assets – Pension Trust Funds for the fiscal year ended June 30, 2011. The information contained in these financial statements is 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, 2011, and the changes in fiduciary net assets for the 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, 2011; 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 SECTION

financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

At July 1, 2011, the Public Employees' Retirement System – Defined Benefit Retirement Plan, Game Wardens' and Peace Officers', Sheriffs', and Highway Patrol Officers' retirement systems were not actuarially sound. The amortization period for the Unfunded Actuarial Accrued Liability is at 48.2 years for the Highway Patrol Officers' Retirement System. The Public Employees' Retirement System - Defined Benefit Retirement Plan, Game Wardens' and Peace Officers' Retirement System, and Sheriffs' Retirement System do not amortize. The maximum allowable amortization period is for a scheduled period of no more than 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/ Cindy Jorgenson
Cindy Jorgenson, CPA
Deputy Legislative Auditor

November 9, 2011

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, 2011. 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 \$802.0 million or 19.6% in fiscal year 2011. 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 \$58.9 million or 15.5% in fiscal year 2011. 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 2011 was \$1.1 billion, which includes member and employer contributions of \$227.8 million and a net investment gain of \$881.3 million.*
- ◆ *Revenues (additions to plan net assets) for the PERB's defined contribution plans for fiscal year 2011 was \$79.9 million, which includes member and employer contributions of \$30.3 million and a net investment gain of \$49.6 million.*
- ◆ *Expenses (deductions to plan net assets) for the PERB's defined benefit plans increased from \$284.3 million in fiscal year 2010 to \$307.4 million in fiscal year 2011 or about 8.1%. The increase in 2011 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 \$17.3 million in fiscal year 2010 to \$21.1 million in fiscal year 2011 or about 22.0%. The increase in expenses is primarily 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, 2011, the date of the latest actuarial valuation, three of the plans can pay off the Unfunded Actuarial Liability within 30 years or less. They are the 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), Highway Patrol Officers' Retirement System (HPORS), Sheriffs' Retirement System (SRS) and the Game Wardens' and Peace Officers' Retirement System (GWPORS). The Judges' Retirement System has a*

FINANCIAL SECTION

surplus. This means there are more assets than liabilities in the plan. As a whole the plans were actuarially funded at an average of 77%. It is important to understand that this measure reflects the Actuarial Value of Assets for the defined benefit plans, which are currently less 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 volatility 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, 2011. 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, 2011, 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, 2011. 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, 2011. These financial statements reflect the changes in the resources available to pay benefits to retirees and beneficiaries at the end of the year reported.
- (2) The Notes to the Financial Statements provide additional information that is essential for a full understanding of the data provided in the financial statements. The information in the Notes to the Financial Statements is described as follows:
 - Note A provides a summary of significant accounting policies including the basis of accounting; capital assets and equipment used in operations including the new system project MPERAtiv; operating lease; GASB 50 Disclosures on funding; GASB 45 Disclosures regarding Other Post Employment Benefits (OPEB); and 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, "As we begin fiscal 2012 the economic backdrop is

looking more precarious now than since the end of the "Great Recession." Many would say the recession never ended when looking at the continuing high level of unemployment and ongoing weakness in the housing market. This, despite a return of corporate profitability to pre-recession highs, and positive GDP growth since mid-2009. The first half of the calendar year was marked by a combination of the March earthquake in Japan, and the associated supply chain disruptions, and a spike in energy prices in the spring which resulted in a slowdown in global manufacturing and consumption. The result was a slippage in GDP growth to less than 1.5% though most observers viewed this as a temporary condition that would reverse during the second half of the year as manufacturing bounced back.

Yet, as the summer months passed the economic outlook deteriorated in the face of eroding consumer confidence and a flare up of European sovereign debt problems. The prior positive outlook for second half of 2011 GDP growth and that for 2012 has been progressively downgraded to a range of only 1.5 - 2.5%. This fading sense of optimism has been exacerbated by the growing frustration with the political standoff that has resulted in fiscal gridlock. Federal Reserve efforts to suppress long term interest rates are unlikely to have much impact on growth, though it may support the struggling housing market on the margin. In addition to the muted outlook for the domestic economy, the risks of fallout from the sovereign debt problems in Europe remain.

Nevertheless, a double dip recession is still the minority view in the U.S. Despite all the negatives hanging over the economy, the private sector - both business and households - seem resilient to some extent. Corporate profits may have peaked in the third calendar

FINANCIAL SECTION

quarter, but any decline is expected to be small. Retail sales are holding up, and lower energy prices are expected to bolster consumer confidence. Employment growth in the private sector is expected to stay positive, though an ongoing loss of government jobs and the overall weak tone of economic activity are expected to keep unemployment high. On balance, at this time the capital markets are in a wait-and-see mode since the summer selloff. However, there is a chance of

improving investor sentiment and higher prices depending on near-term developments in Europe, and the trend of economic activity during the fourth quarter.”

Defined Benefit Plans Total Investments

At June 30, 2011, the PERB’s defined benefit plans held total investments of \$4.8 billion, an increase of \$799 million from fiscal year

Fiduciary Net Assets - Defined Benefit Plans

As of June 30, 2011 - and comparative totals for June 30, 2010

(dollars in thousands)

	PERS		JRS		HPORS		SRS	
	2011	2010	2011	2010	2011	2010	2011	2010
Assets:								
Cash and Receivables	\$73,164	69,198	1,565	1,554	2,028	1,824	5,743	5,048
Securities Lending Collateral	195,532	215,178	3,143	3,440	4,905	5,446	10,420	11,302
Investments	3,873,371	3,247,641	62,185	51,009	97,020	81,065	206,096	167,616
Property and Equipment	1	1						
Intangible Assets	105	211	1	2	1	2	1	2
Total Assets	4,142,173	3,532,229	66,894	56,005	103,954	88,337	222,260	183,968
Liabilities:								
Securities Lending Liability	195,532	215,178	3,143	3,440	4,905	5,446	10,420	11,302
Other Payables	4,533	1,145	92		200	2	148	31
Total Liabilities	200,065	216,323	3,235	3,440	5,105	5,448	10,568	11,333
Total Net Assets	\$3,942,108	3,315,906	63,659	52,565	98,849	82,889	211,692	172,635

Changes In Fiduciary Net Assets - Defined Benefit Plans

For the year ended June 30, 2011 - and comparative totals for June 30, 2010

(dollars in thousands)

	PERS		JRS		HPORS		SRS	
	2011	2010	2011	2010	2011	2010	2011	2010
Additions:								
Contributions	\$157,594	159,534	1,980	2,063	6,091	6,311	11,844	10,973
Investment Income (Loss)	715,398	387,861	11,392	6,013	17,911	9,714	37,539	19,471
Total Additions	872,992	547,395	13,372	8,076	24,002	16,025	49,383	30,444
Deductions:								
Benefits	231,223	212,186	2,240	2,118	7,866	7,557	9,237	8,277
Refunds	11,536	11,848			121	58	968	799
OPEB Expenses	78	66				1		2
Administrative Expenses	3,249	3,191	39	10	55	33	121	95
Miscellaneous Expenses	749	1,036						
Total Deductions	246,835	228,327	2,279	2,128	8,042	7,649	10,326	9,173
Incr/(Decr) in Net Assets	\$626,157	\$319,068	11,093	5,948	15,960	8,376	39,057	21,271
Prior Period Adjustments	45	-1,522		-24		-37		-82

FINANCIAL SECTION

2010 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 2010.

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 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-

GWPORS		MPORS		FURS		VFCA		TOTAL	
2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
2,950	2,946	14,671	13,665	14,603	13,943	1,704	1,428	116,428	109,606
4,634	4,806	10,831	11,631	10,766	11,432	1,303	1,470	241,534	264,705
91,669	71,226	214,474	173,510	213,009	170,543	25,355	21,210	4,783,179	3,983,820
								1	1
1	2	1	2	1	2		1	111	224
99,254	78,980	239,977	198,808	238,379	195,920	28,362	24,109	5,141,253	4,358,356
4,634	4,806	10,831	11,631	10,766	11,432	1,303	1,470	241,534	264,705
373	38	104	36	86	9	70	4	5,606	1,265
5,007	4,844	10,935	11,667	10,852	11,441	1,373	1,474	247,140	265,970
94,247	74,136	229,042	187,141	227,527	184,479	26,989	22,635	4,894,113	4,092,386

GWPORS		MPORS		FURS		VFCA		TOTAL	
2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
7,721	7,952	20,844	21,933	20,122	20,419	1,596	1,575	227,792	230,760
16,335	7,924	39,175	19,972	38,751	19,606	4,792	2,566	881,293	473,127
24,056	15,876	60,019	41,905	58,873	40,025	6,388	4,141	1,109,085	703,887
2,863	2,622	17,013	15,728	15,605	14,598	1,938	1,857	287,985	264,943
993	900	1,000	913	128	86			14,746	14,604
	1		2		1		1	78	78
88	60	106	78	92	71	81	57	3,831	3,595
						15	17	764	1,053
3,944	3,583	18,119	16,721	15,825	14,756	2,034	1,932	307,404	284,273
20,112	12,255	41,900	25,184	43,048	25,269	4,354	2,209	801,681	419,614
	-38		-85		-85		-9	45	-1,881

FINANCIAL SECTION

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, 2011 amounted to \$3.9 billion, an increase of \$626 million (18.9%) from \$3.3 billion at June 30, 2010.

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 decreased to \$157.6 million in fiscal year 2011 from \$159.5 million in fiscal year 2010, a decrease of \$1.9 million (1.2%). Contributions decreased due to a decrease in the number of active members contributing to the plan and fewer pay periods in fiscal year 2011 for state employees compared to fiscal year 2010. The plan recognized net investment income of \$715 million for the fiscal year ended June 30, 2011, compared with net investment income of \$388 million for the fiscal year ended June 30, 2010. The increase in investment income is a result of positive investment returns in the capital market performance despite the underlying economic news of high unemployment and deteriorating consumer confidence.

Deductions from the PERS-DBRP net assets held in trust for benefits primarily include retirement benefits, refunds, and administrative expenses. For fiscal year 2011, benefits amounted to \$231.2 million, an increase of \$19 million (9.0%) from fiscal year 2010. 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 2011, refunds amounted to \$11.5 million, a decrease of \$312 thousand (2.6%) from fiscal year 2010. The decrease in refunds was due to fewer people refunding their accounts and

the refund amounts being a smaller dollar amount. For fiscal year 2011, the costs of administering the plan's benefits amounted to \$3.2 million, an increase of \$58 thousand (1.8%) from fiscal year 2010. The increase in administrative expenses for fiscal year 2011 was mainly due to the costs associated with the technological development of a new computer system to automate more processes pertaining to and impacting PERS-DBRP administration.

An actuarial valuation of the PERS-DBRP assets and benefit obligations is performed annually. At June 30, 2011, the date of the most recent actuarial valuation, the unfunded actuarial liability does not amortize within the required 30 years and the funded status of the plan decreased to 70% at June 30, 2011 from 74% at June 30, 2010.

The PERS-DBRP actuarial value of assets were less than actuarial liabilities by \$1,609 million at June 30, 2011, compared with \$1,352 million at June 30, 2010. The increase in the unfunded actuarial liability as of the last actuarial valuation is a result of recognizing past investment losses of \$301.2 million, a total liability gain deducting \$91 million from the actuarial liability as a result of the experience of the plan being different from the actuarial assumptions, and a \$35.7 million liability gain based on the changes in the actuarial assumptions to reduce early retirement subsidies. Legislative changes were introduced for those hired on or after July 1, 2011 and for working retirees. These changes had no immediate impact on plan costs or liabilities.

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, 2011 amounted to \$63.7 million, an increase of \$11.1 million (21.1%) from \$52.6 million at June 30, 2010.

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, 2011, contributions amounted to \$1.98 million, a decrease of \$83 thousand (4.0%) from fiscal year 2010. Although the plan saw an increase in active members, the contributions decreased due to the total compensation reported for active members decreasing as a result of fewer pay periods in fiscal year 2011 compared to fiscal year 2010. The plan recognized net investment income of \$11.4 million for the fiscal year ended June 30, 2011, compared with net investment income of \$6.0 million for the fiscal year ended June 30, 2010. The increase in investment income is a result of positive investment returns in the capital market performance despite the underlying economic news of high unemployment and deteriorating consumer confidence.

Deductions from the JRS net assets held in trust for benefits mainly include retirement benefits, and administrative expenses. For fiscal year 2011, benefits amounted to \$2.2 million, an increase of \$122 thousand (5.7%) from fiscal year 2010. The increase in benefits 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) or the minimum benefit adjustment for non-GABA retirees. For fiscal year 2011, administrative expenses amounted to \$39 thousand, an increase of \$28.6 thousand (285.8%) from fiscal year 2010. The increase in

administrative expenses for fiscal year 2011 was mainly due to the costs associated with the technological development of a new computer system to automate more processes pertaining to and impacting JRS administration.

An actuarial valuation of the JRS assets and benefit obligations is performed annually. At June 30, 2011, the date of the most recent actuarial valuation, the years to amortize the unfunded actuarial liability is still zero due to the actuarial surplus and the funded status of the plan decreased to 141% at June 30, 2011 from 144% at June 30, 2010.

The JRS actuarial value of assets were more than actuarial liabilities by \$17.9 million at June 30, 2011, compared with a \$18.8 million actuarial surplus at June 30, 2010. The decrease in the actuarial surplus as of the last actuarial valuation is due to recognizing past investment losses of \$4.5 million and a total liability gain deducting \$1.4 million from the actuarial liability as a result of the experience of the plan being different from the actuarial assumptions.

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, 2011 amounted to \$99.0 million, an increase of \$16.1 million (19.3%) from \$82.9 million at June 30, 2010.

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

FINANCIAL SECTION

year ended June 30, contributions decreased to \$6.1 million in fiscal year 2011 from \$6.3 million in fiscal year 2010, a decrease of \$220 thousand (3.5%). Contributions decreased due to a slight decrease in the number of participating members and a decrease in the total compensation reported for active members as a result of fewer pay periods in fiscal year 2011 compared to fiscal year 2010. The plan recognized net investment income of \$17.9 million for the fiscal year ended June 30, 2011, compared with net investment income of \$9.7 million for the fiscal year ended June 30, 2010. The increase in investment income is a result of positive investment returns in the capital market performance despite the underlying economic news of higher unemployment and deteriorating consumer confidence.

Deductions from the HPORS net assets held in trust for benefits mainly include retirement benefits, refunds, and administrative expenses. For fiscal year 2011, benefits amounted to \$7.9 million, an increase of \$308.7 thousand (4.1%) from fiscal year 2010. The increase in benefit payments was due to an increase in benefit recipients and the increases in the average recipient's benefit due to the guaranteed annual benefit adjustment (GABA) or the minimum benefit adjustment for non-GABA. For fiscal year 2011, refunds amounted to \$121 thousand, an increase of \$63 thousand (108.0%) from fiscal year 2010. The increase in refunds was due to more refunds being processed at larger dollar amounts. For fiscal year 2011, administrative expenses were \$55 thousand, an increase of \$21.6 thousand (65.3%) from fiscal year 2010. The increase in administrative expenses for fiscal year 2011 was mainly due to the costs associated with the technological development of a new computer system to automate more processes

pertaining to and impacting HPORS administration.

An actuarial valuation of the HPORS assets and benefit obligations is performed annually. At June 30, 2011, the date of the most recent actuarial valuation, the years to amortize the unfunded actuarial liability increased to 48.2 years from 29.9 years at June 30, 2010 and the funded status of the plan decreased to 61% at June 30, 2011 from 64% at June 30, 2010.

The HPORS actuarial value of assets were less than actuarial liabilities by \$60.5 million at June 30, 2011, compared with \$54.0 million at June 30, 2010. The increase in the unfunded actuarial liability as of the last actuarial valuation is a result of recognizing past investment losses of \$7.5 million and a total liability gain deducting \$2.1 million from the actuarial liability as a result of the experience of the plan being different from the actuarial assumptions.

SRS

The SRS provides retirement, disability, and death benefits for all Department of Justice criminal investigators hired after July 1, 1993, detention officers hired after July 1, 2005, and all Montana sheriffs. Member and employer contributions and earnings on investments fund the benefits of the plan. The SRS net assets held in trust for benefits at June 30, 2011 amounted to \$211.7 million, an increase of \$39.1 million (22.6%) from \$172.6 million at June 30, 2010.

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 \$11.8 million in fiscal year 2011 from \$10.9 million in fiscal year 2010, for an increase of \$871 thousand (7.9%).

Contributions increased due to an increase in the number of active members contributing to the plan. The plan recognized net investment income of \$37.5 million for the fiscal year ended June 30, 2011, compared with net investment income of \$19.5 million for the fiscal year ended June 30, 2010. The increase in investment income is a result of positive investment returns in the capital market performance despite the underlying economic news of high unemployment and deteriorating consumer confidence.

Deductions from the SRS net assets held in trust for benefits mainly include retirement benefits, refunds, and administrative expenses. For fiscal year 2011, benefits amounted to \$9.2 million, an increase of \$960 thousand (11.6%) from fiscal year 2010. 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 2011, refunds amounted to \$968 thousand, an increase of \$169 thousand (21.1%) from fiscal year 2010. Although fewer people refunded their accounts, those that are refunding have higher account balances. For fiscal year 2011, administrative expenses amounted to \$121 thousand, an increase of \$26.3 thousand (27.7%) from fiscal year 2010. The increase in administrative expenses for fiscal year 2011 was mainly due to the costs associated with the technological development of a new computer system to automate more processes pertaining to and impacting SRS administration.

An actuarial valuation of the SRS assets and benefit obligations is performed annually. At June 30, 2011, the date of the most recent actuarial valuation, the unfunded actuarial liability does not amortize within 30 years or less and the funded status of the plan

decreased to 76% at June 30, 2011 from 81% at June 30, 2010.

The SRS actuarial value of assets were less than actuarial liabilities by \$62.8 million at June 30, 2011, compared with \$46.0 million at June 30, 2010. The increase in the actuarial liability as of the last actuarial valuation is a result of recognizing past investment losses of \$14.3 million and a total liability loss added \$0.4 million to the actuarial liability as a result of the experience of the plan being different from the actuarial assumptions. There was a legislative change to the plan that affects those hired on or after July 1, 2011. This change had no immediate impact on plan costs or liabilities.

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, 2011, amounted to \$94.2 million, an increase of \$20.1 million (27.1%) from \$74.1 million at June 30, 2010.

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 decreased to \$7.7 million in fiscal year 2011 from \$7.9 million in fiscal year 2010, for a decrease of \$231 thousand (2.9%). Contributions decreased due to a decrease in the total compensation reported for active members as a result of fewer pay periods in fiscal year 2011 compared to fiscal year 2010. The plan recognized net investment income of \$16.3 million for the fiscal year ended June 30, 2011, compared with net investment income of \$7.9 million for the fiscal year ended June 30, 2010. The

FINANCIAL SECTION

increase in investment income is a result of positive investment returns in the capital market performance despite the underlying economic news of high unemployment and deteriorating consumer confidence.

Deductions from the GWPORS net assets held in trust for benefits mainly include retirement benefits, refunds, and administrative expenses. For fiscal year 2011, benefits amounted to \$2.9 million, an increase of \$241 thousand (9.2%) from fiscal year 2010. 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 2011, refunds amounted to \$993 thousand, an increase of \$93 thousand (10.3%) from fiscal year 2010. Although fewer people refunded their accounts, those that are refunding have higher account balances. For fiscal year 2011, administrative expenses amounted to \$88 thousand, an increase of \$28 thousand (46.3%) from fiscal year 2010. The increase in administrative expenses for fiscal year 2011 was mainly due to the costs associated with the technological development of a new computer system to automate more processes pertaining to and impacting GWPORS administration.

An actuarial valuation of the GWPORS assets and benefit obligations is performed annually. At June 30, 2011, the date of the most recent actuarial valuation, the unfunded actuarial liability does not amortize within 30 years or less and the funded status of the plan remained at 75%.

The GWPORS actuarial value of assets were less than actuarial liabilities by \$29.4 million at June 30, 2011, compared with \$28.7 million at June 30, 2010. The increase in unfunded actuarial liability as of the last

actuarial valuation is a result of recognizing past investment losses of \$5.3 million and a total liability gain deducting \$6.7 million from the actuarial liability as a result of the experience of the plan being different from the actuarial assumptions. There was a legislative change to the plan that affects those hired on or after July 1, 2011. This change had no immediate impact on plan costs or liabilities.

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, 2011 amounted to \$229.0 million, an increase of \$41.9 million (22.4%) from \$187.1 million at June 30, 2010.

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 decreased to \$20.8 million in fiscal year 2011 from \$21.9 million in fiscal year 2010, for a decrease of \$1.1 million (5.0%). Although the plan saw an increase in active members, the contributions decreased due to the total compensation reported for active members decreasing as a result of more experienced, higher compensated members retiring. The plan recognized net investment income of \$39.2 million for the fiscal year ended June 30, 2011, compared with net investment income of \$20.0 million for fiscal year ended June 30, 2010. The increase in investment income is a result of positive investment returns in the capital

market performance despite the underlying economic news of high unemployment and deteriorating consumer confidence.

Deductions from the MPORS net assets held in trust for benefits mainly include retirement benefits, refunds, and administrative expenses. For fiscal year 2011, benefits amounted to \$17.0 million, an increase of \$1.3 million (8.2%) from fiscal year 2010. 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 2011, refunds amounted to \$1.0 million, an increase of \$87 thousand (9.5%) from fiscal year 2010. Although fewer people refunded their accounts, those that are refunding have higher account balances. For fiscal year 2011, administrative expenses were \$106 thousand, an increase of \$27.5 thousand (35.3%) from fiscal year 2010. The increase in administrative expenses for fiscal year 2011 was mainly due to the costs associated with the technological development of a new computer system to automate more processes pertaining to and impacting MPORS administration.

An actuarial valuation of the MPORS assets and benefit obligations is performed annually. At June 30, 2011, the date of the most recent actuarial valuation, the years to amortize the unfunded actuarial liability increased to 25.0 years from 23.0 years at June 30, 2010 and the funded status of the plan decreased to 55% at June 30, 2011 from 57% at June 30, 2010.

The MPORS actuarial value of assets were less than actuarial liabilities by \$179.7 million at June 30, 2011, compared with \$162.8 million at June 30, 2010. The increase

in the actuarial liability as of the last actuarial valuation is a result of recognizing past investment losses of \$15.7 million and a total liability loss adding \$0.5 million to the actuarial liability as a result of the experience of the plan being different from the actuarial assumptions.

FURS

The FURS provides retirement, disability, and death benefits for firefighters employed by first- and second-class cities, other cities and rural fire departments that adopt the plan, and firefighters hired by the Montana Air National Guard (MANG) on or after October 1, 2001. Member, employer, and state contributions, and earnings on investments fund the benefits of the plan. The FURS net assets held in trust for benefits at June 30, 2011, amounted to \$227.5 million, an increase of \$43.0 million (23.3%) from \$184.5 million at June 30, 2010.

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 decreased to \$20.1 million in fiscal year 2011 from \$20.4 million in fiscal year 2010, a decrease of \$297 thousand (1.5%). Although the plan saw an increase in active members and a new employer, the contributions decreased due to the total compensation reported for active members decreasing as a result of more experienced, higher compensated members retiring. The plan recognized net investment income of \$38.8 million for the fiscal year ended June 30, 2011, compared with net investment income of \$19.6 million for the fiscal year ended June 30, 2010. The increase in investment income is a result of positive investment returns in the capital market performance despite the underlying economic

FINANCIAL SECTION

news of high unemployment and deteriorating consumer confidence.

Deductions from the FURS net assets held in trust for benefits mainly include retirement benefits, refunds, and administrative expenses. For fiscal year 2011, benefits amounted to \$15.6 million, an increase of \$1.0 million (6.9%) from fiscal year 2010. 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 2011, refunds amounted to \$128 thousand, an increase of \$42 thousand (49.2%) from fiscal year 2010. Although fewer people refunded their accounts, those that are refunding have higher account balances. For fiscal year 2011, administrative expenses were \$92 thousand, an increase of \$20.7 thousand (29.2%). The increase in administrative expenses for fiscal year 2011 was mainly due to the costs associated with the technological development of a new computer system to automate more processes pertaining to and impacting FURS administration.

An actuarial valuation of the FURS assets and benefit obligations is performed annually. At June 30, 2011, the date of the most recent actuarial valuation, the years to amortize the unfunded actuarial liability increased to 16.0 years from 14.7 years at June 30, 2010 and the funded status of the plan decreased to 62% at June 30, 2011 from 64% at June 30, 2010.

The FURS actuarial value of assets were less than actuarial liabilities by \$135.2 million at June 30, 2011, compared with \$121.7 million at June 30, 2010. The increase in unfunded actuarial liability as of the last actuarial valuation is a result of recognizing past

investment losses of \$14.9 million and a total liability loss adding \$0.8 million to the actuarial liability as a result of the experience of the plan being different from the actuarial assumptions.

VFCA

The VFCA provides retirement, disability, and death benefits for volunteer firefighters who are members of eligible volunteer fire companies in unincorporated areas. State contributions and earnings on investments fund the benefits of the plan. The VFCA net assets held in trust for benefits at June 30, 2011 amounted to \$27.0 million, an increase of \$4.4 million (19.2%) from \$22.6 million at June 30, 2010.

Additions to the VFCA net assets held in trust for benefits include state contributions, and investment income. For the fiscal year ended June 30, contributions increased to \$1.596 million in fiscal year 2011 from \$1.575 million in fiscal year 2010, an increase of \$21 thousand (1.4%). Contributions increased because there was an increase in the fire insurance premium taxes distributed to the VFCA. The plan recognized net investment income of \$4.8 million for the fiscal year ended June 30, 2011, compared with net investment income of \$2.6 million for the fiscal year ended June 30, 2010. The increase in investment income is a result of positive investment returns in the capital market performance despite the underlying economic news of high unemployment and deteriorating consumer confidence.

Deductions from the VFCA net assets held in trust for benefits include retirement benefits, administrative expenses, and supplemental insurance payments. For fiscal year 2011, benefits amounted to \$1.938 million, an increase of \$81.1 thousand (4.4%) from fiscal year 2010. The increase in benefit payments

was due to an increase in benefit recipients. For fiscal year 2011, administrative expenses amounted to \$81 thousand, an increase of \$24 thousand(42.3%) from fiscal year 2010. The increase in administrative expenses for fiscal year 2011 was mainly due to the costs associated with the technological development of a new computer system to automate more processes pertaining to and impacting VFCA administration. For fiscal year 2011, supplemental insurance payments amounted to \$15 thousand, a decrease of \$2 thousand from fiscal year 2010.

An actuarial valuation of the VFCA assets and benefit obligations is performed annually. At June 30, 2011, the date of the most recent actuarial valuation, the years to amortize the unfunded actuarial liability increased to 8.8 years from 7.7 years at June 30, 2010 and the funded status of the plan decreased to 74% at June 30, 2011 from 77% at June 30, 2010.

The VFCA actuarial value of assets were less than actuarial liabilities by \$9.0 million at June 30, 2011, compared with \$7.9 million at June 30, 2010. The increase in unfunded actuarial liability as of the last actuarial valuation is a result of recognizing past investment losses of \$2.1 million, a total liability gain deducting \$0.35 million from the actuarial liability as a result of the experience of plan being different from the actuarial assumptions, and a liability loss of \$151 thousand based on changes in the plan due to new legislation eliminating the 30 year cap on credited service.

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, 2011.

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. The Annual Required Contribution (ARC) is critical to the defined benefit plans'. It is the present value of the total cost of post-employment benefits earned to date by employees that is assigned to a given period and serves as a measurement of those pension costs for accounting and financial reporting purposes. The ARC has not been met in the past three years for the PERS-Defined Benefit Retirement Plan (PERS-DBRP), the Game Wardens' and Peace Officers' Retirement System (GWPORS), and the Sheriffs' Retirement System (SRS) and was not met in 2011 for Highway Patrol Officers' Retirement System (HPORS). Investment earnings are also 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 years 2010 and 2011. The funding status decreased for all defined benefit plans in the latest valuation. Public pension plans are considered actuarially sound if the unfunded accrued actuarial liability amortization period is less than 30 years. Montana's Constitution requires the

FINANCIAL SECTION

public retirement plans to 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 \$25 million cash infusion in 2006 from the State of Montana in the PERS-DBRP. For three of the systems, the PERS-DBRP, GWPORS, and the SRS, the impact of the negative investment returns resulted in the plans not amortizing within 30 years. Legislation from the 2007 session 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. According to the PERB's June 30, 2011 actuarial valuations, the unfunded liability in PERS-DBRP, GWPORS and SRS do not amortize and Highway Patrol Officers' Retirement System (HPORS) doesn't amortize within 30 years.

Funding ratios range from a high of 141% (JRS) to a low of 55% (MPORS). The Schedule of Funding Progress on pages 82 and 83 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, 2011, the actuarial value of assets of all plans was less than the market value of assets by \$172.9 million due to a positive 21.31% market return in fiscal year 2011. The current smoothing reserve has a negative balance which will be reflected in the actuarial value of assets again in fiscal year 2012.

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 2010 are on page 37.

PERS-DCRP

The PERS-DCRP is established under section 401(a) of the Internal Revenue Code and Title 19, chapters 2 & 3 of 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, 2011 amounted to \$78.8 million, an increase of \$19.1 million (32.0%) from \$59.7 million at June 30, 2010.

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 \$10.8 million in fiscal year 2011 from \$10.7 million in fiscal year 2010, an increase of \$106 thousand (1.0%). Contributions increased due to an increase in the total compensation reported as a result of an increase in active participants. The plan recognized net investment income of \$12.7 million for fiscal

year ended 2011, compared with net investment income of \$6.1 million in fiscal year 2010. The increase in investment income is a result of positive investment returns in the capital market performance despite the underlying economic news of high unemployment and deteriorating consumer confidence.

Deductions from the PERS-DCRP net assets include disability benefits, member distributions, administrative expenses, and miscellaneous expenses. For fiscal year 2011, disability benefits amounted to \$19 thousand, compared to \$14 thousand in fiscal year 2010. For fiscal year 2011, distributions amounted to \$3.6 million, an increase of \$1.7 million (87.2%). The increase in distributions was due to more defined contribution members taking service or lump sum distributions. For fiscal year 2011, the costs of administering the plan amounted to \$417 thousand, an increase of \$10 thousand (2.6%) from fiscal year 2010. The increase in administrative expenses for fiscal year 2011 was mainly due to the costs associated with the technological development of a new computer system to automate more processes pertaining to and impacting PERS-DCRP. The miscellaneous expenses, fees charged by the vendors to administer the plan, increased from \$250 thousand in fiscal year 2010 to \$299 thousand in fiscal year 2011, an increase of \$49 thousand (19.5%) from fiscal year 2010. 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 Title 19, chapter 50 of 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, 2011 amounted to \$360.6 million, an increase of \$39.8 million (12.4%) from \$320.9 million at June 30, 2010.

Additions to the Deferred Compensation Plan net assets held in trust for benefits include contributions and investment income. For fiscal year 2011, contributions increased to \$19.6 million from \$19.0 million in fiscal year 2010, an increase of \$560 thousand (3.0%). Contributions increased due to an increase in the amount of money deferred to the plan and the addition of two new contracting employers participating in the plan for an overall increase in membership. The plan recognized net investment income of \$36.9 million for fiscal year 2011, compared with net investment income of \$37.2 million for fiscal year 2010. The decreased investment income is a result of losses in the stock market by participants.

Deductions from the Deferred Compensation Plan net assets mainly include member and beneficiary distributions, administrative expense, and miscellaneous expenses. For fiscal year 2011, distributions amounted to \$15.4 million, an increase of \$2.0 million (15.1%) from \$13.4 million at June 30, 2010. The increase in distributions was due to more deferred compensation members taking distributions. The costs of administering the plan increased from \$271 thousand in fiscal year 2010 to \$283 thousand in fiscal year 2011, an increase of \$12 thousand (4.3%) from fiscal year 2010. The increase in administrative expenses for fiscal year 2011 was mainly due to the costs associated with the technological development of a new

FINANCIAL SECTION

computer system to automate more processes pertaining to and impacting the Deferred Compensation Plan administration. Miscellaneous expenses, the fees charged by the vendors to administer the plan, increased from \$991 thousand in fiscal year 2010 to \$1.0 million in fiscal year 2011, an increase of \$16 thousand (1.6%) from fiscal year 2010. The increase in miscellaneous expenses was due to the increase in the number of plan participants and an increase in the average account balance.

FINANCIAL SECTION

Fiduciary Net Assets - Defined Contribution Plans

As of June 30, 2011 - and comparative totals for June 30, 2010

(dollars in thousands)

	PERS-DCRP		457-PLAN		TOTAL	
	2011	2010	2011	2010	2011	2010
Assets:						
Cash and Receivables	\$3,645	2,983	961	807	4,606	3,790
Securities Lending Collateral	44	107	13	31	57	138
Investments	75,298	56,838	360,009	320,368	435,307	377,206
Intangible Assets	3	5	1	2	4	7
Total Assets	78,990	59,933	360,984	321,208	439,974	381,141
Liabilities:						
Securities Lending Collateral	44	107	13	31	57	138
Other Payables	158	137	351	312	509	449
Total Liabilities	202	244	364	343	566	587
Total Net Assets	\$78,788	59,689	360,620	320,865	439,408	380,554

Changes In Fiduciary Net Assets - Defined Contribution Plans

For the year ended June 30, 2011 - and comparative totals for June 30, 2010

(dollars in thousands)

	PERS-DCRP		457-PLAN		TOTAL	
	2011	2010	2011	2010	2011	2010
Additions:						
Contributions	\$10,762	10,656	19,559	18,999	30,321	29,655
Investment Income (Loss)	12,698	6,122	36,907	37,203	49,605	43,325
Total Additions	23,460	16,778	56,466	56,202	79,926	72,980
Deductions:						
Benefits	19	14			19	14
Distributions	3,619	1,933	15,416	13,398	19,035	15,331
OPEB Expenses	9	8	5	6	14	14
Administrative Expenses	417	407	283	271	700	678
Miscellaneous Expenses	299	250	1,007	991	1,306	1,241
Total Deductions	4,363	2,612	16,711	14,666	21,074	17,278
Incr/(Decr) in Net Assets	\$19,097	14,166	39,755	41,536	58,852	55,702
Prior Period Adjustments						

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, 2011

	PERS-DBRP	JRS	HPORS	SRS	GWPORS	MPORS
Assets						
Cash and Short-term Investments	\$ 62,928,146	1,395,646	1,718,285	4,926,855	2,538,113	2,616,238
Securities Lending Collateral (Note A6)	195,531,959	3,143,078	4,904,593	10,419,583	4,633,694	10,830,594
Receivables						
Interest	5,957,602	95,559	149,385	316,634	140,796	330,032
Accounts Receivable	3,862,173	73,467	160,643	500,106	271,263	130,740
Due from Other Funds	404,186					
Due from Primary Government						11,593,690
Notes Receivable	11,739					
<i>Total Receivables</i>	10,235,700	169,026	310,028	816,740	412,059	12,054,462
Investments, at fair value (Note A6)						
Montana Domestic Equity Pool (MDEP)	1,434,773,301	23,097,726	35,968,884	76,579,639	34,016,826	79,542,357
Retirement Fund Bond Pool (RFBP)	969,118,608	15,497,354	24,318,404	51,323,160	22,834,041	53,728,827
Montana International Pool (MTIP)	727,764,569	11,733,045	18,258,320	38,871,334	17,251,933	40,333,517
Montana Private Equity Pool (MPEP)	484,323,775	7,787,966	12,135,734	25,805,704	11,524,425	26,844,317
Montana Real Estate Pool (MTRP)	256,367,580	4,046,036	6,313,128	13,434,402	6,002,774	13,980,617
Structured Investment Vehicles (SIV)	1,023,428	22,663	25,928	81,513	38,979	44,793
Defined Contributions Fixed Investments						
Defined Contributions Variable Investments						
Deferred Compensation Life Insurance						
<i>Total Investments</i>	3,873,371,261	62,184,790	97,020,398	206,095,752	91,668,978	214,474,428
Capital Assets						
Property and Equipment, at cost, net of Accumulated Depreciation (Note A2)	513					
Intangible Assets, at cost, net of Amortization Expense (Note A2)	105,037	918	938	1,054	1,019	996
<i>Total Capital Assets</i>	105,550	918	938	1,054	1,019	996
Total Assets	4,142,172,616	66,893,458	103,954,242	222,259,984	99,253,863	239,976,718
Liabilities						
Accrued Liability						
Securities Lending Liability	195,531,959	3,143,078	4,904,593	10,419,583	4,633,694	10,830,594
Accounts Payable	578,843	7,947	6,757	30,027	38,576	7,124
Due to Other Funds	281,760	8,103	29,231	90,334	57,191	77,839
Deferred Revenue	3,161,779	73,467	161,356	19,992	271,372	12,481
Compensated Absences	224,052	1,567	1,330	1,567	1,567	1,402
OPEB Implicit Rate Subsidy LT	286,469	507	2,057	6,259	4,324	5,363
<i>Total Liabilities</i>	200,064,862	3,234,669	5,105,324	10,567,762	5,006,724	10,934,803
Net Assets Held in Trust for Pension Benefits	\$ 3,942,107,754	63,658,789	98,848,918	211,692,222	94,247,139	229,041,915

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	
2,787,331	1,664,945	80,575,559	3,345,451	960,356	4,305,807	84,881,366
10,765,773	1,302,698	241,531,972	44,019	12,677	56,696	241,588,668
328,098	39,171	7,357,277	662	196	858	7,358,135
122,461		5,120,853	36,103		36,103	5,156,956
		404,186	262,689		262,689	666,875
11,365,441		22,959,131				22,959,131
		11,739				11,739
11,816,000	39,171	35,853,186	299,454	196	299,650	36,152,836
78,946,676	9,375,580	1,772,300,989				1,772,300,989
53,466,832	6,415,462	1,196,702,688				1,196,702,688
40,044,384	4,752,704	899,009,806				899,009,806
26,634,789	3,145,275	598,201,985				598,201,985
13,868,842	1,637,491	315,650,870				315,650,870
47,774	28,584	1,313,662	56,163	16,174	72,337	1,385,999
			7,970,596	224,800,328	232,770,924	232,770,924
			67,271,032	135,180,437	202,451,469	202,451,469
				12,316	12,316	12,316
213,009,297	25,355,096	4,783,180,000	75,297,791	360,009,255	435,307,046	5,218,487,046
		513				513
975	292	111,229	3,070	1,048	4,118	115,347
975	292	111,742	3,070	1,048	4,118	115,860
238,379,376	28,362,202	5,141,252,459	78,989,785	360,983,532	439,973,317	5,581,225,776
				4,838	4,838	4,838
10,765,773	1,302,698	241,531,972	44,019	12,677	56,696	241,588,668
7,033	6,402	682,709	103,864	308,842	412,706	1,095,415
64,042	58,374	666,874				666,874
9,423		3,709,870				3,709,870
1,385	1,274	234,144	21,304	14,350	35,654	269,798
4,300	4,280	313,559	32,932	22,598	55,530	369,089
10,851,956	1,373,028	247,139,128	202,119	363,305	565,424	247,704,552
227,527,420	26,989,174	4,894,113,331	78,787,666	360,620,227	439,407,893	5,333,521,224

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, 2011

	PERS-DBRP	JRS	HPORS	SRS	GW PORS	MPORS
Additions						
Contributions (Note C)						
Employer	\$ 79,090,452	1,476,728	4,542,142	6,013,558	3,523,095	5,670,400
Plan Member	77,797,639	478,963	1,268,457	5,824,407	4,173,016	3,579,809
Membership Fees	96					
Interest Reserve Buyback	76,528	24,551	2,010	6,318	25,068	296
Retirement Incentive Program	82,925					
Miscellaneous Revenue	281					
State Contributions	545,643		278,464			11,593,690
Nonvested Member Forfeitures						
Total Contributions	157,593,564	1,980,242	6,091,073	11,844,283	7,721,179	20,844,195
Investments (Note A6)						
Net Appreciation (Depreciation) in Fair Value of Investments	613,578,435	9,950,195	15,351,036	33,171,879	14,590,201	33,444,777
Interest	106,060,195	1,509,286	2,664,956	4,590,350	1,845,703	5,961,710
Dividends	15,826,516	252,978	396,458	835,301	364,677	871,828
Investment Expense	(21,224,486)	(339,071)	(530,344)	(1,120,496)	(492,958)	(1,167,589)
Net Investment Income	714,240,660	11,373,388	17,882,106	37,477,034	16,307,623	39,110,726
Securities Lending Income						
Securities Lending Income	1,603,950	25,940	40,609	85,722	37,485	89,561
Securities Lending Rebate and Fees	(446,183)	(7,208)	(11,293)	(23,804)	(10,396)	(24,893)
Net Securities Lending Income	1,157,767	18,732	29,316	61,918	27,089	64,668
Total Net Investment Income	715,398,427	11,392,120	17,911,422	37,538,952	16,334,712	39,175,394
Total Additions	872,991,991	13,372,362	24,002,495	49,383,235	24,055,891	60,019,589
Deductions (Note C)						
Benefits	231,222,603	2,239,603	7,865,745	9,237,286	2,863,434	17,013,369
Refunds/Distributions	11,302,115		120,667	938,296	991,127	947,772
Refunds to Other Plans	233,688			29,443	2,014	51,961
Transfers to DCRP	609,001					
Transfers to ORP	139,945					
Supplemental Insurance Payments						
OPEB Expenses	78,460	114	96	114	114	102
Administrative Expenses	3,249,339	38,578	55,560	121,298	87,777	105,512
Miscellaneous Expenses						
Total Deductions	246,835,151	2,278,295	8,042,068	10,326,437	3,944,466	18,118,716
Net Increase (Decrease)	626,156,840	11,094,067	15,960,427	39,056,798	20,111,425	41,900,873
Net Assets Held in Trust for Pension Benefits						
Beginning of Year	3,315,905,638	52,564,722	82,888,491	172,635,424	74,135,714	187,141,042
Prior Period Adjustment	45,276					
End of Year	\$ 3,942,107,754	63,658,789	98,848,918	211,692,222	94,247,139	229,041,915

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	
		96				96
		134,771				134,771
		82,925				82,925
		281	282,671	424,230	706,901	707,182
11,365,441	1,596,436	25,379,674				25,379,674
			415,137		415,137	415,137
20,122,227	1,596,436	227,793,199	10,762,451	19,559,297	30,321,748	258,114,947
33,342,636	3,959,076	757,388,235	11,355,783	30,352,273	41,708,056	799,096,291
5,638,582	859,640	129,130,422	1,333,946	7,344,383	8,678,329	137,808,751
862,763	105,564	19,516,085				19,516,085
(1,156,804)	(139,693)	(26,171,441)		(792,572)	(792,572)	(26,964,013)
38,687,177	4,784,587	879,863,301	12,689,729	36,904,084	49,593,813	929,457,114
88,681	10,784	1,982,732	8,797	2,385	11,182	1,993,914
(24,642)	(3,002)	(551,421)	(164)		(164)	(551,585)
64,039	7,782	1,431,311	8,633	2,385	11,018	1,442,329
38,751,216	4,792,369	881,294,612	12,698,362	36,906,469	49,604,831	930,899,443
58,873,443	6,388,805	1,109,087,811	23,460,813	56,465,766	79,926,579	1,189,014,390
15,605,138	1,938,060	287,985,238	18,531		18,531	288,003,769
128,292		14,428,269	3,618,570	15,415,941	19,034,511	33,462,780
		317,106				317,106
		609,001				609,001
		139,945				139,945
	14,850	14,850				14,850
100	92	79,192	8,709	4,790	13,499	92,691
91,748	81,139	3,830,951	417,360	282,759	700,119	4,531,070
			298,823	1,006,665	1,305,488	1,305,488
15,825,278	2,034,141	307,404,552	4,361,993	16,710,155	21,072,148	328,476,700
43,048,165	4,354,664	801,683,259	19,098,820	39,755,611	58,854,431	860,537,690
184,479,255	22,634,510	4,092,384,796	59,688,846	320,864,616	380,553,462	4,472,938,258
		45,276				45,276
227,527,420	26,989,174	4,894,113,331	78,787,666	360,620,227	439,407,893	5,333,521,224

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, 2011

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 education 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 94 to 96.

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

FINANCIAL SECTION

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 2011 financial statements contain a prior period adjustment to the PERS-DBRP for prior years' employer reporting errors where members should have been reported but were not reported.

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 record keeper, Great-West Retirement Services (Great-West), withholds payment of Great-West's contractual expenses and 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.

Participants of the Deferred Compensation Plan are charged, on a quarterly basis, a flat fee plus a basis point fee based on their individual account balances. The record keeper, Great-West, withholds payment of Great-

West's contractual expenses and 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 \$5,000 or more are recorded at cost less straight-line depreciation over the estimated useful life of five to ten years. 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. Equipment consists of a microfiche machine. Capital assets include the web-based employer reporting software and the MPERA website.

The accumulated depreciation on the web-based employer reporting system is \$1,602,768 as of June 30, 2011 and the carrying value as of June 30, 2011 is \$98,842. The accumulated depreciation on the MPERA website as of June 30, 2011 is \$99,146 and the carrying value is \$16,504.

MPERA is embarking on a project over the next three to five years where several phases will be implemented to improve operational efficiency, provide better service to our plan members and other customers and address disaster recovery concerns surrounding our paper driven processes. The project, appropriately named, MPERAtiv includes the implementation of a document imaging system, a data cleansing project, and implementation of a new public pension line of business software application. The

FINANCIAL SECTION

MPERAtiv project was prompted by the age and limitations of our systems that are increasingly difficult to maintain in addition to recommendations from the State's Information Technology (IT) division to move away from the old Integrated Database Management System (IDMS) platform. MPERA's IDMS systems were put in place in 1985 (retiree), 1993 (active), and 2006 (volunteer fire). The new line of business application will replace the IDMS systems as well as the Web Reporting application that was implemented in two phases between 2002 (payroll) and 2004 (457).

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

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 2011 for all retirement plans.

Funded Ratio		
	6/30/2011	6/30/2010
PERS-DBRP	70%	74%
JRS	141%	144%
HPORS	61%	64%
SRS	76%	81%
GWPORS	75%	75%
MPORS	55%	57%
FURS	62%	64%
VFCA	74%	77%

Funded Status as of June 30, 2011

(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	\$3,800,479	\$5,410,144	\$1,609,665	70.25%	\$1,071,376	150.24%
JRS	61,274	43,414	(17,860)	141.13%	5,645	-316.38%
HPORS	95,274	155,742	60,468	61.17%	12,472	484.83%
SRS	203,689	266,506	62,817	76.43%	57,041	110.12%
GWPORS	90,437	119,881	29,444	75.44%	38,306	76.87%
MPORS	221,669	401,381	179,712	55.23%	39,470	455.30%
FURS	219,959	355,188	135,229	61.93%	34,852	388.01%
VFCA	26,183	35,195	9,012	74.39%	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 that follows 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, 2011
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	48.2 years
SRS	Does not amortize
GWPORS	Does not amortize
MPORS	25 years
FURS	16 years
VFCA	8.8 years
* Currently JRS has a surplus	

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)

MPERA's allocated annual OPEB cost (expense) for the year ending June 30, 2011 was \$92,692. The interest on the net OPEB obligation for the year ending June 30, 2011 was \$4,240. For fiscal year 2010, MPERA's allocated annual OPEB cost (expense) was \$88,913 and the interest was \$4,067. The cost that was allocated to MPERA for the years ended June 30, 2011 and June 30, 2010 was \$92,692 and \$88,913, respectively.

FINANCIAL SECTION

The PERB annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2011 and prior 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
6/30/2011	92,692	0.00%	369,090

MPERA's net OPEB (NOPEB) outstanding at June 30, 2011 was as follows: Annual Required Contribution (ARC) is \$99,760; interest on the NOPEB is \$4,240; adjustments to the ARC is \$0; increase in the NOPEB is \$104,000; and the NOPEB obligation is \$369,090.

Funded Status and Funding Progress: The most recent actuarial valuation available was completed by the State of Montana 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 \$1,438,749; and the UAAL as a Percentage of Covered Payroll is 47.71%.

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, 2011, 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.

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 previously, 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 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. Investments are reported at fair value as of June 30, 2011.

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 2011 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). The PERB portion of STIP is \$80.6 million or 3.32%.

At June 30, 2011, the STIP balance included Structure Investment Vehicles (SIVs) that were no longer liquid. As a result these are no longer considered cash equivalents and are reclassified from cash to investments based on a pro rata share of the pension funds' investment in the

FINANCIAL SECTION

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 sub-custodian of the American depository bank. For *Custodial Credit Risk* as of June 30, 2011, 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 \$1.8 billion or 62.24%.

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, 2011, 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. For *Interest Rate Risk* as of June 30, 2011, 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 \$2,024,412,168 with an effective duration of 4.56 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 \$203.9 thousand or 50.40%. The PERB portion of the entire RFBP is \$1.2 billion or 62.24%.

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, 2011, 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 \$2.0 million or 50.40%. The PERB portion of the entire MTIP is \$899.0 million or 62.26%.

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, 2011, 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 \$12.9 million or 50.38%. The PERB portion of the entire MPEP is \$598.2 million or 62.28%.

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, 2011, 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 \$12.9 million or 50.46%. The PERB portion of the entire MTRP is \$315.7 million or 62.13%.

All Other Funds (AOF) Investments portfolio for the pension plans includes real estate buildings and residential

FINANCIAL SECTION

mortgages. Fair values are determined, primarily, by reference to market prices supplied to the BOI by its custodial bank, State Street Bank. The real estate investments and residential and multi-family mortgages are valued based on a discounted cash flow. The mortgages receivable funded by the retirement systems consist of residential mortgages. On May 1, 2011 the direct real estate buildings and residential mortgages, owned by the PERS, were sold to the MTRP and the RFBP and are no longer included in the AOF. 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, 2011, all real estate and mortgage investments were 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, 2011, 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 market value yield and duration.

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.

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 investments and meet their individual investment goals and strategies. With 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: "Participants make individual investment decisions, subject to the investments offered under the plan and, ultimately, bear the risks and rewards of investment returns." In the reviews, each investment alternative is compared to its peers and the appropriate benchmark. In addition, each investment alternative is reviewed for other

indicators including, but not limited to: style drift, duplication, and fund manager or other organizational changes. Investment alternatives that are determined to have a sub-standard performance rating or other negative indicators may be recommended for probation or termination. During the reviews the PERB may decide to retain, replace or place in a probation status any of the offered mutual funds. *Concentration of Credit Risk* is not addressed in the investment policy and investments in mutual funds are not required to be disclosed.

Investments are reported at fair value as of June 30, 2011. Available funds in the PERS-DCRP and Deferred Compensation Plan are listed on pages 76 and 79, 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.

Center for Mental Health. The legislature amended § 19-3-108(3), MCA in 1999 requiring PERS to exclude participation by certain employees, including those hired by regional mental health centers on or after July 1, 1999 from PERS participation. The Center for Mental Health (CMH) continued to improperly report employees as PERS members until 2009 when MPERA discovered these errors. MPERA

FINANCIAL SECTION

subsequently returned the incorrectly paid contributions to the employees and the employer and corrected retirement benefits. The impacted employees hired legal counsel, Joseph Cosgrove of Hoyt and Blewett in Great Falls, to represent them. Cosgrove filed an administrative claim with Risk Management and Tort Defense (RMTD) and a complaint was filed against MPERA and the State on September 13, 2011 and served on the Office of the Attorney General on October 4, 2011. The complaint alleges MPERA and the State negligently breached their duties to administer and manage PERS. Plaintiffs seek damages for past and future economic damages, emotional distress, costs and disbursements. If plaintiffs are successful, tort-based damages may be limited to \$1.5 million under § 2-9-108, MCA and will be paid through the state's self-insurance reserve fund, not the PERS trust fund. Any award of damages based on payment of retirement benefits or collection of interest on wrongly withheld contributions will not have a material, adverse effect on PERS's financial position as a whole.

John Crossman, et al. v. MPERA. In 2007 former volunteer firefighters contested MPERA's refusal to increase their VFCA retirement benefits based on 2003 and 2005 legislative amendments to § 19-17-404, MCA. Both of these amendments increased retirement benefits for members who serve as volunteer firefighters for more than twenty years. The claimants, who all served for more than twenty years, seek to have their retirement benefits recalculated according to the new benefit structure provided in the amended version of § 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, which the PERB adopted as its Final Order in December 2008. Claimants then filed a petition for judicial review in the First Judicial District, Judge Dorothy McCarter presiding. Judge McCarter issued an order in January 2010 holding that the claimants are included within § 19-17-404, MCA, but remanding for a determination on whether their claim is barred by the two year statute of limitations under § 27-2-211(1)(c), MCA. The statute of limitations issue remains before the hearing examiner John Melcher for decision. In January 2011, Examiner Melcher denied cross motions for summary judgment and expanded the statute of limitations issue to a determination of which period of limitations is applicable. Examiner Melcher presided over an administrative hearing in early October 2011. A proposed order following the hearing is pending. If the claims are determined to not be barred by the statute of limitations, and the Supreme Court affirms Judge McCarter's decision, VFCA retirees would be owed over \$566,000 as of June 2011. In addition, based on retiree data as of June 2011, monthly benefits would also increase by approximately \$7,432.50 for 282 retirees.

C. PLAN MEMBERSHIP, DESCRIPTIONS AND CONTRIBUTION INFORMATION

The plans are established and amended

FINANCIAL SECTION

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, 2011 and June 30, 2010 is detailed in the following charts.

PERS-DBRP Membership					
	<u>2011</u>	<u>2010</u>		<u>2011</u>	<u>2010</u>
Number of participating employers	533	533			
Active plan members	28,659	28,834	Retirees and beneficiaries receiving benefits		
Terminated plan members entitled to but not yet receiving benefits or a refund			Service Retirements	17,509	16,872
Vested	2,535	2,471	Disability Retirements	231	261
Non-vested	5,787	5,402	Survivor Benefits	383	379
	<u>8,322</u>	<u>7,873</u>		<u>18,123</u>	<u>17,512</u>

JRS Membership					
	<u>2011</u>	<u>2010</u>		<u>2011</u>	<u>2010</u>
Number of participating employers	1	1			
Active plan members	54	51	Retirees and beneficiaries receiving benefits		
Terminated plan members entitled to but not yet receiving benefits or a refund			Service Retirements	56	53
Vested	-	1	Disability Retirements	-	-
Non-vested	-	-	Survivor Benefits	2	2
	<u>-</u>	<u>1</u>		<u>58</u>	<u>55</u>

FINANCIAL SECTION

HPORS Membership					
	<u>2011</u>	<u>2010</u>		<u>2011</u>	<u>2010</u>
Number of participating employers	1	1			
Active plan members	214	230	Retirees and beneficiaries receiving benefits		
Terminated plan members entitled to but not yet receiving benefits or a refund			Service Retirements	276	275
Vested	11	13	Disability Retirements	10	7
Non-vested	9	6	Survivor Benefits	16	13
	<u>20</u>	<u>19</u>		<u>302</u>	<u>295</u>

SRS Membership					
	<u>2011</u>	<u>2010</u>		<u>2011</u>	<u>2010</u>
Number of participating employers	57	57			
Active plan members	1,230	1,181	Retirees and beneficiaries receiving benefits		
Terminated plan members entitled to but not yet receiving benefits or a refund			Service Retirements	392	362
Vested	48	36	Disability Retirements	31	35
Non-vested	196	157	Survivor Benefits	18	18
	<u>244</u>	<u>193</u>		<u>441</u>	<u>415</u>

GWPORS Membership					
	<u>2011</u>	<u>2010</u>		<u>2011</u>	<u>2010</u>
Number of participating employers	7	7			
Active plan members	951	966	Retirees and beneficiaries receiving benefits		
Terminated plan members entitled to but not yet receiving benefits or a refund			Service Retirements	138	129
Vested	61	47	Disability Retirements	-	-
Non-vested	113	100	Survivor Benefits	7	7
	<u>174</u>	<u>147</u>		<u>145</u>	<u>136</u>

FINANCIAL SECTION

MPORS Membership					
	<u>2011</u>	<u>2010</u>		<u>2011</u>	<u>2010</u>
Number of participating employers	31	30			
Active plan members	739	727	Retirees and beneficiaries receiving benefits		
Terminated plan members entitled to but not yet receiving benefits or a refund			Service Retirements	624	618
Vested	40	47	Disability Retirements	22	23
Non-vested	71	65	Survivor Benefits	30	29
	<u>111</u>	<u>112</u>		<u>676</u>	<u>670</u>

FURS Membership					
	<u>2011</u>	<u>2010</u>		<u>2011</u>	<u>2010</u>
Number of participating employers	24	23			
Active plan members	579	570	Retirees and beneficiaries receiving benefits		
Terminated plan members entitled to but not yet receiving benefits or a refund			Service Retirements	524	518
Vested	13	13	Disability Retirements	7	7
Non-vested	60	53	Survivor Benefits	21	21
	<u>73</u>	<u>66</u>		<u>552</u>	<u>546</u>

VFCA Membership					
	<u>2011</u>	<u>2010</u>		<u>2011</u>	<u>2010</u>
Number of participating companies	216	216			
Active plan members	2,105	2,315	Retirees and beneficiaries receiving benefits		
Terminated plan members entitled to but not yet receiving benefits			Service Retirements	1,183	1,149
Vested	870	827	Disability Retirements	-	-
			Survivor Benefits	-	-
				<u>1,183</u>	<u>1,149</u>

FINANCIAL SECTION

PERS-DCRP Membership					
	<u>2011</u>	<u>2010</u>		<u>2011</u>	<u>2010</u>
Number of participating employers	261	244			
Active plan members	2,021	2,018	Retirees and beneficiaries receiving benefits		
Terminated plan members entitled to but not yet receiving benefits or a refund			Periodic Distributions	8	1
Vested	143	125	Disability Payments	2	2
Non-vested	344	320	Survivor Payments	1	1
	<u>487</u>	<u>445</u>		<u>11</u>	<u>4</u>

Deferred Compensation (457) Membership					
	<u>2011</u>	<u>2010</u>		<u>2011</u>	<u>2010</u>
Number of participating employers	23*	21*	Number of participating plan members	8,091	8,090
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	4,648	4,760
*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.

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

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

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

PERS-DBRP Summary of Benefits

Member's highest average compensation (HAC)

Hired prior to July 1, 2011 - highest average compensation during any consecutive 36 months;
 Hired on or after July 1, 2011 - highest average compensation during any consecutive 60 months.

Eligibility for benefit

Service retirement:

Hired prior to July 1, 2011: Age 60, 5 years of membership service;
 Age 65, regardless of membership service; or
 Any age, 30 years of membership service.

Hired on or after July 1, 2011: Age 65, 5 years of membership service;
 Age 70, regardless of membership service.

Early retirement, actuarially reduced:

Hired prior to July 1, 2011: Age 50, 5 years of membership service; or
 Any age, 25 years of membership service.

Hired on or after July 1, 2011: Age 55, 5 years of membership service.

Vesting 5 years of membership service

FINANCIAL SECTION

PERS-DBRP Summary of Benefits (continued)

Monthly benefit formula

Members hired prior to July 1, 2011:

- 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.

Members hired on or after July 1, 2011:

- Less than 10 years of membership service: 1.5% of HAC per year of service credit;
- 10 years or more, but less than 30 years of membership service: 1.785% of HAC per year of service credit;
- 30 years or more of membership service: 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 prior to July 1, 2007
- 1.5% for members hired on or after July 1, 2007

At June 30, 2011 PERS had 533 participating employers, the same as fiscal year 2010. The participating employers consist of:

PERS-DBRP EMPLOYERS		
<u>Employers</u>	<u>June 30, 2011</u>	<u>June 30, 2010</u>
State Agencies	34	34
Counties	55	55
Cities and Towns	97	97
Colleges and Universities	5	5
School Districts	231	231
High Schools	6	6
Other Agencies	<u>105</u>	<u>105</u>
Total	533	533

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 2011 was 6.9% of the member's compensation. Members hired on or after

July 1, 2011 have a contribution rate of 7.9%. 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 2011. Participating local governments contributed 7.07% of PERS-covered payroll during fiscal year 2011. The State contributed the remaining 0.1% for local governments. Participating school districts contributed 6.8% of PERS-covered payroll during fiscal year 2011. The state contributed the remaining 0.37%. A percentage of the employers' contributions is used to fund the employee education program. (Reference Schedule of Contribution Rates on page 81).

Plan Membership Elections: MPERA has included in the financial statements transfers of \$609,001 in Transfers to DCRP and \$139,945 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 2012.

PERS-DBRP Active Membership by Employer Type		
Employer Type	6/30/2011	6/30/2010
State Agencies	10,807	10,815
Counties	5,397	5,438
Cities	3,181	3,238
Universities	2,638	2,626
High Schools	60	64
School Districts	5,387	5,446
Other Agencies	1,189	1,207
Total	28,659	28,834

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 the actuarially required rate of return as established by the PERB on the unpaid balance. The employees participating under section 19-2-706, MCA increased from 199 in fiscal year 2010 to 209 in fiscal year 2011. The retirement incentive contributions received (including interest) during fiscal year 2011 totaled \$82,925. The outstanding balance at June 30, 2011, totaled \$11,739.

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 2011.

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, 2011, the statutory contribution rates are not sufficient

FINANCIAL SECTION

to amortize the unfunded actuarial accrued liability. During the year ended June 30, 2011, the PERS' assets gained 21.70% 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 0.08%. This return was below the assumed rate of return of 7.75% and resulted in an actuarial loss on investments of \$301 million.

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 follows.

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 of service credit, plus 1.785% per year for each year after 15 years.

Guaranteed Annual Benefit Adjustment (GABA)

Hired on or 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, 2011 JRS had one participating employer, the same as fiscal year 2010. The participating employer consists of:

JRS EMPLOYERS		
<u>Employer</u>	<u>June 30, 2011</u>	<u>June 30, 2010</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 2011 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.

JRS Active Membership by Employee Type		
<u>Employee Type</u>	<u>6/30/2011</u>	<u>6/30/2010</u>
GABA	41	37
Non-GABA	13	14
Total	54	51

As the employer, the State contributed 25.81% of the total JRS-covered payroll to

the retirement plan during fiscal year 2011. (Reference Schedule of Contribution Rates on page 81).

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, 2011, the statutory contribution rates are sufficient to amortize the unfunded actuarial accrued liability. During the year ended June 30, 2011, the JRS’ assets gained 21.65% on a market 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 0.42%. This return was below the assumed rate of return of 7.75% and resulted in an actuarial loss on investments of \$4.5 million.

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 on the next page.

FINANCIAL SECTION

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 on or 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.

At June 30, 2011 HPORS had one participating employer, the same as fiscal year 2010. The participating employer consists of:

HPORS EMPLOYERS		
<u>Employer</u>	<u>June 30, 2011</u>	<u>June 30, 2010</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 2011 is 9.05% of the member's total compensation if hired on or after July 1, 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 2011. The first 26.15% is payable from the same source used to pay members' compensation. The remaining amount, equal to 10.18%, is payable from a portion of the fees collected from drivers' license and duplicate drivers' license applications. (Reference Schedule of Contribution Rates on page 81).

HPORS Active Membership by Employee Type		
Employee Type	6/30/2011	6/30/2010
GABA	214	230
Non-GABA	0	0
Total	214	230

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 the actuarially required rate of return as established by the PERB on the unpaid balance. No employees have taken advantage of this provision to date.

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

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.

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, 2011, the HPORS amortizes in 48.2 years. During the year ended June 30, 2011, the HPORS' assets gained 21.79% 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 0.04%. This return was below the assumed rate of return of 7.75% and resulted in an actuarial loss on investments of \$7.5 million.

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 on the next page.

FINANCIAL SECTION

SRS Summary of Benefits

Member's highest average compensation (HAC)

Hired prior to July 1, 2011 - highest average compensation during any consecutive 36 months;
Hired on or after July 1, 2011 - highest average compensation during any consecutive 60 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 prior to July 1, 2007
- 1.5% for members hired on or after July 1, 2007

At June 30, 2011 SRS had 57 participating employers, the same as fiscal year 2010. The participating employers consist of:

SRS EMPLOYERS		
<u>Employers</u>	<u>June 30, 2011</u>	<u>June 30, 2010</u>
State Agencies — Department of Justice	1	1
Counties	<u>56</u>	<u>56</u>
Total	57	57

Contributions: Member and employer contribution rates are established by state law and may be amended only by the Legislature. The member contribution rate for fiscal year 2011 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 rate for fiscal year 2011 was 10.115%. (Reference Schedule of Contribution Rates on page 81).

SRS Active Membership by Employer Type		
Employer Type	6/30/2011	6/30/2010
Dept of Justice	49	51
Counties	1,181	1,130
Total	1,230	1,181

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 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 the actuarial rate of return as established by the PERB 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, 2011 the statutory contribution rates are not sufficient to amortize the unfunded actuarial accrued liability. During the year ending June 30, 2011, the SRS’ assets gained 21.57% 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 0.65%. This return was below the assumed rate of return of 7.75% and resulted in an actuarial loss on investments of \$14.3 million.

Game Wardens’ and Peace Officers’ Retirement System (GWPORS)__

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

GWPORS provides retirement, disability, and death benefits to plan members and their beneficiaries. Benefits are based on eligibility, years of service, and highest average compensation. Member rights are vested after five years of service.

A brief summary of eligibility and benefits follows.

GWPORS Summary of Benefits

Member’s highest average compensation (HAC)

Hired prior to July 1, 2011 - highest average compensation during any consecutive 36 months;
 Hired on or after July 1, 2011 - highest average compensation during any consecutive 60 months.

Eligibility for benefit

Age 50, 20 years of membership service.

FINANCIAL SECTION

GWPORS Summary of Benefits (continued)

Early Retirement (reduced benefit)

Age 55, vested members who terminate employment prior to 20 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 prior to July 1, 2007
- 1.5% for members hired on or after July 1, 2007

At June 30, 2011 GWPORS had seven participating employers, the same as fiscal year 2010. The participating employers consist of:

GWPORS EMPLOYERS		
<u>Employers</u>	<u>June 30, 2011</u>	<u>June 30, 2010</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 2011 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 2011. (Reference Schedule of Contribution Rates on page 81).

GWPORS Active Membership by Employer		
<u>Employer</u>	<u>6/30/2011</u>	<u>6/30/2010</u>
Dept of Corrections	702	717
Dept FW&P	104	102
Dept of Livestock	35	31
Dept of Transport.	77	81
Universities	<u>33</u>	<u>35</u>
Total	951	966

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 the actuarially required rate of return as established by the PERB 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, 2011, the statutory contribution rates are not sufficient to amortize the unfunded actuarial accrued liability. During the year ending June 30, 2011, the GWPORS’ assets gained 21.36% 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 1.63%. This return was below the assumed rate of return of 7.75% and resulted in an actuarial loss on investments of \$5.3 million.

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 on or after July 1, 1977 - final average compensation (FAC) for last consecutive 36 months.

Eligibility for benefit

20 years of membership service, regardless of age.

Early Retirement

Age 50, 5 years of membership service.

FINANCIAL SECTION

MPORS Summary of Benefits (continued)

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, 2011 MPORS had 31 participating employers, one more than fiscal year 2010. The participating employers consist of:

MPORS EMPLOYERS		
<u>Employers</u>	<u>June 30, 2011</u>	<u>June 30, 2010</u>
Cities	<u>31</u>	<u>30</u>
Total	31	30

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 2011, 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 contributions and interest allocations until a retirement or refund request is processed. Employer contributions to the retirement plan

are 14.41% of total MPORS-covered payroll. The State contributions are requested at the beginning of the fiscal year based on the previous fiscal year compensation and are due no later than November 1.

The State's contribution rate for fiscal year 2011 was 29.37%. (Reference Schedule of Contribution Rates on page 81).

MPORS Active Membership by Employee Type		
<u>Employee Type</u>	<u>6/30/2011</u>	<u>6/30/2010</u>
GABA	730	719
Non-GABA	<u>9</u>	<u>8</u>
Total	739	727

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, 2011, a total of 88 members have participated in the DROP.

DROP Participation		
	6/30/2011	6/30/2010
Participants		
Beginning of Year	32	29
Participants Added	10	8
Completed DROP	5	5
Participants		
End of Year	37	32
DROP Distributions	\$448,988	\$406,814

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, 2011, the MPORS amortizes in 25.0 years. During the year ended June 30, 2011, the MPORS' assets gained 20.72% on a market 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 0.59%. This return was below the assumed rate of return of 7.75% and resulted in an actuarial loss on investments of \$15.7 million.

FINANCIAL SECTION

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 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 member rights are vested after five years of service.

A brief summary of eligibility and benefits follows.

FURS Summary of Benefits

Member's compensation

Hired prior to July 1, 1981 and not electing GABA - highest monthly compensation (HMC);
Hired on or after July 1, 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 on or 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.

FURS Summary of Benefits (continued)

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).

At June 30, 2011 FURS had 24 participating employers, one more than in fiscal year 2010. The participating employers consist of:

FURS EMPLOYERS		
<u>Employers</u>	<u>June 30, 2011</u>	<u>June 30, 2010</u>
State Agencies - Department of Military Affairs	1	1
Cities	16	16
Rural Fire Districts	<u>7</u>	<u>6</u>
Total	24	23

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 2011 are 9.5% for members hired prior to July 1, 1997 and not electing GABA, and 10.7% for members hired on or after July 1, 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 2011 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 2011. 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 81).

FURS Active Membership by Employee Type		
<u>Employee Type</u>	<u>6/30/2011</u>	<u>6/30/2010</u>
GABA	573	564
Non-GABA	<u>6</u>	<u>6</u>
Total	579	570

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.

FINANCIAL SECTION

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, 2011, the FURS amortizes to 16.0 years. During the year ended June 30, 2011, the FURS' assets

gained 20.71% 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 0.84%. This return was below the assumed rate of return of 7.75% and resulted in an actuarial loss on investments of \$14.9 million.

Volunteer Firefighters' Compensation Act (VFCA)

Plan Description: The VFCA is a statewide 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 who 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 credited service;

Age 60, 10 years of credited service.

Additional benefit

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

Members who retire on or after July 1, 2011 and have greater than 30 years of credited service will receive \$7.50 per month for each additional year of credited service after 30 years if the pension trust fund is actuarially sound, amortizing any unfunded liabilities in 20 years or less. This determination will be made annually and a member's benefit will be capped at \$225 a month (30 years of credited service) if the amortization period grows to greater than 20 years.

VFCA Summary of Benefits (continued)

Vesting 10 years of credited service

Monthly benefit formula

\$7.50 per year of credited service

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 81).

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

Actuarial Status: The annual required contribution increased from \$987,116 at the June 30, 2010 valuation to \$1,070,363 at the June 30, 2011 valuation. The required contribution is determined by amortizing the unfunded actuarial liability over a 20-year period. As of June 30, 2011, the VFCA amortizes to 8.8 years. During the year ended June 30, 2011, the VFCA's assets gained 20.98% on a market value basis. However, due to the asset-smoothing method which recognizes only a portion of the gains and losses, the return on the actuarial asset value was a negative 0.14%. This return was below the assumed rate of return of 7.75% and resulted in an actuarial loss on investments of \$2.1 million.

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 employees 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 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 on the next page.

FINANCIAL SECTION

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 2011 was 6.9% of member's compensation. Members hired on or after July 1, 2011 have a contribution rate of 7.9%. 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.

Each state agency and university system employer contributed 7.17% of PERS-covered payroll during fiscal year 2011. Participating local governments employers contribute 7.07% of PERS-covered payroll during fiscal year 2011. The State contributes the remaining 0.1% for local governments. Participating school districts contribute 6.8% of PERS-covered payroll during fiscal year 2011. The State contributed the remaining 0.37%. (Reference Schedule of Contribution Rates on page 81).

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.

PERS-DCRP Active Membership by Employer Type		
Employer Type	6/30/2011	6/30/2010
State Agencies	930	945
Counties	355	354
Cities	255	255
Universities	101	99
High Schools	3	4
School Districts	229	218
Other Agencies	148	143
Total	2,021	2,018

At June 30, 2011 PERS-DCRP had 261 reporting employers, 17 more than in fiscal year 2010. The participating employers consist of:

PERS-DCRP EMPLOYERS		
<u>Employers</u>	<u>June 30, 2011</u>	<u>June 30, 2010</u>
State Agencies	31	32
Counties	45	44
Cities and Towns	48	44
Universities	4	5
School Districts	92	81
High Schools	2	3
Other Agencies	<u>39</u>	<u>35</u>
Total	261	244

Plan Membership Elections: Included in the financial statements are employer contribution transfers of \$1,634.37 and member contribution transfers of \$2,691.44. These transfers reflect the contribution transfers of DCRP participants that filed elections at or near the June 30 cutoff date, although the contributions were not moved until early fiscal year 2012.

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 2011.

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 DCRP Disability Fund received 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

FINANCIAL SECTION

June 30, 2011 are listed below.

PERS-DCRP Investment Options

International Stock Funds

American Funds New Perspective A
Oakmark International
Vanguard Total International Stock Index

Small Company Stock Funds

Vanguard Small Cap Growth Index
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
JP Morgan US Equity

Balanced Funds

Vanguard Balanced Index - Inst'l

Bond Funds

Vanguard Total Bond Market Index Signal

Fixed Investment Options

Montana 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.

MPERA has a Pooled Trust contract with Aegon, PIMCO, and SSKC for all monies invested in the Fixed Investments 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.

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

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.

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 PERS-DCRP 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 PERS-DCRP. These amounts are recorded as *Miscellaneous Revenue*.

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. Fees on the fixed investments are charged by each of the three providers, PIMCO, SSKC and Aegon. The fees are defined under 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 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 next page.

FINANCIAL SECTION

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, 2011 the Deferred Compensation Plan had 23 participating employers, an increase of two from fiscal year 2010. The participating employers consist of:

DEFERRED COMPENSATION EMPLOYERS		
<u>Employers</u>	<u>June 30, 2011</u>	<u>June 30, 2010</u>
State of Montana *	1	1
Counties	2	2
Colleges and Universities	5	6
School Districts	4	2
Cities	4	4
Other	<u>7</u>	<u>6</u>
Total	23	21

*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, 2011 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
Vanguard Small Cap Growth Index
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 options 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.

MPERA has a Pooled Trust contract with Aegon, PIMCO and SSKC for all monies

FINANCIAL SECTION

invested in the Fixed Investments 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.

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: 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.

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, 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* in the financial statements.

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 under 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 fee: 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.

FINANCIAL SECTION

<i>FY 2011 Schedule of Contribution Rates</i>			
System	Member	Employer	State
PERS-DBRP*	6.9% for members hired prior to July 1, 2011 [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% for members hired prior to July 1, 2011 [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]

* Member contribution rates for members hired on or after July 1, 2011 increases to 7.9% of the member's compensation.

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 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	06/30/06	\$ 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
	06/30/11	3,800,479	5,410,144	1,609,665	70.25	1,071,376	150.24
JRS	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
	06/30/11	61,274	43,414	(17,860)	141.13	5,645	-316.38
HPORS	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
	06/30/11	95,274	155,742	60,468	61.17	12,472	484.83
SRS	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
	06/30/11	203,689	266,506	62,817	76.43	57,041	110.12

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 88).

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 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	06/30/06	\$ 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
	06/30/11	90,437	119,881	29,444	75.44	38,306	76.87
MPORS	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
	06/30/11	221,669	401,381	179,712	55.23	39,470	455.30
FURS	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
	06/30/11	219,959	355,188	135,229	61.93	34,852	388.01
VFCA	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
	06/30/11	26,183	35,195	9,012	74.39	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)
1/1/2007		\$ 1,047,666	\$ 1,047,666	0.00	\$1,326,012	79.03%
1/1/2009		\$ 686,393	\$ 686,393	0.00	\$1,438,749	47.71%

As of June 30, 2011, 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, 2011.

This page intentionally left blank

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 ¹	Percentage Contributed	Annual Required State Contribution ¹	Percentage Contributed
PERS-DBRP	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
	2011	144,957,239	13.53	54.56	545,643	100.00
JRS³	2006	112,854	2.37	1,089.03		
	2007					
	2008					
	2009					
	2010					
	2011	38,387	0.68	3,846.97		
HPORS	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
	2011	3,926,052	31.48	115.69	278,464	100.00
SRS	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		
	2011	8,747,310	15.34	68.75		

Refer to the "Notes to the Required Supplementary Information" (Page 88).

¹ The Annual Required State Contribution for HPORS includes a portion of the drivers' license fees. For MPORS and FURS it is based on covered payroll, which includes payroll adjustments.

² Applicable 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.

³ The 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.)

FINANCIAL SECTION

System	Year Ended June 30	Annual Required Contributions	Actuarial Required Contribution Rate ¹	Percentage Contributed	Annual Required State Contribution ¹	Percentage Contributed
GWPORS	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		
	2011	4,903,232	12.80	71.85		
MPORS	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
	2011	4,625,936	11.72	122.58	11,593,690	100.00
FURS	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	3,852.37	9,831,417	100.00
	2010	850,134	2.55	603.27	10,871,717	100.00
	2011	1,341,808	3.85	373.29	11,365,441	100.00
VFCA	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
	2011				1,596,436	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, 2011	June 30, 2011	June 30, 2011
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		48.2 ¹
Unfunded Credit ²		0	
Asset valuation method	4-Year smoothed market	4-Year smoothed market	4-Year smoothed market
Actuarial assumptions:			
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, GWPORS and HPORS 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.

FINANCIAL SECTION

SRS	GWPORS	MPORS	FURS	VFCA
June 30, 2011	June 30, 2011	June 30, 2011	June 30, 2011	June 30, 2011
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	25	16	8.8 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

This page intentionally left blank

Public Employees' Retirement Board

A Component Unit of the State of Montana

Schedule of Administrative Expenses

Year Ended June 30, 2011

	<u>Defined Benefit Plans</u>	<u>PERS-DBRP Education Fund</u>	<u>Defined Contribution PERS-DCRP</u>	<u>Deferred Compensation (457) Plan</u>
Personal Services				
Salaries	\$ 1,320,234	\$ 126,361	\$ 147,749	\$ 86,551
Board Members' Per Diem	6,847		1,135	968
Employee Benefits	440,039	44,450	52,191	29,599
Total Personal Services	<u>1,767,120</u>	<u>170,811</u>	<u>201,075</u>	<u>117,118</u>
Other Services				
Consulting Services	658,188	495	89,122	80,240
Legal Fees and Court Costs	18,617		218	130
Audit Fees	12,441		1,517	1,214
Medical Services	11,828			
Records Storage	25,369		2,819	
Pre-Retirement Seminars		500		
Computer Processing	172,509	194	19,451	2,574
Printing and Photocopy Charges	46,794	22,684	3,156	1,600
Warrant Writing Services	40,275		4,912	3,929
Other	161,493	1,134	19,840	15,711
Total Other Services	<u>1,147,514</u>	<u>25,007</u>	<u>141,035</u>	<u>105,398</u>
Communications				
Recruitment Costs	3,177		207	194
Postage and Mailing	75,488	4,913	601	4,852
Telephone	40,685	5,792	5,587	3,809
Total Communications	<u>119,350</u>	<u>10,705</u>	<u>6,395</u>	<u>8,855</u>
Other Expenses				
Supplies and Materials	114,036	5,713	13,444	11,092
Travel	30,794	7,308	8,187	6,771
Rent	191,263	20,433	25,505	17,829
Repairs and Maintenance	7,585	94	233	220
Compensated Absences	(4,718)	1,803	4,615	3,360
OPEB Expenses	71,768	7,424	8,709	4,790
Miscellaneous	206,223	9,910	16,871	12,116
Total Other Expenses	<u>616,951</u>	<u>52,685</u>	<u>77,564</u>	<u>56,178</u>
Total Administrative Expenses	<u>\$ 3,650,935</u>	<u>\$ 259,208</u>	<u>\$ 426,069</u>	<u>\$ 287,549</u>

FINANCIAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Schedule of Investment Expenses

Year Ended June 30, 2011

<u>Plan</u>	<u>Investment Manager</u>	<u>Fees</u>
PERS-DBRP	Board of Investments	\$ 21,224,486
JRS	Board of Investments	339,071
HPORS	Board of Investments	530,344
SRS	Board of Investments	1,120,496
GWPORS	Board of Investments	492,958
MPORS	Board of Investments	1,167,589
FURS	Board of Investments	1,156,804
VFCA	Board of Investments	139,693
457	PIMCO	624,998
	State Street Bank	<u>43,202</u>
Total Investment Expense		<u>\$ 26,839,641</u>

FINANCIAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Schedule of Consultants

Year Ended June 30, 2011

<u>Individual or Firm</u>	<u>Nature of Service</u>	<u>Amount Paid</u>
AMDEC Software	Computer Programming Services	\$ 411,355
Provaliant Retirement, LLC.	Project Management	184,924
Cheiron	Actuarial Consultant	127,724
Wilshire Associates Inc.	Mutual Funds Performance Review	125,583
Ice Miller	Tax Consultant	25,050
Legislative Audit Division, Legislative Branch	Independent Auditors	15,172
Timothy D Schofield, MD PLLC	Medical Consultant	3,633

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, 2011

	PERS-DBRP	PERS-DBEd	TOTAL
Assets			
Cash and Short-term Investments	\$ 60,705,584	\$2,222,562	\$ 62,928,146
Securities Lending Collateral	195,502,210	29,749	195,531,959
Receivables			
Interest	5,957,150	452	5,957,602
Accounts Receivable	3,862,173		3,862,173
Due from Other Funds	385,115	19,071	404,186
Notes Receivable	11,739		11,739
<i>Total Receivables</i>	10,216,177	19,523	10,235,700
Investments, at fair value			
Montana Domestic Equity Pool (MDEP)	1,434,773,301		1,434,773,301
Retirement Fund Bond Pool (RFBP)	969,118,608		969,118,608
Montana International Pool (MTIP)	727,764,569		727,764,569
Montana Private Equity Pool (MPEP)	484,323,775		484,323,775
Montana Real Estate Pool (MTRP)	256,367,580		256,367,580
Structured Investment Vehicles (SIV)	985,472	37,956	1,023,428
<i>Total Investments</i>	3,873,333,305	37,956	3,873,371,261
Capital Assets			
Property and Equipment, at cost, net of Accumulated Depreciation	513		513
Intangible Assets, at cost, net of Amortization Expense	105,037		105,037
<i>Total Capital Assets</i>	105,550		105,550
Total Assets	4,139,862,826	2,309,790	4,142,172,616
Liabilities			
Securities Lending Liability	195,502,210	29,749	195,531,959
Accounts Payable	570,739	8,104	578,843
Due to Other Funds	280,841	919	281,760
Deferred Revenue	3,161,779		3,161,779
Compensated Absences	210,659	13,393	224,052
OPEB Implicit Rate Subsidy LT	257,976	28,493	286,469
Total Liabilities	199,984,204	80,658	200,064,862
Net Assets Held in Trust for Pension Benefits	\$3,939,878,622	\$2,229,132	\$3,942,107,754

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, 2011**

	PERS-DBRP	PERS-DBEd	TOTAL
Additions			
Contributions			
Employer	\$ 78,656,685	\$ 433,767	\$ 79,090,452
Plan Member	77,797,639		77,797,639
Membership Fees	96		96
Interest Reserve Buyback	76,528		76,528
Retirement Incentive Program	82,925		82,925
Miscellaneous Revenue	167	114	281
State Contributions	545,643		545,643
<i>Total Contributions</i>	157,159,683	433,881	157,593,564
Investment Income			
Net Appreciation (Depreciation) in Fair Value of Investments	613,578,435		613,578,435
Interest	106,054,421	5,774	106,060,195
Dividends	15,826,516		15,826,516
Investment Expense	(21,224,486)		(21,224,486)
<i>Net Investment Income</i>	714,234,886	5,774	714,240,660
Securities Lending Income			
Securities Lending Income	1,602,865	1,085	1,603,950
Securities Lending Rebate and Fees	(445,953)	(230)	(446,183)
<i>Net Securities Lending Income</i>	1,156,912	855	1,157,767
Total Net Investment Income	715,391,798	6,629	715,398,427
Total Additions	872,551,481	440,510	872,991,991
Deductions			
Benefits	231,222,603		231,222,603
Refunds/Distributions	11,302,115		11,302,115
Refunds to Other Plans	233,688		233,688
Transfers to DCRP	609,001		609,001
Transfers to ORP	139,945		139,945
OPEB Expenses	71,036	7,424	78,460
Administrative Expenses	2,997,555	251,784	3,249,339
Total Deductions	246,575,943	259,208	246,835,151
Net Increase (Decrease)	625,975,538	181,302	626,156,840
Net Assets Held in Trust for Pension Benefits			
Beginning of Year	3,313,857,808	2,047,830	3,315,905,638
Prior Period Adjustment	45,276		45,276
End of Year	\$3,939,878,622	\$2,229,132	\$3,942,107,754

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, 2011

	PERS-DCRP	PERS-DCEd	PERS-DC DISABILITY	TOTAL
Assets				
Cash and Short-term Investments	\$ 1,542,753	\$ 168,499	\$ 1,634,199	\$ 3,345,451
Cash Collateral - SI	19,836	2,144	22,039	44,019
Receivables				
Interest	299	34	329	662
Accounts Receivables	36,103			36,103
Due from Other Funds	254,878	919	6,892	262,689
Total Receivables	291,280	953	7,221	299,454
Investments, at fair value				
Defined Contributions Fixed Investments	7,970,596			7,970,596
Defined Contributions Variable Investments	67,271,032			67,271,032
Structured Investment Vehicles (SIV)	25,308	2,736	28,119	56,163
Total Investments	75,266,936	2,736	28,119	75,297,791
Intangible Assets, at cost, net of Amortization Expense	3,070			3,070
Total Assets	77,123,875	174,332	1,691,578	78,989,785
Liabilities				
Accounts Payable	102,633	1,231		103,864
Compensated Absences	19,300	2,004		21,304
Securities Lending Liability	19,836	2,144	22,039	44,019
OPEB Implicit Rate Subsidy LT	30,634	2,298		32,932
Total Liabilities	172,403	7,677	22,039	202,118
Net Assets Held in Trust for Pension Benefits	\$ 76,951,472	\$ 166,655	\$ 1,669,539	\$ 78,787,666

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, 2011

	PERS-DCRP	PERS-DCEd	PERS-DC DISABILITY	TOTAL
Additions				
Contributions				
Employer	\$ 3,667,960	\$ 34,932	\$ 261,983	\$ 3,964,875
Plan Member	6,099,768			6,099,768
Miscellaneous Revenue	275,243	7,428		282,671
Forfeiture of Nonvested Member	415,137			415,137
Total Contributions	10,458,108	42,360	261,983	10,762,451
Investment Income				
Net Appreciation (Depreciation) in Fair Value of Investments	11,355,783			11,355,783
Interest	1,333,946			1,333,946
Net Investment Income	12,689,729			12,689,729
Securities Lending Income				
Securities Lending Income	3,679	441	4,677	8,797
Securities Lending Rebate and Fees	(146)	(18)		(164)
Net Securities Lending Income	3,533	423	4,677	8,633
Total Net Investment Income	12,693,262	423	4,677	12,698,362
Total Additions	23,151,370	42,783	266,660	23,460,813
Deductions				
Distributions	3,618,570			3,618,570
Benefits			18,531	18,531
OPEB Expensee	8,709			8,709
Administrative Expenses	379,978	37,382		417,360
Miscellaneous Expenses	298,823			298,823
Total Deductions	4,306,080	37,382	18,531	4,361,993
Net Increase (Decrease)	18,845,290	5,401	248,129	19,098,820
Net Assets Held in Trust for Pension Benefits				
Beginning of Year	58,106,182	161,254	1,421,410	59,688,846
Prior Period Adjustment				
End of Year	\$ 76,951,472	\$ 166,655	\$ 1,669,539	\$ 78,787,666

I
N
V
E
S
T
M
E
N
T
S
E
C
T
I
O
N



Highway 12 at MacDonal Pass
~ photo courtesy of Roxanne Minnehan

There are at least 290 named mountain passes in Montana.

~Wikipedia



US Route 212 near the Beartooth Pass.
~ photo courtesy of Ann Reber



Highway 12 near Lolo Pass.
~ photo courtesy of Ann Reber



Going to the Sun road at Logan Pass.
~ photo courtesy of Ann Reber

**MONTANA
BOARD OF INVESTMENTS**

Department of Commerce

Street Address:
2401 Colonial Drive, 3rd Floor
Helena, MT 59601

Mailing Address:
P.O. Box 200126
Helena, MT 59620-0126



Phone: 406/444-0001
Facsimile: 406/449-6579
Rateline: 406/444-3557
Website: www.investmentmt.com

PERS Annual Report Investment Letter
For fiscal year ended 6/30/11

The plan return for the current fiscal year was extremely positive at over 20% and represented a continuation of the upward trend from the prior fiscal year's post recession recovery. Capital market performance appeared much more positive than the underlying economic news. While corporate earnings fully recovered to pre-recession levels, the housing and labor markets failed to show any meaningful bounce back from the worst of the recession. The rate of economic growth slowed over the course of the fiscal year, having topped out at a quarterly rate near 4% in the middle of 2010, but then slowed noticeably over the next four quarters. A combination of the earthquake in Japan in March, and the associated supply chain disruptions, and a spike in energy prices in the spring acted to slow global manufacturing and consumption trends.

Stock prices held up fairly well despite the negative economic backdrop during the last quarter of the fiscal year, but since then have suffered a notable decline. Expectations for economic growth during the second half of 2011 began to erode along with consumer confidence during the summer months. Deterioration in the outlook was compounded by the fear of a possible U.S. Government shutdown during the debt ceiling debate in late July, and the threat posed to the global financial system by the European sovereign credit crisis.

For the 2011 fiscal year the total plan return was 21.79%, well above the fiscal year 2010 return of 12.87%. These two latest fiscal year returns helped to improve longer term plan returns with the annualized three year return at 2.92%, five years at 4.12% and ten years at 4.93%. A one year return of the magnitude just witnessed can indeed make a difference in digging out of the hole left by the bear market. The trailing three year return shifted from a negative 5.21% a year ago to this year's positive figure, and even the trailing ten year return more than doubled from last year's 2.35%.

The 2011 fiscal year return was positive for all asset classes, but particularly for the equity markets, both publicly traded stocks and private equity. For the fiscal year the plan enjoyed a 31.43% return from public stocks, with domestic stocks up 31.88% and international stocks up 30.62%. Bonds, which represent the second largest public asset class next to stocks, also experienced positive returns for the fiscal year. This asset class was up 6.78%, and similar to the prior year, the return was enhanced by allocations to core plus and high yield bond strategies within the fixed income pool while the interest rate for U.S. Government bonds was flat for most maturities during the fiscal year.

INVESTMENT SECTION

Alternative assets in the plan include private equity and real estate investments. Performance for both asset classes was strong, with private equity returning 21.56% and real estate returning 16.11%. Both of these asset types have an inherent reporting lag, with valuations typically lagged by one quarter. Both asset classes are long term investments that are not marked to market daily, however are still dependent on the fundamental drivers of the economy and corporate earnings. Yet their characteristics offer some diversification benefit versus publicly traded securities while providing attractive long term returns.

Asset allocation changes during the fiscal year were driven by both market moves and transaction activity. During the first nine months of the fiscal year, public equities experienced the largest allocation increase primarily due to positive market moves despite some sales to trim exposure. Public equities ended the fiscal year at 55.0%, up almost 5% from the prior fiscal year end. Even considering valuation gains, the private equity weight was slightly reduced through sales, ending at an allocation of 12.3% of plan assets. Overall the equity allocation increased to 67.3%, largely a function of the strong positive returns. The portfolio allocation to fixed income was down 3.8%, primarily because the allocation was diluted by much stronger returns for equities. Real estate grew to 6.5% of plan assets through significant additional investments and improved valuations. A year ago a decision was made to endorse a small allocation to timberland to supplement our existing real estate exposure. An investment in timberland was initiated during the second half of the fiscal year and the allocation is expected to grow over time.

As noted earlier, stock markets have reacted negatively to recent events since the end of the fiscal year; so too have corporate bonds and other so called “risk assets.” At the same time, U.S. Government bond yields have fallen to new lows as investors seek safety. As of this writing in late September, the same events alluded to earlier – deteriorating consumer confidence and European sovereign debt problems – are driving investor anxiety. The domestic economy appears hamstrung by the dual concerns facing most consumers – a continued weak housing market and a stubbornly high level of unemployment. These are challenges that continue to confound policymakers. As are most developed countries, the U.S. is facing a balancing act of trying to stimulate the economy in the near-term while steering the long-term fiscal deficit towards greater austerity. The stalemate in Congress makes this challenge near impossible to solve, and in the near term there is no expectation in the marketplace that there will be any fiscal action to help the economy. The Federal Reserve has launched its latest initiative to push down long term interest rates in the hope of providing monetary stimulus to the weakening economy. Whether this will have a noticeable impact in improving the outlook is up for debate. Risk of another recession is real, with the consensus economic odds now at about a one in three chance of a “double dip.”

What does this mean for returns looking forward to the end of the current fiscal year? The outlook for returns seems mediocre at best. Risk premiums have already risen substantially across the equity and corporate credit markets as confidence in the economy has fallen and the corporate earnings outlook begins to erode. Government bond yields are depressed and are likely to remain low for the foreseeable future. In the immediate future there may be ongoing positive returns in the private asset classes, real estate and private equity, as their reporting valuations catch up with public assets. Clearly, we do not anticipate a repeat of the extraordinary returns of the past two years for the current fiscal year. Much will depend on whether we can avoid another U.S. recession and whether the European sovereign debt crisis can be contained, at least to the point of preventing a financial crisis

INVESTMENT SECTION

and allowing for longer term solutions to be found. While the uncertainties of the moment are disconcerting, the long term outlook is still more positive than it was three years ago. Valuations across most asset classes are much more reasonable now, and the economy, while fragile, is less vulnerable to the kind of shakeout that occurred earlier.

Respectfully submitted,

/s/ Clifford A. Sheets

Clifford A. Sheets, CFA
Chief Investment Officer
Montana Board of Investments

INVESTMENT SECTION

This page intentionally left blank

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 2011 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, 2011

Asset Class	<u>INDEX</u>	<u>PERS-DBRP</u>	<u>JRS</u>	<u>HPORS</u>	<u>SRS</u>
Cash Equivalents (STIP)		0.31%	0.31%	0.31%	0.31%
<i>Libor 1 Month</i>	<i>0.25%</i>				
Equities ¹		31.43%	31.45%	31.43%	31.46%
<i>S&P 1500 Comp Index</i>	<i>31.65%</i>				
<i>International Equities²</i>	<i>30.07%</i>				
Fixed Income ³		6.78%	6.81%	6.80%	6.80%
<i>BC Aggregate Bond</i>	<i>3.90%</i>				
Private Equity ⁴		21.56%	21.54%	21.56%	21.55%
<i>S&P 1500 + 4%</i>	<i>34.69%</i>				
Real Estate ⁵		16.11%	16.45%	16.45%	16.45%
<i>NFI-ODCE⁶</i>	<i>19.01%</i>				
Total Plan		21.79%	21.73%	21.80%	21.69%
<i>Index Composite⁷</i>		21.56%	21.47%	21.51%	21.43%
	<u>INDEX</u>	<u>GWPORS</u>	<u>MPORS</u>	<u>FURS</u>	<u>VFCA</u>
Cash Equivalents (STIP)		0.30%	0.31%	0.31%	0.31%
<i>Libor 1 Month</i>	<i>0.25%</i>				
Equities ¹		31.48%	31.42%	31.43%	31.40%
<i>S&P 1500 Comp Index</i>	<i>31.65%</i>				
<i>International Equities²</i>	<i>30.07%</i>				
Fixed Income ³		6.80%	6.80%	6.81%	6.80%
<i>BC Aggregate Bond</i>	<i>3.90%</i>				
Private Equity ⁴		21.54%	21.56%	21.56%	21.60%
<i>S&P 1500 + 4%</i>	<i>34.69%</i>				
Real Estate ⁵		16.45%	16.45%	16.45%	16.45%
<i>NFI-ODCE⁶</i>	<i>19.01%</i>				
Total Plan		21.68%	21.63%	21.63%	21.66%
<i>Index Composite⁷</i>		21.43%	21.30%	21.31%	21.54%

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, 2011

Asset Class	<u>INDEX</u>	<u>PERS- DBRP</u>	<u>JRS</u>	<u>HPORS</u>	<u>SRS</u>
Cash Equivalents (STIP)		0.76%	0.75%	0.75%	0.75%
<i>Libor 1 Month</i>	<i>0.62%</i>				
Equities ¹		1.67%	1.70%	1.68%	1.70%
<i>S&P 1500 Comp Index</i>	<i>3.87%</i>				
<i>International Equities</i> ²	<i>0.10%</i>				
Fixed Income ³		7.91%	7.92%	7.93%	7.92%
<i>BC Aggregate Bond</i>	<i>6.46%</i>				
Private Equity ⁴		2.84%	2.83%	2.84%	2.84%
<i>S&P 1500 + 4%</i>	<i>7.34%</i>				
Real Estate ⁵		-10.52%	-11.47%	-11.47%	-11.47%
<i>NFI-ODCE</i> ⁶	<i>-9.75%</i>				
Total Plan		2.92%	2.96%	2.92%	2.93%
<i>Index Composite</i> ⁷		3.40%	3.46%	3.42%	3.44%
	<u>INDEX</u>	<u>GWPORS</u>	<u>MPORS</u>	<u>FURS</u>	<u>VFCA</u>
Cash Equivalents (STIP)		0.74%	0.76%	0.75%	0.77%
<i>Libor 1 Month</i>	<i>0.62%</i>				
Equities ¹		1.73%	1.67%	1.67%	1.67%
<i>S&P 1500 Comp Index</i>	<i>3.87%</i>				
<i>International Equities</i> ²	<i>0.10%</i>				
Fixed Income ³		7.89%	7.91%	7.92%	7.93%
<i>BC Aggregate Bond</i>	<i>6.46%</i>				
Private Equity ⁴		2.83%	2.84%	2.84%	2.85%
<i>S&P 1500 + 4%</i>	<i>7.34%</i>				
Real Estate ⁵		-11.47%	-11.47%	-11.47%	-11.47%
<i>NFI-ODCE</i> ⁶	<i>-9.75%</i>				
Total Plan		2.91%	2.88%	2.92%	2.91%
<i>Index Composite</i> ⁷		3.40%	3.38%	3.42%	3.37%

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, 2011

Asset Class	<u>INDEX</u>	<u>PERS- DBRP</u>	<u>JRS</u>	<u>HPORS</u>	<u>SRS</u>
Cash Equivalents (STIP)		2.43%	2.38%	2.40%	2.38%
<i>Libor 1 Month</i>	2.25%				
Equities ¹		2.68%	2.69%	2.68%	2.68%
<i>S&P 1500 Comp Index</i>	3.29%				
<i>International Equities²</i>	3.83%				
Fixed Income ³		7.29%	7.30%	7.31%	7.30%
<i>BC Aggregate Bond</i>	6.52%				
Private Equity ⁴		8.03%	8.03%	8.03%	8.03%
<i>S&P 1500 + 4%</i>	6.94%				
Real Estate ⁵		-4.61%	-5.36%	-5.36%	-5.36%
<i>NFI-ODCE⁶</i>	-1.03%				
Total Plan		4.12%	4.13%	4.13%	4.11%
<i>Index Composite⁷</i>		4.31%	4.34%	4.32%	4.32%
	<u>INDEX</u>	<u>GWPORS</u>	<u>MPORS</u>	<u>FURS</u>	<u>VFCA</u>
Cash Equivalents (STIP)		2.36%	3.20%	2.44%	2.53%
<i>Libor 1 Month</i>	2.25%				
Equities ¹		2.71%	2.65%	2.66%	2.67%
<i>S&P 1500 Comp Index</i>	3.29%				
<i>International Equities²</i>	3.83%				
Fixed Income ³		7.28%	7.30%	7.30%	7.31%
<i>BC Aggregate Bond</i>	6.52%				
Private Equity ⁴		8.03%	8.03%	8.03%	8.04%
<i>S&P 1500 + 4%</i>	6.94%				
Real Estate ⁵		-5.36%	-5.36%	-5.36%	-5.36%
<i>NFI-ODCE⁶</i>	-1.03%				
Total Plan		4.10%	4.05%	4.10%	4.11%
<i>Index Composite⁷</i>		4.30%	4.24%	4.28%	4.30%

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, 2011

Asset Class	<u>INDEX</u>	<u>PERS- DBRP</u>	<u>JRS</u>	<u>HPORS</u>	<u>SRS</u>
Cash Equivalents (STIP)		2.44%	2.41%	2.42%	2.41%
<i>Libor 1 Month</i>	2.31%				
Equities ¹		3.11%	3.09%	3.10%	3.10%
<i>S&P 1500 Comp Index</i>	3.31%				
<i>International Equities²</i>	6.88%				
Fixed Income ³		6.91%	7.01%	7.01%	7.01%
<i>BC Aggregate Bond</i>	5.74%				
Private Equity ⁴		11.51%	12.41%	12.02%	11.65%
<i>S&P 1500 + 4%</i>	6.72%				
Real Estate ⁵		0.01%			
<i>NFI-ODCE⁶</i>	4.40%				
Total Plan		4.93%	4.93%	4.92%	4.93%
<i>Index Composite⁷</i>		5.01%	4.96%	4.94%	4.94%
	<u>INDEX</u>	<u>GWPORS</u>	<u>MPORS</u>	<u>FURS</u>	<u>VFCA</u>
Cash Equivalents (STIP)		2.40%	2.82%	2.44%	2.49%
<i>Libor 1 Month</i>	2.31%				
Equities ¹		3.11%	3.09%	3.10%	3.17%
<i>S&P 1500 Comp Index</i>	3.31%				
<i>International Equities²</i>	6.88%				
Fixed Income ³		7.00%	7.01%	7.01%	7.01%
<i>BC Aggregate Bond</i>	5.74%				
Private Equity ⁴		11.56%	11.66%	11.37%	12.58%
<i>S&P 1500 + 4%</i>	6.72%				
Real Estate ⁵					
<i>NFI-ODCE⁶</i>	4.40%				
Total Plan		4.87%	4.85%	4.88%	5.43%
<i>Index Composite⁷</i>		4.88%	4.86%	4.87%	5.42%

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

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 2011 is listed in the following table for the short term investment pool (STIP), fixed income investments, equity investments, and real estate investments.

FY2011 ASSET ALLOCATION

	Investment Objective	Actual Investment		Investment Objective	Actual Investment
PERS-DBRP			GWPORS		
STIP	1% to 5%	1.5%	STIP	1% to 5%	2.4%
Fixed	22% to 32%	24.7%	Fixed	22% to 32%	24.3%
Equity	60% to 70%	67.3%	Equity	60% to 70%	66.9%
Real Estate	4% to 10%	6.5%	Real Estate	4% to 10%	6.4%
JRS			MPORS		
STIP	1% to 5%	2.1%	STIP	1% to 5%	1.2%
Fixed	22% to 32%	24.4%	Fixed	22% to 32%	24.8%
Equity	60% to 70%	67.1%	Equity	60% to 70%	67.6%
Real Estate	4% to 10%	6.4%	Real Estate	4% to 10%	6.4%
HPORS			FURS		
STIP	1% to 5%	1.6%	STIP	1% to 5%	1.3%
Fixed	22% to 32%	24.7%	Fixed	22% to 32%	24.8%
Equity	60% to 70%	67.4%	Equity	60% to 70%	67.5%
Real Estate	4% to 10%	6.4%	Real Estate	4% to 10%	6.4%
SRS			VFCA		
STIP	1% to 5%	2.3%	STIP	1% to 5%	6.2%
Fixed	22% to 32%	24.3%	Fixed	22% to 32%	23.8%
Equity	60% to 70%	67.0%	Equity	60% to 70%	64.0%
Real Estate	4% to 10%	6.4%	Real Estate	4% to 10%	6.1%

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.

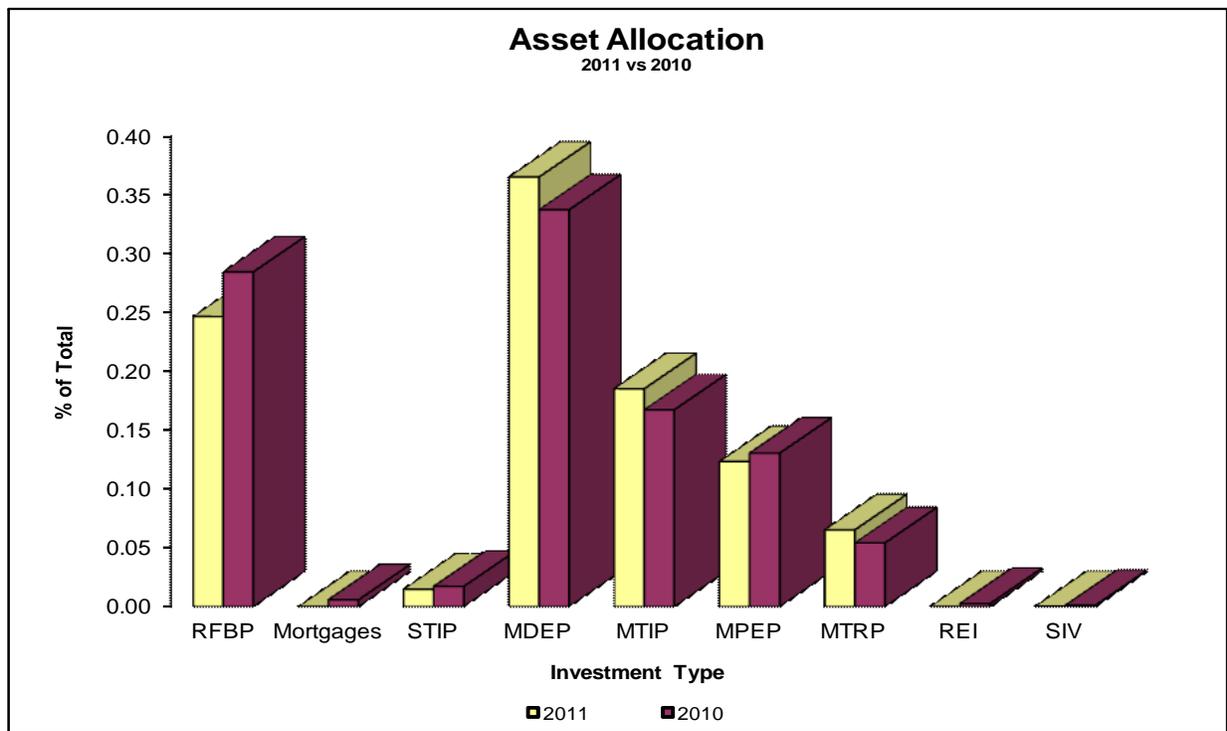
Fiscal 2011 Administrative Expense Reconciliation										
	STIP	MDEP	MPEP	MTIP	MTRP	RFBP	AOF	Real Estate	AOF Pension Admin	Total
PERS	17,964.46	5,318,755.57	8,045,715.15	2,538,597.98	4,159,934.88	1,098,809.40	44,708.62	24,125.00	68,833.62	21,248,611.06
MPORS	1,265.51	292,991.80	444,868.34	140,032.57	226,937.48	61,493.27				1,167,588.97
GWPORS	669.01	122,555.55	189,662.46	59,195.34	95,490.74	25,384.46				492,957.56
SRS	1,372.60	280,716.20	427,672.08	134,447.05	217,822.68	58,465.37				1,120,495.98
JRS	376.22	85,017.25	129,298.32	40,653.02	65,960.10	17,766.24				339,071.15
HPORS	524.50	133,236.05	201,365.38	63,598.16	103,688.71	27,931.46				530,344.26
VFCA	130.44	35,476.40	52,392.90	16,763.65	27,481.77	7,448.25				139,693.41
FURS	1,276.92	289,945.50	440,882.63	138,994.16	224,904.24	60,800.62				1,156,804.07
Totals	<u>23,579.66</u>	<u>6,558,694.32</u>	<u>9,931,857.26</u>	<u>3,132,281.93</u>	<u>5,122,220.60</u>	<u>1,358,099.07</u>	<u>44,708.62</u>	<u>24,125.00</u>	<u>68,833.62</u>	<u>26,195,566.46</u>

INVESTMENT SECTION

PERS-DBRP

Asset Mix (fair value)
as of June 30, 2011 and 2010
(in thousands)

Investment Type	2011 Fair Value	% of Total	2010 Fair Value	% of Total	Dollar Change	% Change
Fixed Income:						
Retirement Funds Bond Pool (RFBP)	\$ 969,119	24.64%	\$ 939,430	28.43%	\$ 29,689	3.16%
Montana Mortgages		0.00%	19,185	0.58%	(19,185)	-100.00%
STIP ¹	58,043	1.48%	56,727	1.72%	1,316	2.32%
<i>Total Fixed Income</i>	<u>\$1,027,162</u>	<u>26.12%</u>	<u>\$1,015,342</u>	<u>30.73%</u>	<u>\$ 11,820</u>	<u>1.16%</u>
Equities:						
Montana Domestic Equity Pool (MDEP)	\$1,434,773	36.50%	\$1,114,072	33.72%	\$ 320,701	28.79%
Montana International Pool (MTIP)	727,765	18.51%	552,712	16.73%	175,053	31.67%
Montana Private Equity Pool (MPEP)	484,324	12.32%	430,729	13.04%	53,595	12.44%
<i>Total Equities</i>	<u>\$2,646,862</u>	<u>67.33%</u>	<u>\$2,097,513</u>	<u>63.49%</u>	<u>\$ 549,349</u>	<u>26.19%</u>
Alternative Investments:						
Montana Real Estate Pool (MTRP)	\$ 256,368	6.52%	\$ 178,787	5.41%	\$ 77,581	43.39%
Real Estate Investments (REI)		0.00%	8,963	0.26%	(8,963)	-100.00%
Structured Investment Vehicles (SIV) ¹	985	0.03%	3,640	0.11%	(2,655)	-72.94%
<i>Total Alternative Investments</i>	<u>\$ 257,353</u>	<u>6.55%</u>	<u>\$ 191,390</u>	<u>5.78%</u>	<u>\$ 65,963</u>	<u>34.47%</u>
Total	\$3,931,377	100.00%	\$3,304,245	100.00%	\$ 627,132	18.98%



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

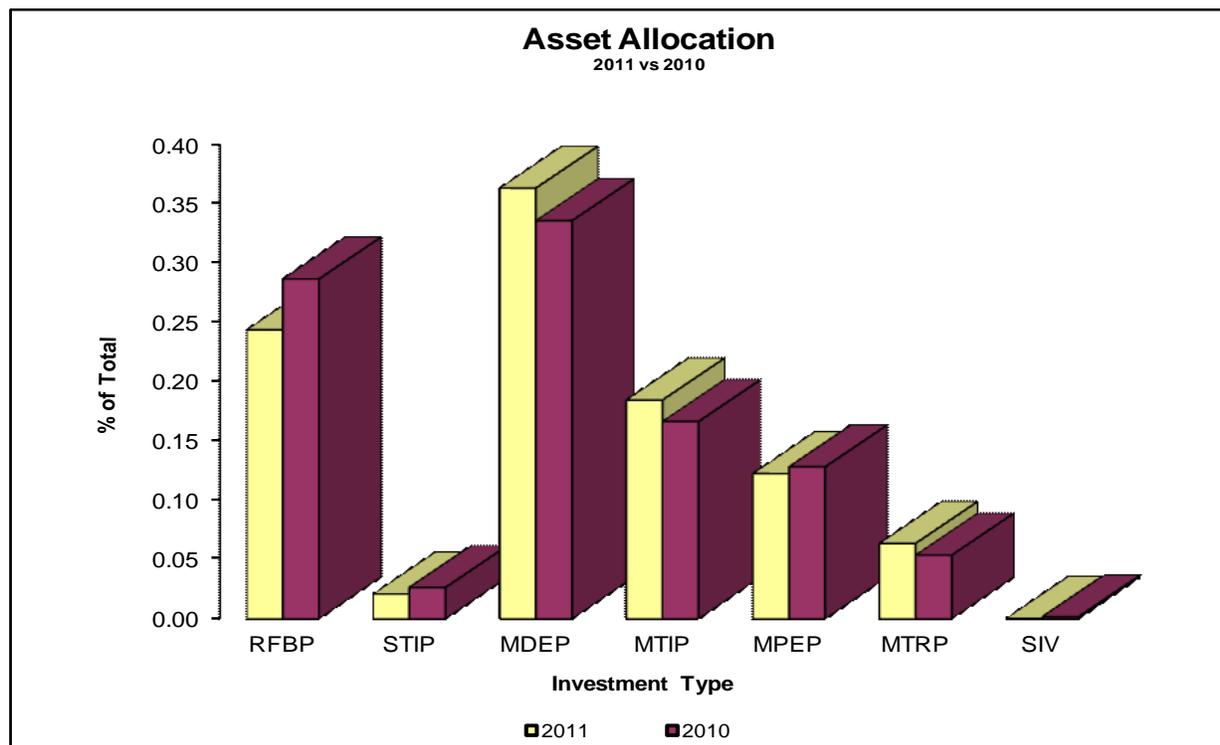
JRS

Asset Mix (fair value)

as of June 30, 2011 and 2010

(in thousands)

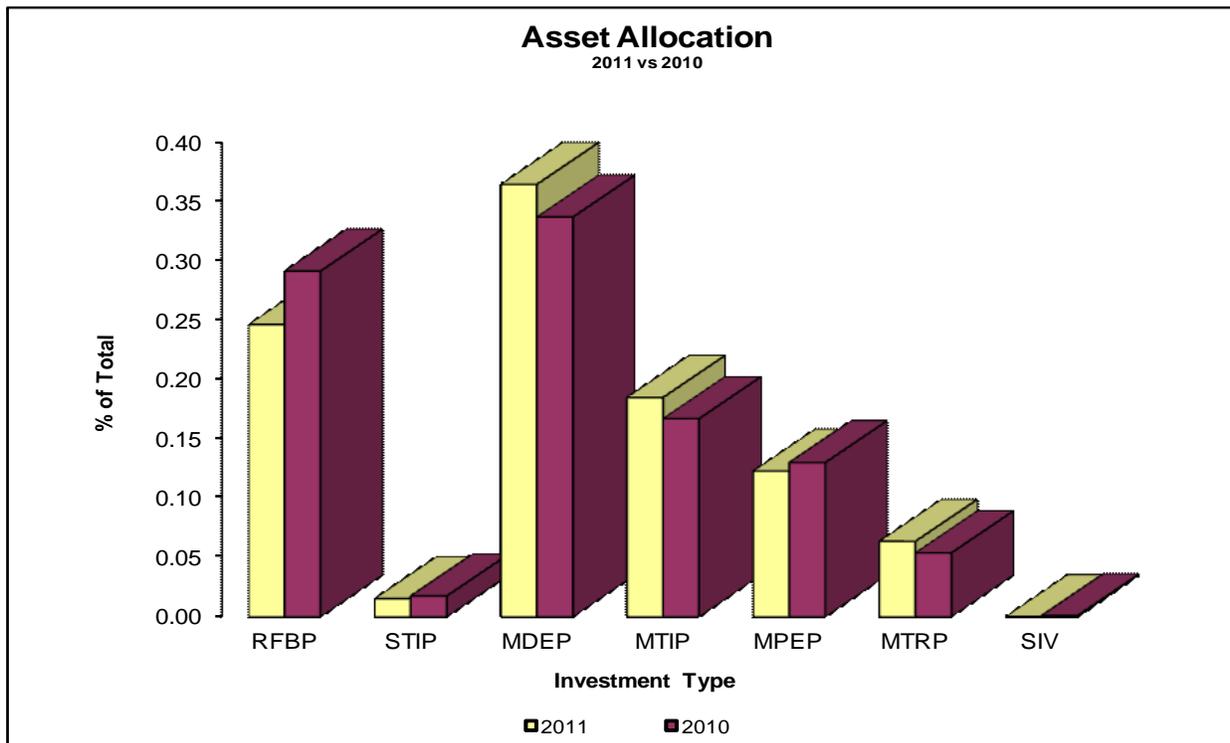
Investment Type	2011 Fair Value	% of Total	2010 Fair Value	% of Total	Dollar Change	% Change
Fixed Income:						
Retirement Funds Bond Pool (RFBP)	\$ 15,497	24.40%	\$ 15,034	28.69%	\$ 463	3.08%
STIP	1,335	2.10%	1,392	2.66%	(57)	-4.09%
<i>Total Fixed Income</i>	<u>\$ 16,832</u>	<u>26.50%</u>	<u>\$ 16,426</u>	<u>31.35%</u>	<u>\$ 406</u>	<u>2.47%</u>
Equities:						
Montana Domestic Equity Pool (MDEP)	\$ 23,098	36.36%	\$ 17,608	33.61%	\$ 5,490	31.18%
Montana International Pool (MTIP)	11,733	18.47%	8,732	16.66%	3,001	34.37%
Montana Private Equity Pool (MPEP)	7,788	12.26%	6,725	12.83%	1,063	15.81%
<i>Total Equities</i>	<u>\$ 42,619</u>	<u>67.09%</u>	<u>\$ 33,065</u>	<u>63.10%</u>	<u>\$ 9,554</u>	<u>28.89%</u>
Alternative Investments:						
Montana Real Estate Pool (MTRP)	\$ 4,046	6.37%	\$ 2,820	5.38%	\$ 1,226	43.48%
Structured Investment Vehicles (SIV)	\$ 23	0.04%	\$ 89	0.17%	(66)	-74.16%
<i>Total Alternative Investments</i>	<u>\$ 4,069</u>	<u>6.41%</u>	<u>\$ 2,909</u>	<u>5.55%</u>	<u>\$ 1,160</u>	<u>39.88%</u>
Total	\$ 63,520	100.00%	\$ 52,400	100.00%	\$ 11,120	21.22%



HPORS

Asset Mix (fair value)
as of June 30, 2011 and 2010
 (in thousands)

Investment Type	2011 Fair Value	% of Total	2010 Fair Value	% of Total	Dollar Change	% Change
Fixed Income:						
Retirement Funds Bond Pool (RFBP)	\$ 24,318	24.68%	\$ 24,091	29.19%	\$ 227	0.94%
STIP	1,527	1.55%	1,461	1.77%	66	4.52%
<i>Total Fixed Income</i>	<u>\$ 25,845</u>	<u>26.23%</u>	<u>\$ 25,552</u>	<u>30.96%</u>	<u>\$ 293</u>	<u>1.15%</u>
Equities:						
Montana Domestic Equity Pool (MDEP)	\$ 35,969	36.51%	\$ 27,848	33.75%	\$ 8,121	29.16%
Montana International Pool (MTIP)	18,258	18.53%	13,815	16.74%	4,443	32.16%
Montana Private Equity Pool (MPEP)	12,136	12.31%	10,751	13.03%	1,385	12.88%
<i>Total Equities</i>	<u>\$ 66,363</u>	<u>67.35%</u>	<u>\$ 52,414</u>	<u>63.52%</u>	<u>\$ 13,949</u>	<u>26.61%</u>
Alternative Investments:						
Montana Real Estate Pool (MTRP)	\$ 6,313	6.39%	\$ 4,466	5.41%	\$ 1,847	41.36%
Structured Investment Vehicles (SIV)	\$ 26	0.03%	\$ 94	0.11%	\$ (68)	-72.34%
<i>Total Real Estate</i>	<u>\$ 6,339</u>	<u>6.42%</u>	<u>\$ 4,560</u>	<u>5.52%</u>	<u>\$ 1,779</u>	<u>39.01%</u>
Total	\$ 98,547	100.00%	\$ 82,526	100.00%	\$ 16,021	19.41%



INVESTMENT SECTION

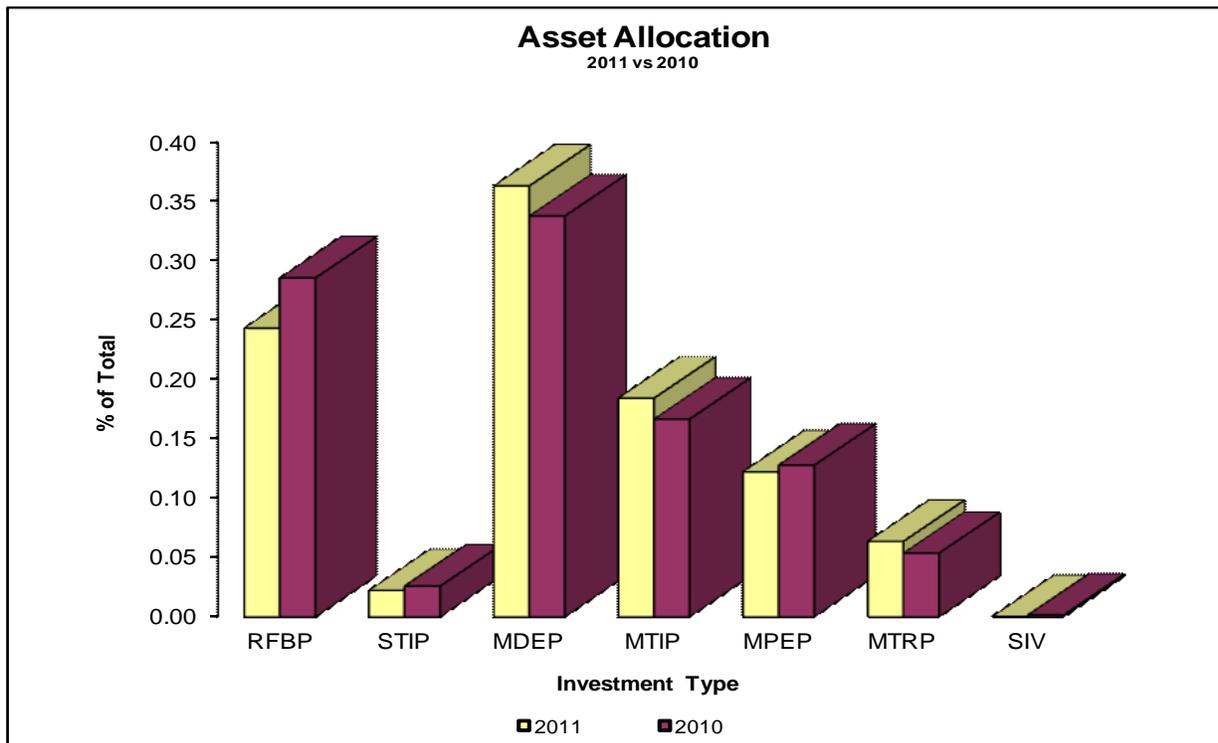
SRS

Asset Mix (fair value)

as of June 30, 2011 and 2010

(in thousands)

Investment Type	2011 Fair Value	% of Total	2010 Fair Value	% of Total	Dollar Change	% Change
Fixed Income:						
Retirement Funds Bond Pool (RFBP)	\$ 51,323	24.35%	\$ 49,172	28.57%	\$ 2,151	4.37%
STIP	4,719	2.24%	4,473	2.60%	246	5.50%
<i>Total Fixed Income</i>	<u>\$ 56,042</u>	<u>26.59%</u>	<u>\$ 53,645</u>	<u>31.17%</u>	<u>\$ 2,397</u>	<u>4.47%</u>
Equities:						
Montana Domestic Equity Pool (MDEP)	\$ 76,580	36.33%	\$ 58,159	33.80%	\$ 18,421	31.67%
Montana International Pool (MTIP)	38,871	18.44%	28,703	16.68%	10,168	35.42%
Montana Private Equity Pool (MPEP)	25,806	12.23%	22,037	12.80%	3,769	17.10%
<i>Total Equities</i>	<u>\$ 141,257</u>	<u>67.00%</u>	<u>\$ 108,899</u>	<u>63.28%</u>	<u>\$ 32,358</u>	<u>29.71%</u>
Alternative Investments:						
Montana Real Estate Pool (MTRP)	\$ 13,434	6.37%	\$ 9,259	5.38%	\$ 4,175	45.09%
Structured Investment Vehicles (SIV)	82	0.04%	287	0.17%	(205)	-71.43%
<i>Total Alternative Investments</i>	<u>\$ 13,516</u>	<u>6.41%</u>	<u>\$ 9,546</u>	<u>5.55%</u>	<u>\$ 3,970</u>	<u>41.59%</u>
Total	\$ 210,815	100.00%	\$ 172,090	100.00%	\$ 38,725	22.50%



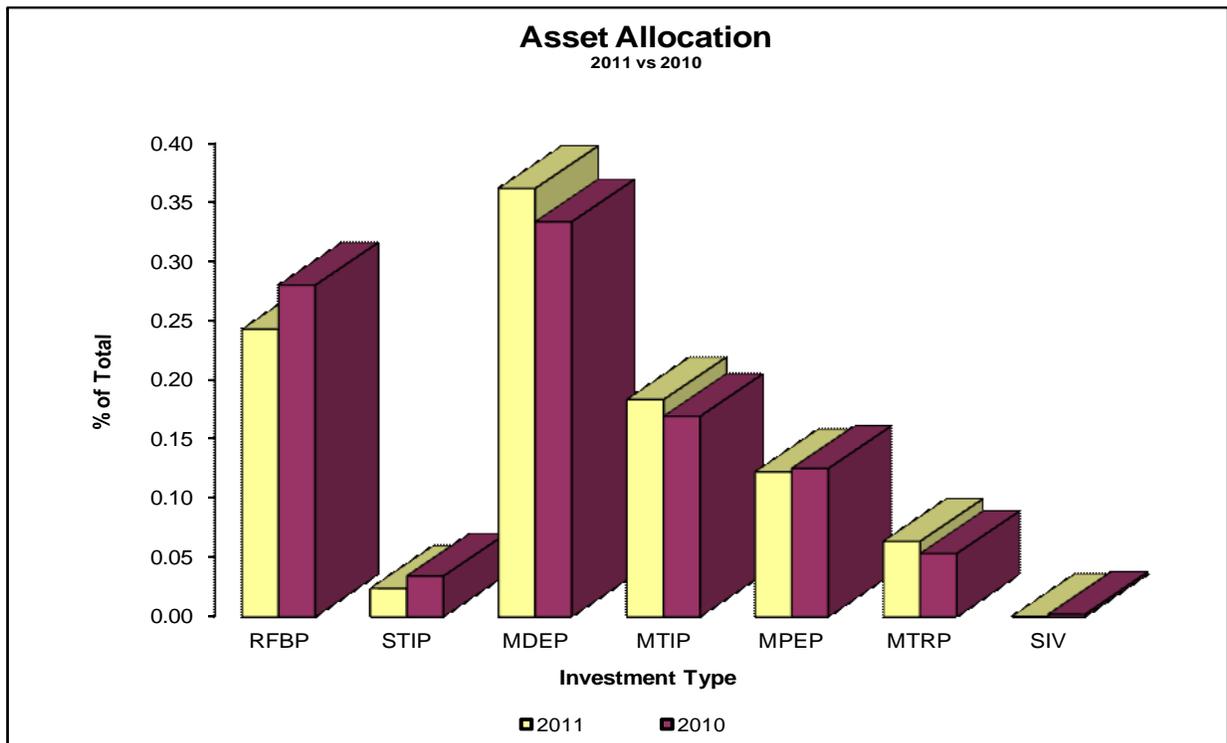
GWPORS

Asset Mix (fair value)

as of June 30, 2011 and 2010

(in thousands)

Investment Type	2011 Fair Value	% of Total	2010 Fair Value	% of Total	Dollar Change	% Change
Fixed Income:						
Retirement Funds Bond Pool (RFBP)	\$ 22,834	24.31%	\$ 20,691	28.05%	\$ 2,143	10.36%
STIP	2,257	2.41%	2,548	3.46%	(291)	-11.42%
<i>Total Fixed Income</i>	<u>\$ 25,091</u>	<u>26.72%</u>	<u>\$ 23,239</u>	<u>31.51%</u>	<u>\$ 1,852</u>	<u>7.97%</u>
Equities:						
Montana Domestic Equity Pool (MDEP)	\$ 34,017	36.22%	\$ 24,643	33.40%	\$ 9,374	38.04%
Montana International Pool (MTIP)	17,252	18.37%	12,513	16.96%	4,739	37.87%
Montana Private Equity Pool (MPEP)	11,524	12.26%	9,262	12.55%	2,262	24.42%
<i>Total Equities</i>	<u>\$ 62,793</u>	<u>66.85%</u>	<u>\$ 46,418</u>	<u>62.91%</u>	<u>\$ 16,375</u>	<u>35.28%</u>
Alternative Investments:						
Montana Real Estate Pool (MTRP)	\$ 6,003	6.39%	\$ 3,954	5.36%	\$ 2,049	51.82%
Structured Investment Vehicles (SIV)	39	0.04%	164	0.22%	(125)	-76.22%
<i>Total Alternative Investments</i>	<u>\$ 6,042</u>	<u>6.43%</u>	<u>\$ 4,118</u>	<u>5.58%</u>	<u>\$ 1,924</u>	<u>46.72%</u>
Total	\$ 93,926	100.00%	\$ 73,775	100.00%	\$ 20,151	27.31%

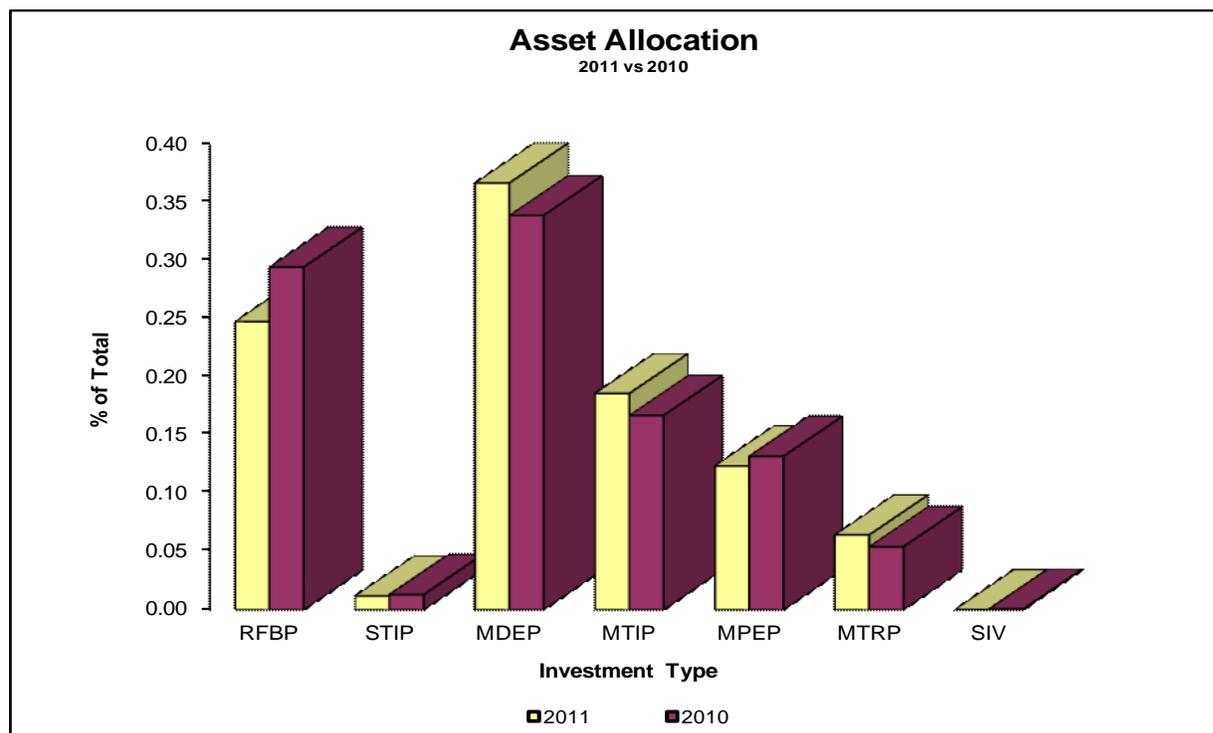


INVESTMENT SECTION

MPORS

Asset Mix (fair value)
as of June 30, 2011 and 2010
 (in thousands)

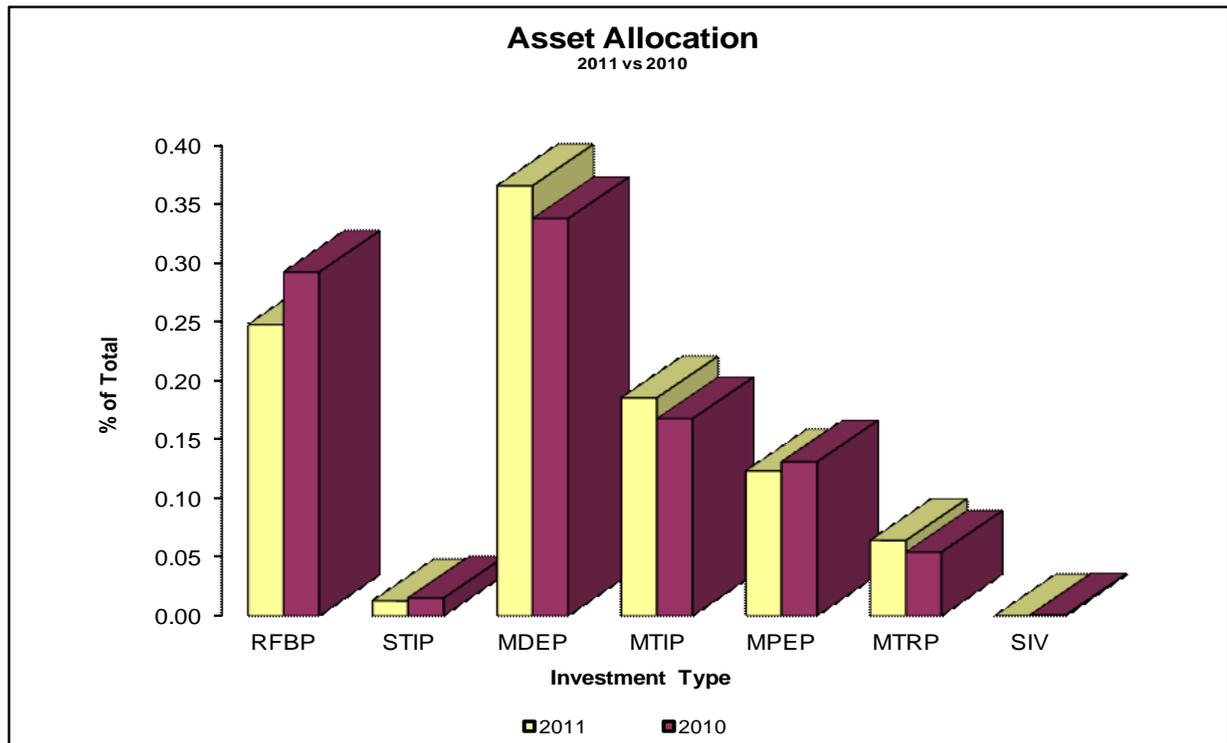
Investment Type	2011 Fair Value	% of Total	2010 Fair Value	% of Total	Dollar Change	% Change
Fixed Income:						
Retirement Funds Bond Pool (RFBP)	\$ 53,729	24.75%	\$ 51,742	29.43%	\$ 1,987	3.84%
STIP	2,593	1.20%	2,305	1.32%	288	12.49%
<i>Total Fixed Income</i>	<u>\$ 56,322</u>	<u>25.95%</u>	<u>\$ 54,047</u>	<u>30.75%</u>	<u>\$ 2,275</u>	<u>4.21%</u>
Equities:						
Montana Domestic Equity Pool (MDEP)	\$ 79,542	36.64%	\$ 59,532	33.86%	\$ 20,010	33.61%
Montana International Pool (MTIP)	40,334	18.58%	29,350	16.69%	10,984	37.42%
Montana Private Equity Pool (MPEP)	26,844	12.37%	23,192	13.19%	3,652	15.75%
<i>Total Equities</i>	<u>\$ 146,720</u>	<u>67.59%</u>	<u>\$ 112,074</u>	<u>63.74%</u>	<u>\$ 34,646</u>	<u>30.91%</u>
Alternative Investments:						
Montana Real Estate Pool (MTRP)	\$ 13,981	6.44%	\$ 9,547	5.43%	\$ 4,434	46.44%
Structured Investment Vehicles (SIV)	45	0.02%	148	0.08%	(103)	-69.59%
<i>Total Alternative Investments</i>	<u>\$ 14,026</u>	<u>6.46%</u>	<u>\$ 9,695</u>	<u>5.51%</u>	<u>\$ 4,331</u>	<u>44.67%</u>
Total	\$ 217,068	100.00%	\$ 175,816	100.00%	\$ 41,252	23.46%



FURS

Asset Mix (fair value)
as of June 30, 2011 and 2010
 (in thousands)

Investment Type	2011 Fair Value	% of Total	2010 Fair Value	% of Total	Dollar Change	% Change
Fixed Income:						
Retirement Funds Bond Pool (RFBP)	\$ 53,467	24.78%	\$ 50,657	29.25%	\$ 2,810	5.55%
STIP	2,766	1.28%	2,649	1.53%	117	4.42%
<i>Total Fixed Income</i>	<u>\$ 56,233</u>	<u>26.06%</u>	<u>\$ 53,306</u>	<u>30.78%</u>	<u>\$ 2,927</u>	<u>5.49%</u>
Equities:						
Montana Domestic Equity Pool (MDEP)	\$ 78,947	36.59%	\$ 58,543	33.80%	\$ 20,404	34.85%
Montana International Pool (MTIP)	40,044	18.56%	29,067	16.78%	10,977	37.76%
Montana Private Equity Pool (MPEP)	26,635	12.34%	22,703	13.11%	3,932	17.32%
<i>Total Equities</i>	<u>\$ 145,626</u>	<u>67.49%</u>	<u>\$ 110,313</u>	<u>63.69%</u>	<u>\$ 35,313</u>	<u>32.01%</u>
Alternative Investments:						
Montana Real Estate Pool (MTRP)	\$ 13,869	6.43%	\$ 9,403	5.43%	\$ 4,466	47.50%
Structured Investment Vehicles (SIV)	48	0.02%	170	0.10%	(122)	-71.76%
<i>Total Alternative Investments</i>	<u>\$ 13,917</u>	<u>6.45%</u>	<u>\$ 9,573</u>	<u>5.53%</u>	<u>\$ 4,344</u>	<u>45.38%</u>
Total	\$ 215,776	100.00%	\$ 173,192	100.00%	\$ 42,584	24.59%



INVESTMENT SECTION

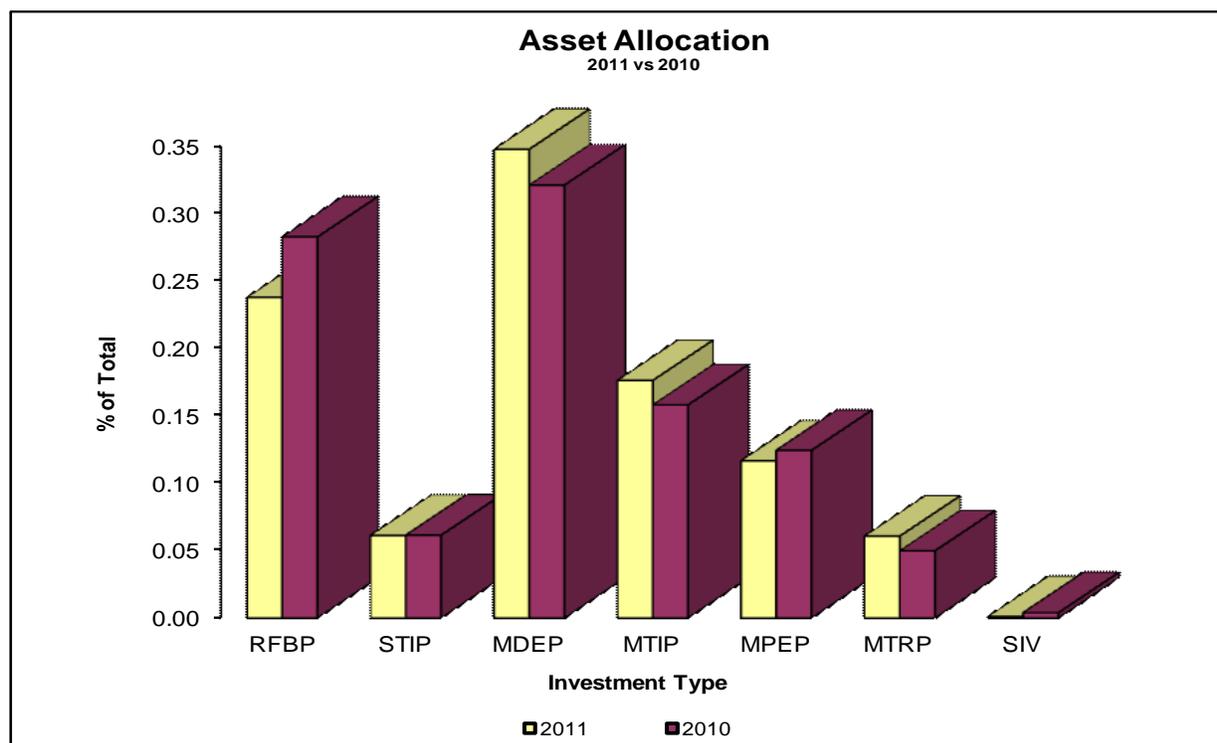
VFCA

Asset Mix (fair value)

as of June 30, 2011 and 2010

(in thousands)

Investment Type	2011 Fair Value	% of Total	2010 Fair Value	% of Total	Dollar Change	% Change
Fixed Income:						
Retirement Funds Bond Pool (RFBP)	\$ 6,415	23.75%	\$ 6,379	28.23%	\$ 36	0.56%
STIP	1,655	6.12%	1,385	6.13%	270	19.49%
<i>Total Fixed Income</i>	<u>\$ 8,070</u>	<u>29.87%</u>	<u>\$ 7,764</u>	<u>34.36%</u>	<u>\$ 306</u>	<u>3.94%</u>
Equities:						
Montana Domestic Equity Pool (MDEP)	\$ 9,376	34.72%	\$ 7,245	32.07%	\$ 2,131	29.41%
Montana International Pool (MTIP)	4,753	17.60%	3,567	15.79%	1,186	33.25%
Montana Private Equity Pool (MPEP)	3,145	11.64%	2,806	12.42%	339	12.08%
<i>Total Equities</i>	<u>\$ 17,274</u>	<u>63.96%</u>	<u>\$ 13,618</u>	<u>60.28%</u>	<u>\$ 3,656</u>	<u>26.85%</u>
Alternative Investments:						
Montana Real Estate Pool (MTRP)	\$ 1,637	6.06%	\$ 1,124	4.97%	\$ 513	45.64%
Structured Investment Vehicles (SIV)	29	0.11%	89	0.39%	(60)	-67.42%
<i>Total Alternative Investments</i>	<u>\$ 1,666</u>	<u>6.17%</u>	<u>\$ 1,213</u>	<u>5.36%</u>	<u>\$ 453</u>	<u>37.35%</u>
Total	\$ 27,010	100.00%	\$ 22,595	100.00%	\$ 4,415	19.54%



Public Employees' Retirement Board

A Component Unit of the State of Montana

Largest Holdings (by portfolio fair value)

as of June 30, 2011

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
1,549,180	Blackrock Equity Index Fund	\$ 635,978,939
7,762,326	JP Morgan Investments	326,142,540
8,407,022	T Rowe Price	296,911,714
11,226,405	Barrow Hanley MeWhinney	205,686,238
5,375,177	Intech	186,831,177
12,697,962	Western Asset US Indx Plus LLC	161,467,291
5,414,470	Columbus Circle	149,053,823
3,745,534	Rainier Investments	146,401,054
4,469,838	Quantitative Management	126,953,409
8,076,923	Artisan	109,337,037

PERS' 9,361,821 shares represent 50.41% of the total MDEP portfolio at market.

JRS' 150,711 shares represent 0.81% of the total MDEP portfolio at market.

HPORS' 234,695 shares represent 1.26% of the total MDEP portfolio at market.

SRS' 499,678 shares represent 2.69% of the total MDEP portfolio at market.

GWPORS' 221,958 shares represent 1.20% of the total MDEP portfolio at market.

MPORS' 519,010 shares represent 2.79% of the total MDEP portfolio at market.

FURS' 515,123 shares represent 2.77% of the total MDEP portfolio at market.

VFCA's 61,175 shares represent 0.33% of the total MDEP portfolio at market.

Shares/Par	RFBP Portfolio By Manager	Fair Value
1,348,761,458	Core Internal Bond Portfolio	\$ 1,390,337,967
322,865,862	Reams Asset Management	323,614,313
163,304,009	Artio Global Management	110,551,834
107,366,291	Neuberger Berman	110,018,196
56,166,263	Post Advisory Group	57,925,603
26,484,439	Montana Residential Mortgages	26,101,952
5,862,303	Short Term Investment Pool	5,862,303

PERS' 887,112,760 shares represent 50.40% of the total RFBP portfolio at market.

JRS' 14,185,983 shares represent 0.81% of the total RFBP portfolio at market.

HPORS' 22,260,605 shares represent 1.26% of the total RFBP portfolio at market.

SRS' 46,980,245 shares represent 2.64% of the total RFBP portfolio at market.

GWPORS' 20,901,847 shares represent 1.19% of the total RFBP portfolio at market.

MPORS' 49,182,347 shares represent 2.79% of the total RFBP portfolio at market.

FURS' 48,942,522 shares represent 2.78% of the total RFBP portfolio at market.

VFCA's 5,872,592 shares represent 0.33% 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, 2011

Shares/Par	MTIP Portfolio By Manager	Fair Value
27,214,613	Blackrock ACW1EX US Superfund	\$ 568,545,894
15,495,296	Batterymarch	125,558,069
7,847,506	Artio Global	120,595,196
4,994,700	Blackrock GL Ex US Alpha Tilt	114,778,224
13,588,799	Hansberger	113,341,305
10,730,675	Bernstein	112,573,122
9,980,418	Martin Currie	108,015,807
31,713,645	Acadian	96,212,639
4,007,326	DFA Intl Small Co Portfolio	70,729,306
417,487	EA FE Stock Performance Index	10,980,751

PERS' 4,622,075 shares represent 50.40% of the total MTIP portfolio at market.

JRS' 74,517 shares represent 0.81% of the total MTIP portfolio at market.

HPORS' 115,960 shares represent 1.26% of the total MTIP portfolio at market.

SRS' 246,874 shares represent 2.69% of the total MTIP portfolio at market.

GWPORS' 109,568 shares represent 1.19% of the total MTIP portfolio at market.

MPORS' 256,161 shares represent 2.79% of the total MTIP portfolio at market.

FURS' 254,324 shares represent 2.77% of the total MTIP portfolio at market.

VFCA's 30,185 shares represent 0.33% of the total MTIP portfolio at market.

Shares/Par	MPEP Portfolio By Manager	Fair Value
180,035,564	Adams Street	\$ 185,025,397
58,220,921	Lexington	72,540,114
39,703,869	Carlyle	51,784,649
42,640,590	Portfolio Advisors	45,417,027
43,925,417	Welsh Carson	44,759,230
23,060,366	Oak Tree	44,189,200
40,264,018	Madison Dearborn	41,982,884
217,548	State Street	41,399,692
33,930,070	Oak Hill	41,086,085
25,802,387	Harbour Vest	32,612,205

PERS' 2,458,583 shares represent 50.42% of the total MPEP portfolio at market.

JRS' 39,534 shares represent 0.81% of the total MPEP portfolio at market.

HPORS' 61,605 shares represent 1.26% of the total MPEP portfolio at market.

SRS' 130,998 shares represent 2.69% of the total MPEP portfolio at market.

GWPORS' 58,502 shares represent 1.20% of the total MPEP portfolio at market.

MPORS' 136,270 shares represent 2.79% of the total MPEP portfolio at market.

FURS' 135,207 shares represent 2.77% of the total MPEP portfolio at market.

VFCA's 15,966 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, 2011

Shares/Par	MTRP Portfolio By Manager	Fair Value
60,445	JP Morgan	\$ 91,909,038
7,373	UBS Realty Investors LLC	55,865,179
42,628,823	Angelo Gordon	38,750,129
309	Invesco Real Estate	32,775,336
37,000,000	TA Associates Realty	30,838,363
31,957	Clarion Lion Properties	27,573,762
20,898,140	ABR Chesapeake	19,709,872
19,372,553	RMS Timberland	19,372,553
25,000,000	Hudson Realty Capital	19,302,735
20,496,000	DRA Advisors	16,987,638

PERS' 3,552,683 shares represent 50.27% of the total MTRP portfolio at market.

JRS' 56,069 shares represent 0.80% of the total MTRP portfolio at market.

HPORS' 87,486 shares represent 1.24% of the total MTRP portfolio at market.

SRS' 186,171 shares represent 2.64% of the total MTRP portfolio at market.

GWPORS' 83,185 shares represent 1.18% of the total MTRP portfolio at market.

MPORS' 193,740 shares represent 2.75% of the total MTRP portfolio at market.

FURS' 192,191 shares represent 2.73% of the total MTRP portfolio at market.

VFCA's 22,692 shares represent 0.32% of the total MTRP portfolio at market.

INVESTMENT SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Investment Summary

as of June 30, 2011

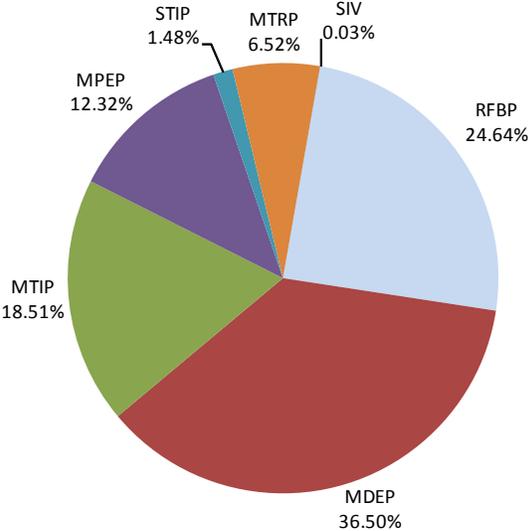
(in thousands)

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	\$ 969,119	24.64%	\$ 15,497	24.40%	\$ 24,318	24.68%	\$ 51,323	24.35%
<i>Equities</i>								
Montana Domestic Equity Pool	1,434,773	36.50%	23,098	36.36%	35,969	36.51%	76,580	36.33%
Montana International Pool	727,765	18.51%	11,733	18.47%	18,258	18.53%	38,871	18.44%
Montana Private Equity Pool	484,324	12.32%	7,788	12.26%	12,136	12.31%	25,806	12.23%
<i>Alternative Investments</i>								
Montana Real Estate Pool	256,368	6.52%	4,046	6.37%	6,313	6.39%	13,434	6.37%
Structured Investment Vehicles ¹	985	0.03%	23	0.04%	26	0.03%	82	0.04%
<i>Short Term Investments</i>								
Short Term Investment Pool ¹	58,043	1.48%	1,335	2.10%	1,527	1.55%	4,719	2.24%
Total	\$ 3,931,377	100.00%	\$ 63,520	100.00%	\$ 98,547	100.00%	\$210,815	100.00%

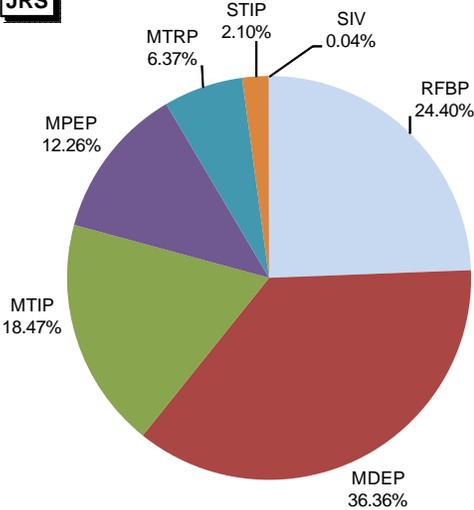
¹ These figures only include those of the Defined Benefit Retirement Plan, whereas the financial statements include the Defined Benefit Retirement Plan and the Defined Benefit Education Program.

INVESTMENT SECTION

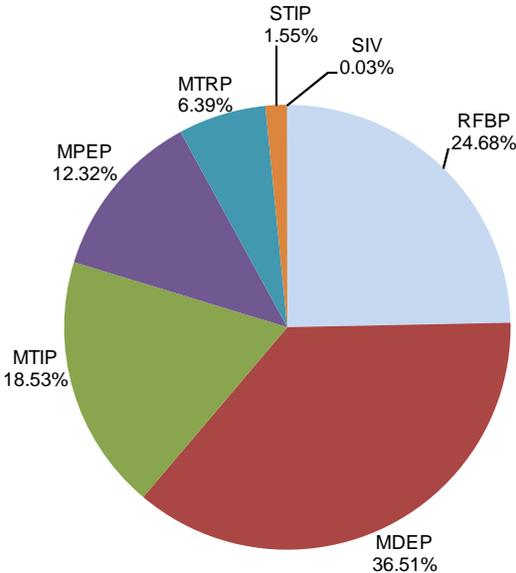
PERS-DBRP



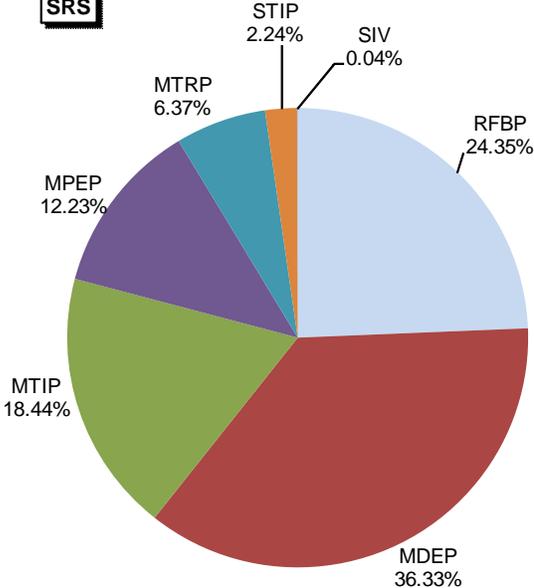
JRS



HPORS



SRS



Retirement Funds Bond Pool - RFBP	Montana Domestic Equity Pool - MDEP
Montana Real Estate Pool - MTRP	Montana International Pool - MTIP
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

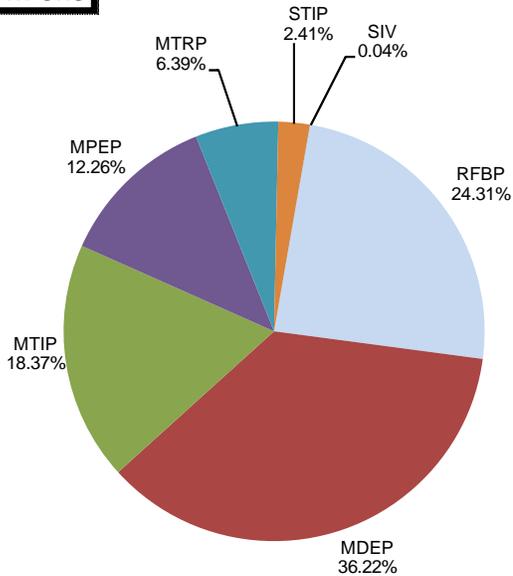
as of June 30, 2011

(in thousands)

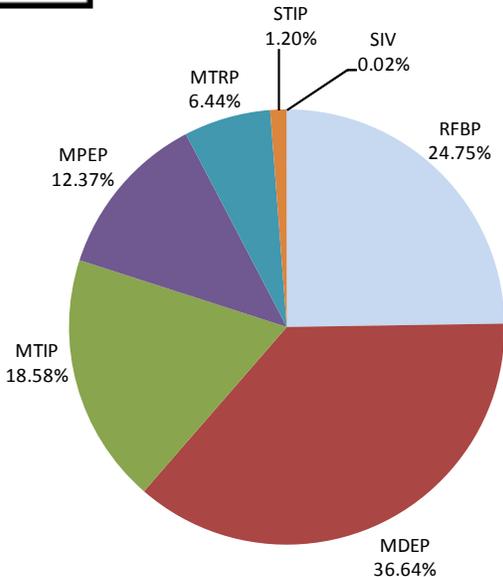
Type of Investment	GWPORS		MPORS		FURS		VFCA		
	Fair Value	% of Total Fair Value	Fair Value	% of Total Fair Value	Fair Value	% of Total Fair Value	Fair Value	% of Total Fair Value	
<i>Fixed Income</i>									
Retirement Funds Bond Pool	\$ 22,834	24.31%	\$ 53,729	24.75%	\$ 53,467	24.78%	\$ 6,415	23.75%	
<i>Equities</i>									
Montana Domestic Equity Pool	34,017	36.22%	79,542	36.64%	78,947	36.59%	9,376	34.72%	
Montana International Pool	17,252	18.37%	40,334	18.58%	40,044	18.56%	4,753	17.60%	
Montana Private Equity Pool	11,524	12.26%	26,844	12.37%	26,635	12.34%	3,145	11.64%	
<i>Alternative Investments</i>									
Montana Real Estate Pool	6,003	6.39%	13,981	6.44%	13,869	6.43%	1,637	6.06%	
Structured Investment Vehicles	39	0.04%	45	0.02%	48	0.02%	29	0.11%	
<i>Short Term Investments</i>									
Short Term Investment Pool	2,257	2.41%	2,593	1.20%	2,766	1.28%	1,655	6.12%	
Total	\$ 93,926	100.00%	\$ 217,068	100.00%	\$ 215,776	100.00%	\$ 27,010	100.00%	

INVESTMENT SECTION

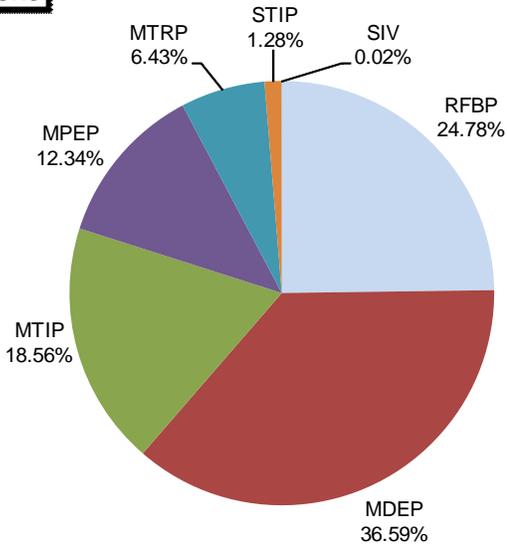
GWORS



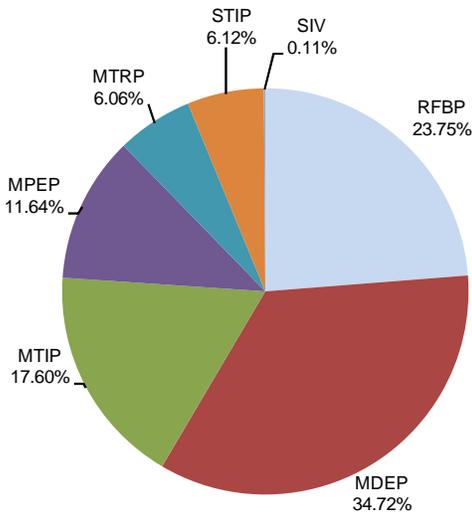
MPORS



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

This page intentionally left blank



HERBURN PEAK MOUNTAIN
~ photos courtesy of Ann Reber



One of the most famous roads in Montana, Glacier Park's Going-to-the-Sun road is 53 miles long. It is open from June to October and can take almost 10 weeks to plow in spring.

~ Wikipedia



Going-to-the-Sun road under construction.
~ photos courtesy of Ann Reber



A
C
T
U
A
R
I
A
L
S
E
C
T
I
O
N

November 22, 2011

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, 2011 annual actuarial valuation for each of the eight funded pension programs administered by the Public Employees' Retirement Board.

Valuation Results

The funding objective for each System is to pay the Normal Cost plus an amount that would amortize the Unfunded Actuarial Liability over a period of not more than 30 years. 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 48.2 years
- Municipal Police Officers' Retirement System 25.0 years
- Firefighters' Unified Retirement System 16.0 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 41.5, 23.4, and 14.9 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 8.8 years using the Actuarial Value of Assets and over 7.8 years using Market Value of Assets. The Judges' Retirement System had an Actuarial Surplus as of June 30, 2011.

The funded status for each System other than Game Wardens' and Peace Officers' Retirement System (GWPORS) decreased based on the Actuarial Value of Assets. For GWPORS, the funded ratio remained approximately the same. Due to investment gains during the last two years, which are being recognized over four years, the Actuarial Value of Assets was less than the Market Value of Assets by 3% to 4% 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 higher than using the Actuarial Value of Assets.



Assumptions and Methods

These valuations are the third valuations performed for the Board by Cheiron. The current actuarial assumptions were adopted by the Board for the June 30, 2010 valuations following an actuarial experience study.

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 letter 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 letter. Accordingly, additional determinations may be needed for other purposes.

Reliance on Others

In preparing the 2011 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, 2011, 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 hereby certify that, to the best of our knowledge, this letter and its contents, which are work products of Cheiron, Inc., are complete and accurate and have been prepared in accordance with generally recognized and accepted actuarial principles and practices which are consistent with the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board. Furthermore, as credentialed actuaries, we meet the Qualification Standards of the American Academy of Actuaries to render the opinions contained in this letter. This letter does not address any contractual or legal issues. We are not attorneys and our letter does not provide any legal services or advice.



Public Employees' Retirement Board
November 23, 2011
Page 3

Cheiron's letter was prepared exclusively for the Public Employees' Retirement System for a specific and limited purpose. It is not for use or benefit of any third party for any purpose.

Sincerely,
Cheiron

/s/ Stephen T. McElhaney

/s/ Margaret Tempkin

Stephen T. McElhaney, FSA, FCA
Principal Consulting Actuary

Margaret Tempkin, FSA
Principal Consulting Actuary



ACTUARIAL SECTION

This page intentionally left blank

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 2011 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 in May 2010 and were used in the fiscal year 2011 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.

AMORTIZATION METHOD

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

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 with a floor of zero 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. The assumed increase in future salaries due to general wage growth is 4.00% per year for all plans. The merit scale is based on years of service and is in addition to the wage growth. The merit scale is calculated independently for each plan based on the factors applicable to the plan. VFCA is excluded from this calculation because members are unpaid volunteers.

MARRIAGE

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.

MORTALITY

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. 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%

The mortality assumptions among Disabled Retirees are based on the RP-2000 Combined Healthy Male and Female Mortality Tables with no projections. 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. Under all plans, vested terminated members are assumed to retire when first eligible for an unreduced benefit.

DISABLEMENT

The assumed rates of disablement are dependent upon ages and differ between plans. It is further assumed that 75% of all disabilities are duty-related for HPORS, SRS, and GWPORS. For MPORS and FURS it is assumed that 10% of all disabilities are duty-related. For PERS, JRS and VFCA all disabilities are assumed to be non-duty related. It is assumed that all disabilities are permanent and that no disabled member will recover and return to work.

OTHER TERMINATIONS OF MEMBERSHIP

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

Retirement actuarial factors are used in determining joint, survivor and period certain annuities.

ACTUARIAL SECTION

ACTUARIAL AUDIT

In preparation for the fiscal year 2009 actuarial valuation, their first valuation, Cheiron reproduced the results of 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 third 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, 2011, the market value of assets for **PERS-DBRP** was \$139 million greater 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 73% 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, 2011 is 70% 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 unfunded actuarial liability is 5.9 years, which is within the acceptable range.

At June 30, 2011, the market value of assets for **JRS** was \$2.4 million greater 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 147% 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, 2011 is 141% and the amortization period for the unfunded actuarial liability is still zero years since the plan is overfunded.

At June 30, 2011, the market value of assets for **HPORS** was \$3.6 million greater 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 64% and the amortization period for the unfunded actuarial liability would be 41.5 years. Using the actuarial value of assets in the valuation, the funded ratio at June 30, 2011 is 61% and the amortization period for the unfunded actuarial liability is 48.2 years.

At June 30, 2011, the market value of assets for **SRS** was \$8.0 million greater 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 79% 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, 2011 is 76% and

the amortization period for the unfunded actuarial liability is infinite.

At June 30, 2011, the market value of assets for **GWPORS** was \$3.8 million greater 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 79% 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, 2011 is 75% and the amortization period is infinite.

At June 30, 2011, the market value of assets for **MPORS** was \$7.4 million greater 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 57% and the amortization period for the unfunded actuarial liability would be 23.4 years. Using the actuarial value of assets in the valuation, the funded ratio at June 30, 2011 is 55% and the amortization period is 25.0 years.

At June 30, 2011, the market value of assets for **FURS** was \$7.6 million greater 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 64% and the amortization period for the unfunded actuarial liability would be 14.9 years. Using the actuarial value of assets in the valuation, the funded ratio at June 30, 2011 is 62% and the amortization period for the unfunded actuarial liability is 16.0 years.

At June 30, 2011, the market value of assets for **VFCA** retirement system was \$0.8 million greater 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 77% and the amortization period for the unfunded actuarial liability would be 7.8 years with the annual required contribution being \$993 thousand. Using the actuarial value of assets in the valuation, the funded ratio at June 30, 2011 is 74% and the amortization period for the unfunded actuarial liability is 8.8 years. The total required contribution is \$1.1 million.

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 ¹ (c)	Average Annual Pay (c/a)	% Pay Increase
PERS-DBRP	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%
	June 30, 2011	28,659	533	1,071,376,488	37,384	-0.54%
JRS	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%
	June 30, 2011	54	1	5,645,110	104,539	-6.25%
HPORS	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%
	June 30, 2011	214	1	12,471,575	58,278	2.82%
SRS	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%
	June 30, 2011	1,230	57	57,041,471	46,375	0.16%

¹ 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, 2011.

ACTUARIAL SECTION

System	Valuation Date	Number Members (a)	Nbr ERs (b)	Covered Payroll (c)	Average Annual Pay (c/a)	% Pay Increase
GWPORS	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%
	June 30, 2011	951	7	38,306,496	40,280	-1.33%
MPORS ²	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%
	June 30, 2011	702	31	39,470,441	56,226	4.99%
FURS	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%
	June 30, 2011	579	24	34,852,160	60,194	2.91%
VFCA	June 30, 2006	2,733				
	³ June 30, 2007	2,207				
	June 30, 2008	2,301				
	June 30, 2009	2,253				
	June 30, 2010	2,315				
	June 30, 2011	2,105				

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

²Does not include DROP membership.

³The 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, 2011

	PERS-DBRP	JRS	HPORS	SRS	GWPORS	MPORS ¹	FURS	VFCA ²
Average Age	49.03	59.20	41.32	40.41	41.84	38.26	39.48	45.21
Average Service	10.0	11.4	10.9	7.1	6.9	8.5	10.6	9.5
Average Salary	\$ 37,889	\$ 106,745	\$ 56,449	\$ 47,557	\$ 40,801	\$ 53,308	\$ 60,136	N/A
Under Age 25								
Number Members	466		1	66	44	18	12	114
Average Salary	26,718		49,904	37,926	32,428	45,734	43,086	N/A
Ages 25-29								
Number Members	1,410		17	169	97	112	83	172
Average Salary	32,243		51,266	40,293	36,405	47,286	49,690	N/A
Ages 30-34								
Number Members	1,939		33	172	139	132	106	194
Average Salary	\$ 35,627		\$ 53,457	\$ 45,071	\$ 38,399	\$ 49,378	\$ 55,748	N/A
Ages 35-39								
Number Members	2,520		36	211	128	120	105	231
Average Salary	36,797		54,974	48,822	41,295	52,185	59,111	N/A
Ages 40-44								
Number Members	2,828	1	55	181	155	164	112	270
Average Salary	\$ 38,488	\$ 106,870	\$ 56,775	\$ 49,608	\$ 42,194	\$ 57,261	\$ 62,225	N/A
Ages 45-49								
Number Members	3,774	2	40	157	143	86	57	280
Average Salary	\$ 38,889	\$ 110,791	\$ 60,301	\$ 50,836	\$ 42,513	\$ 57,219	\$ 67,025	N/A
Ages 50-54								
Number Members	5,123	14	21	125	110	44	60	317
Average Salary	\$ 39,440	\$ 103,500	\$ 58,349	\$ 51,410	\$ 43,620	\$ 60,997	\$ 68,214	N/A
Ages 55-59								
Number Members	5,476	8	9	93	79	19	35	228
Average Salary	\$ 39,932	\$ 106,964	\$ 58,984	\$ 50,415	\$ 43,751	\$ 58,223	\$ 71,769	N/A
Ages 60-64								
Number Members	3,737	16	2	44	48	6	8	189
Average Salary	\$ 38,795	\$ 108,322	\$ 62,253	\$ 55,376	\$ 42,405	\$ 61,545	\$ 72,969	N/A
Ages 65-69								
Number Members	1,006	10		10	7	1	1	65
Average Salary	\$ 34,596	\$ 107,729		\$ 53,250	\$ 38,775	\$ 51,824	\$ 83,265	N/A
Age 70 & Over								
Number Members	380	3		2	1			45
Average Salary	\$ 26,411	\$ 106,870		\$ 42,180	\$ 39,984			N/A

¹The number of members for MPORS does not include the 37 DROP members.

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

The last actuarial valuation was performed as of June 30, 2011.

Public Employees' Retirement Board

A Component Unit of the State of Montana

Schedule of Retiree Member Composition

as of June 30, 2011

	PERS-DBRP	JRS	HPORS	SRS	GWPORS	MPORS	FURS	VFCA
Total Count	17,500	56	275	390	138	624	520	1,183
Average Age	72.0	76.2	69.5	64.0	68.2	66.5	67.9	70.1
Average Age at Retirement	59.2	63.2	49.6	52.9	55.5	47.3	50.5	59.4
Average Annual Benefit	\$ 13,257	\$ 40,520	\$ 26,327	\$ 22,490	\$ 20,989	\$ 25,248	\$ 29,124	\$ 1,656
Under Age 45								
Number Members	37		1	2		5	1	
Average Annual Benefit	\$ 5,572		\$ 7,906	\$ 31,044		\$ 27,598	\$ 25,597	
Ages 45-49								
Number Members	38		10	6		18	12	
Average Annual Benefit	\$ 13,183		\$ 29,769	\$ 26,870		\$ 25,219	\$ 33,152	
Ages 50-54								
Number Members	278		14	41	8	70	36	
Average Annual Benefit	\$ 18,628		\$ 30,214	\$ 24,269	\$ 27,669	\$ 24,698	\$ 27,148	
Ages 55-59								
Number Members	1,050	1	18	77	21	85	68	121
Average Annual Benefit	\$ 20,639	\$ 13,683	\$ 27,074	\$ 26,556	\$ 24,343	\$ 27,713	\$ 33,257	\$ 2,103
Ages 60-64								
Number Members	2,793	9	48	110	31	140	108	247
Average Annual Benefit	\$ 17,219	\$ 36,069	\$ 30,562	\$ 24,005	\$ 16,558	\$ 27,635	\$ 35,900	\$ 1,749
Ages 65-69								
Number Members	3,649	10	47	62	29	86	82	237
Average Annual Benefit	\$ 14,702	\$ 43,709	\$ 30,037	\$ 21,464	\$ 19,654	\$ 26,081	\$ 32,727	\$ 1,575
Ages 70-74								
Number Members	3,092	4	50	45	13	57	73	221
Average Annual Benefit	\$ 12,337	\$ 40,109	\$ 27,350	\$ 20,979	\$ 21,727	\$ 22,923	\$ 27,534	\$ 1,581
Ages 75-79								
Number Members	2,457	7	38	20	15	65	60	171
Average Annual Benefit	\$ 11,033	\$ 50,488	\$ 20,017	\$ 13,452	\$ 26,971	\$ 22,910	\$ 22,123	\$ 1,555
Ages 80 & Over								
Number Members	4,106	25	49	27	21	98	80	186
Average Annual Benefit	\$ 9,121	\$ 39,195	\$ 20,756	\$ 11,980	\$ 18,746	\$ 22,150	\$ 19,803	\$ 1,528

The last actuarial valuation was performed as of June 30, 2011.

ACTUARIAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Schedule of Disabled Member Composition

as of June 30, 2011

	PERS-DBRP	JRS	HPORS	SRS	GWPORS	MPORS	FURS	VFCA ¹
Total Count	231		10	31		22	7	
Average Age	55.5		43.7	52.7		43.6	43.0	
Average Age at Disablement	46.6		36.1	43.9		38.8	38.6	
Average Annual Benefit	\$ 9,021		\$ 20,348	\$ 20,897		\$ 23,793	\$ 25,776	
Under Age 45								
Number Members	7		4	4		11	3	
Average Annual Benefit	\$ 7,590		\$ 24,503	\$ 22,026		\$ 24,203	\$ 26,753	
Ages 45-49								
Number Members	14		5	4		10	3	
Average Annual Benefit	\$ 7,233		\$ 16,797	\$ 20,930		\$ 23,927	\$ 25,909	
Ages 50-54								
Number Members	48		1	8		1	1	
Average Annual Benefit	\$ 9,846		\$ 21,478	\$ 20,747		\$ 17,948	\$ 22,445	
Ages 55-59								
Number Members	137			13				
Average Annual Benefit	\$ 9,289			\$ 20,155				
Ages 60-64								
Number Members	24			2				
Average Annual Benefit	\$ 7,321			\$ 23,999				
Ages 65-69								
Number Members	1							
Average Annual Benefit	\$ 8,628							
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, 2011.

Public Employees' Retirement Board

A Component Unit of the State of Montana

Schedule of Beneficiary Member Composition

as of June 30, 2011

	PERS-DBRP	JRS	HPORS	SRS	GWPORS	MPORS	FURS	VFCA ¹
Total Count	392	2	17	20	7	30	25	
Average Age	63	79	46	58	68	61	67	
Average Annual Benefit	\$ 9,895	\$ 24,719	\$ 14,358	\$ 15,768	\$ 7,854	\$ 21,496	\$ 19,201	
Under Age 45								
Number Members	49		9	5		3	3	
Average Annual Benefit	\$ 6,299		\$ 9,925	\$ 9,044		\$ 22,660	\$ 23,439	
Ages 45-49								
Number Members	14		1	1	1	1		
Average Annual Benefit	\$ 7,557		\$ 5,920	\$ 50,375	\$ 2,938	\$ 18,999		
Ages 50-54								
Number Members	28		1			7	2	
Average Annual Benefit	\$ 7,431		\$ 19,550			\$ 21,194	\$ 17,998	
Ages 55-59								
Number Members	41			3	1	1	3	
Average Annual Benefit	\$ 11,273			\$ 28,627	\$ 7,236	\$ 20,671	\$ 9,167	
Ages 60-64								
Number Members	67		2	2	2	7	5	
Average Annual Benefit	\$ 9,818		\$ 9,532	\$ 5,642	\$ 5,220	\$ 23,709	\$ 24,544	
Ages 65-69								
Number Members	49		3	3	1	2		
Average Annual Benefit	\$ 10,778		\$ 29,894	\$ 14,811	\$ 8,389	\$ 18,946		
Ages 70-74								
Number Members	52			1		1	3	
Average Annual Benefit	\$ 9,748			\$ 8,158		\$ 32,702	\$ 13,857	
Ages 75-79								
Number Members	42	2		2		5	3	
Average Annual Benefit	\$ 13,137	\$ 24,719		\$ 25,531		\$ 19,888	\$ 18,619	
Ages 80 & Over								
Number Members	50		1	3	2	3	6	
Average Annual Benefit	\$ 10,994		\$ 20,547	\$ 6,315	\$ 12,988	\$ 17,629	\$ 21,009	

¹Benefits for beneficiaries of VFCA retirees terminate when benefits have been paid for a total of 40 months, including any pension or disability benefits paid to retiree before death.

The last actuarial valuation was performed as of June 30, 2011.

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, 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%
June 30, 2011	1,169	15,407,952	558	3,428,851	18,123	231,222,603	13,625	8.35%
JRS								
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%
June 30, 2011	5	127,602	2	4,668	58	2,239,603	41,259	5.07%
HPORS								
June 30, 2006	6	252,679	0		282	6,365,115	21,193	4.61%
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%
June 30, 2011	12	294,280	5	75,122	302	7,865,745	26,611	7.45%
SRS								
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%
June 30, 2011	30	701,530	4	50,832	441	9,237,286	23,001	9.36%

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, 2011.

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, 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%
June 30, 2011	12	146,846	3	16,761	145	2,863,434	20,967	4.61%
MPORS								
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%
June 30, 2011	22	539,164	16	145,734	676	17,013,369	25,797	6.34%
FURS								
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%
June 30, 2011	19	624,623	13	172,927	552	15,605,138	29,546	8.17%
VFCA								
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%
June 30, 2011	76	84,810	42	32,985	1,183	1,938,060	1,652	1.52%

ACTUARIAL SECTION

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

Solvency Test (in thousands)

System	Valuation Date	Aggregate Accrued Liabilities for			Actuarial Value of Assets	Portion of Accrued Liabilities Covered by Reported Asset		
		1	2	3		1	2	3
		Active Member Accounts ¹	Retirants and Beneficiaries	Active Members (ER Financed Portion)				
PERS-DBRP	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
	06/30/11	840,762	2,728,687	1,840,696	3,800,479	100	100	13
JRS	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
	06/30/11	5,115	24,692	13,607	61,274	100	100	231
HPORS	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
	06/30/11	10,795	107,035	37,911	95,274	100	79	0
SRS	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
	06/30/11	40,737	135,189	90,579	203,689	100	100	31

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, 2011.

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	06/30/06	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
	06/30/11	28,468	35,166	56,247	90,437	100	100	48
MPORS	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
	06/30/11	32,906	239,176	129,298	221,669	100	79	0
FURS	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
	06/30/11	33,089	219,842	102,257	219,959	100	85	0
VFCA	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
	06/30/11		16,483	18,712	26,183	N/A	100	52

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	\$ 301,247	\$ 4,483	\$ 7,496	\$ 14,309
Liability (Gain) or Losses:				
Salary (Gain) or Loss	(117,943)	(1,275)	(3,083)	(1,318)
New Participant (Gain) or Loss	5,744	82		505
Other (Gain) or Loss	<u>21,591</u>	<u>(205)</u>	<u>955</u>	<u>1,199</u>
Total Actuarial (Gain) or Loss	\$ 210,639	\$ 3,085	\$ 5,368	\$ 14,695
Plan Changes	(35,686)			
Total (Gain) or Loss Including Assumptions	<u>\$174,953</u>	<u>\$3,085</u>	<u>\$5,368</u>	<u>\$14,695</u>
	<u>GWPORS</u>	<u>MPORS</u>	<u>FURS</u>	<u>VFCA</u>
Investment (Gain) or Loss	\$ 5,324	\$ 15,675	\$ 14,918	\$ 2,082
Liability (Gain) or Losses:				
Salary (Gain) or Loss	(6,411)	(1,219)	(56)	
New Participant (Gain) or Loss	310	420	(106)	309
Rural Fire Districts (Gain) or Loss			233	
Other (Gain) or Loss	<u>(612)</u>	<u>844</u>	<u>732</u>	<u>(663)</u>
Total Actuarial (Gain) or Loss	\$ (1,389)	\$ 15,720	\$ 15,721	\$ 1,728
Plan Changes				151
Total (Gain) or Loss Including Assumptions	<u>(\$1,389)</u>	<u>\$15,720</u>	<u>\$15,721</u>	<u>\$1,879</u>

The last actuarial valuation was performed as of June 30, 2011.

Public Employees' Retirement Board

A Component Unit of the State of Montana

Summary of Defined Benefit Retirement Plans Provisions as of June 30, 2011

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 and school districts. For school districts this offset increased to 0.235% on July 1, 2007 and 0.37% on July 1, 2009. 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 credit is 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

Membership service is 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 the highest 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) 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: Members status at the time of death:

- (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 years of service credit or six, plus (iii) interest. However, an inactive member's survivor will receive only accumulated contributions.

For the survivor of 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 of 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 may revert 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.

CHANGES SINCE LAST VALUATION

House Bill 70, effective July 1, 2011

- ◆ Clarifies that “termination of service” requires that there will be “no written or verbal agreement between a retiree and employer that the retiree will return to covered employment in the future.” § 19-2-303(52), MCA
- ◆ Clarifies that the disability benefit of a disabled member who continues purchasing service or chooses to purchase service following termination of employment will not start until the service purchase is completed. § 19-2-908(3)(b), MCA
- ◆ PERS retirees must be terminated from employment for **at least 90 days** prior to returning to a PERS-covered position as a working retiree. § 19-3-1106, MCA
- ◆ PERS DCRP Members - The compounded annual interest rate credited to the contributions transferred from the defined benefit plan to the member’s Defined Contribution Retirement Plan (DCRP) will be 7.75% beginning July 1, 2011. Additional service credit is not an option available to a DCRP member who is subject to a reduction in force. Service credit purchases are not available to members of a defined contribution retirement plan.

House Bill 122, varying effective dates

- ◆ Current PERS Members Early retirement - Current PERS members remain eligible for early retirement at age 50 or after 25 years of membership service. However, beginning **October 1, 2011**, a current PERS member's early retirement benefit will be calculated using existing actuarial factors. The existing factors reflect PERS's most recent experience study and take into account the fact that people are living longer.
- ◆ Working Retirees Starting **July 1, 2011**: Working retirees who return to work for one employer in two positions, with one position subject to PERS and the other not, the earnings from **both** positions will count toward the working retiree limit. If the employer fails to report the member timely or accurately - the member and employer are liable for repayment of the retirement benefits received inappropriately.
- ◆ New Members Hired On Or After **July 1, 2011**:
 - Employee contribution to PERS will be 7.9% of salary.
 - Eligibility for early retirement changes to age 55 with a minimum of 5 years of membership service.
 - Normal retirement age changes to age 65 with 5 years of service.
 - The Highest Average Compensation (HAC) used to calculate the retirement benefit will be based on a time period of 60 months.
 - The multiplier used to calculate the retirement benefit will be:
 - 1.5% per year if service is less than 10 years;
 - 1.785% per year if service is greater than or equal to 10 years but less than 30 years; or
 - 2% per year if service is greater than or equal to 30 years.

ACTUARIAL SECTION

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. Effective July 1, 2011, the associate water judge has been added to the membership of the JRS.

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 credit is 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

Membership service is 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 from which the member retired.

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

NORMAL RETIREMENT

- Eligibility: Age 60 and 5 years of membership service.
- Benefit: $3\frac{1}{3}\%$ 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, 50% of current salary or HAC.
- For regular disability, the actuarial equivalent of the normal retirement benefit available at the time of disability.

SURVIVOR'S BENEFIT

- Eligibility: Active or retired member.
- Benefit: For duty-related deaths, the member's service retirement benefit on the date of death.
- For non-duty-related active deaths, a refund of the member's accumulated contributions or actuarial equivalent of involuntary 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 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.

ACTUARIAL SECTION

Judges' Retirement System (continued)

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 retiring member selects Option 2 or 3 and the designated beneficiary predeceases the member, the benefit may revert 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

House Bill 70, effective July 1, 2011

- ◆ Clarifies that “termination of service” requires that there will be “no written or verbal agreement between a retiree and employer that the retiree will return to covered employment in the future.” § 19-2-303(52), MCA
- ◆ Clarifies that the disability benefit of a disabled member who continues purchasing service or chooses to purchase service following termination of employment will not start until the service purchase is completed. § 19-2-908(3)(b), MCA

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 credit is 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

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

HIGHEST AVERAGE COMPENSATION (HAC)

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

NORMAL RETIREMENT

Eligibility: 20 years of membership service.

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

ACTUARIAL SECTION

Highway Patrol Officers' Retirement System (continued)

EARLY RETIREMENT

- Eligibility: Age 50 with 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, or
(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 receive a payment equal to the retired member's 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 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 paid each year in January equal to 3%.

For retired members who were hired prior to July 1, 1997 and who did not elect GABA, the minimum monthly benefit provided is 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 annual 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.

ACTUARIAL SECTION

Highway Patrol Officers' Retirement System (continued)

CHANGES SINCE LAST VALUATION

House Bill 70, effective July 1, 2011

- ◆ Clarifies that “termination of service” requires that there will be “no written or verbal agreement between a retiree and employer that the retiree will return to covered employment in the future.” § 19-2-303(52), MCA

- ◆ Clarifies that the disability benefit of a disabled member who continues purchasing service or chooses to purchase service following termination of employment will not start until the service purchase is completed. § 19-2-908(3)(b), MCA

—

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 credit is 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

Membership service is 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 (HAC) is the average of the highest 36 consecutive months (or shorter period of total service) of compensation paid to the member. Compensation is specifically defined in law for SRS.

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, or
(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 (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 may revert 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.

ACTUARIAL SECTION

Sheriffs' Retirement System (continued)

CHANGES SINCE LAST VALUATION

House Bill 70, effective July 1, 2011

- ◆ Clarifies that “termination in service” requires that there will be “no written or verbal agreement between a retiree and employer that the retiree will return to covered employment in the future.” § 19-2-303(52), MCA
- ◆ Clarifies that the disability benefit of a disabled member who continues purchasing service or chooses to purchase service following termination of employment will not start until the service purchase is completed. § 19-2-908(3)(b), MCA

House Bill 135, effective July 1, 2011

- ◆ **For new members hired on or after July 1, 2011** The Highest Average Compensation (HAC) used to calculate a monthly retirement benefit will be based on 60 months of service.

—

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 credit is 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

Membership service is 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 (HAC) is the average of the highest 36 consecutive months (or shorter period of total service) of compensation paid to the member. Compensation is specifically defined by law for GWPORS.

NORMAL RETIREMENT

Eligibility: Age 50 with 20 years of membership service.

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

ACTUARIAL SECTION

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

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: Five years of membership service for duty-related disability, or any service for regular disability.
- Benefit: (i) For duty-related disability:
(a) If less than 20 years of membership service: 50% of HAC, or
(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 25 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.

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 (Option 1).

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.

If a retiring member selects Option 2 or 3 and the designated beneficiary predeceases the member, the benefit may revert 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 in January 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

House Bill 70, effective July 1, 2011

- ◆ Clarifies that "termination of service" requires that there will be "no written or verbal agreement between a retiree and employer that the retiree will return to covered employment in the future." § 19-2-303(52), MCA
- ◆ Clarifies that the disability benefit of a disabled member who continues purchasing service or chooses to purchase service following termination of employment will not start

ACTUARIAL SECTION

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

until the service purchase is completed. § 19-2-908(3)(b), MCA

- ◆ Clarifies that the “early retirement benefit” is actually a “reduced retirement benefit” available, at age 55, to system members who terminate employment prior to 20 years of service. § 19-8-601, MCA

House Bill 134, effective July 1, 2011

- ◆ **For new members hired on or after July 1, 2011** The Highest Average Compensation (HAC) used to calculate a monthly retirement benefit will be based on 60 months of service. § 19-8-101(2), MCA

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 after June 30, 1975 but on or before June 30, 1979: 7.0%
- (ii) Hired after June 30, 1979 but before July 1, 1997: 8.5%
- (iii) 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 credit is 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

Membership service is 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 the Guaranteed Annual Benefit Adjustment (GABA) and who have been retired at least 12 months, a GABA will be made each year in January equal to 3%.

For retired members who were hired prior to July 1, 1997 and who did not elect GABA, the minimum monthly benefit provided is 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.

CHANGES SINCE LAST VALUATION

House Bill 70, effective July 1, 2011

- ◆ Clarifies that "termination of service" requires that there will be "no written or verbal agreement between a retiree and employer that the retiree will return to covered employment in the future." § 19-2-303(52), MCA

ACTUARIAL SECTION

Municipal Police Officers' Retirement System (continued)

- ◆ Clarifies that the disability benefit of a disabled member who continues purchasing service or chooses to purchase service following termination of employment will not start until the service purchase is completed. § 19-2-908(3)(b), MCA

—

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. Effective July 1, 2009, the interest rate credited to DROP accounts was changed to the actuarial assumed rate of 8%. As a result of the experience study performed during fiscal year 2010, the interest rate credited to DROP accounts was changed to the actuarial assumed rate of 7.75%.

ACTUARIAL SECTION

MPORS Deferred Retirement Option Plan (DROP)

CHANGES SINCE LAST VALUATION

Since the last valuation DROP accounts have been credit at the rate of 7.75% which was first adopted for the June 30, 2010 actuarial valuation.

—

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 electing GABA, members contribute 9.5% of their compensation. For members electing 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 credit is 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

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

HIGHEST AVERAGE COMPENSATION (HAC)

Highest Average Compensation is the average of the highest 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 has 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 greater of (i), or:

(a) If membership service is less than 20 years: 2% 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.

DISABILITY BENEFIT

Eligibility: Any active or inactive 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 of active members 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 active or

inactive members with more than 20 years of membership service, a benefit equal to the accrued retirement benefit.

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 the Guaranteed Annual Benefit Adjustment (GABA) and who have been retired at least 12 months, a GABA will be paid each year in January 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

House Bill 70, effective July 1, 2011

- ◆ Clarifies that "termination of service" requires that there will be "no written or verbal

ACTUARIAL SECTION

Firefighters' Retirement System (continued)

agreement between a retiree and employer that the retiree will return to covered employment in the future.” § 19-2-303(52), MCA

- ◆ Clarifies that the disability benefit of a disabled member who continues purchasing service or chooses to purchase service following termination of employment will not start until the service purchase is completed. § 19-2-908(3)(b), MCA

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.

CREDIT FOR SERVICE

To receive a year of credit for service, 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 credit for service, or
(ii) Age 60 with 10 years of credit for service.

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.

ACTUARIAL SECTION

Volunteer Firefighters' Compensation Act (continued)

CHANGES SINCE LAST VALUATION

House Bill 119, effective July 1, 2011

- ◆ The requirement of no more than 28 certificate members being listed on the annual certificate has been removed from § 7-33-2311, MCA.
- ◆ The roster of active and inactive members for the current year are to be filed annually with the Public Employees' Retirement Board (PERB) by September 1, and will not have to be certified by the county clerk of the county where the fire company is located. **A copy of the annual certificate will no longer be acceptable for this filing.** § 19-17-112(3), MCA
- ◆ A new requirement of membership cards which must be filed with the PERB by September 1 of each year. These cards are required for all members, active and inactive, of a fire company qualified under the VFCA for the first year and for new members in each subsequent year. § 19-17-112(4), MCA
- ◆ Definitions of allowance, compensation, and reimbursed have been added to the statute. In addition, allowable payments to volunteer firefighters is addressed in a separate section. §§ 19-17-102, 19-17-110, MCA
- ◆ Fire company, inactive member, and pension benefit have been defined or amended. § 19-17-102, MCA
- ◆ Records retention requirements have been defined. § 19-17-111, MCA
- ◆ Disputes regarding credited years of service must be resolved, either by staff of the PERB and the member or by the PERB prior to payment of the retirement or disability benefit. Payment will be retroactive to the retirement effective date. § 19-17-201(5), MCA
- ◆ Any late or amended annual certificates and the associated certified training records must be filed by the current fire chief within **three** years of the original annual certificate due date; an annual certificate can be amended only once. § 19-17-112(5), MCA

Senate Bill 223, effective July 1, 2011

- ◆ Amends § 19-17-404, MCA, the monthly pension benefit allowable for VFCA members.
- ◆ The change removes the 30 year cap on service for members who retire after July 1, 2011.

ACTUARIAL SECTION

- ◆ Volunteer firefighter monthly pension benefits are currently equal to \$7.50 per year of credited service, capped at 30 years of credited service.

- ◆ To qualify for the benefit the member must have
 - service recognized by the PERB beyond 30 years; **and**
 - the pension trust fund must be actuarially sound, amortizing any unfunded liabilities in 20 years or less.

- ◆ When the above criteria are met, the member will receive \$7.50 per month for each additional year of credited service after 30 years. A VFCA member's benefit will be capped at \$225 a month (30 years of credited service) if the amortization period grows to greater than 20 years.

—

ACTUARIAL SECTION

This page intentionally left blank



Paradise Valley, US Route 89 south of Livingston, MT.
~ photo courtesy of Ann Reber



Montana Route 49 near East Glacier.
~ photo courtesy of Joel Thompson

The US Highways (routes) system was officially designated in 1926. North-to-south highways are odd-numbered, and west-to-east highways are even-numbered.

~ Wikipedia



US Route 89 runs through Dupuyer, MT.
~ photo courtesy of Joel Thompson

Route 399 between Whitehall and Boulder, MT.
~ photo courtesy of Ann Reber



US Route 69 between Boulder and Caldwell, MT.
~ photo courtesy of Alli Pardis



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, 2011 for the following five objectives: financial trends, revenue capacity, debt capacity, demographic and economic trends, and operations.

Financial trends are presented on pages 178 to 195. 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 178 to 185. 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 187 to 189 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 190 to 199. 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 200 to 203.

Debt capacity is presented on pages 204 to 208. 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 210 to 229. 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 216, depicts the location of benefit recipients. The map shows that the majority (89 percent) of benefit recipients remain in Montana. Beginning on page 228, the average monthly benefit is provided.

Operating information is presented on pages 230 to 243. 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	2002	2003	2004	2005	2006	2007	2008
PERS-DBRP							
Additions							
Member Contributions ¹	\$ 60,030	\$ 62,628	\$ 62,664	\$ 66,986	\$ 66,145	\$ 69,150	\$ 72,874
Employer Contributions ²	56,505	57,597	58,231	60,454	88,573	67,195	72,270
State Contributions	374	389	403	421	443	446	378
Investment Income ³	(201,366)	167,331	360,266	244,976	293,679	629,559	(197,030)
Other							
Total Additions to Plan Net Assets	(84,457)	287,945	481,564	372,837	448,840	766,350	(51,508)
Deductions							
Benefits	114,663	122,204	132,683	142,789	153,886	166,188	180,815
Refunds	10,683	10,218	10,913	13,236	12,754	12,868	12,123
Administrative Expenses	3,310	2,254	2,825	2,569	2,886	2,681	2,832
Other ⁴	364	22,175	1,882	1,516	1,816	2,108	1,987
Total Deductions to Plan Net Assets	129,020	156,851	148,303	160,110	171,342	183,845	197,757
Change in Net Assets	\$ (213,477)	\$ 131,094	\$ 333,261	\$ 212,727	\$ 277,498	\$ 582,505	\$ (249,265)
JRS							
Additions							
Member Contributions ¹	\$ 280	\$ 285	\$ 443	\$ 412	\$ 333	\$ 339	\$ 385
Employer Contributions	1,032	1,052	1,136	1,162	1,229	1,249	1,315
Investment Income ³	(3,047)	2,661	5,248	3,640	4,344	9,435	(2,991)
Total Additions to Plan Net Assets	(1,735)	3,998	6,827	5,214	5,906	11,023	(1,291)
Deductions							
Benefits	1,566	1,552	1,670	1,624	1,743	1,772	1,829
Refunds							
Administrative Expenses	4	3	14	9	12	8	9
Other ⁴							
Total Deductions to Plan Net Assets	1,570	1,555	1,684	1,633	1,755	1,780	1,838
Change in Net Assets	\$ (3,305)	\$ 2,443	\$ 5,143	\$ 3,581	\$ 4,151	\$ 9,243	\$ (3,129)
HPORS							
Additions							
Member Contributions ¹	\$ 693	\$ 805	\$ 743	\$ 862	\$ 851	\$ 1,005	\$ 1,082
Employer Contributions	2,770	2,866	2,859	3,324	2,905	3,634	3,949
State Contributions	309	354	348	669	277	285	290
Investment Income ³	(5,590)	4,611	9,322	6,353	7,453	15,875	(4,929)
Total Additions to Plan Net Assets	(1,818)	8,636	13,272	11,208	11,486	20,799	392
Deductions							
Benefits	4,861	5,160	5,493	5,790	6,365	6,460	6,814
Refunds	130	60	144	181	89	139	61
Administrative Expenses	20	15	31	29	31	28	27
Other ⁴	19	48	152	49	1	139	14
Total Deductions to Plan Net Assets	5,030	5,283	5,820	6,049	6,486	6,766	6,916
Change in Net Assets	\$ (6,848)	\$ 3,353	\$ 7,452	\$ 5,159	\$ 5,000	\$ 14,033	\$ (6,524)

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

¹Includes Interest Reserve Buybacks.

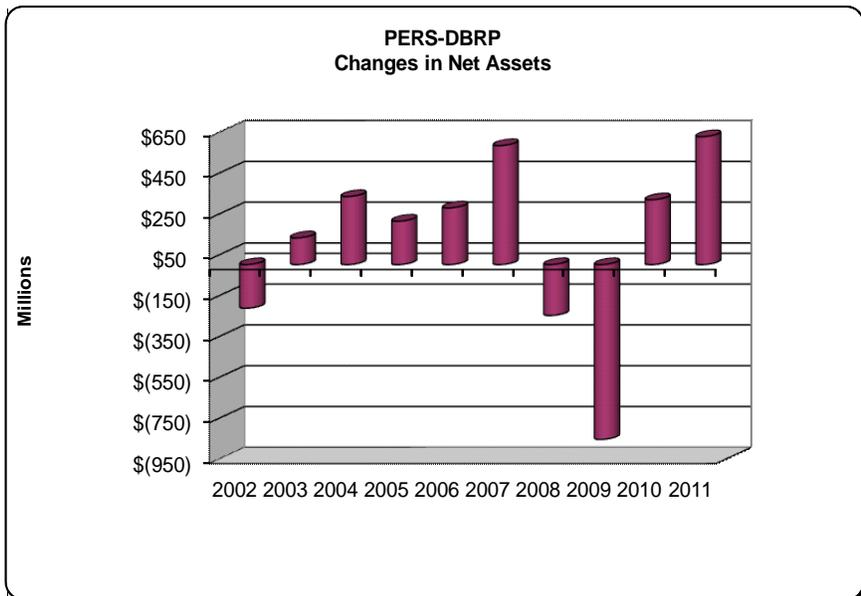
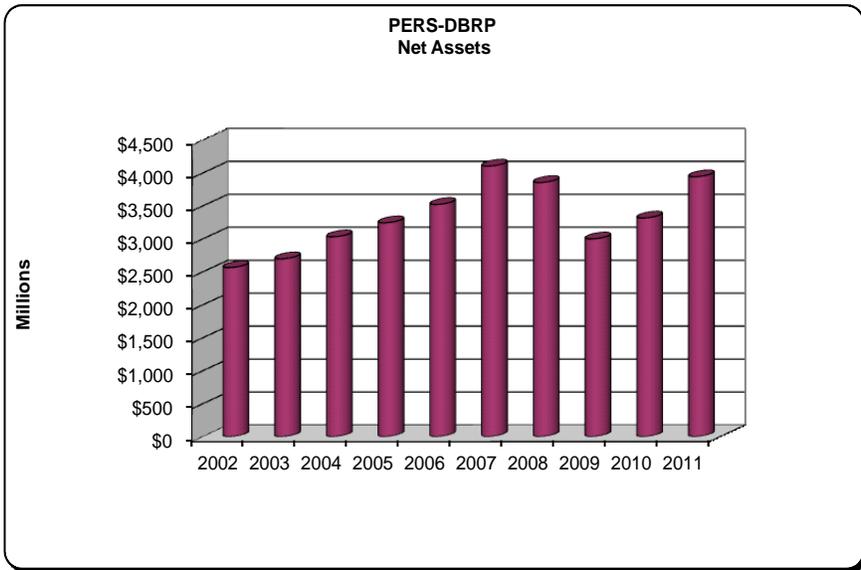
²Includes Membership Fees, Retirement Incentive, Miscellaneous Revenue and Education Contributions.

³Includes Common Stock Dividends.

⁴Includes Transfers to the DC, ORP, Prior Year Adjustments and Refunds to Other Plans.

STATISTICAL SECTION

	2009	2010	2011
\$	76,003	\$ 78,671	\$ 77,875
	75,949	80,326	79,173
	357	537	546
	(796,242)	387,861	715,398
	(643,933)	547,395	872,992
	196,402	212,186	231,223
	10,821	10,967	11,539
	2,948	3,257	3,327
	1,713	3,438	794
	211,884	229,848	246,883
\$	(855,817)	\$ 317,547	\$ 626,109
\$	584	\$ 595	\$ 504
	1,347	1,468	1,477
	(12,103)	6,013	11,392
	(10,172)	8,076	13,373
	1,972	2,118	2,240
	17	10	39
		24	
	1,989	2,152	2,279
\$	(12,161)	\$ 5,924	\$ 11,094
\$	1,035	\$ 1,262	\$ 1,270
	4,151	4,763	4,543
	285	287	278
	(19,978)	9,714	17,912
	(14,507)	16,026	24,003
	7,127	7,557	7,866
	26	56	121
	49	35	56
	17	37	
	7,219	7,685	8,043
\$	(21,726)	\$ 8,341	\$ 15,960



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	2002	2003	2004	2005	2006	2007	2008
SRS							
Additions							
Member Contributions ¹	\$ 2,496	\$ 2,669	\$ 2,685	\$ 2,988	\$ 3,721	\$ 4,921	\$ 4,815
Employer Contributions ²	2,431	2,508	2,684	2,813	3,524	4,386	4,834
Investment Income ³	(9,152)	8,164	16,404	11,381	13,566	29,732	(9,598)
Total Additions to Plan Net Assets	(4,225)	13,341	21,773	17,182	20,811	39,039	51
Deductions							
Benefits	3,700	4,307	4,903	5,527	6,152	6,769	7,243
Refunds	409	457	306	611	365	934	722
Administrative Expenses	40	32	55	57	78	77	80
Other ⁵	37	18	12	22	17	82	11
Total Deductions to Plan Net Assets	4,186	4,814	5,276	6,217	6,612	7,862	8,056
Change in Net Assets	\$ (8,411)	\$ 8,527	\$ 16,497	\$ 10,965	\$ 14,199	\$ 31,177	\$ (8,005)
GWPORS							
Additions							
Member Contributions ¹	\$ 1,846	\$ 2,293	\$ 2,714	\$ 3,023	\$ 3,027	\$ 3,199	\$ 3,613
Employer Contributions	1,595	1,835	2,021	2,054	2,391	2,638	2,979
Investment Income ³	(2,564)	2,541	5,073	3,696	4,594	10,838	(3,653)
Total Additions to Plan Net Assets	877	6,669	9,808	8,773	10,012	16,675	2,939
Deductions							
Benefits	1,230	1,316	1,460	1,539	1,835	2,085	2,271
Refunds	317	355	500	607	477	702	643
Administrative Expenses	30	25	42	42	49	47	52
Other ⁵	14		4	6	13		30
Total Deductions to Plan Net Assets	1,591	1,696	2,006	2,194	2,374	2,834	2,996
Change in Net Assets	\$ (714)	\$ 4,973	\$ 7,802	\$ 6,579	\$ 7,638	\$ 13,841	\$ (57)
MPORS							
Additions							
Member Contributions ¹	\$ 2,171	\$ 2,254	\$ 2,313	\$ 2,425	\$ 2,549	\$ 2,709	\$ 2,974
Employer Contributions	3,273	3,502	3,612	3,791	4,035	4,283	5,156
State Contributions ⁴	6,529	6,798	7,208	7,705	8,182	8,677	9,452
Investment Income ³	(9,220)	8,530	16,392	11,707	14,091	31,080	(10,262)
Total Additions to Plan Net Assets	2,753	21,084	29,525	25,628	28,857	46,749	7,320
Deductions							
Benefits	9,845	10,426	10,885	11,363	12,032	12,691	13,707
Refunds	345	326	337	786	551	688	4,290
Administrative Expenses	49	40	70	65	68	70	78
Other ⁵	3	47	52	12	48	29	4
Total Deductions to Plan Net Assets	10,242	10,839	11,344	12,226	12,699	13,478	18,079
Change in Net Assets	\$ (7,489)	\$ 10,245	\$ 18,181	\$ 13,402	\$ 16,158	\$ 33,271	\$ (10,759)

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

¹ Includes Interest Reserve Buybacks.

² Includes Retirement Incentive and Miscellaneous Revenue.

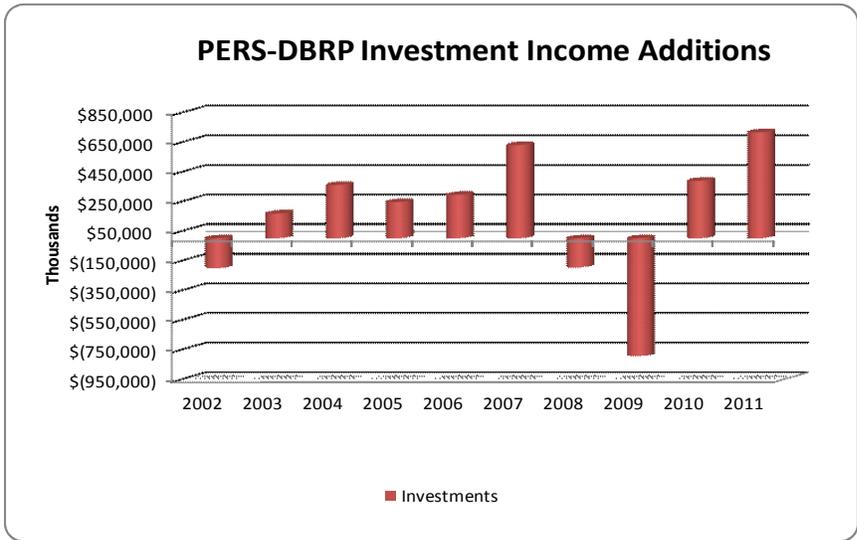
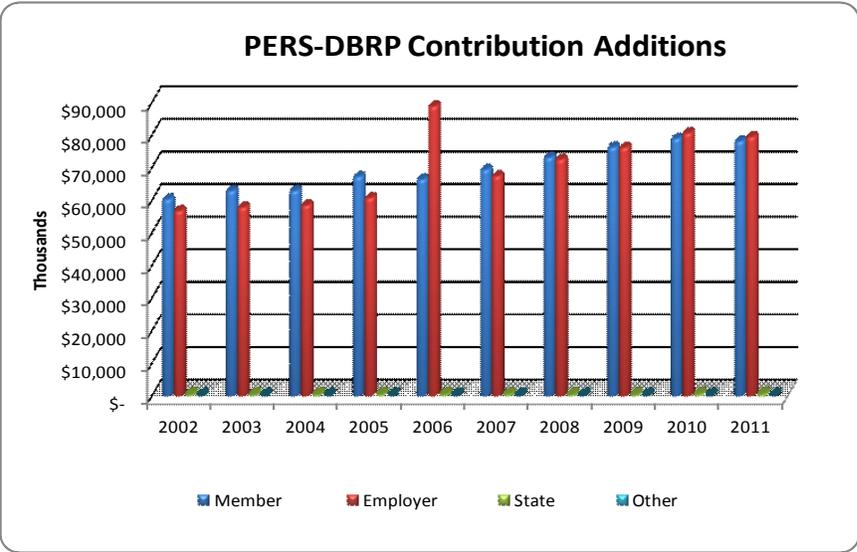
³ Includes Common Stock Dividends.

⁴ Includes Percent of Salary.

⁵ Includes Refunds to Other Plans and Prior Year Adjustments.

STATISTICAL SECTION

	2009	2010	2011
\$	5,207	\$ 5,336	\$ 5,831
	5,193	5,637	6,014
	(38,824)	19,470	37,539
	(28,424)	30,443	49,384
	7,858	8,277	9,237
	968	766	968
	115	97	121
	29	116	
	8,970	9,256	10,326
\$	(37,394)	\$ 21,187	\$ 39,058
\$	3,912	\$ 4,340	\$ 4,198
	3,292	3,612	3,523
	(15,133)	7,924	16,335
	(7,929)	15,876	24,056
	2,521	2,622	2,863
	840	879	993
	79	61	88
		59	
	3,440	3,621	3,944
\$	(11,369)	\$ 12,255	\$ 20,112
\$	3,186	\$ 4,141	\$ 3,580
	5,056	6,860	5,670
	10,186	10,932	11,594
	(40,908)	19,972	39,175
	(22,480)	41,905	60,019
	15,008	15,728	17,013
	794	849	1,000
	98	80	106
	62	149	
	15,962	16,806	18,119
\$	(38,442)	\$ 25,099	\$ 41,900



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	2002	2003	2004	2005	2006	2007	2008
FURS							
Additions							
Member Contributions ¹	\$ 1,874	\$ 2,141	\$ 2,213	\$ 2,330	\$ 2,472	\$ 2,619	\$ 3,152
Employer Contributions	2,521	2,802	2,796	2,959	3,328	3,520	4,467
State Contributions ²	5,764	6,006	6,533	6,719	7,533	7,957	9,568
Investment Income ³	(8,845)	8,066	15,692	11,140	13,409	29,577	(9,733)
Total Additions to Plan Net Assets	1,314	19,015	27,234	23,148	26,742	43,673	7,454
Deductions							
Benefits	8,508	9,081	9,674	10,386	11,040	11,851	13,353
Refunds	80	83	77	101	45	241	116
Administrative Expenses	40	30	53	53	58	56	57
Other ⁴			2				
Total Deductions to Plan Net Assets	8,628	9,194	9,806	10,540	11,143	12,148	13,526
Change in Net Assets	\$ (7,314)	\$ 9,821	\$ 17,428	\$ 12,608	\$ 15,599	\$ 31,525	\$ (6,072)
VFCA							
Additions							
State Contributions	\$ 1,134	\$ 1,310	\$ 1,434	\$ 1,527	\$ 1,611	\$ 1,661	\$ 1,562
Investment Income ³	(591)	1,259	2,271	1,550	1,853	4,103	(1,275)
Total Additions to Plan Net Assets	543	2,569	3,705	3,077	3,464	5,764	287
Deductions							
Benefits	1,411	1,412	1,479	1,517	1,564	1,637	1,717
Insurance Payments	13	12	12	11	11	13	14
Administrative Expenses	38	30	40	47	48	50	46
Other ⁴							
Total Deductions to Plan Net Assets	1,462	1,454	1,531	1,575	1,623	1,700	1,777
Change in Net Assets	\$ (919)	\$ 1,115	\$ 2,174	\$ 1,502	\$ 1,841	\$ 4,064	\$ (1,490)

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

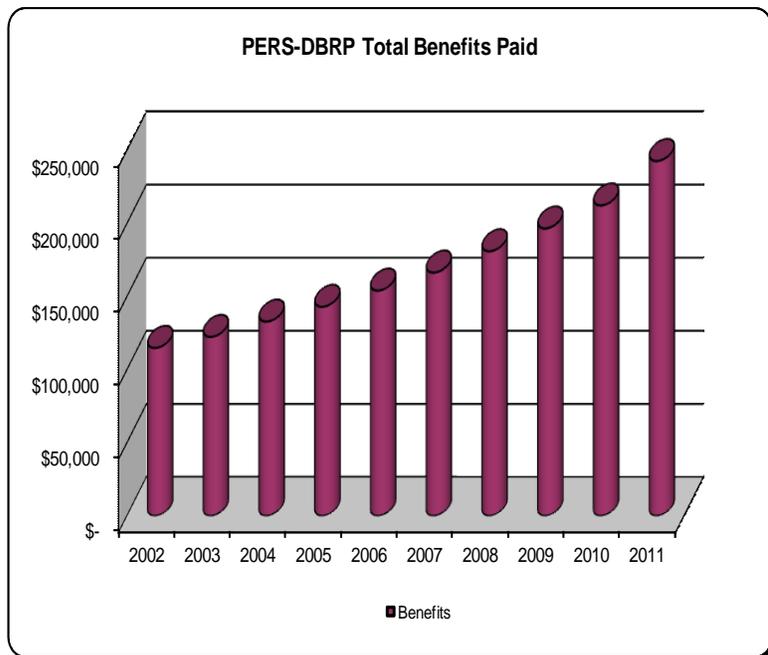
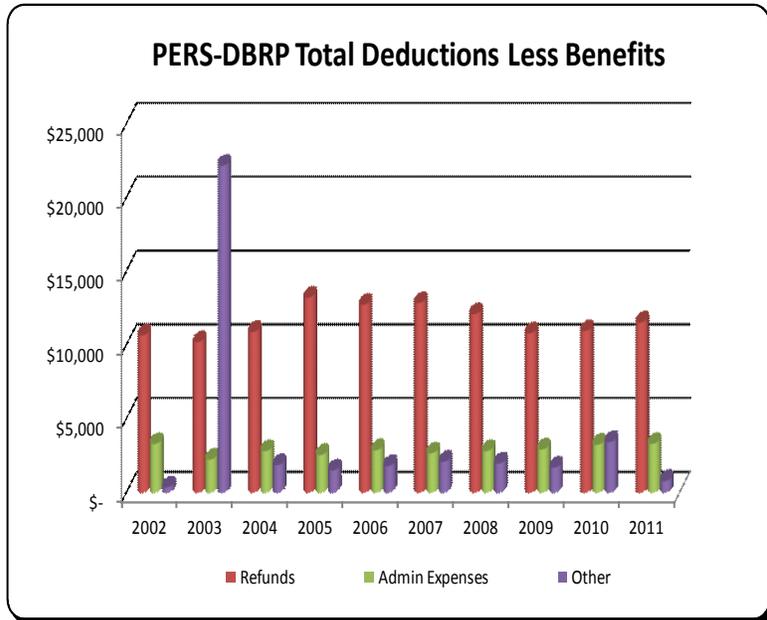
¹ Includes Interest Reserve Buybacks.

² Includes Percent of Salary.

³ Includes Common Stock Dividends.

⁴ Includes Refunds to Other Plans and Prior Year Adjustments.

	2009	2010	2011
\$	3,701	\$ 4,419	\$ 3,748
	4,531	5,129	5,009
	9,832	10,872	11,365
	(39,421)	19,606	38,751
	(21,357)	40,026	58,873
	13,987	14,598	15,605
	69	86	128
	98	72	92
		85	
	14,154	14,841	15,825
\$	(35,511)	\$ 25,185	\$ 43,048
\$	1,580	\$ 1,575	\$ 1,596
	(5,304)	2,566	4,793
	(3,724)	4,141	6,389
	1,780	1,857	1,938
	17	17	15
	59	58	81
		9	
	1,856	1,941	2,034
\$	(5,580)	\$ 2,200	\$ 4,355



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	2002	2003	2004	2005	2006	2007	2008
PERS-DCRP							
Additions							
Member Contributions	\$ 10,389	\$ 2,661	\$ 3,184	\$ 3,699	\$ 4,394	\$ 5,118	
Employer Contributions	6,130	1,781	1,856	2,319	2,857	3,255	
Investment Income	551	2,381	1,768	2,098	5,415	(2,987)	
Other ²	63	262	371	487	1,893	554	
<i>Total Additions to Plan Net Assets</i>	17,133	7,085	7,179	8,603	14,559	5,940	
Deductions							
Refunds	629	2,240	1,873	1,570	2,632	2,519	
Administrative Expenses	552	214	231	227	253	246	
Other ³	14	214	256	295	282	223	
<i>Total Deductions to Plan Net Assets</i>	1,195	2,668	2,360	2,092	3,167	2,988	
<i>Change in Net Assets</i>	\$ 15,938	\$ 4,417	\$ 4,819	\$ 6,511	\$ 11,392	\$ 2,952	
DEFERRED COMPENSATION PLAN							
Additions							
Member Contributions	\$ 13,314	\$ 14,725	\$ 14,623	\$ 15,501	\$ 16,990	\$ 17,712	\$ 19,107
Employer Contributions	46	44	40	55	52	74	70
Investment Income	(4,434)	8,542	16,152	15,267	3,618	37,102	3,287
Other ⁴	223	256	267	167	209	277	416
<i>Total Additions to Plan Net Assets</i>	9,149	23,567	31,082	30,990	20,869	55,165	22,880
Deductions							
Refunds	11,460	10,648	14,446	15,592	11,443	14,693	13,302
Administrative Expenses	242	218	170	289	204	225	241
Other ⁵	811	780	800	698	737	781	817
<i>Total Deductions to Plan Net Assets</i>	12,513	11,646	15,416	16,579	12,384	15,699	14,360
<i>Change in Net Assets</i>	\$ (3,364)	\$ 11,921	\$ 15,666	\$ 14,411	\$ 8,485	\$ 39,466	\$ 8,520

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

² Includes Miscellaneous Revenues and Forfeitures.

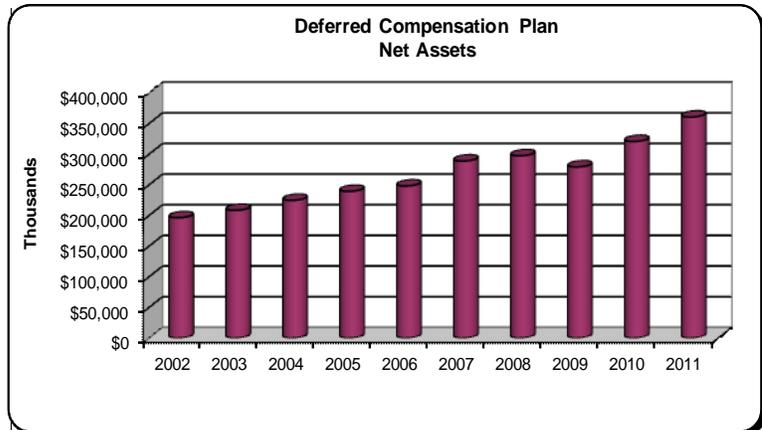
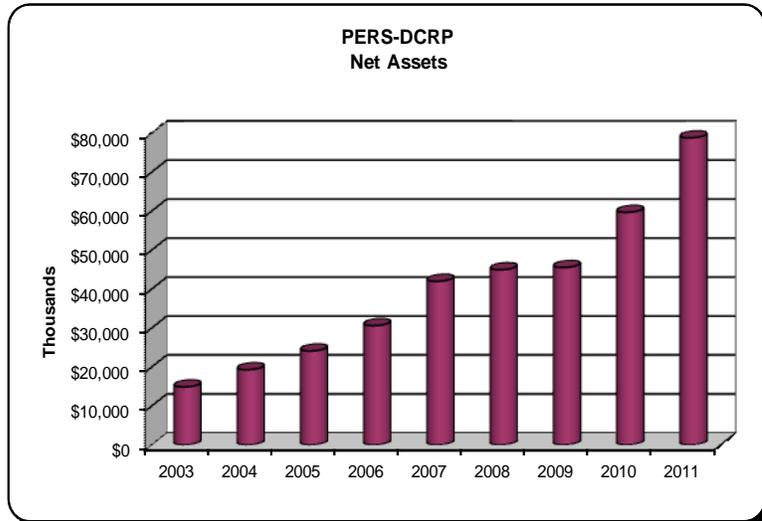
³ Fees paid to Great-West and Aegon for services provided.

⁴ Miscellaneous Revenue remitted to MPERA to pay administrative costs.

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

STATISTICAL SECTION

	2009	2010	2011
\$	5,723	\$ 6,140	\$ 6,100
	3,730	4,029	3,965
	(6,801)	6,122	12,698
	468	487	698
	3,120	16,778	23,461
	1,903	1,947	3,637
	411	416	426
	222	250	299
	2,536	2,613	4,362
\$	584	\$ 14,165	\$ 19,099
\$	19,661	\$ 18,607	\$ 19,072
	65	61	64
	(26,444)	37,203	36,906
	335	330	424
	(6,383)	56,201	56,466
	11,024	13,398	15,416
	318	277	288
	865	991	1,007
	12,207	14,666	16,711
\$	(18,590)	\$ 41,535	\$ 39,755



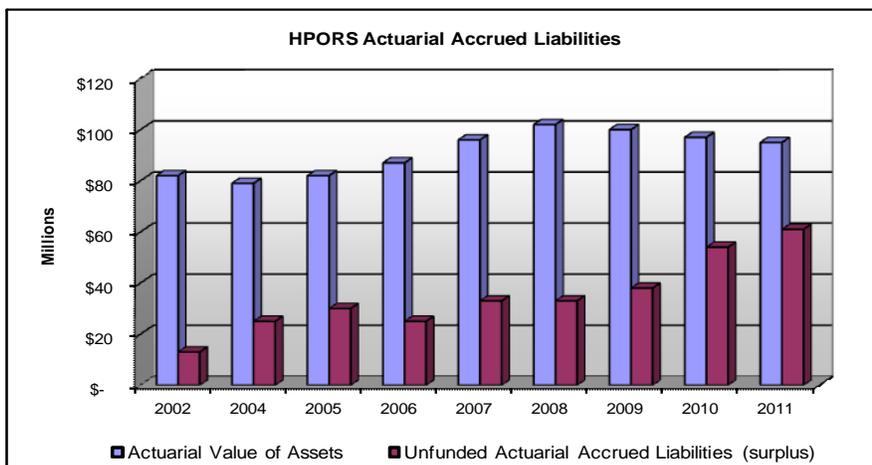
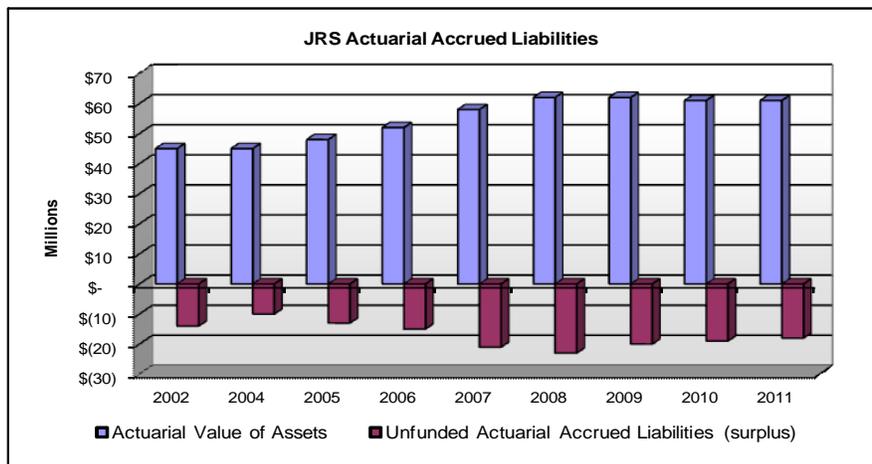
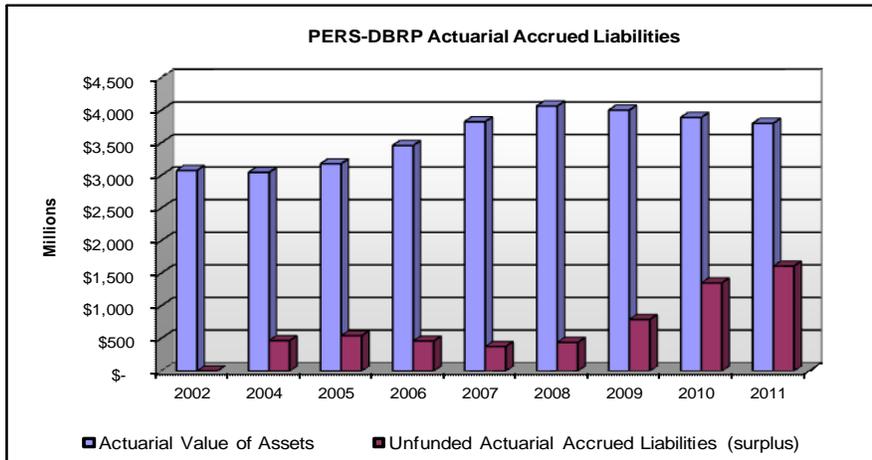
STATISTICAL SECTION

This page intentionally left blank

Public Employees' Retirement Board

A Component Unit of the State of Montana

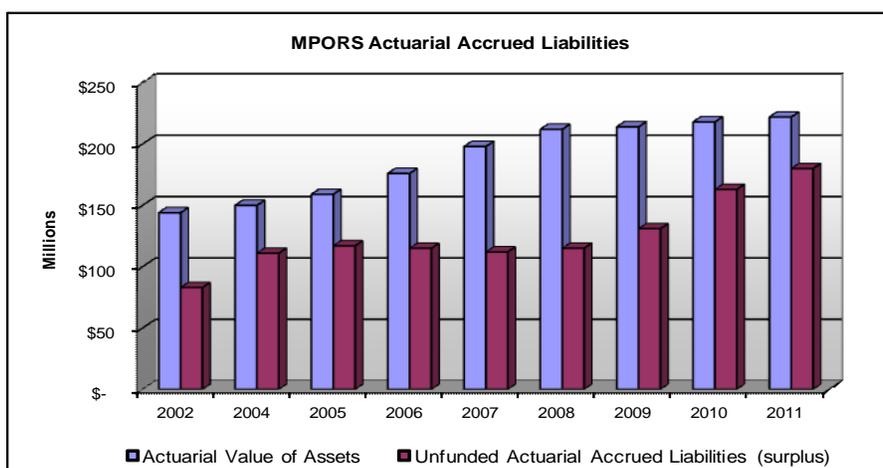
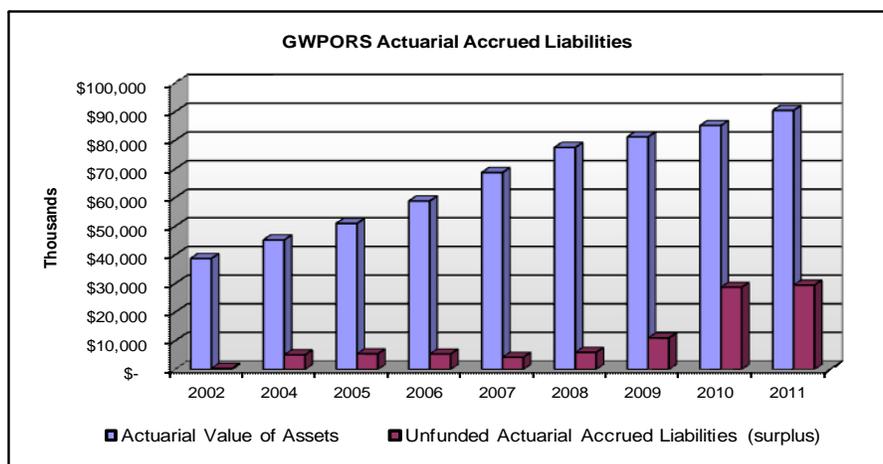
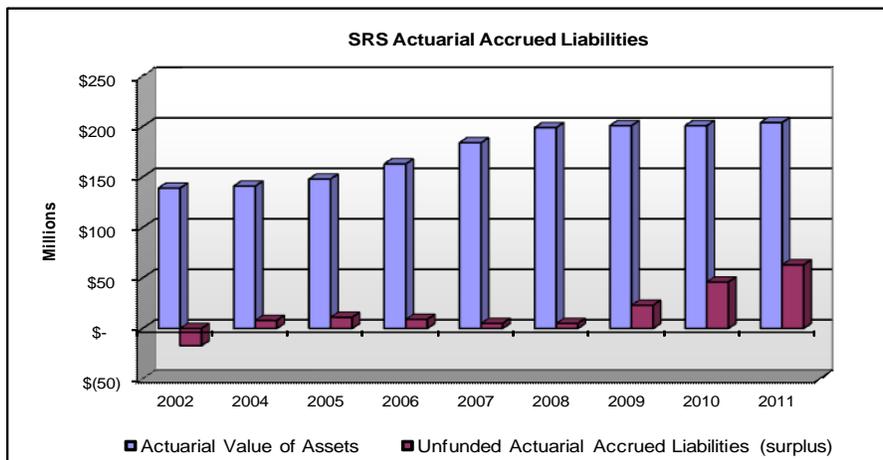
History of Actuarial Accrued Liabilities



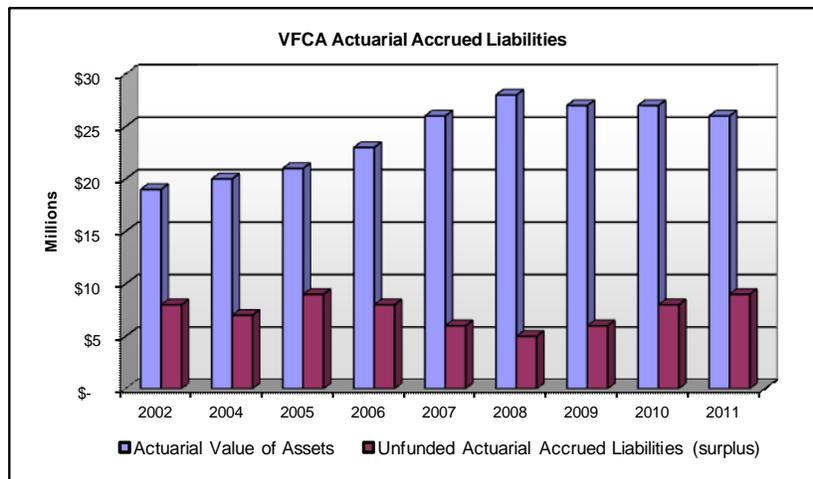
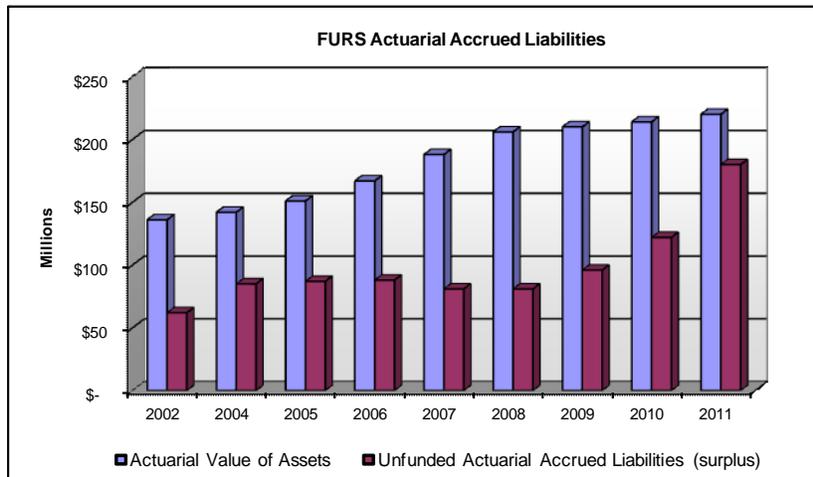
Public Employees' Retirement Board

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

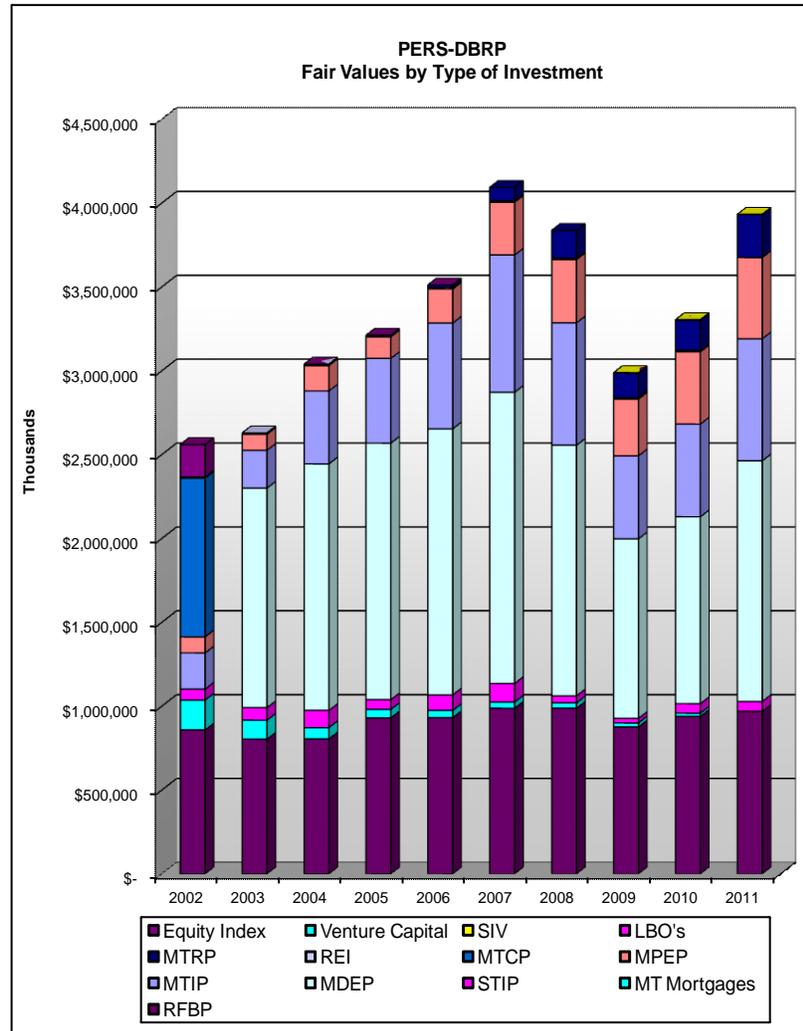
Schedule of Fair Values by Type of Investment, Last Ten Years

(in thousands)

System	2002	2003	2004	2005	2006	2007	2008
PERS-DBRP							
<i>Fixed Income:</i>							
Retirement Funds Bond Pool (RFBP)	\$ 858,467	\$ 804,470	\$ 805,840	\$ 930,369	\$ 932,048	\$ 987,821	\$ 988,124
Montana Mortgages	178,442	112,079	66,755	50,658	43,097	36,861	31,837
Short Term Investment Pool (STIP)	65,339	75,120	102,343	58,112	92,362	111,318	41,820
<i>Equities:</i>							
Montana Dometic Equity Pool (MDEP)		1,308,884	1,469,963	1,529,418	1,586,747	1,735,718	1,494,306
Montana International Pool (MTIP)	215,598	225,347	434,917	505,112	630,135	818,362	730,360
Montana Private Equity Pool (MPEP)	95,927	150,960	128,797	150,595	203,406	315,059	376,615
Montana Stock Pool (MTCP)	946,375						
<i>Alternative Investments:</i>							
Real Estate Investments (REI)	7,035	7,246	8,409	8,525	8,636	8,816	8,931
Montana Real Estate Pool (MTRP)					15,200	79,459	164,667
Structured Investment Vehicles (SIV)							4,306
Equity Index	192,493						
Total	\$ 2,559,676	\$ 2,684,106	\$ 3,017,024	\$ 3,232,789	\$ 3,511,631	\$ 4,093,414	\$ 3,840,966
JRS							
<i>Fixed Income:</i>							
Retirement Funds Bond Pool (RFBP)	\$ 14,878	\$ 14,046	\$ 13,024	\$ 14,655	\$ 14,685	\$ 15,576	\$ 15,581
Short Term Investment Pool (STIP)	1,036	837	1,733	1,284	1,519	1,770	967
<i>Equities:</i>							
Montana Dometic Equity Pool (MDEP)		19,162	21,739	22,749	23,744	26,348	22,790
Montana International Pool (MTIP)	2,995	3,294	6,393	7,507	9,365	12,162	10,973
Montana Private Equity Pool (MPEP)	1,353	2,243	1,906	2,229	3,047	4,744	5,733
Montana Stock Pool (MTCP)	14,012						
<i>Alternative Investments:</i>							
Montana Real Estate Pool (MTRP)					225	1,206	2,515
Structured Investment Vehicles (SIV)							99
Equity Index	2,900						
Total	\$ 37,174	\$ 39,582	\$ 44,795	\$ 48,424	\$ 52,585	\$ 61,806	\$ 58,658
HPORS							
<i>Fixed Income:</i>							
Retirement Funds Bond Pool (RFBP)	\$ 27,230	\$ 25,178	\$ 23,018	\$ 25,244	\$ 24,889	\$ 25,897	\$ 25,614
Short Term Investment Pool (STIP)	832	1,501	2,430	1,978	2,134	2,785	1,014
<i>Equities:</i>							
Montana Dometic Equity Pool (MDEP)		34,191	38,192	39,376	40,232	43,439	37,406
Montana International Pool (MTIP)	5,590	5,883	11,296	13,035	15,795	20,513	18,307
Montana Private Equity Pool (MPEP)	2,468	3,933	3,375	3,946	5,178	7,979	9,429
Montana Stock Pool (MTCP)	25,563						
<i>Alternative Investments:</i>							
Montana Real Estate Pool (MTRP)					380	2,004	4,127
Structured Investment Vehicles (SIV)							104
Equity Index	5,729						
Total	\$ 67,412	\$ 70,686	\$ 78,311	\$ 83,579	\$ 88,608	\$ 102,617	\$ 96,001

STATISTICAL SECTION

	2009	2010	2011
\$	876,390	\$ 939,430	\$ 969,119
	24,055	19,185	
	27,140	56,727	59,256
	1,070,435	1,114,072	1,434,773
	494,790	552,712	727,765
	338,517	430,729	484,324
	8,937	8,963	
	145,478	178,787	256,368
	2,619	3,640	1,023
\$	2,988,361	\$ 3,304,245	\$ 3,932,628
\$	14,019	\$ 15,034	\$ 15,497
	913	1,392	1,312
	16,507	17,608	23,098
	7,551	8,732	11,733
	5,224	6,725	7,788
	2,247	2,820	4,046
	83	89	23
\$	46,544	\$ 52,400	\$ 63,497
\$	22,471	\$ 24,091	\$ 24,318
	774	1,461	1,521
	26,680	27,848	35,969
	12,387	13,815	18,258
	8,419	10,751	12,136
	3,613	4,466	6,313
	70	94	26
\$	74,414	\$ 82,526	\$ 98,541



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	2002	2003	2004	2005	2006	2007	2008
SRS							
<i>Fixed Income:</i>							
Retirement Funds Bond Pool (RFBP)	\$ 45,736	\$ 43,639	\$ 40,680	\$ 45,890	\$ 45,822	\$ 49,551	\$ 50,063
Short Term Investment Pool (STIP)	3,338	3,186	5,055	3,441	5,182	5,526	3,300
<i>Equities:</i>							
Montana Dometic Equity Pool (MDEP)		59,059	68,112	71,278	74,633	84,481	73,074
Montana International Pool (MTIP)	9,593	10,250	20,127	23,457	29,263	38,004	35,060
Montana Private Equity Pool (MPEP)	4,167	6,906	5,936	6,941	9,508	14,859	18,271
Montana Stock Pool (MTCP)	43,178						
<i>Alternative Investments:</i>							
Montana Real Estate Pool (MTRP)					710	3,796	8,054
Structured Investment Vehicles (SIV)							340
Equity Index	8,875						
Total	\$ 114,887	\$ 123,040	\$ 139,910	\$ 151,007	\$ 165,118	\$ 196,217	\$ 188,162
GWPORS							
<i>Fixed Income:</i>							
Retirement Funds Bond Pool (RFBP)	\$ 12,658	\$ 12,921	\$ 12,837	\$ 15,471	\$ 15,806	\$ 18,332	\$ 19,243
Short Term Investment Pool (STIP)	1,875	1,691	2,472	3,292	2,782	2,536	1,761
<i>Equities:</i>							
Montana Dometic Equity Pool (MDEP)		17,476	21,521	23,111	26,705	31,082	28,272
Montana International Pool (MTIP)	2,555	2,996	6,372	7,705	10,518	14,344	13,545
Montana Private Equity Pool (MPEP)	1,115	2,058	1,856	2,170	3,330	5,497	7,008
Montana Stock Pool (MTCP)	11,576						
<i>Alternative Investments:</i>							
Montana Real Estate Pool (MTRP)					255	1,404	3,115
Structured Investment Vehicles (SIV)							181
Equity Index	2,586						
Total	\$ 32,365	\$ 37,142	\$ 45,058	\$ 51,749	\$ 59,396	\$ 73,195	\$ 73,125
MPORS							
<i>Fixed Income:</i>							
Retirement Funds Bond Pool (RFBP)	\$ 46,045	\$ 43,873	\$ 41,584	\$ 47,395	\$ 46,944	\$ 51,176	\$ 51,238
Short Term Investment Pool (STIP)	1,568	1,446	3,403	2,246	4,338	4,404	85
<i>Equities:</i>							
Montana Dometic Equity Pool (MDEP)		59,430	69,175	72,390	76,683	87,099	75,279
Montana International Pool (MTIP)	9,695	10,833	20,458	24,555	30,633	39,784	36,707
Montana Private Equity Pool (MPEP)	4,167	6,975	6,105	7,138	10,089	15,547	18,999
Montana Stock Pool (MTCP)	42,820						
<i>Alternative Investments:</i>							
Montana Real Estate Pool (MTRP)					730	4,102	8,274
Structured Investment Vehicles (SIV)							9
Equity Index	8,271						
Total	\$ 112,566	\$ 122,557	\$ 140,725	\$ 153,724	\$ 169,417	\$ 202,112	\$ 190,591

STATISTICAL SECTION

	2009		2010		2011
\$	45,693	\$	49,172	\$	51,323
	2,370		4,473		4,719
	53,630		58,159		76,580
	24,673		28,703		38,871
	17,060		22,037		25,806
	7,311		9,259		13,434
	215		287		82
\$	150,952	\$	172,090	\$	210,815
\$	18,518	\$	20,691	\$	22,834
	1,514		2,548		2,257
	21,722		24,643		34,017
	10,000		12,513		17,252
	6,949		9,262		11,524
	2,981		3,954		6,003
	137		164		39
\$	61,821	\$	73,775	\$	93,926
\$	45,995	\$	51,742	\$	53,729
	920		2,305		2,593
	54,681		59,532		79,542
	25,207		29,350		40,334
	17,242		23,192		26,844
	7,437		9,547		13,981
	83		148		45
\$	151,565	\$	175,816	\$	217,068

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	2002	2003	2004	2005	2006	2007	2008
FURS							
<i>Fixed Income:</i>							
Retirement Funds Bond Pool (RFBP)	\$ 43,775	\$ 41,757	\$ 39,592	\$ 44,975	\$ 44,650	\$ 48,813	\$ 49,419
Short Term Investment Pool (STIP)	1,349	1,641	3,414	2,641	4,241	4,488	1,573
<i>Equities:</i>							
Montana Domestic Equity Pool (MDEP)		56,638	65,851	68,911	73,144	82,766	72,476
Montana International Pool (MTIP)	9,337	10,235	19,469	23,361	29,143	37,848	34,970
Montana Private Equity Pool (MPEP)	3,929	6,546	5,813	6,797	9,587	14,850	18,175
Montana Stock Pool (MTCP)	40,946						
<i>Alternative Investments:</i>							
Montana Real Estate Pool (MTRP)					700	3,744	7,962
Structured Investment Vehicles (SIV)							162
Equity Index	8,002						
Total	\$ 107,338	\$ 116,817	\$ 134,139	\$ 146,685	\$ 161,465	\$ 192,509	\$ 184,737
VFCA							
<i>Fixed Income:</i>							
Retirement Funds Bond Pool (RFBP)	\$ 7,838	\$ 5,964	\$ 5,617	\$ 6,170	\$ 6,233	\$ 6,542	\$ 6,609
Short Term Investment Pool (STIP)	1,811	1,414	180	512	1,870	2,194	1,404
<i>Equities:</i>							
Montana Domestic Equity Pool (MDEP)		8,134	9,221	9,096	9,872	11,043	9,645
Montana International Pool (MTIP)	1,262	1,379	2,746	3,294	4,023	5,258	4,731
Montana Private Equity Pool (MPEP)	628	969	848	992	1,341	1,951	2,411
Montana Stock Pool (MTCP)	4,100						
<i>Alternative Investments:</i>							
Montana Real Estate Pool (MTRP)					95	504	1,047
Structured Investment Vehicles (SIV)							145
Equity Index	1,194						
Total	\$ 16,833	\$ 17,860	\$ 18,612	\$ 20,064	\$ 23,434	\$ 27,492	\$ 25,992
PERS-DCRP¹							
Defined Contributions Fixed Annuity	\$ 407	\$ 914	\$ 1,546	\$ 1,832	\$ 1,805	\$ 3,128	
Defined Contributions Variable Annuity		8,831	19,566	23,402	26,102	38,634	39,622
Total	\$ 9,238	\$ 20,480	\$ 24,948	\$ 27,934	\$ 40,439	\$ 42,750	
DEFERRED COMPENSATION PLAN							
Deferred Comp Fixed Annuity	\$ 122,729	\$ 137,687	\$ 143,162	\$ 152,215	\$ 143,870	\$ 159,669	\$ 181,740
Deferred Comp Variable Annuity	71,460	67,329	81,202	86,916	104,061	128,873	115,151
Deferred Comp Life Insurance	12	12	12	12	12	12	12
Total	\$ 194,201	\$ 205,028	\$ 224,376	\$ 239,143	\$ 247,943	\$ 288,554	\$ 296,903

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

STATISTICAL SECTION

	2009		2010		2011
\$	45,160	\$	50,657	\$	53,467
	1,268		2,649		2,766
	53,532		58,543		78,947
	24,862		29,067		40,044
	16,890		22,703		26,635
	7,260		9,403		13,869
	115		170		48
\$	149,087	\$	173,192	\$	215,776
\$	5,742	\$	6,379	\$	6,415
	1,571		1,385		1,655
	6,836		7,245		9,376
	3,140		3,567		4,753
	2,115		2,806		3,145
	898		1,124		1,637
	142		89		29
\$	20,444	\$	22,595	\$	27,010
\$	4,820	\$	6,725	\$	7,971
	38,198		49,946		67,271
\$	43,018	\$	56,671	\$	75,242
\$	189,421	\$	213,414	\$	224,800
	89,388		106,893		135,180
	12		12		12
\$	278,821	\$	320,319	\$	359,992

STATISTICAL SECTION

This page intentionally left blank

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
2010-2011	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
1998-2011	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	
1998-2011	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
2010-2011	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
2003-2011	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		
2000-2011	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			Employer	State
	Non-GABA	GABA			
1998-2011	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
2010-2011	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%

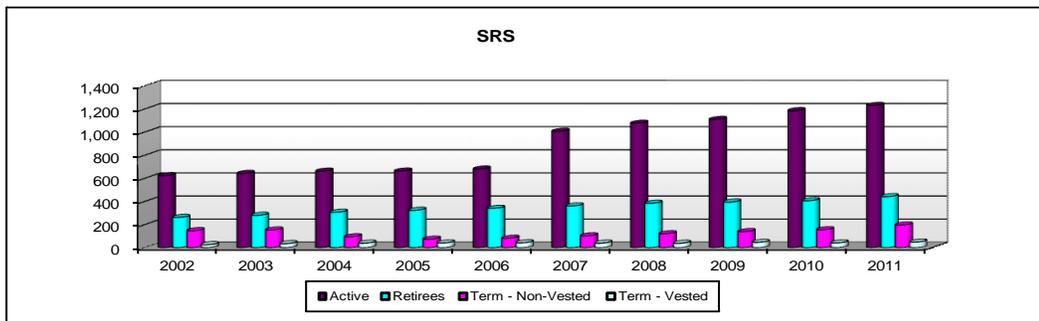
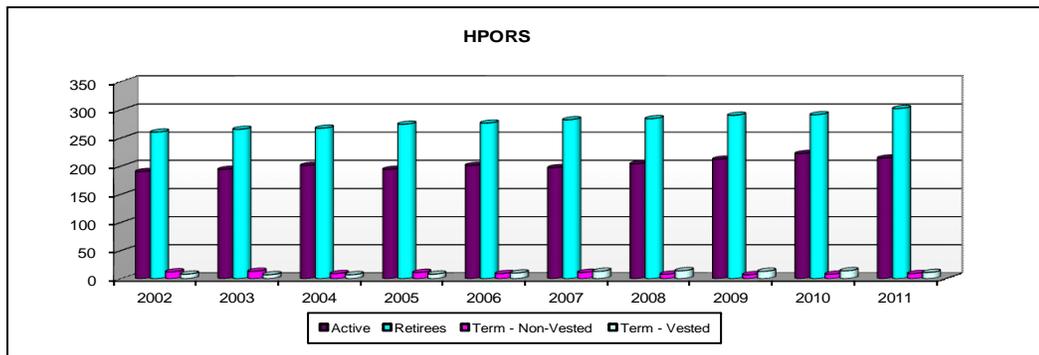
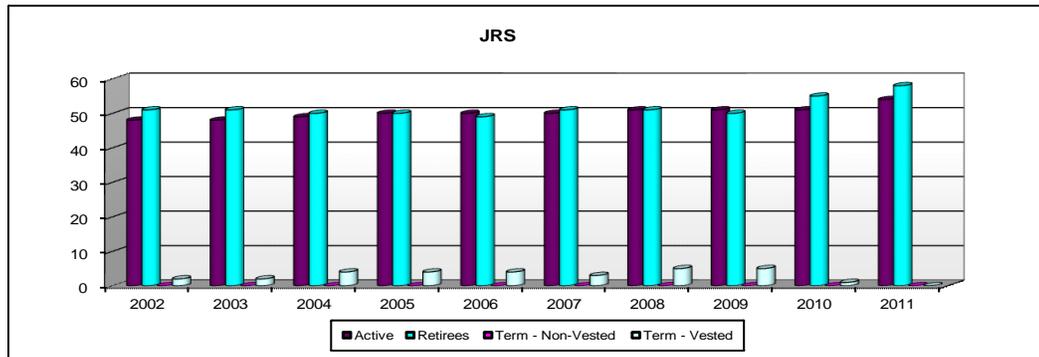
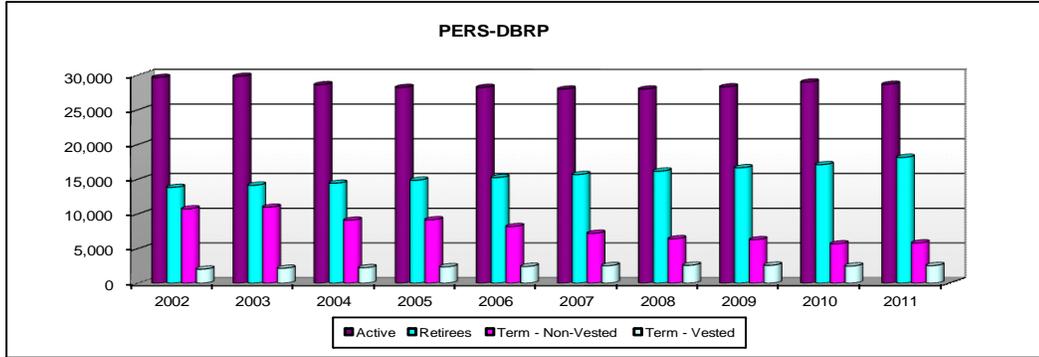
STATISTICAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

History of Membership in Retirement Plans, Last Ten Years

System	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
PERS-DBRP										
Active	29,808	28,604	28,201	28,213	27,962	27,977	28,293	28,983	28,834	28,659
Retirees/Beneficiaries	14,116	14,401	14,834	15,220	15,654	16,137	16,627	17,075	17,512	18,123
Term-Non-Vested	10,944	9,070	9,132	8,153	7,178	6,401	6,268	5,670	5,402	5,787
Term-Vested	2,150	2,231	2,362	2,418	2,530	2,576	2,579	2,476	2,471	2,535
Total	57,018	54,306	54,529	54,004	53,324	53,091	53,767	54,204	54,219	55,104
JRS										
Active	48	49	50	50	50	51	51	51	51	54
Retirees/Beneficiaries	51	50	50	49	51	51	50	55	55	58
Term-Non-Vested										
Term-Vested	2	4	4	4	3	5	5	1	1	
Total	101	103	104	103	104	107	106	107	107	112
HPORS										
Active	194	201	194	201	197	204	212	222	230	214
Retirees/Beneficiaries	265	267	274	276	282	284	290	291	295	302
Term-Non-Vested	13	9	11	9	11	8	7	8	6	9
Term-Vested	7	7	8	10	13	14	13	14	13	11
Total	479	484	487	496	503	510	522	535	544	536
SRS										
Active	642	661	662	680	1,006	1,076	1,109	1,185	1,181	1,230
Retirees/Beneficiaries	280	306	323	340	361	384	394	406	415	441
Term-Non-Vested	153	94	73	81	102	120	139	155	157	196
Term-Vested	35	39	41	42	39	38	46	41	36	48
Total	1,110	1,100	1,099	1,143	1,508	1,618	1,688	1,787	1,789	1,915



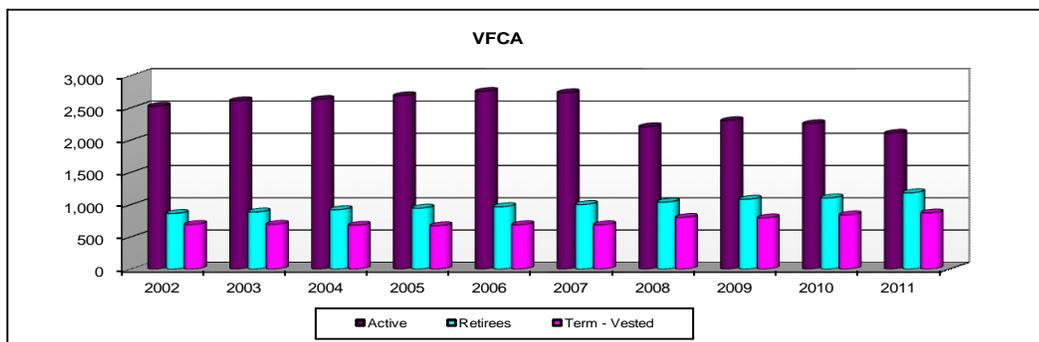
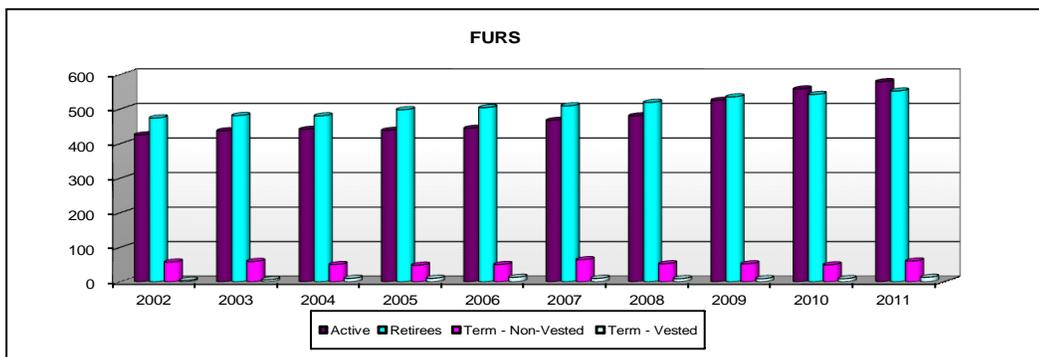
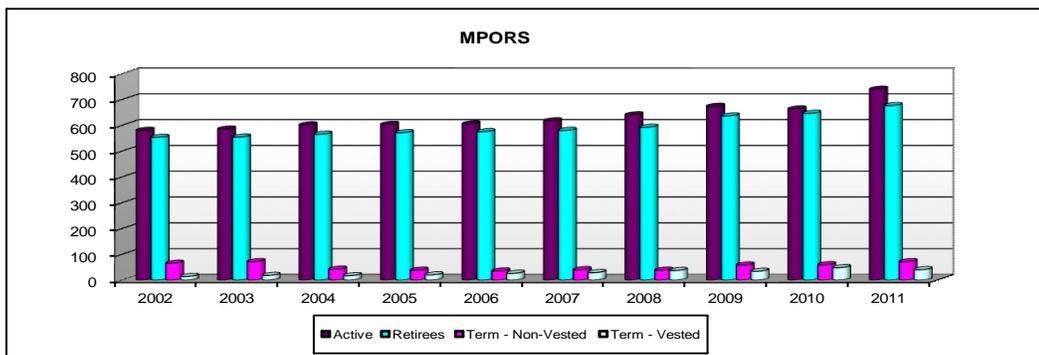
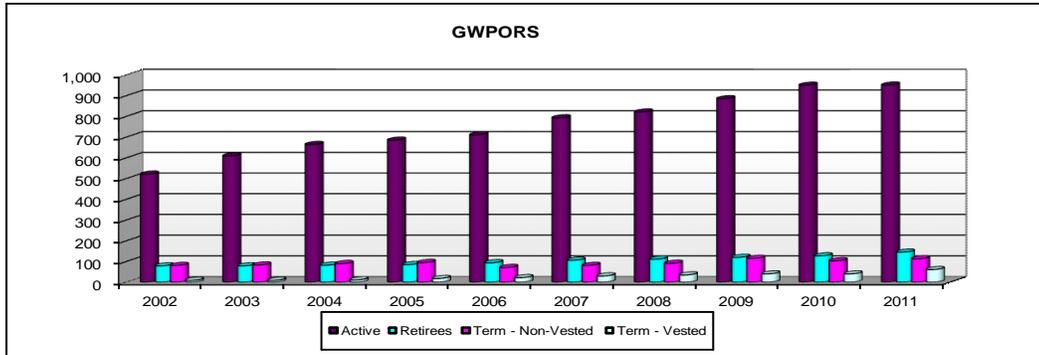
STATISTICAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

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

System	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
GWPORS										
Active	609	664	685	711	793	821	885	950	966	951
Retirees/Beneficiaries	79	82	85	94	106	111	120	127	136	145
Term-Non-Vested	83	90	95	71	81	91	115	103	100	113
Term-Vested	9	11	18	22	30	35	40	40	47	61
Total	780	847	883	898	1,010	1,058	1,160	1,220	1,249	1,270
MPORS										
Active	585	601	603	605	617	640	673	663	727	739
Retirees/Beneficiaries	554	565	571	575	580	592	636	646	670	676
Term-Non-Vested	71	42	38	35	40	38	58	59	65	71
Term-Vested	18	17	20	26	29	37	34	48	47	40
Total	1,228	1,225	1,232	1,241	1,266	1,307	1,401	1,416	1,509	1,526
FURS										
Active	437	441	438	444	467	480	525	558	570	579
Retirees/Beneficiaries	481	480	498	504	509	519	535	542	546	552
Term-Non-Vested	59	50	48	50	64	52	52	49	53	60
Term-Vested	6	10	10	13	10	9	9	9	13	13
Total	983	981	994	1,011	1,050	1,060	1,121	1,158	1,182	1,204
VFCA										
Active	2,609	2,629	2,687	2,754	2,733	2,207	2,301	2,253	2,315	2,105
Retirees/Beneficiaries	884	921	944	966	1,001	1,038	1,082	1,103	1,149	1,183
Term-Vested	693	679	671	687	687	800	793	840	827	870
Total	4,186	4,229	4,302	4,407	4,421	4,045	4,176	4,196	4,291	4,158



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	2002	2003	2004	2005	2006	2007	2008
PERS-DBRP							
<i>Benefit Expenses</i>							
Retirees	\$ 108,447	\$ 116,333	\$ 126,751	\$ 136,632	\$ 147,502	\$ 159,790	\$ 174,357
Survivors	2,180	2,248	2,298	2,436	2,681	2,815	3,043
Disability	2,326	2,345	2,541	2,729	2,738	2,717	2,583
<i>Refunds</i>							
Death	1,710	1,278	1,093	992	965	866	832
Lump Sum	10,683	10,218	10,913	13,236	12,754	12,868	12,124
Total	\$ 125,346	\$ 132,422	\$ 143,596	\$ 156,025	\$ 166,640	\$ 179,056	\$ 192,939
Number of Lump Sum	2,890	2,964	3,302	3,756	3,763	3,465	2,779

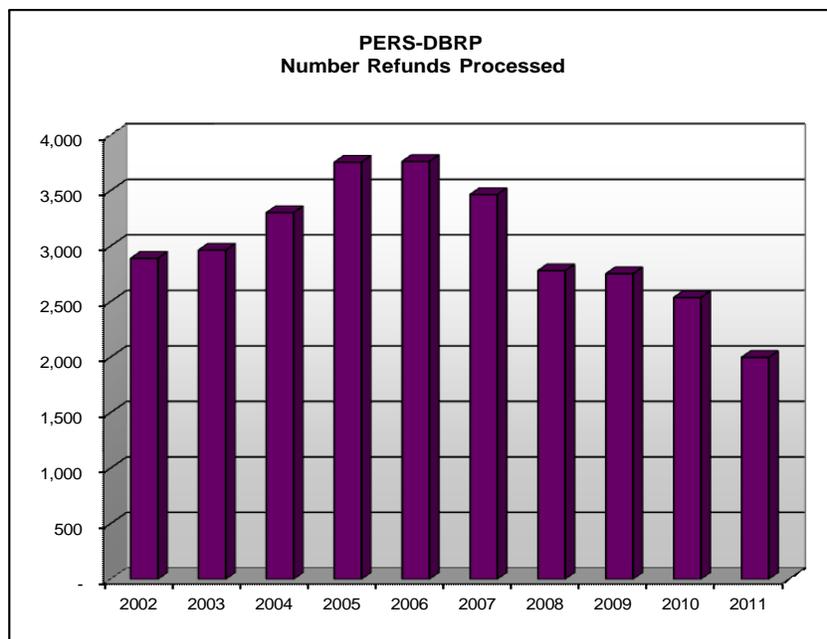
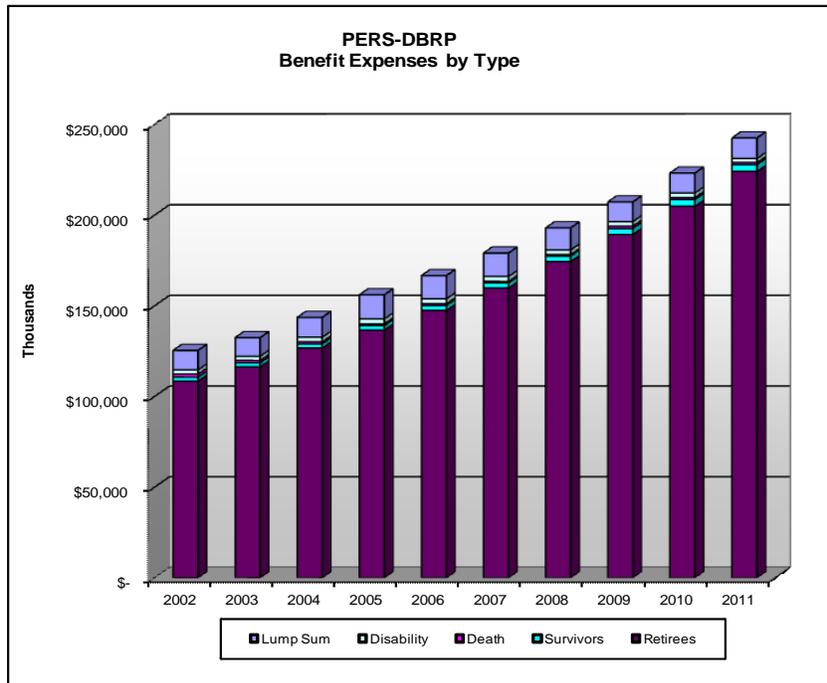
JRS							
<i>Benefit Expenses</i>							
Retirees	\$ 1,528	\$ 1,513	\$ 1,611	\$ 1,583	\$ 1,699	\$ 1,728	\$ 1,486
Survivors	38	38	41	41	44	44	335
Disability							
<i>Refunds</i>							
Death			18				8
Lump Sum							
Total	\$ 1,566	\$ 1,551	\$ 1,670	\$ 1,624	\$ 1,743	\$ 1,772	\$ 1,829
Number of Lump Sum							

HPORS							
<i>Benefit Expenses</i>							
Retirees	\$ 4,586	\$ 4,900	\$ 5,254	\$ 5,524	\$ 6,061	\$ 6,181	\$ 6,505
Survivors	143	134	137	144	149	155	176
Disability	132	126	102	121	155	124	132
<i>Refunds</i>							
Death							
Lump Sum	130	60	144	181	89	139	61
Total	\$ 4,991	\$ 5,220	\$ 5,637	\$ 5,970	\$ 6,454	\$ 6,599	\$ 6,874
Number of Lump Sum	7	7	13	8	7	3	5

SRS							
<i>Benefit Expenses</i>							
Retirees	\$ 3,193	\$ 3,761	\$ 4,259	\$ 4,851	\$ 5,439	\$ 5,997	\$ 6,435
Survivors	129	127	144	148	153	187	215
Disability	378	419	498	528	560	585	593
<i>Refunds</i>							
Death			2			1	
Lump Sum	409	457	306	612	365	934	722
Total	\$ 4,109	\$ 4,764	\$ 5,209	\$ 6,139	\$ 6,517	\$ 7,704	\$ 7,965
Number of Lump Sum	39	59	61	60	71	153	146

STATISTICAL SECTION

	2009	2010	2011
	\$ 189,360	\$ 204,885	\$ 224,108
	3,244	3,692	3,748
	2,521	2,481	2,253
	1,277	1,128	1,114
	10,821	10,967	11,302
	\$ 207,223	\$ 223,153	\$ 242,525
	2,751	2,537	1,998
	\$ 1,926	\$ 2,069	\$ 2,190
	46	49	50
	\$ 1,972	\$ 2,118	\$ 2,240
	\$ 6,821	\$ 7,198	\$ 7,462
	191	216	233
	115	143	162
	26	58	9
	121	121	121
	\$ 7,153	\$ 7,615	\$ 7,987
	1	4	5
	\$ 6,878	\$ 7,291	\$ 8,273
	272	293	292
	670	693	665
	38	7	7
	968	766	938
	\$ 8,826	\$ 9,043	\$ 10,175
	141	125	102



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	2002	2003	2004	2005	2006	2007	2008
GWPORS							
<i>Benefit Expenses</i>							
Retirees	\$ 1,177	\$ 1,277	\$ 1,429	\$ 1,509	\$ 1,760	\$ 2,022	\$ 2,208
Survivors	25	26	27	27	28	29	33
Disability	24	13	4	2	19	18	9
<i>Refunds</i>							
Death	4			1	27	16	21
Lump Sum	317	355	501	607	477	702	643
Total	\$ 1,547	\$ 1,671	\$ 1,961	\$ 2,146	\$ 2,311	\$ 2,787	\$ 2,914
Number of Lump Sum	85	80	124	146	85	125	113

MPORS							
<i>Benefit Expenses</i>							
Retirees	\$ 9,149	\$ 9,733	\$ 10,208	\$ 10,646	\$ 11,256	\$ 11,861	\$ 12,827
Survivors	457	452	446	473	491	517	547
Disability	239	241	231	244	285	314	333
<i>Refunds</i>							
Death			18	510	234	502	3,777
DROP							
Lump Sum	345	326	319	276	317	186	513
Total	\$ 10,190	\$ 10,752	\$ 11,222	\$ 12,149	\$ 12,583	\$ 13,380	\$ 17,997
Number of Lump Sum	37	30	44	29	27	23	34
Number of DROP			2	6	3	5	20

FURS							
<i>Benefit Expenses</i>							
Retirees	\$ 6,666	\$ 8,620	\$ 9,201	\$ 9,903	\$ 10,527	\$ 11,307	\$ 12,788
Survivors	415	389	385	398	408	412	442
Disability	98	72	88	85	105	131	124
<i>Refunds</i>							
Death						1	
Lump Sum	80	83	77	101	46	241	116
Total	\$ 7,259	\$ 9,164	\$ 9,751	\$ 10,487	\$ 11,086	\$ 12,092	\$ 13,470
Number of Lump Sum	4	9	11	6	8	21	16

VFCA							
<i>Benefit Expenses</i>							
Retirees	\$ 1,350	\$ 1,406	\$ 1,455	\$ 1,494	\$ 1,561	\$ 1,635	\$ 1,710
Survivors	61	6	24	23	3	2	7
Disability							
Total	\$ 1,411	\$ 1,412	\$ 1,479	\$ 1,517	\$ 1,564	\$ 1,637	\$ 1,717

STATISTICAL SECTION

	2009		2010		2011
\$	2,427	\$	2,566	\$	2,801
	41		49		54
			3		2
	53		4		6
	840		879		991
\$	3,361	\$	3,501	\$	3,854
	110		143		114
<hr/>					
\$	13,960	\$	14,652	\$	15,835
	560		613		629
	340		462		546
					3
	148		407		449
	794		442		498
\$	15,802	\$	16,576	\$	17,960
	42		39		36
	5		5		5
<hr/>					
\$	13,428	\$	14,031	\$	12,554
	433		427		479
	126		140		2,560
					12
	70		86		128
\$	14,057	\$	14,684	\$	15,733
	13		8		6
<hr/>					
\$	1,779	\$	1,848	\$	1,938
	1		9		
\$	1,780	\$	1,857	\$	1,938

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	2011
PERS-DCRP									
Number of Retirements		2	1	2	3	6	3	35	8
Number of Deaths		2	3	2	3	1	1	2	
Number of Full Refunds	29	96	97	115	145	106	145	116	182
Amount Refunded	\$ 556	\$ 1,789	\$ 1,582	\$ 1,475	\$ 2,457	\$ 2,254	\$ 1,744	\$ 1,438	\$ 3,226
Number of Partial Refunds	2	19	9	10	10	10	3	13	75
Amount Refunded	\$ 42	\$ 235	\$ 198	\$ 96	\$ 153	\$ 243	\$ 128	\$ 198	\$ 393
Number of Forfeitures	10	53	73	103	118	134	121	94	124
Amount of Contributions Forfeited ¹	\$ 31	\$ 135	\$ 192	\$ 264	\$ 315	\$ 215	\$ 266	\$ 318	\$ 417

¹Members terminating with less than 5 years of membership service forfeit their employer contributions.

This page intentionally left blank

STATISTICAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Retired Members by Type of Benefit

As of June 30, 2011

	Amount of Monthly Benefit	Number of Retired Members	Type of Retirement		
			Regular	Disability	Survivor
PERS-DBRP					
	\$ 1 - 250	2,200	1,918	12	270
	251 - 500	3,616	3,048	50	518
	501 - 750	2,866	2,406	67	393
	751 - 1,000	2,140	1,802	41	297
	1,001 - 1,250	1,510	1,323	19	168
	1,251 - 1,500	1,212	1,088	9	115
	1,501 - 1,750	993	898	8	87
	1,751 - 2,000	810	752	4	54
	Over 2,000	2,776	2,663	4	109
	Total	18,123	15,898	214	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	5	1		4
	1,251 - 1,500	2	2		
	1,501 - 1,750	1			1
	1,751 - 2,000	3			3
	Over 2,000	45	36		9
	Total	58	40		18

	Amount of Monthly Benefit	Number of Retired Members	Type of Retirement		
			Regular	Disability	Survivor
HPORS					
	\$ 1 - 250	5			5
	251 - 500	7	4		3
	501 - 750	8	5	1	2
	751 - 1,000	3			3
	1,001 - 1,250	8	5		3
	1,251 - 1,500	22	10	3	9
	1,501 - 1,750	79	53		26
	1,751 - 2,000	35	28	3	4
	Over 2,000	135	123	3	9
	Total	302	228	10	64

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									
	1,565	398	68	38	95	21	15	2,184	16
	2,371	807	172	55	150	55	6	3,606	10
	1,793	706	172	47	97	49	2	2,862	4
	1,323	494	176	36	78	33		2,137	3
	927	370	126	25	42	20		1,509	1
	686	357	110	18	29	12		1,212	
	539	291	119	12	24	8		993	
	446	213	105	20	16	10		810	
	1,534	679	397	60	86	20		2,776	
	11,184	4,315	1,445	311	617	228	23	18,089	34

	Option Selected ¹						GABA	NON-GABA	
	1	2	3	4A	4B	5A			5B
JRS									
		1							1
			1						1
	1	3				1			5
		1	1					1	1
		1						1	
		1	1			1		2	1
	10	27	5		2	1		20	25
	11	34	8		2	3		24	34

	Option Selected ¹						GABA	NON-GABA	
	1	2	3	4A	4B	5A			5B
HPORS									
		2				3		4	1
	1	4				2		3	4
	1	6				1		3	5
						3		1	2
		8						5	3
	3	19						6	16
	7	70				2		16	63
	8	25				2		27	8
	8	125				2		132	3
	28	259				15		197	105

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, 2011

SRS	Amount of Monthly Benefit	Number of Retired Members	Type of Retirement		
			Regular	Disability	Survivor
	\$ 1 - 250	18	11	1	6
	251 - 500	24	18	1	5
	501 - 750	37	28	1	8
	751 - 1,000	31	25		6
	1,001 - 1,250	31	23	3	5
	1,251 - 1,500	39	32	1	6
	1,501 - 1,750	40	31	6	3
	1,751 - 2,000	39	32	7	
	Over 2,000	182	168	10	4
	Total	441	368	30	43

GWPORS	Amount of Monthly Benefit	Number of Retired Members	Type of Retirement		
			Regular	Disability	Survivor
	\$ 1 - 250	1			1
	251 - 500	15	13		2
	501 - 750	20	17		3
	751 - 1,000	13	8		5
	1,001 - 1,250	11	9		2
	1,251 - 1,500	12	8		4
	1,501 - 1,750	12	11		1
	1,751 - 2,000	7	7		
	Over 2,000	54	52		2
	Total	145	125		20

MPORS	Amount of Monthly Benefit	Number of Retired Members	Type of Retirement		
			Regular	Disability	Survivor
	\$ 1 - 250	15	15		0
	251 - 500	9	9		0
	501 - 750	9	9		0
	751 - 1,000	7	6		1
	1,001 - 1,250	4	4		0
	1,251 - 1,500	49	30	1	18
	1,501 - 1,750	145	91	4	50
	1,751 - 2,000	134	90	5	39
	Over 2,000	304	262	10	32
	Total	676	516	20	140

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	14	3				24	
	18	13	3		1	2	37	
	14	11	2	1		3	31	
	12	16	2			1	31	
	15	19	2		1	2	39	
	19	10	4	2	2	3	40	
	24	11	3	1			39	
	99	48	18	10	7		182	
	<u>215</u>	<u>148</u>	<u>38</u>	<u>14</u>	<u>11</u>	<u>15</u>	<u>440</u>	<u>1</u>

	Option Selected ¹						GABA	NON-GABA
	1	2	3	4A	4B	5A		
GWPORS								
					1		1	
	4	6	2		1	2	15	
	12	3	2		1	2	20	
	6	1	5			1	13	
	5	3	3				11	
	7	2	2			1	12	
	7	5					12	
	5	1			1		7	
	24	19	8		3		54	
	<u>70</u>	<u>40</u>	<u>22</u>		<u>7</u>	<u>6</u>	<u>145</u>	

	Option Selected ¹						GABA	NON-GABA
	1	2	3	4A	4B	5A		
MPORS								
	2	13					12	3
	5	4					8	1
	5	4					8	1
	3	4					7	
	2	2					3	1
	4	42				3	46	3
	13	119				13	137	8
	13	117				4	105	29
	30	268				6	283	21
	<u>77</u>	<u>573</u>				<u>26</u>	<u>609</u>	<u>67</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, 2011

FURS	Amount of Monthly Benefit	Number of Retired Members	Type of Retirement		
			Regular	Disability	Survivor
	\$ 1 - 250	36	26		10
	251 - 500	9	8		1
	501 - 750	4	3		1
	751 - 1,000	6	6		
	1,001 - 1,250	8	4		4
	1,251 - 1,500	31	19		12
	1,501 - 1,750	65	38		27
	1,751 - 2,000	109	64	3	42
	Over 2,000	284	251	4	29
	Total	552	419	7	126

VFCA	Amount of Monthly Benefit	Number of Retired Members	Type of Retirement		
			Regular	Disability	Survivor
	\$ 1 - 250	1,183	1,181		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	1,183	1,181		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	8					4	5
	1	3					4	
	1	5					6	
	1	7					5	3
	2	26				3	30	1
	3	59				3	64	1
	4	98				7	96	13
	29	248				7	272	12
	44	487				21	509	43

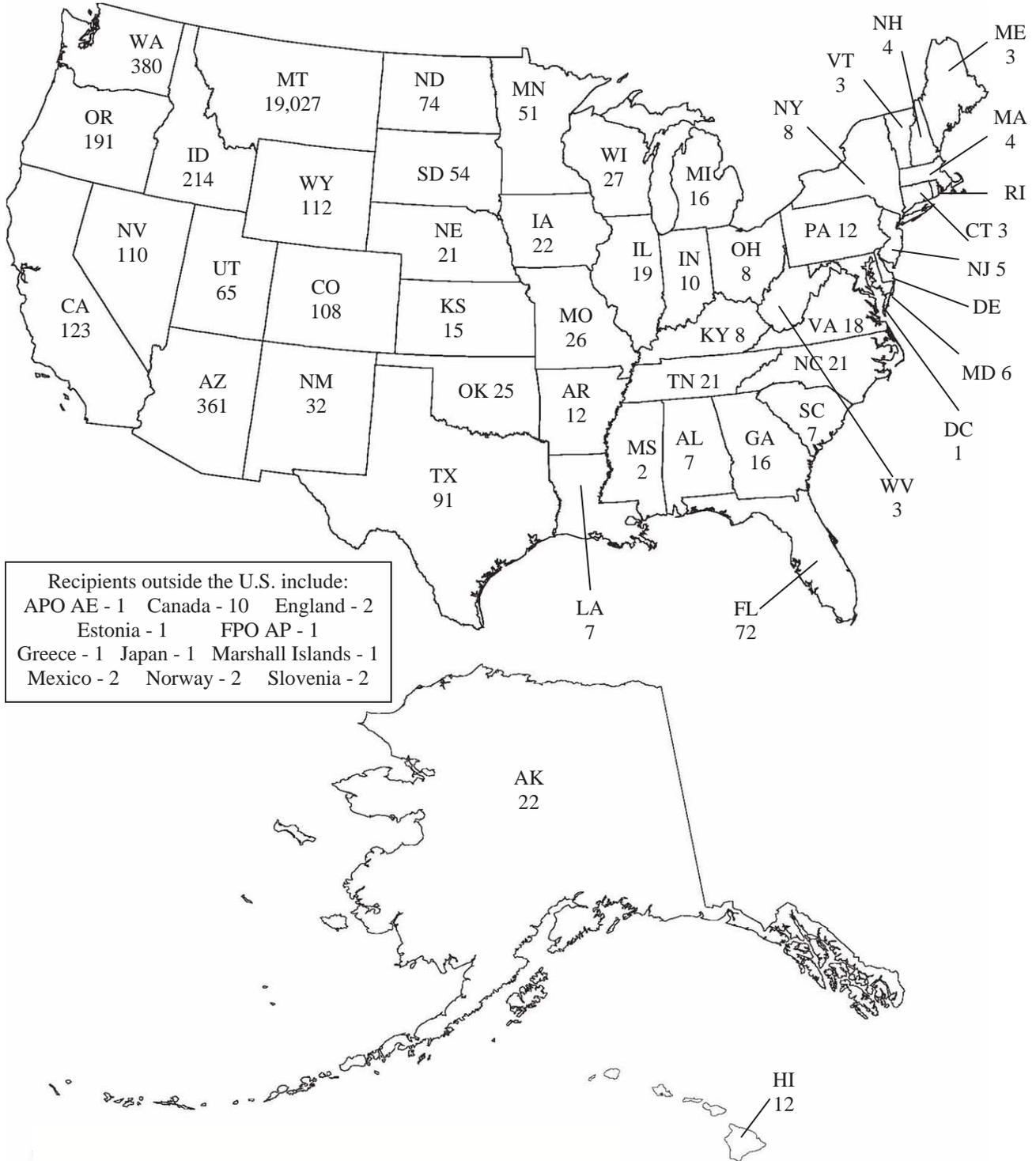
VFCA	Option Selected ²						GABA	NON-GABA
	1	2	3	4A	4B	5A		
	1,180	3					N/A	N/A
	1,180	3						

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, 2011



This page intentionally left blank

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, 2011

System	Ages	Male	Female	Total	System	Ages	Male	Female	Total
PERS-DBRP	Under 20	21	16	37	GWPORS	Under 20	3		3
	20 - 29	832	1,162	1,994		20 - 29	114	36	150
	30 - 39	1,804	2,417	4,221		30 - 39	191	71	262
	40 - 49	2,882	3,959	6,841		40 - 49	225	69	294
	50 - 59	4,565	6,055	10,620		50 - 59	136	43	179
	60 - 69	1,983	2,263	4,246		60 - 69	38	10	48
	70 & Older	164	174	338		70 & Older	1		1
	¹ Unkown			362		¹ Unkown			14
Total		12,251	16,046	28,659	Total		708	229	951
JRS	Under 20				MPORS	Under 20			
	20 - 29					20 - 29	130	10	140
	30 - 39					30 - 39	236	16	252
	40 - 49	3	3	6		40 - 49	216	25	241
	50 - 59	13	7	20		50 - 59	55	2	57
	60 - 69	22	4	26		60 - 69	7		7
	70 & Older	2		2		70 & Older			
	¹ Unkown					¹ Unkown			5
Total		40	14	54	Total		644	53	702
HPORS	Under 20				FURS	Under 20			
	20 - 29	22	2	24		20 - 29	96	8	104
	30 - 39	67	1	68		30 - 39	206	8	214
	40 - 49	89	5	94		40 - 49	161	1	162
	50 - 59	26	1	27		50 - 59	90		90
	60 - 69	1		1		60 - 69	9		9
	70 & Older					70 & Older			-
	Total		205	9		214	Total		562
SRS	Under 20	2	1	3	PERS-DCRP	Under 20			
	20 - 29	214	34	248		20 - 29	69	103	172
	30 - 39	314	56	370		30 - 39	275	281	556
	40 - 49	289	46	335		40 - 49	285	324	609
	50 - 59	187	23	210		50 - 59	232	291	523
	60 - 69	45	4	49		60 - 69	79	72	151
	70 & Older	1	1	2		70 & Older	6	4	10
	¹ Unkown			13		Total		946	1,075
Total		1,052	165	1,230					

¹ Membership data not received as of June 30, 2011.

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, 2011

System	Ages	Male	Female	Total	System	Ages	Male	Female	Total
PERS-DBRP	Under 20				GWPORS	Under 20			
	20 - 29					20 - 29			
	30 - 39		1	1		30 - 39			
	40 - 49	36	17	53		40 - 49			
	50 - 59	828	834	1,662		50 - 59	28	1	29
	60 - 69	3,310	3,345	6,655		60 - 69	57	6	63
	70 & Older	4,976	4,776	9,752		70 & Older	51	2	53
Total		9,150	8,973	18,123	Total		136	9	145
JRS	Under 20				MPORS	Under 20			
	20 - 29					20 - 29			
	30 - 39					30 - 39	5		5
	40 - 49					40 - 49	42	7	49
	50 - 59					50 - 59	160	6	166
	60 - 69	14	3	17		60 - 69	218	1	219
	70 & Older	41		41		70 & Older	234	3	237
Total		55	3	58	Total		659	17	676
HPORS	Under 20				FURS	Under 20			
	20 - 29			-		20 - 29			
	30 - 39	2	1	3		30 - 39	4		4
	40 - 49	18	4	22		40 - 49	18		18
	50 - 59	30	5	35		50 - 59	109	1	110
	60 - 69	102	2	104		60 - 69	186		186
	70 & Older	138		138		70 & Older	232	2	234
Total		290	12	302	Total		549	3	552
SRS	Under 20				VFCA	Under 20			
	20 - 29					20 - 29			
	30 - 39	3		3		30 - 39			
	40 - 49	21	2	23		40 - 49			
	50 - 59	136	6	142		50 - 59	136	2	138
	60 - 69	168	4	172		60 - 69	455	31	486
	70 & Older	97	4	101		70 & Older	540	19	559
Total		425	16	441	Total		1,131	52	1,183

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 7/1/2010 - 6/30/2011							
Average monthly benefit	\$ 1,248	\$ 690	\$ 813	\$ 897	\$ 1,602	\$ 2,007	\$ 2,771
Average HAC ¹	2,397	2,405	2,507	2,418	2,544	3,087	3,980
Number of retired members	22	138	165	149	142	171	290
Period 7/1/2009 - 6/30/2010							
Average monthly benefit	1,871	1,579	2,186	3,000	2,038	2,060	2,881
Average HAC ¹	2,146	2,484	2,581	4,406	3,382	4,008	4,528
Number of retired members	45	155	141	146	112	136	163
Period 7/1/2008 - 6/30/2009							
Average monthly benefit	4,218	921	1,544	1,492	1,289	2,089	2,875
Average HAC ¹	2,080	2,654	2,934	2,865	3,280	3,832	4,376
Number of retired members	22	130	151	145	102	168	211
Period 7/1/2007 - 6/30/2008							
Average monthly benefit	518	428	885	964	1,554	2,075	2,726
Average HAC ¹	1,894	2,120	2,513	2,936	2,896	3,423	4,019
Number of retired members	18	150	164	158	124	180	197
Period 7/1/2006 - 6/30/2007							
Average monthly benefit	335	344	558	994	1,154	1,858	2,975
Average HAC ¹	2,080	2,385	2,304	2,644	2,891	3,239	3,857
Number of retired members	20	147	151	174	130	144	187
Period 7/1/2005 - 6/30/2006							
Average monthly benefit	285	315	515	978	1,229	1,728	2,739
Average HAC ¹	1,691	1,982	2,295	2,913	2,624	3,011	3,730
Number of retired members	16	138	150	137	109	133	193
Period 7/1/2004 - 6/30/2005							
Average monthly benefit	213	311	566	794	1,238	1,722	2,703
Average HAC ¹							
Number of retired members	16	136	165	134	107	126	130
Period 7/1/2003 - 6/30/2004							
Average monthly benefit	362	291	543	820	1,144	1,878	3,112
Average HAC ¹							
Number of retired members	11	124	135	117	120	125	165
Period 7/1/2002 - 6/30/2003							
Average monthly benefit	150	287	537	751	1,064	1,874	2,465
Average HAC ¹							
Number of retired members	10	104	123	118	94	107	138
Period 7/1/2001 - 6/30/2002							
Average monthly benefit	241	269	523	713	1,016	1,968	2,717
Average HAC ¹							
Number of retired members	13	118	121	108	85	116	164

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 7/1/2010 - 6/30/2011							
Average monthly benefit	\$ 2,071	\$ 2,808	\$ 4,700			\$ 5,662	
Average HAC ¹	8,906	7,842	9,201			8,906	
Number of retired members		1	1	2		1	
Period 7/1/2009 - 6/30/2010							
Average monthly benefit					4,976		
Average HAC ¹					9,797		
Number of retired members					1		
Period 7/1/2008 - 6/30/2009							
Average monthly benefit	1,317	3,093	4,509	4,427			
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			4,550				
Average HAC ¹			8,849				
Number of retired members			1				
Period 7/1/2006 - 6/30/2007							
Average monthly benefit			3,562				
Average HAC ¹			7,841				
Number of retired members			1				
Period 7/1/2005 - 6/30/2006							
Average monthly benefit	2,559					4,718	
Average HAC ¹	8,407					7,841	
Number of retired members	1					1	
Period 7/1/2004 - 6/30/2005							
Average monthly benefit			4,223				
Average HAC ¹							
Number of retired members			1				
Period 7/1/2003 - 6/30/2004							
Average monthly benefit					5,419		
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							

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 7/1/2010 - 6/30/2011							
Average monthly benefit			\$ 1,629	\$ 2,400	\$ 2,861		
Average HAC ¹			4,354	4,815	5,355		
Number of retired members			2	3	3		
Period 7/1/2009 - 6/30/2010							
Average monthly benefit	435	179		2,388	2,323	3,349	
Average HAC ¹	3,731	4,039		4,638	4,494	4,952	
Number of retired members	1	4		2	3	1	
Period 7/1/2008 - 6/30/2009							
Average monthly benefit	1,826			2,189		2,588	
Average HAC ¹	3,511			4,263		6,231	
Number of retired members	3			1		3	
Period 7/1/2007 - 6/30/2008							
Average monthly benefit	1,889	676			2,538	3,221	
Average HAC ¹	3,415	3,450			4,482	4,517	
Number of retired members	1	1			4	1	
Period 7/1/2006 - 6/30/2007							
Average monthly benefit					2,009		
Average HAC ¹					3,959		
Number of retired members					6		
Period 7/1/2005 - 6/30/2006							
Average monthly benefit		1,792			2,243	3,099	4,836
Average HAC ¹		3,092			3,635	3,678	
Number of retired members		1			2	1	1
Period 7/1/2004 - 6/30/2005							
Average monthly benefit			1,332		2,615	2,857	4,836
Average HAC ¹							
Number of retired members			2		2	1	1
Period 7/1/2003 - 6/30/2004							
Average monthly benefit		1,810			3,105	3,841	4,129
Average HAC ¹							
Number of retired members		1			2	1	4
Period 7/1/2002 - 6/30/2003							
Average monthly benefit			1,922		2,524	3,956	4,109
Average HAC ¹							
Number of retired members			1		2	2	1
Period 7/1/2001 - 6/30/2002							
Average monthly benefit			789		2,457	2,979	4,124
Average HAC ¹							
Number of retired members			1		2	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 7/1/2010 - 6/30/2011							
Average monthly benefit	\$ 652	\$ 2,427	\$ 2,485	\$ 2,567	\$ 3,643	\$ 5,177	
Average HAC ¹	2,665	4,853	3,494	4,382	4,770	5,668	
Number of retired members	3	1	6	10	4	6	
Period 7/1/2009 - 6/30/2010							
Average monthly benefit	1,784	1,226	795	2,377	2,882	3,322	3,674
Average HAC ¹	3,464	4,282	3,652	6,252	5,600	4,946	5,878
Number of retired members	1	2	4	1	4	3	1
Period 7/1/2008 - 6/30/2009							
Average monthly benefit	1,178	499	4,673	2,530	3,854	4,950	
Average HAC ¹	2,579	3,405	3,745	4,718	6,003	6,204	
Number of retired members	1	3	2	2	2	1	
Period 7/1/2007 - 6/30/2008							
Average monthly benefit	896	1,272	1,059	2,856	2,165	2,437	5,420
Average HAC ¹	2,121	3,403	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	6,714	731	2,205	1,712	1,843	3,377	3,377
Average HAC ¹	1,130	3,604	4,156	3,734	3,848	5,276	4,412
Number of retired members	1	5	2	7	12	2	3
Period 7/1/2005 - 6/30/2006							
Average monthly benefit		623	733	1,441	2,549	3,012	3,234
Average HAC ¹		2,799	3,188	3,358	4,285	4,054	3,958
Number of retired members		1	6	2	8	5	1
Period 7/1/2004 - 6/30/2005							
Average monthly benefit		182	1,077	1,349	2,044	3,375	
Average HAC ¹							
Number of retired members		3	4	3	9	1	
Period 7/1/2003 - 6/30/2004							
Average monthly benefit		2,253	1,076	1,283	1,895	3,482	3,574
Average HAC ¹							
Number of retired members		1	1	1	9	6	3
Period 7/1/2002 - 6/30/2003							
Average monthly benefit	1,707	409	1,197	1,202	2,226	3,158	4,428
Average HAC ¹							
Number of retired members	2	2	3	5	10	7	1
Period 7/1/2001 - 6/30/2002							
Average monthly benefit	49		1,355	1,234	1,750	3,107	3,365
Average HAC ¹							
Number of retired members	1		3	2	10	4	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.)

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 7/1/2010- 6/30/2011							
Average monthly benefit	\$ 633	\$ 1,214	\$ 1,188		\$ 3,046	\$ 3,403	
Average HAC ¹	3,494	975	3,368		4,427	4,205	
Number of retired members	2	4	1		1	1	
Period 7/1/2009 - 6/30/2010							
Average monthly benefit	5,706	528	1,160			3,678	
Average HAC ¹	2,507	3,039	3,888			4,192	
Number of retired members	1	3	6			1	
Period 7/1/2008 - 6/30/2009							
Average monthly benefit	1,778	489		1,522		3,266	
Average HAC ¹	2,925	2,318		3,670		3,904	
Number of retired members	3	4		1		3	
Period 7/1/2007 - 6/30/2008							
Average monthly benefit		600	852		1,793	2,872	3,410
Average HAC ¹		3,234	3,044		3,537	3,768	4,300
Number of retired members		6	2		1	1	1
Period 7/1/2006 - 6/30/2007							
Average monthly benefit		449			2,237		3,923
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		829	1,060		2,132		3,314
Average HAC ¹		2,668	3,248		3,044		4,076
Number of retired members		5	2		1		6
Period 7/1/2004 - 6/30/2005							
Average monthly benefit		512			1,816	4,425	
Average HAC ¹							
Number of retired members		8			2	1	
Period 7/1/2003 - 6/30/2004							
Average monthly benefit		1,184			2,070		2,562
Average HAC ¹							
Number of retired members		2			1		1
Period 7/1/2002 - 6/30/2003							
Average monthly benefit					1,547		3,606
Average HAC ¹							
Number of retired members					1		3
Period 7/1/2001 - 6/30/2002							
Average monthly benefit		387			1,722		
Average HAC ¹							
Number of retired members		2			1		

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 7/1/2010 - 6/30/2011							
Average monthly benefit	\$ 243	\$ 2,057	\$ 1,656	\$ 2,370	\$ 2,467	\$ 3,996	
Average HAC ¹	5,617	4,113		3,907	3,874	5,893	
Number of retired members	3	1	1	5	8	1	
Period 7/1/2009 - 6/30/2010							
Average monthly benefit	906	1,481	2,102	2,258	1,920	2,735	5,438
Average HAC ¹	3,905	3,354	4,618	4,541	3,389		6,594
Number of retired members	4	4	4	4	10	1	1
Period 7/1/2008 - 6/30/2009							
Average monthly benefit		2,162		2,344	1,981	38,701	4,738
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		551	1,189	2,559	2,351	3,348	4,430
Average HAC ¹		3,341	3,736	4,816	4,235	4,589	4,507
Number of retired members		3	2	3	13	14	2
Period 7/1/2006 - 6/30/2007							
Average monthly benefit	957		161	2,217	2,194	3,869	
Average HAC ¹	2,452		3,209	3,907	4,111	4,759	
Number of retired members	2		6	4	12	2	
Period 7/1/2005 - 6/30/2006							
Average monthly benefit	1,524		1,303	3,306	2,686	5,680	5,315
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	1,665	1,179	1,960	2,140	3,061	4,129	5,853
Average HAC ¹							
Number of retired members	2	2	2	2	3	3	1
Period 7/1/2003 - 6/30/2004							
Average monthly benefit		1,492		2,055	2,336	3,017	
Average HAC ¹							
Number of retired members		2		2	8	4	
Period 7/1/2002 - 6/30/2003							
Average monthly benefit	1,839		2,117	1,646	2,356	4,578	
Average HAC ¹							
Number of retired members	1		1	2	11	3	
Period 7/1/2001 - 6/30/2002							
Average monthly benefit		1,559	1,326	2,074	2,860	4,401	
Average HAC ¹							
Number of retired members		1	3	1	8	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 7/1/2010 - 6/30/2011												
Average monthly benefit	\$	251	\$	2,074	\$	3,666	\$	3,381	\$	3,663		
Average HAC ¹				4,814		5,945		4,067		3,393		
Number of retired members		1		1		1		9		5		
Period 7/1/2009 - 6/30/2010												
Average monthly benefit		1,843		2,568		227		2,549		3,481	3,802	
Average HAC ¹		3,686		4,986		1,716		4,496		5,146	5,433	
Number of retired members		2		1		4		3		4	5	
Period 7/1/2008 - 6/30/2009												
Average monthly benefit			1,034		1,851		3,624		3,702		4,433	
Average HAC ¹			3,989		3,593		5,928		5,037		4,876	
Number of retired members			5		1		5		3		2	
Period 7/1/2007 - 6/30/2008												
Average monthly benefit				2,155		1,586		2,247		3,487	4,506	
Average HAC ¹				3,453		2,902		4,248		4,736	4,944	
Number of retired members				1		1		8		4	9	
Period 7/1/2006 - 6/30/2007												
Average monthly benefit			2,010		1,460		3,056		2,668		3,665	5,263
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		2,455		2,344		3,444		3,270	4,615	
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			2,032		1,928		2,194		2,609		3,915	
Average HAC ¹												
Number of retired members			1		2		5		3		2	
Period 7/1/2003 - 6/30/2004												
Average monthly benefit			1,102		2,155		2,038		2,042		3,622	4,303
Average HAC ¹												
Number of retired members			2		1		1		6		5	9
Period 7/1/2002 - 6/30/2003												
Average monthly benefit					225		2,585		3,729		4,108	
Average HAC ¹												
Number of retired members					1		1		5		3	
Period 7/1/2001 - 6/30/2002												
Average monthly benefit		1,677					2,744		4,061		4,313	
Average HAC ¹												
Number of retired members		1					4		5		7	

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 7/1/2010 - 6/30/2011							
Average monthly benefit	\$ 75	\$ 96	\$ 145	\$ 174	\$ 211		
Average HAC ¹							
Number of retired members		5	14	24	12	18	
Period 7/1/2009 - 6/30/2010							
Average monthly benefit		76	100	148	168	946	
Average HAC ¹							
Number of retired members		8	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		3	14	22	23	6	3
Period 7/1/2006 - 6/30/2007							
Average monthly benefit		75	90	144	167	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			

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 2011

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	\$ 87	\$ 154	\$ 63	\$ 246	\$ 263	\$ 260	\$ 206	\$ 228	\$ 204	\$ 226
	5-9	295	407	316	297	316	323	308	285	262	297
	10-14	705	721	493	478	554	624	519	464	432	509
	15-19	335	623	637	688	797	823	778	728	641	737
	20-24		1,177	1,175	1,412	1,199	1,131	1,039	979	893	1,052
	25-29	2,583	2,279	1,943	1,972	1,922	1,705	1,500	1,370	1,193	1,629
	30-34		3,004	2,787	2,744	2,640	2,307	2,021	1,820	1,513	2,262
	35-39				3,431	3,200	3,005	2,505	2,352	1,855	2,667
	40-UP				4,449	4,436	3,535	3,554	2,674	2,280	3,119
	Average	\$ 680	\$1,369	\$1,547	\$1,631	\$1,419	\$1,199	\$1,022	\$ 898	\$ 752	\$ 1,099

JRS	0-4										
	5-9					\$ 975	\$2,071	\$2,559	\$2,146	\$1,687	\$ 1,762
	10-14					3,484	\$2,595		2,828	2,999	3,003
	15-19					4,604		4,252	4,507	2,742	3,477
	20-24						4,923			4,226	4,574
	25-29						4,976	4,718		5,256	5,052
	30-34						5,662		6,153	6,112	5,976
	35-39										
	40-UP										
	Average						\$3,424	\$3,793	\$3,843	\$3,714	\$3,070

HPORS	0-4	\$1,841	\$1,187		\$1,489	\$ 800					\$ 1,382
	5-9	502	517	\$1,854	1,769	1,177	\$1,473		\$1,309		1,101
	10-14	2,148	1,790	493	1,527	684		\$ 238	283	\$ 866	979
	15-19	2,347	2,223		2,148			1,712	978	622	1,650
	20-24		2,617	2,585	2,241	1,992	1,657	1,639	1,539	1,452	1,865
	25-29			2,680	3,686	3,164	2,556	2,482	1,770	1,664	2,396
	30-34					3,866	3,805	3,426	2,328	2,044	3,057
	35-39						4,633	4,511	2,105	3,229	3,836
	40-UP									3,926	3,926
	Average	\$1,456	\$1,943	\$2,426	\$2,214	\$2,411	\$2,528	\$2,294	\$1,655	\$1,719	\$ 2,121

SRS	0-4	\$ 831	\$1,458	\$1,572	\$1,014	\$ 803	\$1,046	\$ 228		\$ 157	\$ 899
	5-9	1,046	2,090	839	652	1,005	718	672	\$ 594	392	842
	10-14	2,200		1,071	1,238	995	1,091	716	1,232	584	1,012
	15-19		1,656	2,493	2,066	1,253	1,246	1,512	993	915	1,318
	20-24	2,587	2,261	2,030	2,107	2,240	1,728	1,727	965	791	1,999
	25-29			3,258	3,162	3,156	3,100	2,340	1,520	1,188	2,702
	30-34			4,795	5,007	3,904	2,599	3,579		1,766	3,861
	35-39					2,587	5,420	3,019	3,192		3,555
	40-UP										
	Average	\$1,363	\$2,036	\$2,082	\$2,120	\$2,019	\$1,795	\$1,664	\$1,251	\$ 927	\$ 1,842

STATISTICAL SECTION

System	Years of Service	Recipients's Age									Average	
		< 45	45-49	50-54	55-59	60-64	65-69	70-74	75-79	Over 80		
GWPORS	0-4					\$ 449	\$ 392					\$ 421
	5-9			\$ 962	\$ 558	656	486					619
	10-14				1,158	1,192	1,043	\$1,486				1,175
	15-19			1,188	2,096	1,062				\$ 823		1,087
	20-24			1,793	1,835	2,101	1,294	1,621	\$1,532	1,279		1,552
	25-29			2,959	1,816	2,119	2,431	1,963	1,976	1,237		1,885
	30-34			3,465	3,408	4,344	3,036	2,811	2,482	1,761		2,840
	35-39			3,403	4,257	2,894		3,040	3,558	2,191		2,879
	40-UP					4,064						4,064
	Average			\$2,462	\$1,862	\$1,275	\$1,636	\$2,090	\$2,229	\$1,449		\$ 1,696
MPORS	0-4	\$1,666	\$1,374	\$1,125	\$ 278	\$ 756	\$ 896	\$1,507		\$1,540	\$ 1,007	
	5-9	2,052	1,999	1,194	1,268	1,155	1,817	1,733	\$1,587	1,719	1,554	
	10-14	2,210	2,043	1,435	1,619	1,373	1,668	1,787	1,713	1,579	1,622	
	15-19	2,405	2,164	2,099	1,994	1,998	1,763	1,616	1,822	1,869	1,932	
	20-24	2,280	2,278	2,269	2,210	2,273	2,065	1,846	1,724	1,834	2,058	
	25-29			3,881	3,848	3,689	3,202	2,585	2,576	1,854	3,244	
	30-34				5,690	4,618	4,783		2,399	2,126	3,905	
	35-39									2,544	2,544	
	40-UP											
	Average	\$2,049	\$2,116	\$2,042	\$2,209	\$2,315	\$2,231	\$1,861	\$1,901	\$1,828		\$ 2,084
FURS	0-4	\$1,921	\$1,516	\$1,554	\$2,155	\$1,824					\$ 1,750	
	5-9	1,992	2,011	188	667	1,341		\$1,935		1,600	1,274	
	10-14	2,568	2,160	1,265	1,722	1,619	\$ 736	1,646	\$1,621	1,457	1,563	
	15-19			1,739	1,969	1,521	1,527	1,102	1,735	1,680	1,630	
	20-24	2,133	2,877	2,363	2,171	2,012	1,775	1,682	1,554	1,672	1,906	
	25-29		3,549	3,243	3,458	3,316	2,920	2,155	1,852	1,528	2,561	
	30-34			2,456	4,627	4,312	4,374	3,331	1,709	1,913	3,876	
	35-39					4,492	4,904	5,008	3,468	2,650	4,258	
	40-UP											
	Average	\$2,088	\$2,718	\$2,225	\$2,781	\$2,978	\$2,783	\$2,257	\$1,845	\$1,650		\$ 2,395
VFCA	0-4											
	5-9					\$ 87	\$ 89	\$ 84	\$ 87	\$ 85	\$ 87	
	10-14				\$ 225	126	126	126	125	124	127	
	15-19				159	154	151	149	150	150	152	
	20-24				201	192	180	195	210	188	196	
	25-29				225	225	225	225	225	225	225	
	30-34					225		225			225	
	35-39											
	40-UP											
	Average				\$ 175	\$ 144	\$ 131	\$ 130	\$ 131	\$ 127		\$ 138

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, 2011			As of June 30, 2002		
	Covered Employees ¹	Rank	Percentage of Total System	Covered Employees ¹	Rank	Percentage of Total System
<u>PERS-DBRP</u>						
STATE OF MONTANA ²	10,793	1	37.18	10,981	1	36.52
UNIVERSITY OF MONTANA	1,303	2	4.49	1,365	2	4.54
MONTANA STATE UNIVERSITY - BOZEMAN	986	3	3.40	1,230	3	4.09
MISSOULA COUNTY	627	4	2.16	624	4	2.08
CITY OF BILLINGS	563	5	1.94	555	5	1.85
GREAT FALLS PUBLIC SCHOOLS	420	6	1.45	469	6	1.56
FLATHEAD COUNTY	375	7	1.29	415	8	1.38
SCHOOL DISTRICT 2 - BILLINGS	366	8	1.26	389	10	1.29
CITY OF GREAT FALLS	363	9	1.25	368	11	1.22
CASCADE COUNTY	348	10	1.20	400	9	1.33
YELLOWSTONE COUNTY	292	15	1.01	422	7	1.40
"All other" ³	12,593		43.37	12,851		42.74
TOTAL (500 EMPLOYERS)	29,029		100.00	30,069		100.00

³ In 2011, "all other" consisted of:

Type	Number	Employees
Cities & Towns	95	2,397
Counties	51	3,891
Other Agencies	105	1,255
School Dist	235	4,722
Universities	3	328
Total	489	12,593

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, 2011</u>			<u>As of June 30, 2002</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	54	1	100.00	48	1	100
TOTAL (1 EMPLOYER)	54		100.00	48		100
<u>HPORS</u>						
STATE OF MONTANA ²	216	1	100.00	193	1	100
TOTAL (1 EMPLOYER)	216		100.00	193		100
<u>SRS</u>						
MISSOULA COUNTY	119	1	9.58	43	3	6.62
YELLOWSTONE COUNTY	101	2	8.13	50	1	7.69
CASCADE COUNTY	100	3	8.05	33	6	5.08
GALLATIN COUNTY	92	4	7.41	32	7	4.92
FLATHEAD COUNTY	90	5	7.25	44	2	6.77
LEWIS & CLARK COUNTY	62	6	4.99	39	4	6.00
STATE OF MONTANA ²	49	7	3.95	36	5	5.54
RAVALLI COUNTY	44	8	3.54	30	8	4.62
DAWSON COUNTY	42	9	3.38	6	36	0.92
LAKE COUNTY	40	10	3.22	18	11	2.77
LINCOLN COUNTY	28	11	2.25	19	10	2.92
ROSEBUD COUNTY	19	16	1.53	20	9	3.08
In 2011 "All other" consists of 46 Counties	456		36.72	280		43.07
TOTAL (57 EMPLOYERS)	1,242		100.00	650		100.00
<u>GWPORS</u>						
STATE OF MONTANA ²	921	1	96.44	590	1	96.25
MONTANA STATE UNIVERSITY - BOZEMAN	14	2	1.47	9	3	1.47
UNIVERSITY OF MONTANA	13	3	1.36	13	2	2.12
MONTANA STATE UNIVERSITY - BILLINGS	7	4	0.73	1	4	0.16
TOTAL (4 EMPLOYERS)	955		100.00	613		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, 2011			As of June 30, 2002		
	Covered Employees ¹	Rank	Percentage of Total System	Covered Employees ¹	Rank	Percentage of Total System
MPORS						
CITY OF BILLINGS	140	1	18.84	119	1	20.27
CITY OF MISSOULA	99	2	13.32	83	2	14.14
CITY OF GREAT FALLS	84	3	11.31	77	3	13.12
CITY OF BOZEMAN	60	4	8.08	42	5	7.16
CITY OF HELENA	50	5	6.73	48	4	8.18
BUTTE-SILVER BOW	46	6	6.19	40	6	6.81
CITY OF KALISPELL	35	7	4.71	30	7	5.11
ANACONDA-DEER LODGE COUNTY	25	8	3.36	20	8	3.41
CITY OF HAVRE	17	9	2.29	19	9	3.24
CITY OF MILES CITY	16	10	2.15	13	12	2.21
CITY OF LEWISTOWN	14	12	1.88	13	10	2.21
In 2011 "All other" consists of 20 Cities	157		21.14	83		14.14
TOTAL (31 EMPLOYERS)	743		100.00	587		100.00

FURS

CITY OF BILLINGS	112	1	19.21	106	1	22.46
CITY OF MISSOULA	88	2	15.09	79	2	16.74
CITY OF GREAT FALLS	65	3	11.15	68	3	14.41
CITY OF BOZEMAN	40	4	6.86	27	6	5.72
CITY OF HELENA	35	5	6.00	35	4	7.42
CITY OF KALISPELL	32	6	5.49	24	7	5.08
BUTTE-SILVER BOW	31	7	5.32	33	5	6.99
MISSOULA RURAL FIRE DISTRICT	26	8	4.46			
CITY OF HAVRE	17	9	2.92	17	9	3.60
CITY OF WHITEFISH	17	10	2.92	6	14	1.27
CITY OF LEWISTOWN	7	18	1.20	16	10	3.39
CITY OF GLENDIVE	5	21	0.86	20	8	4.24
In 2011 "All other" consists of 5 Cities, 1 State Agency and 6 Rural Fire District	108		18.52	41		8.68
TOTAL (24 EMPLOYERS)	583		100.00	472		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, 2011			As of June 30, 2002 ¹		
	Covered Employees ²	Rank	Percentage of Total System	Covered Employees	Rank	Percentage of Total System
<u>PERS-DCRP</u>						
STATE OF MONTANA ³	941	1	46.45			
MISSOULA COUNTY	54	2	2.67			
CITY OF BILLINGS	53	3	2.62			
UNIVERSITY OF MONTANA	48	4	2.37			
YELLOWSTONE CITY-COUNTY HEALTH DEPT	44	5	2.17			
MONTANA STATE UNIVERSITY - BOZEMAN	39	6	1.93			
FLATHEAD COUNTY	34	7	1.68			
YELLOWSTONE COUNTY	29	8	1.43			
CITY OF BOZEMAN	28	9	1.38			
CITY OF MISSOULA	27	10	1.33			
"All other" ⁴	729		35.97			
TOTAL (227 EMPLOYERS)	2,026		100.00			

⁴ In 2011, "all other" consisted of:

Type	Number	Employees
Cities & Towns	45	147
Counties	41	235
Other Agencies	39	101
School Dist	90	233
Universities	2	13
Total	217	729

Deferred Compensation Plan

STATE OF MONTANA ³	4,198	1	90.32
UNIVERSITY OF MONTANA	124	2	2.67
LEWIS & CLARK COUNTY	111	3	2.39
MONTANA STATE UNIVERSITY - BOZEMAN	71	4	1.53
GREAT FALLS TRANSIT	33	5	0.71
MONTANA STATE UNIVERSITY - BILLINGS	15	6	0.32
CITY OF COLSTRIP	12	7	0.26
MONTANA STATE UNIVERSITY - HAVRE	11	8	0.24
GALLATIN AIRPORT AUTHORITY	8	9	0.17
BIG SKY CO WATER & SEWER DISTRICT	7	10	0.15
"All other" ⁴	58		1.24
TOTAL (23 EMPLOYERS)	4,648		100.00

⁴ In 2011, "all other" consisted of:

Type	Number	Employees
Cities & Towns	3	9
Counties	1	4
Other Agencies	3	13
School Dist	4	28
Universities	2	4
Total	13	58

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 31 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, 2011

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
 Center for Mental Health
 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 Emergency Communications Center

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-Madison Special Education Cooperative
 Gardiner-Park County Water District
 Glasgow Housing Authority
 Glasgow Irrigation District
 Granite County Hospital & Nursing Home
 Granite Conservation District
 Great Divide Education Services
 Great Falls International Airport
 Greenfields Irrigation District
 Hebgen Basin Rural Fire
 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 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 Lake County Public Library
 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
 Sourdough Rural Fire
 Teton County Conservation
 Twin Bridges Public Library
 Upper Musselshell Conservation District
 Valley County Conservation District

STATISTICAL SECTION

Other Agencies (cont.)

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 (31)

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
Thompson Falls
Troy
West Yellowstone
Whitefish
Wolf Point

FURS (24)

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(7)

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

VFCA (215)

Absarokee Volunteer Fire Dept
 Absarokee-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
 Bull Lake Volunteer
 Fire Dept
 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 Blaine
 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

STATISTICAL SECTION

VFCA (cont.)

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

VFCA (cont.)

Valier Volunteer Fire Dept
 Valley County Long Run
 Volunteer Fire Dept
 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 (261)

State Agencies (31)

Board of Crime Control
 Commissioner of Higher
 Education
 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 (45)

Beaverhead
 Big Horn
 Blaine
 Broadwater
 Carbon
 Carter
 Cascade
 Custer
 Daniels
 Dawson
 Fallon
 Fergus
 Flathead
 Gallatin
 Garfield
 Glacier
 Granite
 Hill
 Jefferson
 Lake
 Lewis & Clark
 Liberty
 Lincoln
 Madison
 Mineral
 Missoula
 Musselshell
 Park
 Petroleum

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

Cities & Towns (48)

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

STATISTICAL SECTION

Cities & Towns (cont.)

Miles City
Missoula
Moore
Polson
Red Lodge
Shelby
Sheridan
Sidney
Sunburst
Townsend
West Yellowstone
Whitefish
Wolf Point

Colleges & Universities (4)

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

High Schools (2)

Powell County
Sweet Grass County

School Districts (92)

SD 1, Big Timber
SD 1, Butte
SD 1, Corvallis
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 1, Troy
SD 2 & 11, Big Sandy
SD 2, Billings
SD 2, Stevensville
SD 2, Sunburst
SD 3, Billings
SD 3, Hamilton
SD 3, Ramsay
SD 3, Superior

SD 3, Westby
SD 3, Wolf Point
SD 4, Forsyth
SD 4, Hellgate
SD 4, Livingston
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, Boulder
SD 7, Bozeman
SD 7, Charlo
SD 7, Gardiner
SD 7, Hinsdale
SD 7, Joliet
SD 7, Lolo
SD 7 & 70, Laurel
SD 8, Arlee
SD 9, Browning
SD 9, East Helena
SD 9, Poplar
SD 10, Anaconda
SD 10, Noxon
SD 12, Lima
SD 12, Saco
SD 13, Lone Rock
SD 15, Cut Bank
SD 15, Ekalaka
SD 16, Havre
SD 17H, Hardin
SD 18, Woodman
SD 20, Plentywood
SD 21, Galata
SD 23, Missoula
SD 23, Polson
SD 24, Three Forks
SD 24, Worden
SD 25, Hobson
SD 26, Lockwood
SD 27, Grass Range
SD 30, Power
SD 30, Ronan
SD 32, Clinton
SD 32, Rapalje
SD 38, Big Fork
SD 38, Lincoln
SD 40, Frenchtown
SD 41, Bozeman
SD 43, Lamotte
SD 44, Belgrade
SD 44, Geraldine

SD 44, Moore
SD 45, Golden Ridge
SD 50, Evergreen
SD 50, Hays
SD 52, Absarokee
SD 52, Ennis
SD 52, Independent
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 (39)

Bert Mooney Airport Authority
Big Fork County 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
Central Montana Learning
Resource Center
Daly Ditches Irrigation District
Dawson Community College
Dry Prairie Rural Water
Flathead Emergency
Communication Center
Flathead Joint Board of Control
Flathead Municipal Airport
Authority
Flathead Valley Community
College
Gallatin Airport Authority
Gallatin Canyon Consolidated
Rural Fire Department
Gallatin Conservation 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

Other Agencies (cont.)

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
Prickley Pear Special
Services Cooperative
Richland County Housing
Authority
Seeley Lake Missoula County
Water District
Sheridan Daniels Special
Education Cooperative
Yellowstone City-County
Health Dept

School Districts (4)

SD 2, Billings
SD 3, Wolf Point
SD 9, East Helena
SD 12, Baker

Other Agencies (7)

Big Sky County Water & Sewer
District
Big Sky Resort Area District
Colstrip Park & Recreation
District
Dawson Community College
Gallatin Airport Authority
Great Falls Transit
North Valley Public Library

*For the deferred compensation
plan the State of Montana is con-
sidered one agency.

Deferred Compensation (23)

State Agencies (1)

*State of Montana

Counties (2)

Carter
Lewis & Clark

Cities & Towns (4)

Colstrip
Sheridan
Sidney
Whitehall

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

STATISTICAL SECTION

This page intentionally left blank



This is a publication of the
MONTANA PUBLIC EMPLOYEE
RETIREMENT ADMINISTRATION

100 North Park Avenue, Suite 200
PO Box 200131
Helena, MT 59620-0131

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

email: mpera@mt.gov

Front cover: State Route 200, north of Thompson Falls, Montana. Photo courtesy of Ann Reber

250 copies of this public document were published at an estimated cost of \$8.16 per copy, for a total cost of \$2,039.38, which includes \$2,039.38 for printing and \$0.00 for distribution.