

MONTANA



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

Comprehensive Annual Financial Report
For the fiscal year ended June 30, 2013

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, 2013

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

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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.

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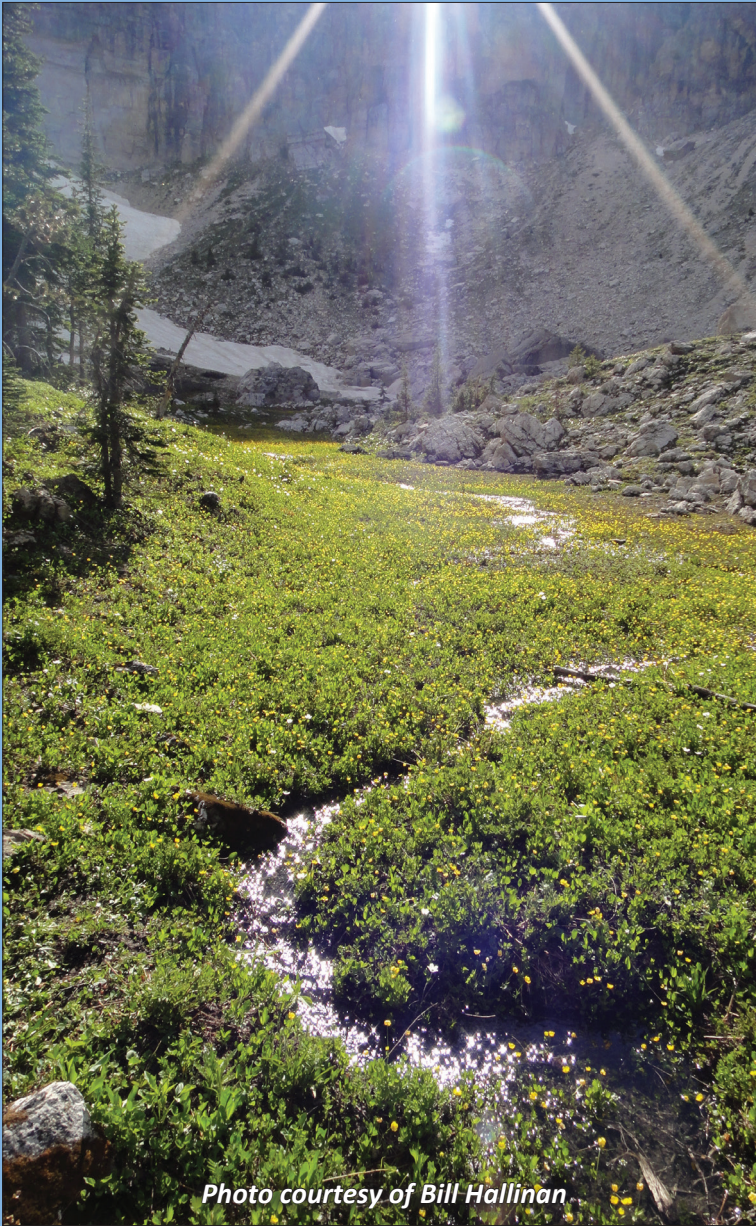


Photo courtesy of Bill Hallinan

*Now that the winter's gone, the
earth hath lost
Her snow-white robes; and now no
more the frost
Candies the grass, or casts an icy
cream
Upon the silver lake or crystal
stream*

Thomas Carew "The Spring"

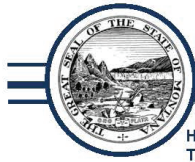


Photo courtesy of Aaron Millis



Photo courtesy of Bill Hallinan

Montana Public Employee Retirement Administration



Steve Bullock
Governor

Roxanne Minnehan
Executive Director

STATE OF MONTANA



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HELENA MT 59620-0131

January 29, 2014

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

Dear Governor Bullock:

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, 2013, 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 letter of transmittal is intended to complement the Management's Discussion and Analysis (MD&A) and the two should be read in conjunction.

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 MD&A. Defined benefit and defined contribution transactions are reported on the accrual basis of accounting.

The external auditor conducted an independent audit of the basic financial statements in accordance with U.S. generally accepted auditing standards. This audit is described in the *Independent Auditor's Report* on page 21 of the *Financial Section*. Management has provided the external auditors with full and unrestricted access to MPERA staff to facilitate independent validation of the integrity of the plans' financial reporting.

The MD&A included in the *Financial Section* is a management discussion of the financial position of the retirement plans and provides an overview and analysis of the plans' basic financial statements. The *Statistical Section* includes statistics regarding active and retiree membership, employer contributions, assets held, and benefits or distributions paid in accordance with the five

INTRODUCTORY SECTION

objectives required by GASB Statement 44 - financial trends, revenue capacity, debt capacity, demographic and economic information, and operating information.

PROFILE OF THE PERB

The PERB is a discretely presented component unit Pension Trust Fund of the State of Montana financial reporting entity. For this reason, the financial statements contained in this report are also included in the State of Montana's Comprehensive Annual Financial Report. Fiduciary responsibility for the systems rests with the PERB, which consists of seven members, appointed by the Governor. The members are assigned five-year, staggered terms. The PERB is required to approve a final budget before the beginning of the fiscal year. The MPERA management develops the budget for all plans administered and presents it to the PERB. As 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. There are eight defined benefit retirement plans including the *Public Employees' Retirement System-Defined Benefit Retirement Plan (PERS-DBRP)* in its 69th year of operation, the *Judges' Retirement System (JRS)*, the *Highway Patrol Officers' Retirement System (HPORS)*, the *Sheriffs' Retirement System (SRS)*, the *Game Wardens' and Peace Officers' Retirement System (GWPORS)*, the *Municipal Police Officers' Retirement System (MPORS)*, the *Firefighters' Unified Retirement System (FURS)*, and the *Volunteer Firefighters' Compensation Act (VFCA)*.

The two defined contribution retirement plans are the *Public Employees' Retirement System-Defined Contribution Retirement Plan (PERS-DCRP)* and *Deferred Compensation (457) Plan*. The PERS-DCRP was implemented July 1, 2002. New hires in PERS have the option of choosing participation in either the PERS-DBRP or PER-DCRP within 12 months of hire. The PERB contracts with Great-West Retirement Services to provide recordkeeping services for the PERS-DCRP. University employees, in positions covered by PERS, have a third retirement option: Montana University System Retirement Program (MUS-RP) administered by the Teachers Insurance and Annuity Association - College Retirement Equities Fund (TIAA-CREF New York, NY).

State and University employees, and employees of local government entities that contract with the PERB, also have the option to supplement their retirement income by voluntarily participating in the Deferred Compensation (457) Plan. The PERB contracts with Great-West Retirement Services to provide recordkeeping services for the deferred compensation plan. Participants in the deferred compensation plan can elect to defer money either into a pre-tax account or an after-tax (Roth) account.

Education for plan 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 with their retirement plan decision. We continue to add other educational workshops and provide additional member services through our website.

ECONOMIC CONDITION AND OUTLOOK

INVESTMENTS

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 assets of the defined benefit trust funds are invested by the Montana Board of Investments (BOI). The prudent expert principle permits the 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 investment policy statement 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.

Investment options offered in the defined contribution plans comply with the PERB’s Investment Policy Statements. The investment options are selected by the PERB, with the assistance of the statutorily-created Employee Investment Advisory Council and the advice of a third-party consultant. Participants of the PERS-DCRP direct 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 DCRP long-term disability trust, and provide member education. Participants of the Deferred Compensation Plan direct the investment of their deferrals and employer contributions on their behalf, if any.

ECONOMIC OUTLOOK

The economic outlook of the defined benefit plans is based primarily upon investment earnings. For fiscal year 2013, the PERS-DBRP experienced a 13.04 percent rate of return; an average annualized rate of return for the last three years was 12.13 percent; for the last five years was 4.77 percent; and for the last ten years was 6.60 percent. The five year and the ten year rates of return 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. A summary of the investment activity can be found in the *Investment Section* of this annual report.

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Pension trust funds are considered well-funded when any unfunded liability can be amortized in 30 years or less. A detailed discussion of funding is provided in the *Actuarial Section* of this annual report. The actuarial valuations dated June 30, 2013, for the eight defined benefit plans, show one plan (JRS) with an actuarial surplus, four plans (PERS, MPORS, FURS and VFCA) to be actuarially sound, and three plans (HPORS, SRS and GWPORS) not actuarially sound. The amortization period for the Unfunded Actuarial Liability (Actuarial Surplus) for the defined benefit plans, as of June 30, 2013, are as follows:

PERS	14.5 years	GWPORS	Does Not Amortize
JRS	0.0 years (Actuarial Surplus)	MPORS	23.8 years
HPORS	44.6 years	FURS	13.9 years
SRS	Does Not Amortize	VFCA	8.5 years

The funded status of all of the retirement systems administered by the PERB increased in fiscal year 2013 as a result of the investment market experience. A single year's funded ratio, by itself, does not provide a measure of the funding direction. The funding status and funding progress of the individual retirement systems can be found in the *Financial Section* of this report on pages 49 and 92, respectively.

FUNDING

The funding objective of the pension trust funds administered by the PERB is to meet long-term benefit obligations through contributions that remain approximately level as a percent of member payroll over the long term. PERB's long-term goal is for all retirement systems to be 100% funded and up to 120% funded to allow a reserve in poor markets. The short-term goal is to obtain actuarial soundness for the systems that do not amortize. It is the obligation of the PERB to recommend funding increases or system changes or both to the Legislature to address financial sustainability.

LEGISLATIVE UPDATE

House Bill 454, proposed by the governor, awarded a portion of the total coal severance tax collections to the PERS-DBRP, increased member contributions to 7.9% and increased employer contributions 1.0% for fiscal year 2014 and 0.1% each fiscal year through fiscal year 2024. House Bill 454 also modified the guaranteed annual benefit adjustment (GABA) by reducing the GABA to a maximum of 1.5% and a minimum of 0% based on the actuarial soundness of the plan.

ACCOMPLISHMENTS

Fiscal year 2013 accomplishments of MPERA include: modification of the service purchase calculator on our website, automation of DCRP initial member transfers, and deployment of legislative changes to the web reporting system. Other accomplishments include adoption of administrative rules implementing legislative changes and general updates, assisting the Attorney General's office and Risk Management/Tort Defense with lawsuits, and effectively working with stakeholders to protect the defined benefit plans from proposed legislation that threatened to

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terminate the defined benefits plan. MPERA imaged all member files into an electronic database, and continued the multi-year computer system upgrade including data cleansing. Over the course of three years, with the majority of the work being done in fiscal year 2013, MPERA software engineers worked closely with SITSD to migrate our Oracle Employer Web Reporting Application to Oracle 11g. MPERA staff increased education for employees and participants, through webinars and on-site trainings. Also, successful participation in the State of Montana Consolidated Vendor File project provided greater transparency and met regulatory requirements.

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, 2012. This was the fifteenth 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 also received the *Public Pension Coordinating Council (PPCC), Public Pension Standards Award* for 2013 in recognition of meeting the professional standards for funding and plan administration set forth in the Public Pension Standards. This is the eleventh year the PPCC is offering the PPCC Standards Award Program to public retirement systems. The Public Pension Standards are intended to reflect minimum expectations for public retirement system management and administration, as well as serve as a benchmark by which all defined benefit public plans should be measured. The retirement systems and the state and local governments that sponsor them are encouraged to meet these standards. The standards have two components - the Administrative Standard 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 ninth 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

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auditors on the financial statements included in this report. This opinion provides assurance that the financial statements can be relied upon.

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/ Scott E. Moore

Scott E. Moore, President
Public Employees' Retirement Board

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Government Finance Officers Association

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, 2012

A handwritten signature in black ink, reading "Jeffrey R. Emer". The signature is fluid and cursive.

Executive Director/CEO



Public Pension Coordinating Council

***Public Pension Standards Award
For Funding and Administration
2013***

Presented to

Montana Public Employees Retirement Administration

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

Presented by the Public Pension Coordinating Council, a confederation of

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

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

Alan H. Winkle
Program Administrator

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Public Employees' Retirement Board

A Component Unit of the State of Montana

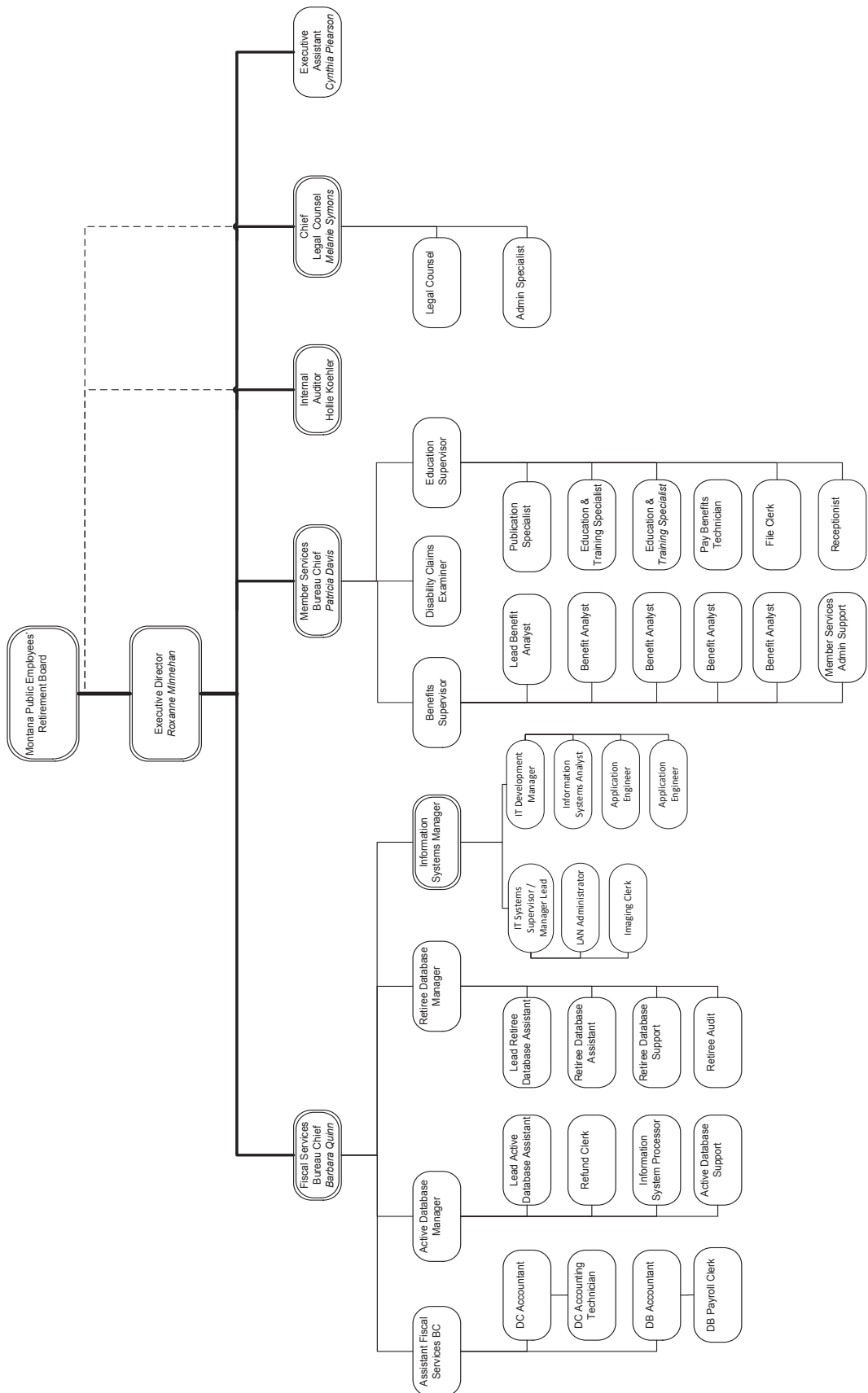


Back Row: Terrence Smith, Sheena Wilson, Bob Bugni, Timm Twardoski, Melissa Strecker, and Mike McGinley.

Front Row: Scott Moore

Scott Moore, President Miles City, Active Public Employee Firefighter Appointed 4/1/2010 Term Expires 3/31/2015 Email: Scott.Moore@mt.gov	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: Terrence.Smith@mt.gov
Sheena Wilson Helena, PERS Retired Member PERS Board Representative - BOI Appointed 4/1/2013 Term Expires 3/31/2018 Email: Sheena.Wilson@mt.gov	Mike McGinley Dillon, Member at Large County Commissioner Appointed 4/1/2013 Term Expires 3/31/2018 Email: Mike.McGinley@mt.gov
Melissa Strecker Missoula, Active Public Employee Department of Corrections Probation and Parole Officer Appointed 6/25/2012 Term Expires 3/31/2017 Email: Melissa.Strecker@mt.gov	Timm Twardoski Helena, Member at Large Reappointed 4/1/2011 Term Expires 3/31/2016 Email: Timm.Twardoski@mt.gov
Bob Bugni East Helena, Experience in Investment Management Appointed 12/13/2011 Term Expires 3/31/2014 Email: Bob.Bugni@mt.gov	

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



INTRODUCTORY SECTION

2013 Legislative Highlights

During the 2013 legislative session, the PERB proposed several legislature bills to address funding and policy concerns. This summary also includes legislative bills, proposed externally, that impacted the retirement systems.

457 ROTH - House Bill 91, Deferred Compensation Plan, effective July 1, 2013

Allows post-tax contributions to a designated ROTH account for participants in the Deferred Compensation Plan (457).

Working Retirees - House Bill 95 - PERS, SRS, and FURS, effective July 1, 2013

- Requires employer contributions on working retiree compensation. Member contributions are not required.
- Working retiree limitations are not impacted. PERS working retirees may still work up to 960 hours a year, without impacting benefits. SRS and FURS retirees may still work up to 480 hours a year, without returning to active service.

Highest Average Compensation (HAC) Cap - House Bill 97, All Systems, effective July 1, 2013

- For members hired on or after July 1, 2013, establishes a 110% annual cap on compensation considered as part of a member's highest or final average compensation with the excess compensation, if any, divided by the member's total months of service credit and added to the compensation for each month that is considered part of the member's highest or final average compensation.
- Bonuses paid on or after July 1, 2013 to any member, will not be treated as compensation for retirement purposes. Employer and member contributions will no longer be paid on bonuses.

General Revisions - House Bill 105, effective July 1, 2013

- Requires that a **retired PERS** employee working as an independent contractor in a PERS - covered position be subject to working retiree limitations.
- For **SRS**, regarding the survivorship benefit, the actuarial reduced age changes to age 60 instead of age 65.

ORP to MUS-RP - House Bill 320, effective July 1, 2013

Changes the name of the Optional Retirement Plan (ORP) to the Montana University System Retirement Program (MUS-RP).

HPORS Funding Bill - House Bill 336, effective July 1, 2013

At the request of the Montana Trooper's Association, this bill revises the HPORS to address funding concerns.

All HPORS members regardless of hire date:

- State employer contribution increases from 36.33% to 38.33%;

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- Member contribution increases 1% annually for four years commencing FY2014; and
- Benefit multiplier increases from 2.5% to 2.6%.

HPORS members hired on or after July 1, 2013:

- GABA reduces from 3.0% to 1.5%;
- GABA waiting period increases from 1 year to 3 years; and
- The vesting period increases from 5 years to 10 years.

PERS Funding Bill - House Bill 454, effective July 1, 2013

This bill addresses PERS funding concerns and includes a severability clause. If any part of the bill is determined to be invalid all parts that are severable from the invalid part remain in effect.

Funding of PERS through natural resources:

- PERS will receive from the unallocated portion of coal tax severance collections, approximately \$15 million beginning in FY2014 and growing approximately 2% per year thereafter. The payments will be received quarterly.
- PERS will receive up to \$21 million of interest income from the coal tax permanent fund until July 1, 2019. Beginning FY2020, PERS will receive up to \$24 million of interest income contributions. The interest payments will be received monthly.

PERS - covered employee contributions temporarily increased:

- **All** members contribute **7.9%** of compensation starting on **July 1, 2013**. This is an **increase of 1%** for members **hired prior to July 1, 2011**.
- Member contributions **decrease to 6.9%** on **January 1** following the actuary valuation results showing the amortization period has dropped below 25 years and remains below 25 years following the termination of the additional contribution rates for both the employer and member.

PERS - covered employer contributions temporarily increased:

- Employer contributions for all members increase 1% on **July 1, 2013**.
- Beginning **July 1, 2014**, employer contributions increase 0.1% a year over 10 years, through FY2024.
- The employer additional contributions, including the increase of 0.27% in 2007 and 2009, terminate on **January 1** following the actuary valuation results in an amortization period below 25 years and remains below 25 years following the termination of the additional contribution rates for both the employer and member.

*Guaranteed Annual Benefit Adjustment (GABA) revised for **all PERS** members, including current and future retirees regardless of when they retired or the date they will retire in the future:*

- GABA is 1.5% for all current and future retirees each year PERS is funded at or above 90%;
- The 1.5% GABA is reduced 0.1% for each 2% PERS is funded below 90%; and
- GABA is 0% for all current and future retirees whenever the PERS's amortization period is 40 years or more.

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2013 Legislative Highlights continued

PERS - DCRP allocaton of employer contribution increases:

- The 1% increase in employer contributions is allocated to the Defined Benefit Retirement Plan Unfunded Actuarial Liability.
 - The 0.1% annual additional increases, beginning July 1, 2014, are allocated first to the DCRP Plan Choice Rate, and then the DCRP long-term disability fund.
-



In Memory of
Eleanor Pratt

Montana Public Employees' Retirement Board
Board Member (1992 - 1999)

We are dedicating this Annual Report in memory of Eleanor Pratt. Ms. Pratt served on the Public Employees' Retirement Board from 1992 through 1999. Eleanor was a county commissioner, baker, wife, and mother, among many other positions held in her career. Eleanor died on October 17, 2013, at the age of 79, after a battle with cancer.

Eleanor made history in 1988 when she was elected the first female Valley County Commissioner. The second time she ran for County Commissioner, she was so popular that she ran unopposed.

Eleanor was born in Cleveland, Ohio and this is also where she met her husband. She and her husband bought a ranch in Hinsdale, MT as vacation property. The family enjoyed it so much they moved to Montana permanently.

Eleanor is remembered as being very reliable and would always show up for board meetings, even though she had to drive the long distance from Glasgow. She was dedicated to the board and agency. She was always looking out for the best interest of the members.

Staff and Board members remember Eleanor fondly. She was kind, friendly and respectful. She performed her duties diligently and with great dignity and will be missed by all.

INTRODUCTORY SECTION

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Photo courtesy of Aaron Millis



Photo courtesy of Jeff Girton

*Rich music breathes in Summer's every sound;
And in her harmony of varied greens,
Woods, meadows, hedge-rows, corn-fields, all around
Much beauty intervenes,
Filling with harmony the ear and eye;
While o'er the mingling scenes
Far spreads the laughing sky.*

John Clare "Summer Images"



Photo courtesy of Roxanne Minnehan

LEGISLATIVE AUDIT DIVISION

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



Deputy Legislative Auditors:
Cindy Jorgenson
Angus Maciver

INDEPENDENT AUDITOR'S REPORT

The Legislative Audit Committee
of the Montana State Legislature:

Introduction

We have audited the accompanying Statement of Fiduciary Net Position – Pension Trust Funds of the Public Employees' Retirement Board (Board), a component unit of the state of Montana, as of June 30, 2013, and the related Statement of Changes in Fiduciary Net Position – Pension Trust Funds for the fiscal year ended June 30, 2013, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America. This responsibility includes designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Board's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control and accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Board as of June 30, 2013, and the results of its operations for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 4, the Game Wardens' and Peace Officers', Sheriffs', and Highway Patrol Officers' retirement systems were not actuarially sound at June 30, 2013. The amortization period for the Unfunded Actuarial Accrued Liability is 44.6 years for the Highway Patrol Officers' Retirement System. The Game Wardens' and Peace Officers' Retirement System and Sheriffs' Retirement System do not amortize. The maximum allowable amortization period is 30 years. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the 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 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedules of Administrative Expenses, Investment Expenses, and Professional/Consultant fees for the year ended June 30, 2013; the Detail of Fiduciary Net Position (PERS-DBRP and PERS-DBEd) and the Detail of Fiduciary Net Position (PERS-DCRP, PERS-DCEd and PERS-DC Disability) as of June 30, 2013; and the related Detail of Changes in Fiduciary Net Position (PERS-DBRP and PERS-DBEd) and the Detail of Changes in Fiduciary Net Position (PERS-DCRP, PERS-DCEd and PERS-DC Disability) for the fiscal year ended June 30, 2013, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The Introductory, Investment, Actuarial, and Statistical sections listed in the foregoing table of contents are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

Respectfully submitted,

/s/ Cindy Jorgenson

Cindy Jorgenson, CPA
Deputy Legislative Auditor
Helena, MT

January 29, 2014

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, 2013. 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 position of the defined benefit plans increased by \$508.0 million or 10.4% in fiscal year 2013. The increase was primarily due to the positive investment income in each of the plans.*
- The PERB's defined contribution plans combined total net position increased by \$39.5 million or 8.5% in fiscal year 2013. The total increase in net position was due to the increase of investment income in the PERS-defined contribution retirement plan and the deferred compensation plan.*
- Revenues (additions to plan net position) for the PERB's defined benefit plans for fiscal year 2013 was \$869.7 million, which includes member and employer contributions of \$238.7 million and net investment income of \$631.0 million.*
- Revenues (additions to plan net position) for the PERB's defined contribution plans for fiscal year 2013 was \$65.3 million, which includes member and employer contributions of \$32.4 million and net investment of \$32.9 million.*
- Expenses (deductions to plan net position) for the PERB's defined benefit plans increased from \$333.8 million in fiscal year 2012 to \$361.7 million in fiscal year 2013 or about 8.4%. The increase in 2013 is due to an increase in benefits and administrative expenses.*
- Expenses (deductions to plan net position) for the PERB's defined contribution plans increased from \$22.0 million in fiscal year 2012 to \$25.8 million in fiscal year 2013 or about 17.3%. The increase in expenses is primarily due to an increase in administrative expenses and distributions.*
- The PERB's defined benefit plans' funding objectives are to meet long-term benefit obligations. As of June 30, 2013, the date of the latest actuarial valuation, four of the plans can amortize the Unfunded Actuarial Liability within 30 years or less. They are the Public Employees' Retirement System (PERS), 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 amortize the Unfunded Actuarial Liability within 30 years are the Highway Patrol Officers' Retirement System (HPORS), the Sheriffs' Retirement System (SRS), and the Game Wardens' and Peace Officers' Retirement System (GWPORS). The Judges' Retirement System (JRS) has an*

actuarial surplus. This means there are more assets than liabilities in the plan. As a whole the plans are actuarially funded at an average of 80%. 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 market volatility. Due to smoothing gains in 2011 and 2013 and losses in 2012, return on actuarial value ranged from 11% to 12% for all systems, creating actuarial experience gains.

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 position restricted for pension benefits for each of the plans administered by the PERB as of June 30, 2013. This financial information also summarizes the combined changes in net position restricted 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, 2013, 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 Position, is presented for the pension trust funds at June 30, 2013. 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 Position, is presented for the pension trust funds for the year ended June 30, 2013. 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 MPERA the new system project; operating lease; GASB 50 Disclosures on funding; GASB 45 Disclosures regarding Other Post Employment Benefits (OPEB); GASB 63 Disclosures regarding Deferred Inflows of Resources, Deferred Outflows of Resources and Net Position; and summaries of the method to value investments and other significant accounting policies or explanations.

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- 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 includes the schedules of: funding progress of the plans and Other Post-Employment Benefits (OPEB); 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 Funds 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 Position of the plan. Investment gains and losses are reported in the Statement of Changes in Fiduciary Net Position.

ECONOMIC CONDITION

According to the Board of Investments Chief Investment Officer, Clifford Sheets, "The

U.S. economy has continued to grow at a moderate pace over the past year, with a real Gross Domestic Product (GDP) growth rate in the 2% range. This slow pace of growth has been atypical in the U.S. after a deep recession when recovery is usually much faster. Yet, when looking at global economic history, slow growth is to be expected after a recession proceeded by a debt bubble, as this one was. Nevertheless, the recovery is now technically entering its fifth year, and there is nothing apparent that would suggest we are at risk of slipping back into recession.

Real GDP posted gains of 1.1% for the March quarter and 2.5% for the June quarter on an annualized quarter-over-quarter basis. The consensus expects the September quarter will come in at a 2.1% rate. Yet this pace of growth followed a growth rate of only 0.1% during the December quarter. Year-over-year growth for 2013 is estimated at 1.6% and the consensus outlook for 2014 calls for a 2.6% growth rate.

One key measure of economic performance is the employment situation. This measure has gained more focus since the Federal Reserve (Fed) is providing forward guidance of monetary policy based on the improvement in employment, in addition to watching inflation. Payroll jobs have continued to increase but the number of jobs being added has been sporadic in recent months. The unemployment rate has also shown steady improvement and now sits at 7.3%, but the improvement is being discounted somewhat since much of the decline in the rate is due to the decline in job seekers, also known as the participation rate.

Despite the relative weakness in the measures noted above, personal consumption continues to improve at an annual rate of about 3%. Corporate profit growth has also remained

positive on a trend basis, though lately has slowed versus the earlier stages of the recovery. This backdrop has bolstered investor confidence and been supportive of the higher stock market during the past year.

While the U.S. economy continues to grow, it appears to be dependent on extraordinary monetary policy, meaning low interest rates designed to stimulate risk-taking and economic activity in the credit-dependent sectors of the economy such as housing and autos. The Fed has continued to buy bonds in addition to keeping its key policy rate near zero. In September, a decision was made to continue this program at its current pace, based on uncertainty about near-term economic growth and a low inflation rate. The capital markets will be watching the evolution of Fed policy closely in the next several months, though any shift to a less aggressive policy would be coincident with an improvement in the economy which should be viewed as positive.”

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Defined Benefit Plans Total Investments

At June 30, 2013, the PERB's defined benefit plans held total investments of \$5.3 billion, an increase of \$481.1 million from fiscal year 2012 investment totals. Below are the schedules of Fiduciary Net Position and Changes in Fiduciary Net Position for the

defined benefit plans including comparative totals from fiscal year 2012. These schedules were formerly known as the Fiduciary Net Assets and Changes in Fiduciary Net Assets. This change is due to GASB Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*.

Fiduciary Net Position - Defined Benefit Plans

As of June 30, 2013 - and comparative totals for June 30, 2012

(dollars in thousands)

	PERS		JRS		HPORS		SRS	
	2013	2012	2013	2012	2013	2012	2013	2012
Assets:								
Cash and Receivables	\$ 67,395	50,022	1,259	1,095	1,723	1,383	4,507	3,394
Securities Lending Collateral	192,294	176,225	3,247	2,899	4,903	4,460	10,873	9,701
Investments	4,236,336	3,879,208	71,548	63,797	108,008	98,159	239,536	213,467
Property and Equipment	9	11	3	3	2	3	3	3
Intangible Assets	114	35	34		28		34	
Total Assets	4,496,148	4,105,501	76,091	67,794	114,664	104,005	254,953	226,565
Liabilities:								
Securities Lending Liability	192,294	176,225	3,247	2,899	4,903	4,460	10,873	9,701
Other Payables	2,021	5,064	52	136	70	254	204	198
Total Liabilities	194,315	181,289	3,299	3,035	4,973	4,714	11,077	9,899
Total Net Position	\$4,301,833	3,924,212	72,792	64,759	109,691	99,291	243,876	216,666

Changes In Fiduciary Net Position - Defined Benefit Plans

For the year ended June 30, 2013 - and comparative totals for June 30, 2012

(dollars in thousands)

	PERS		JRS		HPORS		SRS	
	2013	2012	2013	2012	2013	2012	2013	2012
Additions:								
Contributions	\$ 163,257	159,917	2,363	2,045	6,514	6,534	12,111	11,721
Investment Income (Loss)	505,052	91,355	8,409	1,517	12,826	2,321	28,154	5,109
Total Additions	668,309	251,272	10,772	3,562	19,340	8,855	40,265	16,830
Deductions:								
Benefits	274,021	252,762	2,553	2,344	8,709	8,223	11,583	10,379
Refunds	11,637	12,308			51	68	1,184	1,271
OPEB Expenses	82	81	1	1	1	1	1	1
Administrative Expenses	3,761	3,308	184	117	180	121	286	206
Miscellaneous Expenses	1,211	732						
Total Deductions	290,712	269,191	2,738	2,462	8,941	8,413	13,054	11,857
Incr/(Decr) in Net Position	\$ 377,597	(17,919)	8,034	1,100	10,399	442	27,211	4,973
Prior Period Adjustments	23	24						

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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-DBRP and the DB Education Fund have

GWPORS		MPORS		FURS		VFCA		TOTAL	
2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
2,307	2,153	16,015	14,345	16,094	13,988	1,992	1,722	111,292	88,102
5,156	4,441	11,578	10,194	11,609	10,166	1,238	1,156	240,898	219,242
113,666	97,893	255,112	224,417	255,833	223,790	27,147	25,387	5,307,186	4,826,118
3	3	2	3	2	3	2	3	26	32
34		30		30		27		331	35
121,166	104,490	282,737	248,959	283,568	247,947	30,406	28,268	5,659,733	5,133,529
5,156	4,441	11,578	10,194	11,609	10,166	1,237	1,156	240,897	219,242
169	414	150	128	133	128	102	99	2,901	6,421
5,325	4,855	11,728	10,322	11,742	10,294	1,339	1,255	243,798	225,663
115,841	99,635	271,009	238,637	271,826	237,653	29,067	27,013	5,415,935	4,907,866

GWPORS		MPORS		FURS		VFCA		TOTAL	
2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
7,786	7,618	22,883	22,120	22,110	21,201	1,711	1,635	238,735	232,791
13,106	2,388	30,037	5,717	30,035	5,726	3,383	592	631,002	114,725
20,892	10,006	52,920	27,837	52,145	26,927	5,094	2,227	869,737	347,516
3,575	3,203	18,463	17,355	17,670	16,519	2,819	2,046	339,393	312,831
864	1,241	1,838	710	73	119			15,647	15,717
1	1	1	1	1	1	1	1	89	88
246	173	245	177	228	162	205	144	5,335	4,408
						15	12	1,226	744
4,686	4,618	20,547	18,243	17,972	16,801	3,040	2,203	361,690	333,788
16,206	5,388	32,373	9,594	34,173	10,126	2,054	24	508,047	13,728
								23	24

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been combined in these comparisons. The PERS-DBRP net position restricted for pension benefits at June 30, 2013 amounted to \$4.30 billion, an increase of \$377.6 million (9.6%) from \$3.92 billion at June 30, 2012.

Additions to the PERS-DBRP net position restricted for pension benefits include employer, member and state contributions, and investment income. For the fiscal year ended June 30, contributions increased to \$163.3 million in fiscal year 2013 from \$159.9 million in fiscal year 2012, an increase of \$3.3 million (2.1%). Contributions increased due to new members contributing at the higher rate of 7.9%. The plan recognized total net investment income of \$505 million for the fiscal year ended June 30, 2013, compared with total net investment income of \$91 million for the fiscal year ended June 30, 2012. The increase in investment income is a result of a strong year of investment returns.

Deductions from the PERS-DBRP net position restricted for pension benefits primarily include retirement benefits, refunds, and administrative expenses. For fiscal year 2013, benefits amounted to \$274 million, an increase of \$21.3 million (8.4%) from fiscal year 2012. 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 2013, refunds amounted to \$11.6 million, a decrease of \$671 thousand (5.4%) from fiscal year 2012. The decrease in refunds was due to less people refunding their accounts. For fiscal year 2013, the costs of administering the plan's benefits amounted to \$3.8 million, an increase of \$453 thousand (13.7%) from fiscal year 2012. The increase in administrative expenses for fiscal year 2013 was due to the increased personnel and consultation costs associated with the

continuing data cleansing and technological development of a new computer application to modernize the administrative processes associated with the PERS-DBRP.

An actuarial valuation of the PERS-DBRP assets and benefit obligations is performed annually. At June 30, 2013, the date of the most recent actuarial valuation, the years to amortize the unfunded actuarial liability is 14.5 years. This amortization period would increase to 43.7 years if the additional member and employer contributions required by HB 454 were terminated; thus the contributions remain in effect as of January 1, 2014 under the provisions of HB 454. The funded status of the plan increased to 80% at June 30, 2013 from 67% at June 30, 2012.

The PERS-DBRP actuarial value of assets was less than actuarial liabilities by \$1,021 million at June 30, 2013, compared with \$1,844 million at June 30, 2012. The decrease in the unfunded actuarial liability as of the last actuarial valuation is a result of recognizing past investment gains of \$156 million and a total liability gain deducting \$772 million from the actuarial liability as a result of the experience of the plan being different from the actuarial assumptions. The changes in plan design for new hires in 2011 have also had an impact on plan costs and 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 or Associate Water Judge. Member and employer contributions and earnings on investments fund the benefits of the plan. The JRS net position restricted for pensions at June 30, 2013 amounted to \$72.8 million, an increase of \$8.0 million (12.4%) from \$64.8 million at June 30, 2012.

Additions to the JRS net position restricted for pension benefits include member and employer contributions, and investment income. For the fiscal year ended June 30, 2013, contributions amounted to \$2.4 million, an increase of \$318 thousand (15.6%) from fiscal year 2012. Contributions increased due to an increase in active members' salaries. The plan recognized total net investment income of \$8.4 million for the fiscal year ended June 30, 2013, compared with total net investment income of \$1.5 million for the fiscal year ended June 30, 2012. The increase in investment income is a result of a strong year of investment returns.

Deductions from the JRS net position restricted for pension benefits mainly include retirement benefits, and administrative expenses. For fiscal year 2013, benefits amounted to \$2.6 million, an increase of \$209 thousand (8.9%) from fiscal year 2012. The increase in benefits was due to a larger than average increase in retirees 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 recipients. For fiscal year 2013, administrative expenses amounted to \$184 thousand, an increase of \$67 thousand (57.6%) from fiscal year 2012. The increase in administrative expenses for fiscal year 2013 was due to the increased personnel and consultation costs associated with the continuing data cleansing and technological development of a new computer application to modernize the administrative processes associated with the JRS.

An actuarial valuation of the JRS assets and benefit obligations is performed annually. At June 30, 2013, the date of the most recent actuarial valuation, the years to amortize the unfunded actuarial liability is still zero due to the actuarial surplus. The funded status of the

plan increased to 143% at June 30, 2013 from 137% at June 30, 2012.

The JRS actuarial value of assets was more than actuarial liabilities by \$21.1 million at June 30, 2013, compared with a \$17.0 million actuarial surplus at June 30, 2012. The increase in the actuarial surplus as of the last actuarial valuation is due to recognizing past investment gains of \$2.4 million and a total liability loss adding \$675 thousand from the actuarial liability as a result of the experience of the plan being different from the actuarial assumptions and the increase in retirements.

HPORS

The HPORS provides retirement, disability, and death benefits for members of the Montana Highway Patrol. Member and employer contributions, a statutory appropriation from the general fund, and earnings on investments fund the benefits of the plan. The HPORS net position restricted for pensions at June 30, 2013 amounted to \$109.7 million, an increase of \$10.4 million (10.5%) from \$99.3 million at June 30, 2012.

Additions to the HPORS net position restricted for pension benefits include employer and member contributions, a statutory appropriation from the general fund, and investment income. For the fiscal year ended June 30, contributions decreased to \$6.514 million in fiscal year 2013 from \$6.534 million in fiscal year 2012, a decrease of \$20 thousand (0.3%). Contributions decreased due to more members retiring and the hiring of new officers at a lower salary. The plan recognized total net investment income of \$12.8 million for the fiscal year ended June 30, 2013, compared with total net investment income of \$2.3 million for the fiscal year ended June 30, 2012. The increase in investment income is a result of a strong year of investment returns.

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Deductions from the HPORS net position restricted for pension benefits mainly include retirement benefits, refunds, and administrative expenses. For fiscal year 2013, benefits amounted to \$8.7 million, an increase of \$486 thousand (5.9%) from fiscal year 2012. 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 recipients. For fiscal year 2013, refunds amounted to \$51 thousand, a decrease of \$17 thousand (24.8%) from fiscal year 2012. The decrease in refunds was due to less refunds being processed. For fiscal year 2013, administrative expenses were \$180 thousand, an increase of \$59 thousand (49.1%) from fiscal year 2012. The increase in administrative expenses for fiscal year 2013 was due to the increased personnel and consultation costs associated with the continuing data cleansing and technological development of a new computer application to modernize the administrative processes associated with the HPORS.

An actuarial valuation of the HPORS assets and benefit obligations is performed annually. At June 30, 2013, the date of the most recent actuarial valuation the unfunded actuarial liability does not amortize within the required 30 years. However, during the 2013 Legislature legislation passed addressing plan design. The years to amortize the unfunded actuarial liability decreased to 44.6 years at June 30, 2013 from 49.7 years at June 30, 2012. The funded status of the plan increased to 60% at June 30, 2013 from 58% at June 30, 2012.

The HPORS actuarial value of assets was less than actuarial liabilities by \$69.9 million at June 30, 2013, compared with \$71.2 million at June 30, 2012. The decrease in the unfunded

actuarial liability as of the last actuarial valuation is a result of recognizing past investment gains of \$3.9 million and a total liability loss adding \$531 thousand from the actuarial liability as a result of salaries and 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 position restricted for pension benefits at June 30, 2013 amounted to \$243.9 million, an increase of \$27.2 million (12.6%) from \$216.7 million at June 30, 2012.

Additions to the SRS net position restricted for pension benefits include member and employer contributions, and investment income. For the fiscal year ended June 30, contributions increased to \$12.1 million in fiscal year 2013 from \$11.7 million in fiscal year 2012, for an increase of \$390 thousand (3.3%). The increase in contributions was due to an increase in new members contributing to the plan. The plan recognized total net investment income of \$28.2 million for the fiscal year ended June 30, 2013, compared with total net investment income of \$5.1 million for the fiscal year ended June 30, 2012. The increase in investment income is a result of a strong year of investment returns.

Deductions from the SRS net position restricted for pension benefits mainly include retirement benefits, refunds, and administrative expenses. For fiscal year 2013, benefits amounted to \$11.6 million, an increase of \$1.2 million (11.6%) from fiscal

year 2012. 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 2013, refunds amounted to \$1.2 million, a decrease of \$87 thousand (6.9%) from fiscal year 2012. Refunds decreased due to a decrease in members refunding their accounts. For fiscal year 2013, administrative expenses amounted to \$286 thousand, an increase of \$80 thousand (38.8%) from fiscal year 2012. The increase in administrative expenses for fiscal year 2013 was due to the increased personnel and consultation costs associated with the continuing data cleansing and technological development of a new computer application to modernize the administrative processes associated with the SRS.

An actuarial valuation of the SRS assets and benefit obligations is performed annually. At June 30, 2013, the date of the most recent actuarial valuation, the unfunded actuarial liability does not amortize. The funded status of the plan increased to 77% at June 30, 2013 from 74% at June 30, 2012.

The SRS actuarial value of assets was less than actuarial liabilities by \$68.9 million at June 30, 2013, compared with \$73.0 million at June 30, 2012. The decrease in the unfunded actuarial liability as of the last actuarial valuation is a result of recognizing past investment gains of \$8.1 million and a total liability gain deducting \$642.5 thousand from the actuarial liability as a result of the experience of the plan being different from the actuarial assumptions. The changes in plan design for new hires in 2011 have also had an impact on plan costs and 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 position restricted for pension benefits at June 30, 2013, amounted to \$115.8 million, an increase of \$16.2 million (16.3%) from \$99.6 million at June 30, 2012.

Additions to the GWPORS net position restricted for pension benefits include member and employer contributions, and investment income. For the fiscal year ended June 30, contributions increased to \$7.8 million in fiscal year 2013 from \$7.6 million in fiscal year 2012, an increase of \$168 thousand (2.2%). Although the plan saw an increase of one active member, the contributions increased primarily due to an increase in active members' salaries. The plan recognized total net investment income of \$13.1 million for the fiscal year ended June 30, 2013, compared with total net investment income of \$2.4 million for the fiscal year ended June 30, 2012. The increase in investment income is a result of a strong year of investment returns.

Deductions from the GWPORS net position restricted for pensions mainly include retirement benefits, refunds, and administrative expenses. For fiscal year 2013, benefits amounted to \$3.6 million, an increase of \$372 thousand (11.6%) from fiscal year 2012. 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 2013, refunds amounted to \$864 thousand, a decrease of \$377 thousand (30.4%) from fiscal year 2012. The decrease in refunds was due to fewer refund

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requests from members and those refunds were for generally smaller account balances. For fiscal year 2013, administrative expenses amounted to \$246 thousand, an increase of \$73 thousand (42.2%) from fiscal year 2012. The increase in administrative expenses for fiscal year 2013 was due to the increased personnel and consultation costs associated with the continuing data cleansing and technological development of a new computer application to modernize the administrative processes associated with the GWPORS.

An actuarial valuation of the GWPORS assets and benefit obligations is performed annually. At June 30, 2013, the date of the most recent actuarial valuation, the unfunded actuarial liability does not amortize. The funded status of the plan increased to 80% at June 30, 2013 from 76% at June 30, 2012.

The GWPORS actuarial value of assets was less than actuarial liabilities by \$27.9 million at June 30, 2013, compared with \$31.2 million at June 30, 2012. The increase in unfunded actuarial liability as of the last actuarial valuation is a result of recognizing past investment gains of \$3.4 million and a total liability gain deducting \$1.9 million from the actuarial liability as a result of salaries and the experience of the plan being different from the actuarial assumptions. The changes in plan design for new hires in 2011 have also had an impact on plan costs and 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 position restricted for pension benefits at June 30, 2013 amounted to \$271 million, an increase of \$32.4 million (13.6%) from \$238.6 million at June 30, 2012.

Additions to the MPORS net position restricted for pension benefits include employer, member, and state contributions, and investment income. For the fiscal year ended June 30, contributions increased to \$22.9 million in fiscal year 2013 from \$22.1 million in fiscal year 2012, for an increase of \$763 thousand (3.4%). Although the plan saw a slight decrease in active members, the plan saw an increase in contributions primarily due to higher compensated members staying in the plan. The plan recognized total net investment income of \$30.0 million for the fiscal year ended June 30, 2013, compared with total net investment income of \$5.7 million for fiscal year ended June 30, 2012. The increase in investment income is a result of a strong year of investment returns.

Deductions from the MPORS net position restricted for pension benefits mainly include retirement benefits, refunds, and administrative expenses. For fiscal year 2013, benefits amounted to \$18.5 million, an increase of \$1.1 million (6.4%) from fiscal year 2012. 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 recipients. For fiscal year 2013, refunds amounted to \$1.8 million, an increase of \$1.1 million (158.8%) from fiscal year 2012. The increase in refunds for fiscal year 2013 was due to more refunds being processed for larger dollar amounts. For fiscal year 2013, administrative expenses were \$245 thousand, an increase of \$67.8

thousand (38.3%) from fiscal year 2012. The increase in administrative expenses for fiscal year 2013 was due to the increased personnel and consultation costs associated with the continuing data cleansing and technological development of a new computer application to modernize the administrative processes associated with the MPORS.

An actuarial valuation of the MPORS assets and benefit obligations is performed annually. At June 30, 2013, the date of the most recent actuarial valuation, the years to amortize the unfunded actuarial liability decreased to 23.8 years from 25.7 years at June 30, 2012. The funded status of the plan increased to 58% at June 30, 2013 from 55% at June 30, 2012.

The MPORS actuarial value of assets was less than actuarial liabilities by \$187.4 million at June 30, 2013, compared with \$193.2 million at June 30, 2012. The decrease in the actuarial liability as of the last actuarial valuation is a result of recognizing past investment gains of \$7.8 million and a total liability gain deducting \$453.8 thousand 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 position restricted for pension benefits at June 30, 2013, amounted to \$271.8 million, an increase of \$34.1 million (14.4%) from \$237.7 million at June 30, 2012.

Additions to the FURS net position restricted

for pension benefits include employer, member, and state contributions, and investment income. For the fiscal year ended June 30, contributions increased to \$22.1 million in fiscal year 2013 from \$21.2 million in fiscal year 2012, an increase of \$909 thousand (4.3%). Contributions increased due to an increase of active members contributing to the plan as a result of an increase in employers. The plan recognized total net investment income of \$30.0 million for the fiscal year ended June 30, 2013, compared with total net investment income of \$5.7 million for the fiscal year ended June 30, 2012. The increase in investment income is a result of a strong year of investment returns.

Deductions from the FURS net position restricted for pension benefits mainly include retirement benefits, refunds, and administrative expenses. For fiscal year 2013, benefits amounted to \$17.7 million, an increase of \$1.2 million (7.0%) from fiscal year 2012. 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 recipients. For fiscal year 2013, refunds amounted to \$73 thousand, a decrease of \$46 thousand (38.5%) from fiscal year 2012. The decrease in refunds was due to fewer refund requests from members. For fiscal year 2013, administrative expenses were \$228 thousand, an increase of \$66 thousand (40.5%) from fiscal year 2012. The increase in administrative expenses for fiscal year 2013 was mainly due to the increased personnel and consultation costs associated with the continuing data cleansing and technological development of a new computer application to modernize the administrative processes associated with the FURS.

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An actuarial valuation of the FURS assets and benefit obligations is performed annually. At June 30, 2013, the date of the most recent actuarial valuation, the years to amortize the unfunded actuarial liability decreased to 13.9 years from 16.4 years at June 30, 2012. The funded status of the plan increased to 66% at June 30, 2013 from 62% at June 30, 2012.

The FURS actuarial value of assets was less than actuarial liabilities by \$133.3 million at June 30, 2013, compared with \$144.1 million at June 30, 2012. The decrease in unfunded actuarial liability as of the last actuarial valuation is a result of recognizing past investment gains of \$7.8 million and a total liability gain deducting \$1.4 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 position restricted for pension benefits at June 30, 2013 amounted to \$29.1 million, an increase of \$2.1 million (7.6%) from \$27.0 million at June 30, 2012.

Additions to the VFCA net position restricted for pension benefits include state contributions, and investment income. For the fiscal year ended June 30, contributions increased to \$1.7 million in fiscal year 2013 from \$1.6 million in fiscal year 2012, an increase of \$76 thousand (4.7%). Contributions increased because of increased fire insurance premium taxes distributed to the VFCA from the general fund. The plan recognized total net investment income of \$3.4 million for the fiscal year

ended June 30, 2013, compared with total net investment income of \$592 thousand for the fiscal year ended June 30, 2012. The increase in investment income is a result of a strong year of investment returns.

Deductions from the VFCA net position restricted for pension benefits include retirement benefits, administrative expenses, and supplemental insurance payments. For fiscal year 2013, benefits amounted to \$2.8 million, an increase of \$773 thousand (37.8%) from fiscal year 2012. The increase in benefit payments was due to an increase in benefit recipients and a lawsuit increasing retroactive adjustments and monthly benefit payments. For fiscal year 2013, administrative expenses amounted to \$205 thousand, an increase of \$61 thousand (42.5%) from fiscal year 2012. The increase in administrative expenses for fiscal year 2013 was due to the increased personnel and consultation costs associated with the continuing data cleansing and technological development of a new computer application to modernize the administrative processes associated with the VFCA. For fiscal year 2013, supplemental insurance payments amounted to \$15 thousand, an increase of \$3 thousand from fiscal year 2012.

An actuarial valuation of the VFCA assets and benefit obligations is performed annually. At June 30, 2013, the date of the most recent actuarial valuation, the years to amortize the unfunded actuarial liability decreased to 8.5 years from 9.3 years at June 30, 2012 and the funded status of the plan increased to 75% at June 30, 2013 from 73% at June 30, 2012.

The VFCA actuarial value of assets was less than actuarial liabilities by \$9.5 million at June 30, 2013, compared with \$9.6 million at June 30, 2012. The decrease in unfunded actuarial liability as of the last actuarial valuation is a

result of recognizing past investment gains of \$872 thousand and a total liability loss adding \$1.6 million to the actuarial liability. This includes losses as a result of retroactive service adjustments and retroactive payouts.

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 economic experience study was performed during August 2013. This experience study looked at the following assumptions: inflation, investment rate of return, wage growth, and interest on member contributions. The results were presented to the PERB September 12, 2013. The PERB voted to maintain the assumptions of the 2010 experience study. 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, 2013.

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 cash flow needed to finance future retirement benefits. The Annual Required Contribution (ARC) is critical to the defined benefit plans' funding. 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. Investment earnings are also critical to the

defined benefit plans' funding; investment losses deteriorate the plans' funding. Market losses were experienced in fiscal years 2001, 2002 and fiscal years 2008 and 2009. Positive returns were experienced in fiscal years 2003 through 2007 and fiscal years 2010 through 2013. The funding status increased 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 30 years or less. Montana's Constitution requires the public retirement plans to be funded on an actuarially sound basis.

All systems were actuarially funded within 30 years in 2007 and 2008. This was due to positive investment returns, recognition of all losses experienced in 2001 and 2002, and the \$25 million cash infusion in 2006 from the State of Montana in the PERS-DBRP. The impact of the negative investment returns in 2008 and 2009 resulted in the PERS-DBRP, GWPORS, and SRS, not amortizing.

During the 2013 Legislative session, House Bill (HB) 454 made changes to PERS employer contributions. These changes were effective July 1, 2013. Employers pay 1% more in addition to the 0.27% added in 2007 and 2009. The employer rate will increase by an additional 0.1% per year for 10 years until reaching a total increase of 2%. All additional contributions including the 0.27% added in 2007 and 2009 will cease when the amortization period drops below 25 years and remains below 25 years following the reduction of all additional contributions.

Similarly, due to 2013 legislation, effective July 1, 2013, the PERS-DBRP member contributions were increased but will be reduced when the amortization period drops below 25 years and remains below 25 years

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following the reduction of all additional contributions.

Effective July 1, 2013, the GABA for PERS-DBRP current and future retirees, decreases to a cap of 1.5% and will be further reduced 0.1% for each 2% that the funded ratio is less than 90%. GABA will be zero if the amortization period exceeds 40 years. Further, effective July 1, 2013, a statutorily appropriated contribution will be made quarterly to the PERS-DBRP trust fund from the coal severance tax collections during the year. A contribution of the interest income from the coal tax permanent fund will be made monthly to the PERS-DBRP trust fund.

Effective July 1, 2013, in HPORS, the employer contribution rate will increase from 36.33% to 38.33% of pay and all members will see an increase in their member contribution rate of 1% per year for four years. GABA will also be reduced for new hires from 3.0% to 1.5%.

According to the PERB's June 30, 2013 actuarial valuations, the unfunded liability in GWPORS and SRS does not amortize and HPORS does not amortize within the required 30 years. Under HPORS prior law the amortization period is 49.7 years. With plan changes effective July 1, 2013, the period to amortize is 44.6 years.

Overall, funding ratios range from a high of 143% (JRS) to a low of 58% (MPORS). The Schedule of Funding Progress on pages 92 and 93 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, 2013, the actuarial value of assets of all plans was

less than the market value of assets by \$195.5 million due to a positive 12.63% market return in fiscal year 2013. The current smoothing reserve in fiscal year 2012 had a negative balance which is reflected in the actuarial value of assets again in fiscal year 2013.

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 Position and Changes in Fiduciary Net Position for the two defined contribution plans including comparative totals from fiscal year 2012 are on page 41.

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 position restricted for pension benefits at June 30, 2013 amounted to \$105.5 million, an increase of \$18.3 million (21.0%) from \$87.2 million at June 30, 2012.

Additions to the PERS-DCRP net position restricted for pension benefits include contributions and investment income. For the fiscal year ended June 30, contributions

increased to \$11.8 million in fiscal year 2013 from \$11.1 million in fiscal year 2012, an increase of \$697 thousand (6.3%). 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 \$11.7 million for fiscal year ended 2013, compared with net investment income of \$2.4 million in fiscal year 2012. The increase in investment income is a result of a strong year of investment returns.

Deductions from the PERS-DCRP net position restricted for pension benefits include disability benefits, member distributions, administrative expenses, and miscellaneous expenses. For fiscal year 2013, disability benefits amounted to \$29 thousand, compared to \$27 thousand in fiscal year 2012. For fiscal year 2013, distributions amounted to \$4.4 million, an increase of \$377 thousand (9.5%). The increase in distributions was due to more defined contribution members taking periodic or lump sum distributions and IRS permitted rollovers. For fiscal year 2013, the costs of administering the plan amounted to \$576 thousand, an increase of \$92 thousand (19.0%) from fiscal year 2012. The increase in administrative expenses for fiscal year 2013 was due to the increased personnel and consultation costs associated with the continuing data cleansing and technological development of a new computer application to modernize the administrative processes associated with the PERS-DCRP. Miscellaneous expenses decreased from \$313 thousand in fiscal year 2012 to \$162 thousand in fiscal year 2013, a decrease of \$151 thousand (48.3%) from fiscal year 2012. Miscellaneous expenses are the PERB's administrative fees assessed by the vendors based on account balances. The decrease in miscellaneous expenses was due to the accounting classification of these fees

from consulting fees to investment expenses and the PERB's decision to reduce the fees charged to participants.

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 position restricted for pension benefits at June 30, 2013 amounted to \$398.9 million, an increase of \$21.2 million (5.6%) from \$377.7 million at June 30, 2012.

Additions to the Deferred Compensation Plan net position restricted for pension benefits include contributions and investment income. For fiscal year 2013, contributions increased to \$20.6 million from \$20.1 million in fiscal year 2012, an increase of \$559 thousand (2.8%). Contributions increased due to an increase in the amount of money deferred to the plan and the addition of three contracting employers and their employees participating in the plan for an overall increase in membership. The plan recognized net investment income of \$21.2 million for fiscal year 2013, compared with net investment income of \$13.9 million for fiscal year 2012. The increase in investment income is a result of a strong year of investment returns.

Deductions from the Deferred Compensation Plan net position restricted for pension benefits mainly include member and beneficiary distributions, administrative expense, and miscellaneous expenses. For fiscal year 2013, distributions amounted to \$19.6 million, an increase of \$4.0 million (25.6%) from

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\$15.6 million at June 30, 2012. The increase in distributions was due to more deferred compensation members taking distributions. The administrative expenses increased from \$353 thousand in fiscal year 2012 to \$440 thousand in fiscal year 2013, an increase of \$87 thousand (24.6%) from fiscal year 2012. The increase in administrative expenses for fiscal year 2013 was due to the increased personnel and consultation costs associated with the continuing data cleansing and the technological development of a new computer application to modernize the administrative

processes associated with the Deferred Compensation Plan. Miscellaneous expenses, decreased from \$1.2 million in fiscal year 2012 to \$581 thousand in fiscal year 2013, a decrease of \$605 thousand (51.0%) from fiscal year 2012. Miscellaneous expenses are the PERB's administrative fees assessed by the vendors based on account balances. The decrease in miscellaneous expenses was due to the accounting classification of these fees from consulting fees to investment expenses and the PERB's decision to reduce the fees charged to participants.

Fiduciary Net Position - Defined Contribution Plans*As of June 30, 2013 - and comparative totals for June 30, 2012*

(dollars in thousands)

	PERS-DCRP		457-PLAN		TOTAL	
	2013	2012	2013	2012	2013	2012
Assets:						
Cash and Receivables	\$ 4,235	4,011	1,616	1,775	5,851	5,786
Securities Lending Collateral	10	7	4	3	14	10
Investments	101,416	83,326	397,619	376,272	499,035	459,598
Property and Equipment	2	3	2	3	4	6
Intangible Assets	27	1	32		59	1
Total Assets	105,690	87,348	399,273	378,053	504,963	465,401
Liabilities:						
Securities Lending Collateral	10	7	4	3	14	10
Other Payables	197	183	413	375	610	558
Total Liabilities	207	190	417	378	624	568
Total Net Position - restricted for pensions	\$ 105,483	87,158	398,856	377,675	504,339	464,833

Changes In Fiduciary Net Position - Defined Contribution Plans*For the year ended June 30, 2013 - and comparative totals for June 30, 2012*

(dollars in thousands)

	PERS-DCRP		457-PLAN		TOTAL	
	2013	2012	2013	2012	2013	2012
Additions:						
Contributions	\$ 11,768	11,071	20,633	20,074	32,401	31,145
Investment Income (Loss)	11,684	2,352	21,219	13,913	32,903	16,265
Total Additions	23,452	13,423	41,852	33,987	65,304	47,410
Deductions:						
Benefits	29	27			29	27
Distributions	4,350	3,973	19,644	15,637	23,994	19,610
OPEB Expenses	9	9	5	5	14	14
Administrative Expenses	576	484	440	353	1,016	837
Miscellaneous Expenses	162	313	581	1,186	743	1,499
Total Deductions	5,126	4,806	20,670	17,181	25,796	21,987
Incr/(Decr) in Net Position	\$ 18,326	8,617	21,182	16,806	39,508	25,423
Prior Period Adjustments		(247)		247		

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Public Employees' Retirement Board

A Component Unit of the State of Montana

Statement of Fiduciary Net Position - Pension Trust Funds

as of June 30, 2013

	PERS-DBRP	JRS	HPORS	SRS	GWPORS
Assets					
Cash and Short-term Investments	\$ 60,430,017	1,173,257	1,596,089	3,999,727	2,177,255
Securities Lending Collateral (Note A6)	192,294,464	3,247,164	4,902,938	10,873,071	5,155,893
Receivables					
Interest	4,884,643	82,467	124,551	276,269	131,038
Accounts Receivable	1,598,819	4,757	1,693	232,561	
Due from Other Funds	457,277				
Due from Primary Government					
Notes Receivable	23,110				
<i>Total Receivables</i>	<i>6,963,849</i>	<i>87,224</i>	<i>126,244</i>	<i>508,830</i>	<i>131,038</i>
Investments, at fair value (Note A6)					
Montana Domestic Equity Pool (MDEP)	1,643,008,769	27,759,197	41,882,905	92,867,702	44,057,713
Retirement Fund Bond Pool (RFBP)	950,298,397	16,033,714	24,238,671	53,723,874	25,465,569
Montana International Equity Pool (MTIP)	712,586,855	12,035,802	18,165,192	40,321,173	19,106,327
Montana Private Equity Pool (MPEP)	536,542,371	9,064,027	13,672,605	30,325,464	14,410,854
Montana Real Estate Pool (MTRP)	393,155,169	6,640,736	10,030,802	22,244,864	10,600,247
Structured Investment Vehicles (SIV)	744,360	14,267	17,835	52,435	24,942
Defined Contributions Fixed Investments					
Defined Contributions Variable Investments					
Deferred Compensation Life Insurance					
<i>Total Investments</i>	<i>4,236,335,921</i>	<i>71,547,743</i>	<i>108,008,010</i>	<i>239,535,512</i>	<i>113,665,652</i>
Capital Assets					
Property and Equipment, at cost,					
net of Accumulated Depreciation (Note A2)	9,061	2,509	2,130	2,509	2,509
Intangible Assets, at cost,					
net of Amortization Expense (Note A2)	114,235	33,530	28,461	33,530	33,530
<i>Total Capital Assets</i>	<i>123,296</i>	<i>36,039</i>	<i>30,591</i>	<i>36,039</i>	<i>36,039</i>
<i>Total Assets</i>	<i>4,496,147,547</i>	<i>76,091,427</i>	<i>114,663,872</i>	<i>254,953,179</i>	<i>121,165,877</i>
Liabilities					
Securities Lending Liability	192,294,464	3,247,164	4,902,938	10,873,071	5,155,893
Accounts Payable	704,426	35,986	30,547	79,646	87,232
Due to Other Funds	389,161	9,009	31,493	110,564	70,627
Deferred Revenue	203,971		713	1,078	666
Compensated Absences	273,532	4,567	3,877	4,567	4,567
OPEB Implicit Rate Subsidy LT	449,326	2,321	3,598	8,073	6,138
<i>Total Liabilities</i>	<i>194,314,880</i>	<i>3,299,047</i>	<i>4,973,166</i>	<i>11,076,999</i>	<i>5,325,123</i>
Net Position - Restricted for Pension Benefits	\$ 4,301,832,667	72,792,380	109,690,706	243,876,180	115,840,754
<i>The notes to the financial statements are an integral part of this statement.</i>					

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Defined Benefit Pension Plans				Defined Contribution Plans			Total Pension Trust Funds
MPORS	FURS	VFCA	Total Defined Benefit Pension Plans	PERS-DCRP	457 Plan	Total Defined Contribution Plans	2013
2,913,460	3,229,460	1,959,210	77,478,475	3,799,293	1,304,682	5,103,975	82,582,450
11,578,372	11,609,159	1,237,521	240,898,582	10,222	3,555	13,777	240,912,359
294,134	294,909	31,343	6,119,354	576	204	780	6,120,134
233,883	211,698	1,455	2,284,866	58,374	310,402	368,776	2,653,642
			457,277	376,580		376,580	833,857
12,572,545	12,357,856		24,930,401				24,930,401
			23,110				23,110
13,100,562	12,864,463	32,798	33,815,008	435,530	310,606	746,136	34,561,144
98,915,958	99,212,609	10,544,116	2,058,248,969				2,058,248,969
57,237,466	57,369,261	6,091,573	1,190,458,525				1,190,458,525
42,936,209	43,017,344	4,559,194	892,728,096				892,728,096
32,304,911	32,422,699	3,436,251	672,179,182				672,179,182
23,680,813	23,770,814	2,490,630	492,614,075				492,614,075
37,090	40,481	25,645	957,055	48,590	16,898	65,488	1,022,543
				10,572,868	246,331,241	256,904,109	256,904,109
				90,794,494	151,258,592	242,053,086	242,053,086
					12,316	12,316	12,316
255,112,447	255,833,208	27,147,409	5,307,185,902	101,415,952	397,619,047	499,034,999	5,806,220,901
2,246	2,217	2,042	25,223	2,042	2,422	4,464	29,687
30,021	29,631	27,292	330,230	27,292	32,360	59,652	389,882
32,267	31,848	29,334	355,453	29,334	34,782	64,116	419,569
282,737,108	283,568,138	30,406,272	5,659,733,420	105,690,331	399,272,672	504,963,003	6,164,696,423
11,578,372	11,609,159	1,237,521	240,898,582	10,222	3,555	13,777	240,912,359
50,461	46,981	29,293	1,064,572	114,726	356,544	471,270	1,535,842
87,618	72,631	62,754	833,857				833,857
411	3,685		210,524				210,524
4,088	4,035	3,718	302,951	30,963	23,403	54,366	357,317
6,991	5,904	5,758	488,109	51,478	32,998	84,476	572,585
11,727,941	11,742,395	1,339,044	243,798,595	207,389	416,500	623,889	244,422,484
271,009,167	271,825,743	29,067,228	5,415,934,825	105,482,942	398,856,172	504,339,114	5,920,273,939

FINANCIAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Statement of Changes in Fiduciary Net Position - Pension Trust Funds for the year ended June 30, 2013

	PERS-DBRP	JRS	HPORS	SRS	GWPORS
Additions					
Contributions (Note C)					
Employer	\$ 81,776,012	1,621,523	4,903,465	6,272,576	3,576,174
Plan Member	80,768,508	737,428	1,336,682	5,831,379	4,206,199
Membership Fees	41				
Interest Reserve Buyback	120,703	4,331		7,068	2,799
Retirement Incentive Program	60,013				
Miscellaneous Revenue	725				
State Contributions	532,014		274,503		
Nonvested Member Forfeitures					
Total Contributions	163,258,016	2,363,282	6,514,650	12,111,023	7,785,172
Investments (Note A6)					
Net Appreciation (Depreciation)					
in Fair Value of Investments	356,138,177	6,323,975	9,285,565	21,487,554	10,741,426
Interest	157,517,982	2,228,955	3,759,635	7,148,448	2,590,922
Dividends	10,724,045	179,046	272,615	599,424	280,114
Investment Expense	(20,225,722)	(338,106)	(514,403)	(1,131,648)	(529,580)
Net Investment Income	504,154,482	8,393,870	12,803,412	28,103,778	13,082,882
Securities Lending Income					
Securities Lending Income	1,193,082	19,914	30,314	66,662	31,121
Securities Lending Rebate and Fees	(296,020)	(4,941)	(7,521)	(16,539)	(7,721)
Net Securities Lending Income	897,062	14,973	22,793	50,123	23,400
Total Net Investment Income	505,051,544	8,408,843	12,826,205	28,153,901	13,106,282
Total Additions	668,309,560	10,772,125	19,340,855	40,264,924	20,891,454
Deductions (Note C)					
Benefits	274,021,249	2,552,787	8,708,925	11,582,729	3,575,042
Refunds/Distributions	11,253,670		51,147	1,159,290	840,558
Refunds to Other Plans	383,738			25,310	23,050
Transfers to DCRP	871,636				
Transfers to MUS-RP	339,311				
Supplemental Insurance Payments					
OPEB Expenses	82,010	1,089	925	1,089	1,089
Administrative Expenses	3,760,858	184,375	180,397	285,930	245,993
Miscellaneous Expenses					
Total Deductions	290,712,472	2,738,251	8,941,394	13,054,348	4,685,732
Net Increase (Decrease)	377,597,088	8,033,874	10,399,461	27,210,576	16,205,722
Net Position Restricted for Pension Benefits					
Beginning of Year	3,924,212,181	64,758,506	99,291,245	216,665,604	99,635,032
Prior Period Adjustment	23,398				
End of Year	\$ 4,301,832,667	72,792,380	109,690,706	243,876,180	115,840,754

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

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Defined Benefit Pension Plans				Defined Contribution Plans			Total Pension Trust Funds
Total Defined Benefit				Total Defined Contribution			
MPORS	FURS	VFCA	Pension Plans	PERS-DCRP	457 Plan	Plans	
							2013
6,279,941	5,499,366		109,929,057	4,373,853	79,087	4,452,940	114,381,997
4,025,673	4,252,560		101,158,429	6,943,409	20,297,080	27,240,489	128,398,918
			41				41
3,789	37		138,727				138,727
			60,013				60,013
			725	52,753	257,190	309,943	310,668
12,572,545	12,357,856	1,711,321	27,448,239				27,448,239
				398,447		398,447	398,447
22,881,948	22,109,819	1,711,321	238,735,231	11,768,462	20,633,357	32,401,819	271,137,050
22,033,944	22,480,400	2,093,381	450,584,422	9,865,161	13,219,515	23,084,676	473,669,098
8,523,702	8,075,488	1,345,565	191,190,697	1,989,275	9,066,713	11,055,988	202,246,685
641,034	641,054	71,508	13,408,840				13,408,840
(1,215,279)	(1,215,932)	(133,883)	(25,304,553)	(170,614)	(1,067,692)	(1,238,306)	(26,542,859)
29,983,401	29,981,010	3,376,571	629,879,406	11,683,822	21,218,536	32,902,358	662,781,764
71,221	71,211	7,943	1,491,468	36	14	50	1,491,518
(17,674)	(17,671)	(1,972)	(370,059)	(11)	(4)	(15)	(370,074)
53,547	53,540	5,971	1,121,409	25	10	35	1,121,444
30,036,948	30,034,550	3,382,542	631,000,815	11,683,847	21,218,546	32,902,393	663,903,208
52,918,896	52,144,369	5,093,863	869,736,046	23,452,309	41,851,903	65,304,212	935,040,258
18,462,730	17,670,032	2,819,162	339,392,656	29,460		29,460	339,422,116
1,833,014	73,152		15,210,831	4,349,438	19,643,806	23,993,244	39,204,075
4,708			436,806				436,806
			871,636				871,636
			339,311				339,311
		14,550	14,550				14,550
977	963	887	89,029	9,475	5,360	14,835	103,864
244,753	227,638	205,257	5,335,201	575,965	439,693	1,015,658	6,350,859
				161,980	581,071	743,051	743,051
20,546,182	17,971,785	3,039,856	361,690,020	5,126,318	20,669,930	25,796,248	387,486,268
32,372,714	34,172,584	2,054,007	508,046,026	18,325,991	21,181,973	39,507,964	547,553,990
238,636,453	237,653,159	27,013,221	4,907,865,401	87,156,951	377,674,199	464,831,150	5,372,696,551
			23,398				23,398
271,009,167	271,825,743	29,067,228	5,415,934,825	105,482,942	398,856,172	504,339,114	5,920,273,939

Public Employees' Retirement Board

A Component Unit of the State of Montana

Notes to the Financial Statements

for the Fiscal Year Ended June 30, 2013

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 Montana University System Retirement Plan (MUS-RP). 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) as a state agency, 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 104 to 107.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. BASIS OF ACCOUNTING

The PERB is a discretely presented component unit Pension Trust Fund of the State of Montana financial reporting entity. The MPERA, staff of the PERB, prepares the accounting records and financial statements for the fiduciary pension trust funds using the accrual basis of accounting. For the pension trust funds, member contributions are recognized in the period in which contributions are due. Employer contributions are recognized

when due and the employer has made a formal commitment to provide the contributions. Revenues are recognized in the accounting period in which they are earned and become measurable. Benefits and refunds/distributions are recognized in the accounting period in which they are due and payable. Expenses are recognized in the period incurred. Administrative expenses are financed through investment earnings on the pension trust fund for the defined benefit plans. Interfund receivables and payables exist at year-end for defined benefit administrative expenses that are accounted for within PERS-DBRP and allocated to the other defined benefit plans at year-end. Costs specifically related to the MPERAtiv program are charged directly to the individual plans.

The fiscal year 2013 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.

For fiscal year 2013, the PERB has implemented Governmental Accounting Standards Board (GASB) Statement No. 63: *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Implementation of this Statement includes a change in the title of the financial statements and the classification of Net Position. The previous Statement of Fiduciary Net Assets is now the Statement of Fiduciary Net Position and the previous Statement of Changes in Fiduciary Net Assets is now the Statement of Changes in Fiduciary Net Position. Within each statement the Net Assets are now classified as Net Position. The PERB has no Deferred

Outflows or Deferred Inflows of Resources to report.

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 two servers purchased for the data cleansing project which is part of the MPERAtiv program. Capital assets include the web-based employer reporting software and the MPERA website.

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The web-based employer reporting system is fully depreciated at a cost of \$1,701,610 as of June 30, 2013. The MPERA website as of June 30, 2013 is fully depreciated at a cost of \$115,651.

MPERA has been working since March 2011 on a four to five year program to implement a new line of business application. The application is named Public Employee Retirement Information System (PERIS). During this process, several phases will be implemented to improve operational efficiency, provide better service to our plan members, employers, other customers, and address disaster recovery concerns surrounding our current paper driven processes.

MPERATiv includes the implementation of a document imaging system completed in May 2012; a data cleansing project; PERIS the new public pension line of business software application; and a new member and employer web portal.

The PERIS application was prompted by members' expectations of web accessed services; the age and limitations of our existing systems that are increasingly difficult to maintain; and recommendations from the State's Information Technology Division (SITSD) to move away from the old Integrated Database Management System (IDMS) platform. MPERA's IDMS platforms were put in place in 1985 (retiree), 1993 (active), and 2006 (volunteer fire). The PERIS application will replace the IDMS platform as well as the Web Reporting Oracle applications that

were implemented in two phases between 2002 (reporting payroll) and 2004 (457).

3 OPERATING LEASE

Operating leases are rental agreements where the payments are chargeable as rent and recorded as administrative expenses. 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. Negotiations are pending for a seven year lease in the same location.

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 following page.

The net Funded Ratio increased in fiscal year 2013 for all the retirement plans.

Funded Ratio		
	6/30/2013	6/30/2012
PERS-DBRP	80%	67%
JRS	143%	137%
HPORS	60%	58%
SRS	77%	74%
GWPORS	80%	76%
MPORS	58%	55%
FURS	66%	62%
VFCA	75%	73%

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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.

Remaining Amortization Period	
PERS-DBRP	14.5 years
JRS	0*
HPORS	44.6 years
SRS	Does not amortize
GWPORS	Does not amortize
MPORS	23.8 years
FURS	13.9 years
VFCA	8.5 years
* Currently JRS has a surplus	

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
*Plus an annual inflation of 4%	

The information that follows on the top of the next page is general and applicable to each defined benefit plan, except the VFCA's amortization method is a level dollar amount over a rolling 20-year period instead of a level percent of payroll like the other plans. Also, the VFCA has inflation and no wage growth in the projected salary increases.

Funded Status as of June 30, 2013

(dollar amounts are in thousands)

System	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
	(a)	(b)	(b-a)	(a/b)	(c)	((b-a)/c)
PERS-DBRP	\$4,139,921	\$5,160,951	\$1,021,030	80.22%	\$1,104,000	92.48%
JRS	70,323	49,236	(21,087)	142.82%	6,276	-336.00%
HPORS	105,736	175,594	69,858	60.22%	13,484	518.08%
SRS	235,310	304,185	68,875	77.36%	61,467	112.05%
GWPORS	112,100	139,985	27,885	80.08%	39,471	70.65%
MPORS	262,678	450,043	187,365	58.37%	42,796	437.81%
FURS	263,483	396,769	133,286	66.41%	37,963	351.10%
VFCA	28,294	37,830	9,536	74.79%	N/A*	N/A*

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

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General to each DB Retirement System	
Valuation date	June 30, 2013
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%

The Guaranteed Annual Benefit Adjustment (GABA) affects all systems, except VFCA. Three systems, JRS, MPORS, and FURS, have a GABA of 3% after one year of retirement. Two systems, SRS and GWPORS, have a GABA of 3% after one year of retirement for members who are hired prior to July 1, 2007 and a 1.5% GABA for members hired on or after July 1, 2007. During the 2013 Legislative Session, the GABA was revised for PERS and HPORS. The GABA for PERS was revised for all members active and retired. The new GABA ranges from a maximum of 1.5% to a minimum of 0% depending on the funding level of the system. The HPORS has a 3% GABA with a one year waiting period for existing members. For members hired after July 1, 2013 the GABA has been reduced to 1.5% and the waiting period increased from one year to three years. A table showing the GABA adjustments follows.

Guaranteed Annual Benefit Adjustment (GABA)	
PERS	For members hired prior to July 1, 2007, 3% GABA after a one year waiting period. For members hired on or after July 1, 2007, 1.5 % GABA after a one year waiting period. Effective July 1, 2013, for all active and retired members: the maximum rate for GABA is 1.5%; minimum is 0%. The 1.5% GABA is reduced 0.1% for each 2% funded below 90%. A 0% GABA whenever PERS amortization period is 40 years or more.
JRS MPORS FURS	3% GABA after a one year waiting period.
SRS GWPORS	For members hired prior to July 1, 2007, 3% GABA after a one year waiting period. Effective July 1, 2007 for new hires, 1.5% GABA after a one year waiting period.
HPORS	For members hired prior to July 1, 2013, 3% GABA after a one year waiting period. Effective July 1, 2013 for new hires, 1.5% GABA with a three year waiting period.

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 adjustments	
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)

The State of Montana implemented Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions*. This statement requires the disclosure of employer liability for retiree medical subsidies and other post-employment benefits. The OPEB liability for MPERA, staff of the PERB, at June 30, 2013 and June 30, 2012 was \$572,585 and \$468,721, respectively.

Plan Descriptions: MPERA employees and dependents are eligible to receive health care through the State Group Benefits Plan administered by the Montana Department of Administration. In accordance with section 2-18-704, MCA, the State provides optional post-employment medical, vision, and dental health care benefits to the following employees and dependents who elect to continue coverage and pay administratively established premiums: (1) employees and dependents who retire under applicable retirement provisions and (2) surviving dependents of deceased employees. For GASB Statement No. 45 reporting, the State Group Benefits Plan is considered an agent multiple-employer plan and MPERA is considered to be a separate employer participating in the plan.

In addition to the employee benefits, the following post-employment benefits are provided. Montana Department of Administration established retiree medical premiums varying between \$299 and \$1,061 per month depending on the medical plan selected, family coverage, and Medicare eligibility. Retirees pay

100% of the premiums for medical, dental, and vision. Administratively established monthly dental premiums vary between \$35.00 and \$60.00; monthly vision premiums vary between \$7.64 and \$22.26; both premiums vary depending on the coverage selected. Basic life insurance in the amount of \$14,000 is provided until age 65 at a cost of \$1.90 per month. The State Benefit Plans reimburse all validated medical claims net of member obligations (annual deductibles and coinsurance of the members' selected medical plan). Dental claims are reimbursed at 50% to 100% of the allowable charges, depending on the services provided. The State acts as secondary payer for retired Medicare-eligible claimants.

Benefits Not Included in the Actuarial Valuation: The dental and vision benefits are fully-insured and retirees pay 100% of the cost for both dental and vision; therefore, no liability for these benefits is calculated in the actuarial valuation. Continuation of the life insurance benefit is not available as an employer-provided group insurance benefit for retirees; therefore, no liability for life insurance is calculated in this valuation.

Funding Policy: The following estimates were prepared based on an actuarial valuation prepared as of the year ending December 31, 2011 for the Department of Administration and the resulting State of Montana Actuarial Valuation of Other Post-Employment Benefits Plan (plan) contains the MPERA data and is available through the address below.

Montana Department of Administration
State Accounting Division
Room 255, Mitchell Bldg

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125 N Roberts St
PO Box 200102
Helena, MT 59620-0102

GASB Statement No. 45 requires the plan's participants, including MPERA, to report each year the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year of retiree health care costs and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The 2011 ARC is calculated for all the State plan's participants and then allocated to individual participants. MPERA's 2013 allocated portion of the ARC is estimated at \$103,864 and is based on the plan's current ARC rate of 6.32% of participants' annual covered payroll. MPERA's 2013 ARC is equal to an annual amount required each year to fully fund the liability over 30 years.

Actuarial Methods and Assumptions: Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and includes the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in the actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Actuarial valuations of an ongoing plan involve estimates of the value of

reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as Required Supplementary Information (RSI) following the notes to the statements, presents information concerning the actuarial value of plan assets and liabilities. In the January 1, 2011, actuarial valuation date, the projected unit credit funding method is used. The actuarial assumptions did not include an investment rate of return since no assets meet the definition of plan assets under GASB Statements No. 43 or No. 45. Annual healthcare costs trend rates of 10% were used for both medical and prescription claims. These rates decrease by 0.5% per year down to 5.0% at 2021 and beyond for medical and by 1.0% per year down to 5.0% at 2016 and beyond for prescription costs. The unfunded actuarial accrued liability is amortized following a 30-year level percent of pay amortization on an open basis, using a 4.25% discount rate and a 2.50% payroll growth rate assumption.

The State finances claims on a pay-as-you-go basis and does not advance-fund the OPEB liability. While this liability is disclosed for financial statement purposes it does not represent a legal liability of the State of Montana or MPERA. Therefore, the following cost information shows no value for Plan Assets made by MPERA.

Annual Other Post-Employment Benefits (OPEB) Cost: For the fiscal year ended June 30, 2013, MPERA's allocated annual OPEB cost (expense) increased to \$103,864 from \$99,632 in fiscal year 2012. For the fiscal year ending June 30, 2013, the interest on the net OPEB obligation increased to \$4,608 from \$4,420 in fiscal year 2012. The cost that was allocated to MPERA for the years ended June 30, 2013 and June 30, 2012 was \$103,864 and \$99,632, respectively.

The PERB annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013 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
6/30/2012	99,632	0.00%	468,721
6/30/2013	103,864	0.00%	572,585

Net OPEB Obligation	
Annual required contribution	\$ 83,944
Cummulative Interest on Net OPEB	19,920
Annual OPEB cost	103,864
Net OPEB obligation - beginning of the year	468,721
Net OPEB obligation - end of the year	\$ 572,585

Funded Status and Funding Progress: The most recent actuarial valuation available was completed by the State of Montana as of January 1, 2011 for the calendar year ending December 31, 2011. This actuarial valuation is completed every two years with the next valuation to be completed as of January 1, 2013 for the calendar year ending December 31, 2013.

The MPERA allocation of the plan as of the calendar year ending December 31, 2011 was as follows: Actuarial Accrued Liability (AAL) is \$733,935; Actuarial Value of Plan Assets is \$0; Unfunded Actuarial Accrued Liability (UAAL) is \$733,935; Funded Ratio (Actuarial Value of Plan Assets/AAL) is 0 percent; Covered Payroll (Active Plan Members) is \$1,644,229; and the UAAL as a Percentage of Covered Payroll is 44.64%.

The AAL and UAAL has been adjusted for the calendar year ending December 31, 2011 to include the inactive members not reported in last years' annual report.

6. METHOD USED TO VALUE INVESTMENTS

According to Article VIII, section 13 of the Montana Constitution and section 19-2-504, MCA, the Board of Investments (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

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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, 2013, 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 Stable Value Group Trust 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, Transamerica. All money invested in the Fixed Investments of the PERS-DCRP and Deferred Compensation Plan was transferred to a Pooled Trust.

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 and the Deferred Compensation Plan investments are governed by Title 19, Chapter 50, MCA.

There are separate investment policy statements for the PERS-DCRP and Deferred Compensation 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, 2013.

The following are the summaries of the BOI's fiscal year end statements, the Stable Value Group Trust 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 2013, 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 \$77.5 million or 2.95%.

At June 30, 2013, the STIP balance included Structure Investment Vehicles (SIVs) that were no longer liquid. As a result these are no longer considered cash equivalents and are reclassified from cash to investments based on a pro rata share of the pension funds' investment in the pool.

MDEP may include common stock, equity index shares, preferred stock, convertible equity securities, American Depositary Receipts (ADR's), equity derivatives and commingled funds. The MDEP

portfolio is limited to domestic stock or ADR investments. ADR investments are receipts issued by a U.S. depositary bank representing shares of a foreign stock or bonds held abroad by the foreign sub-custodian of the American depositary bank. For *Custodial Credit Risk* as of June 30, 2013, 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 \$2.1 billion or 63.00%.

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. For *Custodial Credit Risk* as of June 30, 2013, all investments were registered in the name of the Montana BOI and held in the possession of the BOI's custodial bank, State Street Bank. There is no *Concentration of Credit Risk* for the PERB. *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

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fixed income investments credit quality rating for RFBP is not rated (NR). For *Interest Rate Risk* as of June 30, 2013, in accordance with GASB Statement No. 40, the BOI has selected the effective duration method to disclose interest rate risk. The PERB portion of the entire RFBP is \$1.2 billion or 63.01%. *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 \$686.7 thousand or 50.30%.

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 includes 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, 2013, 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. The PERB portion of the entire MTIP is \$892.7 million or 63.04%. *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 \$277.4 thousand or 50.32%.

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, 2013, 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. The PERB portion of the entire MPEP is \$672.2 million or 63.02%. *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 \$9.7 million or 50.30%.

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. Real estate investments held, in part, for 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 *Custodial Credit Risk* as of June 30, 2013, 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. The PERB portion of the entire MTRP is \$492.6 million or 63.05%. *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 \$11.2 million or 50.32%.

Securities Lending Collateral, governed under the provisions of state statutes, BOI authorized the custodial bank, State Street Bank, to lend the BOI's securities to broker-dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. 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. On any day including June 30th, the markets may move in a positive or negative direction resulting in under or over collateralization. The Bank compensates for market movement by recalculating on the following business day to meet the collateralization requirements. The private equity and real estate pools do not participate in securities lending.

Stable Value Group Trust 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, Transamerica. 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 Transamerica guarantees the participants principal investments and earnings. Transamerica calculates the rate of return each quarter called the "crediting rate", which is used to credit earnings to participant accounts. Transamerica sets a fixed quarterly rate of return based on the investment manager's portfolio market value yield and duration.

All money invested in the Fixed Investments of the PERS-DCRP and Deferred Compensation Plan are invested in the Pooled Trust. 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.

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Under the Pooled Trust agreement Transamerica provides a guarantee of principal and sets a fixed quarterly crediting rate. 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, Transamerica and PIMCO. *Concentration of Credit Risk* is addressed in the investment policy statement of the Stable Value Group trust.

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 (EIAC), 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. Each investment alternative is compared to its peers and an 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, 2013. Available funds in the PERS-DCRP and Deferred Compensation Plan are listed on pages 85 and 88, 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 hired by regional mental health centers on or after July 1, 1999 from PERS participation. Certain Center for Mental Health (CMH) employees were allegedly incorrectly reported as PERS members until 2009. MPERA returned contributions to the employees and CMH, and corrected retirement benefits. The impacted employees hired Joseph Cosgrove of Hoyt and Blewett in Great Falls, Montana. Cosgrove filed an administrative claim with Risk Management and Tort Defense (RMTD). 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 alleged MPERA negligently breached its duties to administer and manage PERS by allowing plaintiffs to be enrolled in PERS. Plaintiffs sought damages for past and future economic damages, emotional distress, costs and disbursements. The parties agreed to settlement terms in mid-December 2013. MPERA's portion of the settlement, \$700,000, will be paid through the state's self-insurance reserve fund, not the PERS trust fund. This matter has no material, adverse effect on PERS's financial position as a whole.

Wrzesien v. State. Three members of PERS who elected to participate in either the PERS-Defined Contribution Retirement Plan or the University System's Optional Retirement Program (now known as the Montana University System Retirement Program (MUS-RP)) have sued the State of Montana and MPERA over the PERS plan choice rate. The complaint alleges equal protection and due process violations, and requests issuance of a declaratory judgment granting plaintiffs the employer contributions paid toward the plan choice rate. Class action certification is also requested. The plaintiffs are represented by Travis Dye of Kalkstein, Johnson & Dye in Missoula, Montana. The State and MPERA are represented by J. Stuart Segrest and Michael G. Black of the Montana Attorney General's Office. Recently the complaint was amended to include the 1% in employer contributions for DCRP plan members that, pursuant to HB 454 (2013), goes to the defined benefit retirement plan starting July 1, 2013. In the event plaintiffs prevail, and class action certification is granted, over 3,000 PERS-DCRP and MUS-RP participants will be

paid the contributions previously directed to the plan choice rate. At June 30, 2013, MPERA calculated the contributions from the MUS-RP Plan Choice at \$4,559,108 and the contributions from the DCRP Plan Choice at \$18,265,937.

AMRPE v. State. On October 31, 2013, the Montana Attorney General's office was served with a Complaint alleging that Section 5 of HB 454 (2013), which permanently reduces the PERS GABA to a cap of 1.5% for all members of PERS, including retirees, constitutes a violation of the contract and takings clauses of both the Montana and the United States Constitutions and is thus unconstitutional. A companion Motion for Preliminary Injunction requested the First Judicial District Court of Montana, Judge Seeley presiding, to issue a preliminary injunction prohibiting the implementation of the decreased GABA pending resolution of the underlying lawsuit. Judge Seeley recused herself and Judge James Reynolds is now presiding. Following briefing and oral argument on the request for a preliminary injunction, Judge Reynolds granted the preliminary injunction on December 20, 2013. Thus retirees hired prior to July 1, 2007, will continue to receive a 3% GABA until the lawsuit is resolved. If the GABA reduction is ultimately determined to be unconstitutional, the GABA will remain at 3% for all PERS retirees hired prior to July 1, 2007. According to MPERA's actuary, Stephen McElhaney of Cheiron, retaining the GABA at 3% will result in an Unfunded Actuarial Accrued Liability of \$1,762,742,000, an increase of \$741,712,000 over the UAAL under HB 454 as signed into law. Similarly, the amortization period would increase from 14.5 to 43.7 years.

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C. PLAN MEMBERSHIP, DESCRIPTIONS AND CONTRIBUTION INFORMATION

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

may be refunded to the member. If a member returns to service and repays the withdrawn accumulated contributions plus the interest the accumulated contributions would have earned had they remained on deposit, membership service is restored. Membership in each plan as of June 30, 2013 and June 30, 2012 is detailed in the following charts.

PERS-DBRP Membership					
	<u>2013</u>	<u>2012</u>		<u>2013</u>	<u>2012</u>
Number of participating employers	540	538			
Active plan members	28,401	28,548	Retiree and beneficiaries receiving benefits		
Terminated plan members entitled to but not yet receiving benefits or a refund			Service Retirements	18,868	18,148
Vested	2,686	2,560	Disability Retirements	185	200
Non-vested	6,712	6,164	Survivor Benefits	398	390
	<u>9,398</u>	<u>8,724</u>		<u>19,451</u>	<u>18,738</u>

JRS Membership					
	<u>2013</u>	<u>2012</u>		<u>2013</u>	<u>2012</u>
Number of participating employers	1	1			
Active plan members	54	54	Retiree and beneficiaries receiving benefits		
Terminated plan members entitled to but not yet receiving benefits or a refund			Service Retirements	62	54
Vested	-	-	Disability Retirements	-	-
Non-vested	-	-	Survivor Benefits	3	2
	<u>-</u>	<u>-</u>		<u>65</u>	<u>56</u>

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HPORS Membership				
	<u>2013</u>	<u>2012</u>		<u>2013</u> <u>2012</u>
Number of participating employers	1	1		
Active plan members	219	218	Retiree and beneficiaries receiving benefits	
Terminated plan members entitled to but not yet receiving benefits or a refund			Service Retirements	285 280
Vested	14	11	Disability Retirements	9 9
Non-vested	11	10	Survivor Benefits	16 16
	<u>25</u>	<u>21</u>		<u>310</u> <u>305</u>

SRS Membership				
	<u>2013</u>	<u>2012</u>		<u>2013</u> <u>2012</u>
Number of participating employers	57	57		
Active plan members	1,276	1,241	Retiree and beneficiaries receiving benefits	
Terminated plan members entitled to but not yet receiving benefits or a refund			Service Retirements	447 415
Vested	67	60	Disability Retirements	36 33
Non-vested	235	212	Survivor Benefits	20 21
	<u>302</u>	<u>272</u>		<u>503</u> <u>469</u>

GWPORS Membership				
	<u>2013</u>	<u>2012</u>		<u>2013</u> <u>2012</u>
Number of participating employers	7	7		
Active plan members	971	972	Retiree and beneficiaries receiving benefits	
Terminated plan members entitled to but not yet receiving benefits or a refund			Service Retirements	170 153
Vested	69	64	Disability Retirements	2 2
Non-vested	148	146	Survivor Benefits	8 8
	<u>217</u>	<u>210</u>		<u>180</u> <u>163</u>

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MPORS Membership				
	<u>2013</u>	<u>2012</u>		<u>2013</u> <u>2012</u>
Number of participating employers	31	31		
Active plan members	734	736	Retiree and beneficiaries receiving benefits	
Terminated plan members entitled to but not yet receiving benefits or a refund			Service Retirements	661 634
Vested	52	49	Disability Retirements	20 20
Non-vested	77	76	Survivor Benefits	29 29
	<u>129</u>	<u>125</u>		<u>710</u> <u>683</u>

FURS Membership				
	<u>2013</u>	<u>2012</u>		<u>2013</u> <u>2012</u>
Number of participating employers	25	24		
Active plan members	610	590	Retiree and beneficiaries receiving benefits	
Terminated plan members entitled to but not yet receiving benefits or a refund			Service Retirements	558 543
Vested	15	13	Disability Retirements	8 7
Non-vested	63	62	Survivor Benefits	21 21
	<u>78</u>	<u>75</u>		<u>587</u> <u>571</u>

VFCA Membership				
	<u>2013</u>	<u>2012</u>		<u>2013</u> <u>2012</u>
Number of participating employers	217	217		
Active plan members	2,101	2,106	Retiree and beneficiaries receiving benefits	
Terminated plan members entitled to but not yet receiving benefits or a refund			Service Retirements	1,285 1,242
Vested	884	879	Disability Retirements	- -
			Survivor Benefits	- -
				<u>1,285</u> <u>1,242</u>

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PERS-DCRP Membership					
	<u>2013</u>	<u>2012</u>		<u>2013</u>	<u>2012</u>
Number of participating employers	263	258			
Active plan members	2,087	2,032	Retiree and beneficiaries receiving benefits		
Terminated plan members entitled to but not yet receiving benefits or a refund			Periodic Distributions	14	12
Vested	207	172	Disability Retirements	4	4
Non-vested	434	388	Survivor Benefits	2	1
	<u>641</u>	<u>560</u>		<u>20</u>	<u>17</u>

Deferred Compensation (457) Membership					
	<u>2013</u>	<u>2012</u>		<u>2013</u>	<u>2012</u>
Number of participating employers	31*	28*	Number of participating plan members	8,215	8,156
Number of participating employers that provide contributions on members' behalf	4	4	Number of participating plan members that are actively contributing to their deferred compensation accounts	4,514	4,584
*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) (now known as the Montana University System Retirement Program (MUS-RP)) effective July 1, 2013. For members that choose to join the PERS-DCRP or the MUS-RP, a percentage of the employer contribution will be used to pay down the liability 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;

Hired on or after July 1, 2013 - 110% annual cap on compensation considered as part of a member's highest average compensation.

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.

PERS-DBRP Summary of Benefits (continued)

Vesting 5 years of membership service

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 (discontinued effective July 1, 2013)
- 1.5% for members hired on or after July 1, 2007 (discontinued effective July 1, 2013)

GABA revision for all members

Effective July 1, 2013, includes all active and retired members.

- Maximum rate for GABA is 1.5%; minimum rate for GABA is 0%
- The 1.5% GABA is reduced 0.1% for each 2% PERS is funded below 90%
- GABA is 0% whenever PERS amortization period is 40 years or more.

At June 30, 2013 PERS had 540 participating employers, two more than fiscal year 2012. The participating employers consist of:

PERS-DBRP EMPLOYERS		
<u>Employers</u>	<u>June 30, 2013</u>	<u>June 30, 2012</u>
State Agencies	34	34
Counties	55	55
Cities and Towns	99	98
Colleges and Universities	5	5
School Districts	231	230
High Schools	6	6
Other Agencies	<u>110</u>	<u>110</u>
Total	540	538

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Contributions: Member and employer contribution rates are established by state law and may be amended only by the Legislature. The member contribution rate for fiscal year 2013 was 6.9% of the member's compensation for members hired prior to July 1, 2011. 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.

Following the 2013 Legislative Session, PERS member contributions were temporarily increased. Effective July 1, 2013, all members will contribute 7.9% of compensation. This is an increase of 1.0% for members hired prior to July 1, 2011. All member contributions will be decreased to 6.9% on January 1 following actuary valuation results that show the amortization period has dropped below 25 years and would remain below 25 years following the reduction of both the additional employer and additional member contribution rates. There was no change to the member contributions on January 1, 2014.

Each state agency and university system employer contributed 7.17% of PERS-covered payroll during fiscal year 2013. Participating local governments contributed 7.07% of PERS-covered payroll during fiscal year 2013. The State contributed the remaining 0.1% for local governments. Participating school districts contributed 6.8% of PERS-covered payroll during fiscal year 2013. The state contributed the remaining 0.37%. A percentage of the employers' contributions is used to fund the employee education program.

Following the 2013 Legislative Session, PERS employer contributions temporarily increased. Effective July 1, 2013, employer contributions increased 1.0%. Beginning July 1, 2014, employer contributions will increase an additional 0.1% a year over 10 years, through 2024. The employer additional contributions including the 0.27% added in 2007 and 2009, terminate on January 1 following actuary valuation results that show the amortization period has dropped below 25 years and would remain below 25 years following the reduction of both the additional employer and member contribution rates. On January 1, 2014, the additional contributions were not terminated. (Reference Schedule of Contribution Rates on page 91).

Effective July 1, 2013, PERS-DBRP will receive other contributions including DCRP and MUS-RP contributions, additional Plan Choice Rate contributions, and coal severance tax interest and principal. The coal severance taxes collected will be credited to the general fund of the State of Montana and is statutorily appropriated on July 1 each year to the trust fund for the PERS-DBRP. The interest is credited to the PERS-DBRP fund on a monthly basis and the principal is credited to the fund quarterly. The amount that is expected for fiscal year 2014 is approximately \$30.4 million. These contributions are required by Chapter 390, Laws of 2013.

During the 2013 Legislative Session, House Bill 95 was passed requiring employer contributions to be made on working retiree compensation, effective July 1, 2013. Member contributions for working retirees are not required.

Plan Membership Elections: MPERA has included in the financial statements transfers of

\$871,636 in Transfers to DCRP and \$339,312 in Transfers to MUS-RP. These transfers reflect the DCRP and MUS-RP contributions of participants that filed elections at or near the June 30 cutoff date. The contributions were transferred in early fiscal year 2014.

PERS-DBRP Active Membership by Employer Type		
Employer Type	6/30/2013	6/30/2012
State Agencies	10,729	10,718
Counties	5,290	5,336
Cities	3,277	3,225
Universities	2,658	2,690
High Schools	62	63
School Districts	5,209	5,321
Other Agencies	1,176	1,195
Total	28,401	28,548

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 217 in fiscal year 2012 to 221 in fiscal year 2013. The contributions received (including interest) during fiscal year 2013 totaled \$85,012. The outstanding balance at June 30, 2013, totaled \$23,110.

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 ongoing transfer education for new members and investment/retirement planning education for all active members.

The education program was funded by 0.04% of PERS-covered payroll in fiscal year 2013.

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. Prior to the 2013 Legislative Session and adoption of House Bill 454, the statutory contribution rates were not sufficient to amortize the unfunded actuarial liability as of June 30, 2013. House Bill 454 provided additional funding and plan changes which reduced the period to amortize the unfunded actuarial liability to 14.5 years as of June 30, 2013. This amortization period would increase to 43.7 years if the additional member and employer contributions required by HB 454 were terminated; thus the contributions remain in effect as of January 1, 2014 under the provisions of HB 454. During the fiscal year ended June 30, 2013, the PERS’ assets gained 12.99% 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 11.91%. This return was above the assumed rate of return of 7.75% and resulted in an actuarial gain on investments of \$156 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 or Associate 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 - monthly compensation at time of retirement;

²Hired on or after July 1, 1997 or electing GABA - HAC during any consecutive 36 months.

Hired on or after July 1, 2013 - 110% annual cap on compensation considered as part of a members' highest average compensation.

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)

If hired prior to July 1, 1997 and member did not elect GABA - 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.

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At June 30, 2013 JRS had one participating employer, the same as fiscal year 2012. The participating employer consists of:

JRS EMPLOYERS		
<u>Employer</u>	<u>June 30, 2013</u>	<u>June 30, 2012</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 2013 was 7.0% of the member's monthly compensation. Contributions are deducted from each member's salary and remitted by the participating employer. An individual account is established for each member's contributions and interest allocations until a retirement or refund request is processed.

As the employer, the State contributed 25.81% of the total JRS-covered payroll to the retirement plan during fiscal year 2013. (Reference Schedule of Contribution Rates on page 91).

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, 2013, the statutory contribution rates are sufficient to amortize the unfunded actuarial accrued liability. During the fiscal year ended June 30, 2013, the JRS' assets gained 12.72% 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 continues to reflect prior year investment gains and losses resulting in a return of 11.60%. This return was above the assumed rate of return of 7.75% and resulted in an actuarial gain on investments of \$2.4 million.

JRS Active Membership by Employee Type		
<u>Employee Type</u>	<u>6/30/2013</u>	<u>6/30/2012</u>
GABA	39	41
Non-GABA	<u>15</u>	<u>13</u>
Total	54	54

Highway Patrol Officers' Retirement System (HPORS)

Plan Description: The HPORS is a single-employer, defined benefit plan established July 1, 1945, 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.

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All other rights are vested after five or 10 years of service. A brief summary of eligibility and benefits follows.

HPORS Summary of Benefits

Member's highest average compensation (HAC)

Highest average compensation during any consecutive 36 months.

Hired on or after July 1, 2013 - 110% annual cap on compensation considered as part of a member's highest average compensation.

Eligibility for benefit

20 years of membership service, regardless of age.

Early Retirement

Hired prior to July 1, 2013 - 5 years of membership service, actuarially reduced from age 60.

Hired on or after July 1, 2013 - 10 years of membership service, actuarially reduced from age 60.

Vesting Hired prior to July 1, 2013 - 5 years of membership service
 Hired on after July 1, 2013 - 10 years of membership service

Monthly benefit formula

Prior to July 1, 2013 - 2.5% of HAC per year of service credit.

After July 1, 2013 - 2.6% 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.

Hired on or after July 1, 2013 - after the member has completed 36 full months of retirement, the member's benefit increases by a maximum of 1.5% each January, inclusive of all other adjustments to the member's benefit.

Minimum benefit adjustment (non-GABA)

If hired prior to July 1, 1997 and member did not elect GABA - monthly benefits 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, 2013 HPORS had one participating employer, the same as fiscal year 2012. The participating employer consists of:

HPORS EMPLOYERS		
<u>Employer</u>	<u>June 30, 2013</u>	<u>June 30, 2012</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 2013 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).

Effective July 1, 2013, all HPORS member contributions, regardless of hire date, will increase 1.0% annually for four years commencing in fiscal year 2014.

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 2013. 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 the general fund through a statutory appropriation.

Effective July 1, 2013, the State employer contributions increased from 36.33% to 38.33%. (Reference Schedule of Contribution Rates on page 91).

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.

HPORS Active Membership by Employee Type		
<u>Employee Type</u>	<u>6/30/2013</u>	<u>6/30/2012</u>
GABA	219	218
Non-GABA	<u>0</u>	<u>0</u>
Total	219	218

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 a statutory appropriation requested by the PERB from the general fund. Factors impacting eligibility include the number of years the recipient has received a service

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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, 2013, the

HPORS amortizes in 44.6 years. During the fiscal year ended June 30, 2013, the HPORS' assets gained 12.88% 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 11.86%. This return was above the assumed rate of return of 7.75% and resulted in an actuarial gain on investments of \$3.9 million.

Sheriffs' Retirement System (SRS)

Plan Description: The SRS is a multiple-employer, cost-sharing defined benefit plan established July 1, 1974, and governed by Title 19, chapters 2 & 7, MCA. This plan provides retirement benefits to all Department of Justice criminal and gambling investigators hired after July 1, 1993, all detention officers hired after July 1, 2005, and to all Montana sheriffs. Benefits are established by state law

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

SRS Summary of Benefits

Member's highest average compensation (HAC)

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.
Hired on or after July 1, 2013 - 110% annual cap on compensation considered as a part of a member's highest average compensation.

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.

SRS Summary of Benefits (continued)**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, 2013 SRS had 57 participating employers, the same as fiscal year 2012. The participating employers consist of:

SRS EMPLOYERS		
<u>Employers</u>	<u>June 30, 2013</u>	<u>June 30, 2012</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 2013 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 2013 was 10.115%. (Reference Schedule of Contribution Rates on page 91).

During the 2013 Legislative Session, House Bill 95 was passed requiring employer contributions to be paid on working retiree compensation, effective July 1, 2013. Member contributions are not required for working retirees.

SRS Active Membership by Employer Type		
<u>Employer Type</u>	<u>6/30/2013</u>	<u>6/30/2012</u>
Dept of Justice	59	54
Counties	<u>1,217</u>	<u>1,187</u>
Total	1,276	1,241

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.

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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, 2013 the statutory contribution rates are not sufficient to amortize the unfunded actuarial accrued liability. During the fiscal year ending June

30, 2013, the SRS' assets gained 12.88% 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 11.57%. This return was above the assumed rate of return of 7.75% and resulted in an actuarial gain on investments of \$8.1 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.
Hired on or after July 1, 2013 - 110% annual cap on compensation considered as a part of a member's highest average compensation.

Eligibility for benefit

Age 50, 20 years of membership service.

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.

GWPORS Summary of Benefits (continued)**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, 2013 GWPORS had seven participating employers, the same as fiscal year 2012. The participating employers consist of:

GWPORS EMPLOYERS		
<u>Employers</u>	<u>June 30, 2013</u>	<u>June 30, 2012</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 2013 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 2013. (Reference Schedule of Contribution Rates on page 91).

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.

GWPORS Active Membership by Employer		
<u>Employer</u>	<u>6/30/2013</u>	<u>6/30/2012</u>
Dept of Corrections	718	726
Dept FW&P	103	101
Dept of Livestock	33	35
Dept of Transport.	78	76
Universities	<u>39</u>	<u>34</u>
Total	971	972

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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, 2013, the statutory contribution rates are not sufficient to amortize the unfunded actuarial accrued liability. During the fiscal year ending June 30, 2013,

the GWPORS' assets gained 12.69% 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 11.13%. This return was above the assumed rate of return of 7.75% and resulted in an actuarial gain on investments of \$3.4 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.

Hired on or after July 1, 2013 - 110% annual cap on compensation considered as a part of a member's final average compensation.

Eligibility for benefit

20 years of membership service, regardless of age.

Early Retirement

Age 50, 5 years of membership service.

Vesting 5 years of membership service

Monthly benefit formula

2.5% of FAC per year of service credit.

Guaranteed Annual Benefit Adjustment (GABA)

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.

MPORS 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 officer in the city where the member was last employed.

At June 30, 2013 MPORS had 31 participating employers, the same as fiscal year 2012. The participating employers consist of:

MPORS EMPLOYERS		
<u>Employers</u>	<u>June 30, 2013</u>	<u>June 30, 2012</u>
Cities	<u>31</u>	<u>31</u>
Total	31	31

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 2013, 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 contribution was 29.37% of total compensation for all covered police officers in fiscal year 2013. 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.

(Reference Schedule of Contribution Rates on page 91).

MPORS Active Membership by Employee Type		
<u>Employee Type</u>	<u>6/30/2013</u>	<u>6/30/2012</u>
GABA	727	729
Non-GABA	<u>7</u>	<u>7</u>
Total	734	736

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

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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 member's 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, 2013, there are 38 DROP participants. Since program inception, a total of 98 members have participated in the DROP.

recognizes only a portion of the gains and losses, the return on the actuarial asset value was 11.08%. This return was above the assumed rate of return of 7.75% and resulted in an actuarial gain on investments of \$7.8 million.

DROP Participation		
	6/30/2013	6/30/2012
Participants		
Beginning of Year	37	37
Participants Added	8	2
Completed DROP	7	2
Participants		
End of Year	38	37
DROP Distributions	\$1,176,526	\$352,107

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, 2013, the MPORS amortizes in 23.8 years. During the fiscal year ended June 30, 2013, the MPORS' assets gained 12.42% on a market basis. However, due to the asset-smoothing technique which

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.

Hired on or after July 1, 2013 - 110% annual cap on compensation considered as a part of a member's highest average compensation.

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 on or after July 1, 1981 and those electing GABA:

2.5% of HAC per year of service.

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FURS Summary of Benefits (continued)

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)

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, 2013 FURS had 25 participating employers, one more than in fiscal year 2012. The participating employers consist of:

FURS EMPLOYERS		
<u>Employers</u>	<u>June 30, 2013</u>	<u>June 30, 2012</u>
State Agencies - Department of Military Affairs	1	1
Cities	16	16
Rural Fire Districts	<u>8</u>	<u>7</u>
Total	25	24

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 2013 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 2013 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 2013. 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 91)

During the 2013 Legislative Session, House Bill 95 was passed requiring employer contributions to be paid on working retiree compensation, effective July 1, 2013. Member contributions are not required for working retirees.

FURS Active Membership by Employee Type		
Employee Type	6/30/2013	6/30/2012
GABA	605	584
Non-GABA	5	6
Total	610	590

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, 2013, the FURS amortizes in 13.9 years. During the fiscal year ended June 30, 2013, the FURS’ assets gained 12.43% 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 11.05%. This return was above the assumed rate of return of 7.75% and resulted in an actuarial gain on investments of \$7.8 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. However, 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.

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VFCA Summary of Benefits (continued)

Additional benefit

As of April 25, 2005, all retirees may receive a benefit equal to \$7.50 per month for each year of credited service, up to 30 years of credited service (maximum benefit \$225).

Effective July 1, 2011, 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 over 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.

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 from the general fund to the Volunteer Firefighters' Compensation Act fund. (Reference Schedule of Contribution Rates on page 91).

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 decreased from \$1,125,222 at

the June 30, 2012 valuation to \$1,116,227 at the June 30, 2013 valuation. The required contribution is determined by amortizing the unfunded actuarial liability over a 20-year period. As of June 30, 2013, the VFCA amortizes in 8.5 years. During the year ended June 30, 2013, the VFCA's assets gained 12.01% 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 11.11%. This return was above the assumed rate of return of 7.75% and resulted in an actuarial gain on investments of \$0.9 million. The assets also experienced a loss of approximately \$0.4 million due to retroactive benefit payments and increased benefits going forward as a result of the John Crossman, et al. v. MPERA lawsuit settlement. The retroactive payments were made in January 2013.

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 PERS 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. If an election is not filed

the member remains in the PERS-DBRP. Members may not be members of both the defined contribution and defined benefit retirement plans. The PERS-DCRP provides retirement, disability, and death benefits to plan members and their beneficiaries.

A brief summary of eligibility and benefits follows.

PERS-DCRP Summary of Benefits

Eligibility for benefit

Termination of Service

Vesting

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

Benefit

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

Contributions: Member and employer contribution rates are established by state law and may be amended only by the Legislature. The member contribution rate for fiscal year 2013 are 6.9% of member's compensation for members hired prior to July 1, 2011. 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.

Following the 2013 Legislative Session, covered members contributions were temporarily increased. Effective July 1, 2013, all members will contribute 7.9% of compensation. This is an increase of 1.0% for members hired prior to July 1, 2011. All member contributions will be decreased to

6.9% on January 1 following actuary valuation results that show the amortization period of the PERS-DBRP has dropped below 25 years and would remain below 25 years following the reduction of both the employer and member contribution rates. There was no change to the member contributions on January 1, 2014.

Each state agency and university system employer contributed 7.17% of PERS-covered payroll during fiscal year 2013. Participating local government employers contribute 7.07% of PERS-covered payroll during fiscal year 2013. The State contributed the remaining 0.1% for local governments. Participating school districts contributed 6.8% of PERS-covered payroll during fiscal year 2013. The State contributed the remaining 0.37%. (Reference Schedule of Contribution Rates on page 91).

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

Following the 2013 Legislative Session, PERS employer contributions were temporarily increased. Effective July 1, 2013, employer contributions will increase 1.0%. Beginning July 1, 2014, employer contributions will increase and additional 0.1% a year over 10 years, through 2024. The employer additional contributions including the 0.27% added in 2007 and 2009, terminates on January 1 following actuary valuation results that show the amortization period of the PERS-DBRP has dropped below 25 years and would remain below 25 years following the reduction of both the additional employer and member contribution rates. On January 1, 2014, the additional contributions were not terminated. The increase in the employer contributions

is allocated to the PERS-DBRP Plan Choice Rate. (Reference Schedule of Contribution Rates on page 91).

During the 2013 Legislative Session, House Bill 95 was passed requiring employer contributions to be paid on working retiree compensation, effective July 1, 2013. Member contributions are not required for working retirees.

PERS-DCRP Active Membership by Employer Type		
Employer Type	6/30/2013	6/30/2012
State Agencies	957	915
Counties	332	349
Cities	274	263
Universities	123	113
High Schools	3	3
School Districts	237	234
Other Agencies	161	155
Total	2,087	2,032

At June 30, 2013 PERS-DCRP had 263 reporting employers, five more than in fiscal year 2012. The participating employers consist of:

PERS-DCRP EMPLOYERS		
<u>Employers</u>	<u>June 30, 2013</u>	<u>June 30, 2012</u>
State Agencies	31	31
Counties	44	44
Cities and Towns	49	47
Universities	5	5
School Districts	92	90
High Schools	2	2
Other Agencies	<u>40</u>	<u>39</u>
Total	263	258

Plan Membership Elections: Included in the financial statements are employer contribution transfers of \$6,389 and member contribution transfers of \$12,046. 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 2014.

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 2013.

DCRP Disability Fund: Implemented July 1, 2002, the DCRP Disability Fund (DC Disability), as governed by section 19-3-2117, MCA, provides disability benefits to eligible members who elect the PERS-DCRP. The DCRP Disability Fund received 0.3% of the employers' contribution in fiscal year 2013.

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 the 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 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.

The offered investment options fall into two primary types: (1) the fixed investment option and (2) the variable investment options.

Variable investments: The variable investment options include a variety of Large, Mid and Small Cap mutual funds, as well as a fixed income bond fund and Target Date Retirement Funds. Options range from aggressive to conservative. The mutual funds cover all standard asset classes and categories. The investment options as of June 30, 2013 are listed below.

PERS-DCRP Investment Options

International Stock Funds

American Funds New Perspective A
Oakmark International
Vanguard Total International Stock Index
Oppenheimer Developing Markets Y

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
MFS Mid-Cap Value

Large Company Stock Funds

Alger Capital Appreciation Z
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

FINANCIAL SECTION

Target Date Funds

T. Rowe Price Retirement 2005 through 2055

Fixed Investment Options

Montana Fixed Fund

Fixed investments (Stable Value Group

Trust): 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, Transamerica. When participants invest in the fixed investment option they are guaranteed a fixed rate of return. The fixed investment employs a synthetic stable value strategy where the investment manager, PIMCO, manages a diversified bond portfolio and Transamerica guarantees the participants' principal investments and earnings. Transamerica calculates the rate of return each quarter, called the "crediting rate", which is used to credit earnings to participant accounts. Transamerica sets a fixed quarterly rate of return based on the investment manager's portfolio yield and duration.

All money invested in the Fixed Investments of the PERS-DCRP and Deferred Compensation Plan are invested in the Pooled Trust. 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. Under the Pooled Trust agreement Transamerica provides a guarantee of principal and sets a fixed quarterly crediting rate. 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, Transamerica and PIMCO.

Administrative expenses and revenues 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 revenue sharing fees from certain mutual fund company. The PERB uses revenue sharing 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 the PERB for all plan participants. Prior to October 1, 2012, the administrative fee was withheld from each plan participant's account. On October 1, 2012, following a review of the plan revenue and expense, the PERB instructed Great-West to eliminate the fee withholding process. 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 Transamerica. 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 Transamerica are classified as *Miscellaneous Expense*.

Mutual funds/variable investments fees: All of the variable investments have investment management fees; some may have additional administrative fees. These fees are not presented in 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 1974. 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.

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.

Assets of the Deferred Compensation Plan are required to be held in trusts, custodial accounts or insurance company contracts for

A brief summary of eligibility and benefits follows.

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.

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At June 30, 2013 the Deferred Compensation Plan had 31 participating employers, an increase of three from fiscal year 2012. The participating employers consist of:

DEFERRED COMPENSATION EMPLOYERS		
<u>Employers</u>	<u>June 30, 2013</u>	<u>June 30, 2012</u>
State of Montana*	1	1
Counties	3	3
Colleges and Universities	5	5
School Districts	5	5
Cities	7	6
Other	<u>10</u>	<u>8</u>
Total	31	28
*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.

Variable investments: The variable investment options include a variety of Large,

Mid and Small Cap mutual funds, as well as a fixed income bond fund and Target Date Retirement funds. All options range from aggressive to conservative. The mutual funds cover all standard asset classes and categories. The investment options as of June 30, 2013 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
Oppenheimer Developing Markets Y

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
Vanquard Equity Income
Fidelity Contrafund
Vanguard Institutional Index
Calvert Social Investment Fund Equity

Balanced Funds

Vanguard Balanced Index

Bond Funds

Neuberger Berman
High Income Bond Fund Inv
PIMCO Total Return

Target Date Funds

T. Rowe Price Retirement 2005 through 2055

Fixed Investment Options

Montana Fixed Fund

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 (Stable Value Group Trust): 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, Transamerica. When participants invest in the fixed investment option they are guaranteed a fixed rate of return. The fixed investment employs a synthetic stable value strategy where the investment manager, PIMCO, manages a diversified bond portfolio and Transamerica guarantees the participants principal investments and earnings. Transamerica calculates the rate of return each quarter, called the “crediting rate”, which is used to credit earnings to participant accounts. Transamerica sets a fixed quarterly rate of return based on the investment manager’s portfolio yield and duration.

All money invested in the Fixed Investments in the PERS-DCRP and Deferred Compensation Plan are invested in the Pooled Trust. 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. Under the Pooled Trust agreement Transamerica provides a guarantee of principal and sets a fixed quarterly crediting rate. 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, Transameric and PIMCO.

Administrative expenses and revenues 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

FINANCIAL SECTION

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 revenue sharing fees from certain mutual fund companies. These fees are normally charged by the mutual funds for the purpose of individual record keeping or marketing. The PERB uses revenue sharing 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 the PERB for all plan participants. Prior to October 1, 2012, the administrative fee was withheld from each plan participant's account. On October 1, 2012, following a review of the plan revenues and expenses, the PERB instructed Great-West to eliminate the fee withholding process. 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 Transamerica. 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 Transamerica 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.

FY 2013 Schedule of Contribution Rates			
System	Member	Employer	State
PERS-DBRP*	6.9% - hired prior to 7/01/11 [19-3-315(1)(a)(i), MCA] 7.9% - hired on or after 7/01/11 [19-3-315(1)(a)(ii), 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% - hired prior to 7/01/11 [19-3-315(1)(a)(i), MCA] 7.9% - hired on or after 7/01/11 [19-3-315(1)(a)(ii), 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]
*The employer and/or member contributions rates increase on July 1, 2013 for PERS-DBRP, PERS-DCRP and HPORS.			

FINANCIAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Required Supplementary Information

Schedule of Funding Progress

(in thousands)

System	Actuarial Valuation Date	Actuarial Value of Assets ¹ (a)	Actuarial Accrued Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio % (a/b)	Covered Payroll ² (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
PERS-DBRP	06/30/08	\$ 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
	06/30/12	3,816,920	5,661,281	1,844,361	67.42	1,081,288	170.57
	06/30/13	4,139,921	5,160,951	1,021,030	80.22	1,104,000	92.48
JRS	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
	06/30/12	63,195	46,190	(17,005)	136.81	6,193	-274.60
	06/30/13	70,323	49,236	(21,087)	142.82	6,276	-336.00
HPORS	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
	06/30/12	96,655	167,824	71,169	57.59	13,618	522.62
	06/30/13	105,736	175,594	69,858	60.22	13,484	518.08
SRS	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
	06/30/12	211,535	284,559	73,024	74.34	59,583	122.56
	06/30/13	235,310	304,185	68,875	77.36	61,467	112.05

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.

¹Refer to the "Notes to the Required Supplementary Information" for the Actuarial Asset Valuation Method (Page 98).

²Applicable only to the PERS-DBRP, the annual covered payroll has been corrected for FY2008 - FY2009 due to a database field that was not sufficient in length. This correction also impacts the UAAL as a percent of covered payroll.

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System	Actuarial Valuation Date	Actuarial Value of Assets ¹ (a)	Actuarial Accrued Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio % (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
GWPORS	06/30/08	\$ 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
	06/30/12	97,691	128,927	31,236	75.77	38,317	81.52
	06/30/13	112,100	139,985	27,885	80.08	39,471	70.65
MPORS	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
	06/30/12	234,025	427,257	193,232	54.77	41,745	462.89
	06/30/13	262,678	450,043	187,365	58.37	42,796	437.81
FURS	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
	06/30/12	233,121	377,211	144,090	61.80	36,177	398.30
	06/30/13	263,483	396,769	133,286	66.41	37,963	351.10
VFCA	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
	06/30/12	26,531	36,146	9,615	73.40	N/A	N/A
	06/30/13	28,294	37,830	9,536	74.79	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

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%
1/1/2011*		\$ 733,935	\$ 733,935	0.00	\$1,644,229	44.64%

As of June 30, 2013, the most recent actuarial valuation available was completed by the State of Montana as of January 1, 2011 for the calendar year ending December 31, 2011. This actuarial valuation is completed every two years with the next valuation to be completed as of January 1, 2013 for the calendar year ending December 31, 2013. 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, 2013. This is the OPEB obligation for MPERA as a State of Montana employer and is determined by the State of Montana.

*The Actuarial Accrued Liability (AAL) and Unfunded AAL (UAAL) were adjusted for the actuarial valuation date 1/1/2011 to show the inactive membership that was not included in the amounts reported in the FY2012 CAFR.

Public Employees' Retirement Board*A Component Unit of the State of Montana***Notes to Required Supplementary Information for OPEB**

Valuation Date	January 1, 2011
Actuarial cost method	Projected unit credit funding method
Amortization method	Level percent of payroll, open
Remaining amortization period	30 years
Asset valuation method	Not applicable since no assets meeting the definition of plan assets under GASB 45

Actuarial assumptions:

Projected salary increases	2.50%
Participation	
Future retirees	55.0%
Future eligible spouses	60.0%
Interest/Discount Rate	4.25%

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	Employer Percentage Contributed ¹	Annual Required Contribution Rate	Annual Required State Contribution	State Percentage Contributed
PERS-DBRP²	2008	68,165,225	105.98	6.85	377,713	100.00
	2009	99,314,044	76.35	9.52	357,260	100.00
	2010	132,004,388	60.46	12.18	536,881	100.00
	2011	144,957,239	54.56	13.53	545,643	100.00
	2012	148,104,042	53.68	13.70	535,506	100.00
	2013	86,663,989	93.85	7.85	532,014	100.00
JRS³	2008					
	2009					
	2010					
	2011	38,387	3,846.97	0.68		
	2012	137,479	1,162.61	2.22		
	2013					
HPORS⁴	2008	3,947,723	100.03	36.33	289,515	100.00
	2009	2,500,911	165.97	21.89	285,517	100.00
	2010	3,403,692	139.93	26.11	286,829	100.00
	2011	3,926,052	115.69	31.48	278,464	100.00
	2012	4,348,117	114.21	31.93	269,335	100.00
	2013	4,460,549	109.93	33.08	274,503	100.00
SRS	2008	4,443,543	108.78	9.42		
	2009	6,506,675	79.81	12.65		
	2010	7,734,578	72.88	14.15		
	2011	8,747,310	68.75	15.34		
	2012	9,512,375	63.37	15.97		
	2013	9,293,836	67.49	15.12		

Refer to the "Notes to the Required Supplementary Information" (Page 98).

This schedule reflects the actuarially calculated Annual Required Employer Contribution rather than the statutory rate.

¹ The percentage contributed includes normal payroll contributions, contributions from payroll adjustments, service purchases and transfers between plans.

² Applicable only to the PERS-DBRP, the annual covered payroll was changed for FY2008 - FY2009 due to a database field that was not sufficient in length. This change impacts the Annual Required Contributions and Percentage Contributed. For PERS-DBRP the Percent Contributed is less due to the State Contributions being part of the total required contributions.

³ The actuarial value of assets is greater than the actuarial accrued liabilities for FY2008-FY2010 and FY2013. The funding excess is large enough so that the sum of normal cost and the amortization of the funding excess is negative. If the numbers are negative, this is an indication that no employer contributions would be required for that year and the common actuarial practice would be to set the ARC at zero.

⁴ The Annual Required State Contribution for HPORS includes a statutory appropriation from the general fund.

⁵ For MPORS and FURS the Annual Required State Contribution is based on covered payroll, which includes payroll adjustments.

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System	Year Ended June 30	Annual Required Contributions	Employer Percentage Contributed ¹	Annual Required Contribution Rate	Annual Required State Contribution	State Percentage Contributed
GWPORS	2008	2,540,673	117.23	7.85		
	2009	3,490,652	94.31	9.69		
	2010	4,917,654	73.45	12.47		
	2011	4,903,232	71.85	12.80		
	2012	4,843,235	71.65	12.64		
	2013	4,716,797	75.82	11.95		
MPORS⁵	2008	4,637,223	111.19	14.41	9,451,808	100.00
	2009	3,454,837	146.35	9.96	10,185,974	100.00
	2010	3,896,969	176.04	10.47	10,931,612	100.00
	2011	4,625,936	122.58	11.72	11,593,690	100.00
	2012	5,046,941	119.97	12.09	12,273,769	100.00
	2013	4,694,688	133.77	10.97	12,572,545	100.00
FURS⁵	2008	4,187,118	106.68	14.36	9,568,388	100.63
	2009	117,622	3,852.37	0.39	9,831,417	100.00
	2010	850,134	603.27	2.55	10,871,717	100.00
	2011	1,341,808	373.29	3.85	11,365,441	100.00
	2012	1,512,185	349.25	4.18	11,797,130	100.00
	2013	656,756	837.35	1.73	12,357,856	100.00
VFCA	2008				1,562,019	100.00
	2009				1,579,887	100.00
	2010				1,574,589	100.00
	2011				1,596,436	100.00
	2012				1,635,400	100.00
	2013				1,711,321	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, 2013	June 30, 2013	June 30, 2013
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 ¹	14.5		44.6 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 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.

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SRS	GWPORS	MPORS	FURS	VFCA
June 30, 2013	June 30, 2013	June 30, 2013	June 30, 2013	June 30, 2013
Entry Age	Entry Age	Entry Age	Entry Age	Entry Age
Level percentage of payroll, open	Level percentage of payroll, open	Level percentage of payroll, open	Level percentage of payroll, open	Level dollar amount, open
Does not amortize ¹	Does not amortize ¹	23.8	13.9	8.5 Based on Current Revenue
4-Year smoothed market	4-Year smoothed market	4-Year smoothed market	4-Year smoothed market	4-Year smoothed market
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

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Public Employees' Retirement Board*A Component Unit of the State of Montana***Schedule of Administrative Expenses***Year Ended June 30, 2013*

	Defined Benefit Plans	PERS-DBRP Education Fund	Defined Contribution PERS-DCRP	Deferred Compensation (457) Plan
Personal Services				
Salaries	\$ 1,647,283	\$ 136,810	\$ 202,999	\$ 147,942
Board Members' Per Diem	7,872		960	768
Employee Benefits	555,830	61,648	65,320	39,227
Total Personal Services	2,210,985	198,458	269,279	187,937
Other Services				
Consulting & Professional Services	1,694,794	233	181,296	184,162
Legal Fees and Court Costs	72,029		197	85
Audit Fees	20,451		2,494	1,995
Medical Services	6,210			
Records Storage	4,355		531	425
Computer Processing	296,265		33,917	8,308
Printing and Photocopy Charges	80,986	6,207	8,920	1,066
Warrant Writing Services	23,090		2,816	2,253
Other	118,685	1,175	14,568	11,350
Total Other Services	2,316,865	7,615	244,739	209,644
Communications				
Recruitment Costs	231	16	22	14
Postage and Mailing	113,012	4,068	2,750	2,151
Telephone	19,162	4,043	2,508	1,494
Total Communications	132,405	8,127	5,280	3,659
Other Expenses				
Supplies and Materials	72,050	4,979	8,921	6,228
Travel	23,897	3,482	5,920	5,085
Rent	207,315	18,847	26,924	16,154
Repairs and Maintenance	2,365	215	307	184
Compensated Absences	27,287	(5,938)	4,086	4,235
OPEB Expenses	79,926	9,102	9,475	5,360
Miscellaneous	100,595	5,652	10,509	6,567
Total Other Expenses	513,435	36,339	66,142	43,813
Total Administrative Expenses	\$ 5,173,690	\$ 250,539	\$ 585,440	\$ 445,053

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Public Employees' Retirement Board

A Component Unit of the State of Montana

Schedule of Investment Expenses

Year Ended June 30, 2013

<u>Plan</u>	<u>Investment Manager</u>	<u>Fees</u>
PERS-DBRP	Board of Investments	\$ 20,225,722
JRS	Board of Investments	338,106
HPORS	Board of Investments	514,403
SRS	Board of Investments	1,131,648
GWPORS	Board of Investments	529,580
MPORS	Board of Investments	1,215,279
FURS	Board of Investments	1,215,932
VFCA	Board of Investments	133,883
DC	PIMCO	142,706
	State Street Bank	8,313
	TransAmerica	19,595
457	PIMCO	570,821
	State Street Bank	33,253
	TransAmerica	463,618
Total Investment Expense		<u>\$ 26,542,859</u>

Public Employees' Retirement Board

A Component Unit of the State of Montana

Schedule of Professional/Consultant Fees

Year Ended June 30, 2013

Individual or Firm	Nature of Service	Amount Paid
Consultant/Professional Fees		
Amdec, LTD	Computer Programming Services	\$ 132,160
Beki Glyde Brandborg	Facilitator	1,950
A 2 Z Personnel	Temporary Employment Services	17,310
C. Christensen Consulting	Facilitator	1,900
Cheiron, Inc	Actuarial Consultant	162,723
Commissioner of Political Practices	Lobbyist Services	300
Comserv, Inc.	Death Validation Services	1,400
Ecofile	Imaging Services	16,698
Government Finance Officers Assoc	CAFR Review	725
Ice Miller	Tax Consultants	72,116
Informatix, Inc.	Imaging Services	110,467
Julie Benson-Rosston	Facilitator	3,330
Montana Board of Public Accountants	CPA Services	150
Provaliant Retirement, LLC	Project Management	139,911
Recall Secure Destruction Services	Secure Shredding Services	583
Sagitec Solutions, LLC	Pension Systems Design	1,259,904
Seisint, Inc.	Risk Data Management Services	488
Westaff	Temporary Employment Services	35,370
Wilshire Associates Inc.	Mutual Funds Performance Review	103,000
Consultant Fees Subtotal		2,060,485
Other Professional Fees		
Dean Gregg, PHD	Medical Consultant	1,208
Department of Justice	Legal Services	21,104
Drake Law Firm	Legal Services	28,220
Legislative Audit Division	Independent Auditors	24,941
Timothy D Schofield, MD PLLC	Medical Consultant	3,952
Other Professional Fees Subtotal		79,425
Total Professional/Consultant Fees		\$ 2,139,910

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Public Employees' Retirement Board

A Component Unit of the State of Montana

Detail of Fiduciary Net Position (PERS-DBRP and PERS-DBEd)

as of June 30, 2013

	PERS-DBRP	PERS-DBEd	TOTAL
Assets			
Cash and Short-term Investments	\$ 57,848,408	\$ 2,581,609	\$ 60,430,017
Securities Lending Collateral	192,287,344	7,120	192,294,464
Receivables			
Interest	4,884,241	402	4,884,643
Accounts Receivable	1,563,225	35,594	1,598,819
Due from Other Funds	444,696	12,581	457,277
Notes Receivable	23,110		23,110
<i>Total Receivables</i>	6,915,272	48,577	6,963,849
Investments, at fair value			
Montana Domestic Equity Pool (MDEP)	1,643,008,769		1,643,008,769
Retirement Fund Bond Pool (RFBP)	950,298,397		950,298,397
Montana International Pool (MTIP)	712,586,855		712,586,855
Montana Private Equity Pool (MPEP)	536,542,371		536,542,371
Montana Real Estate Pool (MTRP)	393,155,169		393,155,169
Structured Investment Vehicles (SIV)	710,520	33,840	744,360
<i>Total Investments</i>	4,236,302,081	33,840	4,236,335,921
Capital Assets			
Property and Equipment, at cost, net of Accumulated Depreciation	9,061		9,061
Intangible Assets, at cost, net of Amortization Expense	114,235		114,235
<i>Total Capital Assets</i>	123,296		123,296
Total Assets	4,493,476,401	2,671,146	4,496,147,547
Liabilities			
Securities Lending Liability	192,287,344	7,120	192,294,464
Accounts Payable	695,166	9,261	704,427
Due to Other Funds	387,836	1,325	389,161
Deferred Revenue	203,971		203,971
Compensated Absences	259,598	13,934	273,532
OPEB Implicit Rate Subsidy LT	404,143	45,182	449,325
Total Liabilities	194,238,058	76,822	194,314,880
Net Position Restricted for Pension Benefits	\$ 4,299,238,343	\$ 2,594,324	\$ 4,301,832,667

Public Employees' Retirement Board

A Component Unit of the State of Montana

Detail of Changes in Fiduciary Net Position (PERS-DBRP and PERS-DBEd)
for the Fiscal Year Ended June 30, 2013

	PERS-DBRP	PERS-DBEd	TOTAL
Additions			
Contributions			
Employer	\$ 81,337,420	\$ 438,592	\$ 81,776,012
Plan Member	80,768,508		80,768,508
Membership Fees	41		41
Interest Reserve Buyback	120,703		120,703
Retirement Incentive Program	60,013		60,013
Miscellaneous Revenue	725		725
State Contributions	532,014		532,014
<i>Total Contributions</i>	162,819,424	438,592	163,258,016
Investment Income			
Net Appreciation (Depreciation)			
in Fair Value of Investments	356,138,177		356,138,177
Interest	157,511,676	6,306	157,517,982
Dividends	10,724,045		10,724,045
Investment Expense	(20,225,722)		(20,225,722)
<i>Net Investment Income</i>	504,148,176	6,306	504,154,482
Securities Lending Income			
Securities Lending Income	1,193,057	25	1,193,082
Securities Lending Rebate and Fees	(296,012)	(8)	(296,020)
<i>Net Securities Lending Income</i>	897,045	17	897,062
Total Net Investment Income	505,045,221	6,323	505,051,544
Total Additions	667,864,645	444,915	668,309,560
Deductions			
Benefits	274,021,249		274,021,249
Refunds/Distributions	11,253,670		11,253,670
Refunds to Other Plans	383,738		383,738
Transfers to DCRP	871,636		871,636
Transfers to ORP	339,312		339,312
OPEB Expenses	72,907	9,102	82,009
Administrative Expenses	3,519,421	241,437	3,760,858
Total Deductions	290,461,933	250,539	290,712,472
Net Increase (Decrease)	377,402,712	194,376	377,597,088
Net Position Restricted for Pension Benefits			
Beginning of Year	3,921,812,233	2,399,948	3,924,212,181
Prior Period Adjustment	23,398		23,398
End of Year	\$ 4,299,238,343	\$ 2,594,324	\$ 4,301,832,667

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Public Employees' Retirement Board

A Component Unit of the State of Montana

Detail of Fiduciary Net Position (PERS-DCRP, PERS-DCEd and PERS-DC Disability) as of June 30, 2013

	PERS-DCRP	PERS-DCEd	PERS-DC DISABILITY	TOTAL
Assets				
Cash and Short-term Investments	\$ 1,477,191	\$ 149,959	\$ 2,172,143	\$ 3,799,293
Securities Lending Collateral	3,805	481	5,936	10,222
Receivables				
Interest	215	27	334	576
Accounts Receivables	52,896	5,478		58,374
Due from Other Funds	365,532	1,325	9,723	376,580
<i>Total Receivables</i>	418,643	6,830	10,057	435,530
Investments, at fair value				
Defined Contributions Fixed Investments	10,572,868			10,572,868
Defined Contributions Variable Investments	90,794,494			90,794,494
Structured Investment Vehicles (SIV)	18,086	28,216	2,288	48,590
<i>Total Investments</i>	101,385,448	28,216	2,288	101,415,952
Property and Equipment, at cost, net of Accumulated Depreciation (Note A2)	2,042			2,042
Intangible Assets, at cost, net of Amortization Expense (Note A2)	27,292			27,292
<i>Total Assets</i>	103,314,421	185,486	2,190,424	105,690,331
Liabilities				
Securities Lending Liability	3,805	481	5,936	10,222
Accounts Payable	113,236	1,490		114,726
Compensated Absences	28,561	2,402		30,963
OPEB Implicit Rate Subsidy LT	46,531	4,947		51,478
<i>Total Liabilities</i>	192,133	9,320	5,936	207,389
Net Position Restricted for Pension Benefits	\$ 103,122,288	\$ 176,166	\$ 2,184,488	\$ 105,482,942

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Public Employees' Retirement Board

A Component Unit of the State of Montana

Detail of Changes in Fiduciary Net Position (PERS-DCRP, PERS-DCEd and PERS-DC Disability)
for the Fiscal Year Ended June 30, 2013

	PERS-DCRP	PERS-DCEd	PERS-DC DISABILITY	TOTAL
Additions				
Contributions				
Employer	\$ 4,039,342	\$ 46,129	\$ 288,382	\$ 4,373,853
Plan Member	6,943,409			6,943,409
Miscellaneous Revenue	52,753			52,753
Forfeiture of Nonvested Member	398,447			398,447
Total Contributions	11,433,951	46,129	288,382	11,768,462
Investment Income				
Net Appreciation (Depreciation) in Fair Value of Investments	9,865,161			9,865,161
Interest	1,983,774	437	5,064	1,989,275
Investment Expense	(170,614)			(170,614)
Net Investment Income	11,678,321	437	5,064	11,683,822
Securities Lending Income				
Securities Lending Income	14	2	20	36
Securities Lending Rebate and Fees	(4)	(1)	(6)	(11)
Net Securities Lending Income	10	1	14	25
Total Net Investment Income	11,678,331	438	5,078	11,683,847
Total Additions	23,112,282	46,567	293,460	23,452,309
Deductions				
Benefits			29,460	29,460
Distributions	4,349,438			4,349,438
OPEB Expensee	8,038	1,437		9,475
Administrative Expenses	537,794	38,171		575,965
Miscellaneous Expenses	161,980			161,980
Total Deductions	5,057,250	39,608	29,460	5,126,318
Net Increase (Decrease)	18,055,032	6,959	264,000	18,325,991
Net Position Restricted for Pension Benefits				
Beginning of Year	85,067,256	169,207	1,920,488	87,156,951
Prior Period Adjustment				
End of Year	\$ 103,122,288	\$ 176,166	\$ 2,184,488	\$ 105,482,942

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Photo courtesy of Joyce Love

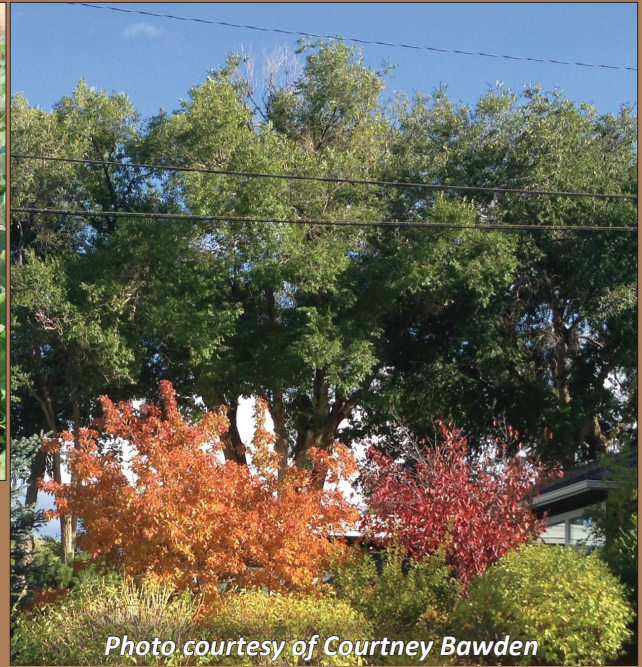


Photo courtesy of Courtney Bawden

*Something told the wild geese
It was time to go,
Though the fields lay golden
Something whispered, "snow."*

Rachel Field "Something Told the Wild Geese"



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Photo courtesy of Jeff Girton

MONTANA BOARD OF INVESTMENTS

Department of Commerce

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PERS Annual Report Investment Letter For the fiscal year ended 6/30/13

Fiscal year 2013 was a strong year for returns, even though the economy continued a pattern of positive, but somewhat weak growth. The fiscal year return of 13.04% was the third year of double digit returns out of the last four fiscal years, and continued the trend of recovery after the 2008-2009 equity bear market. With the exception of a minor setback during the December quarter, U.S. stocks posted steady gains over the fiscal year, after a much more volatile pattern during fiscal 2012. The latest fiscal year return had a major impact on returns for the longer time periods. The trailing three year return stayed high at 12.13%, while the five year return jumped to 4.77% from only 1.22% a year ago, and the ten year return edged up to 6.60% from last year's 5.98%. These results are prepared by State Street, the custodian for the plan's assets, and are time-weighted net returns computed in conformance with industry standards. Also encouraging was the return relative to our public fund peers. The latest fiscal year return ranked in the top quartile compared to peers, as did the latest two, three and four year returns, while the longer five and seven year periods were solidly in the second quartile.

While it is hard to equate economic growth with market performance, the past fiscal year was one where growth in the U.S. remained mediocre but positive and corporate profits continued to increase. This was contrasted with the rest of the world where the economic backdrop was less positive. Europe fell into recession for the second time in the past five years, while China and many of the other emerging market countries suffered a slowdown in growth that rattled confidence in their markets. This U.S. and global economic backdrop kept interest rates low for much of the year and monetary policy accommodative which acted to support stock market gains, especially U.S. stocks. The exception was emerging market stock returns which suffered compared to developed country stock returns.

Clearly the strong rally in stocks was the driver of the strong fiscal year total plan return. The plan asset mix is heavily equity oriented, and this risk bias paid off handsomely. This risk exposure has been very beneficial since the market and economic recovery began in early 2009. Asset class returns for our three equity pools were 22.0%, 14.4%, and 12.5% for the domestic, international and private equity pools, respectively. Domestic stocks were the clear leader over international stocks, as they have been over the past several years. The private equity pool results tend to lag

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those of public markets, but still represented a strong return. In contrast to recent fiscal years, fixed income returns suffered this year after rates increased dramatically during the last quarter of the fiscal year in reaction to fears of a shift to a less accommodative monetary policy by the Federal Reserve. The bond pool posted a return of only 1.6% for the year, as compared to over 8% last fiscal year. Given the low level of interest rates, the impact of any rise in rates can be especially harmful to price returns as we saw in the June quarter. The real estate pool continued to post positive returns, with an 8.6% return for the fiscal year, down from 11.5% last fiscal year when it was the leading asset class performer across the portfolio.

The strong public equity returns led to an increase in their overall allocation during the fiscal year. The allocation to domestic stocks rose by 1.1% despite significant sales during the year while a small net addition to international stocks combined with their strong return led to an increased allocation of 0.7%. This combined increase in public equity exposure by 1.8% was partly offset by a decline of (0.6)% in the allocation weight to private equity, as strong distributions from the underlying funds provided excess liquidity which was withdrawn and used for other purposes. These three pools combined represent the total equity allocation which rose by 1.2% to represent 67.4% of total assets at the end of the fiscal year, about the middle of the upper half of our total equity range of 60 – 70%. Exposure to fixed income fell notably to 22.1%, near the bottom of the allocation range for this asset class, primarily because the relatively weak return here was swamped by the remarkable equity returns which drove the large increase in total assets. The allocation to real estate grew by 1.1% to a 9.2% allocation as significant purchases were made to increase exposure to this asset class. Real estate is expected to continue to perform well and acts as a good diversifier versus the predominant equity-related assets in the portfolio.

The negative cash flow status of the state's combined pension plans continued to worsen during fiscal 2013, with net outflows of approximately \$127 million. While small relative to the total plan assets of over \$8 billion, this explains the need to remain mindful of liquidity needs and the ability to raise cash from asset sales to offset the difference between income and contribution inflows and benefit outflows. The two major pension bills passed during the 2013 legislative session impacting the PERS and TRS plans are expected to mitigate this problem, though the amount of the impact is still under consideration. While the cash flow status is expected to remain negative for these two large plans, there was meaningful improvement in contribution amounts which should provide more flexibility in managing investment assets than there would be otherwise.

Since the end of the fiscal year, debate about the Federal Reserve's (Fed) monetary policy has been in the news given an expectation there could soon be a reduction in the quantity of bond buying currently being conducted by the Fed. The so-called "tapering" of this extraordinary policy, known as quantitative easing, is only being considered by virtue of the improvement in the economy and is hardly as significant as an outright increase in the fed funds rate. Nevertheless, observers have seized upon this inevitable event as another sign that monetary policy will indeed shift into neutral at some point, if not become outright restrictive. Just recently, at the September meeting of the Federal Open Market Committee, there was a decision to continue with the status quo bond buying program. This decision was based on doubts about the current strength of the

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economy combined with the uncertainty of a near term budget and debt ceiling debate that may act to dampen consumer and business sentiment.

The Fed is also sensitive to the economic effect already seen from higher long term interest rates since early May that resulted in higher mortgage rates which negatively impacted the rebound in housing, at least on the margin. At the same time, the employment picture is not as robust as it might seem since much of the decline in the unemployment rate is explained by a drop in the number of people looking for work.

Aside from all the noise around Fed policy, economies in Europe appear to have emerged from recession and growth in China appears to have picked up recently. This has enabled international stocks to post strong gains along with U.S. stocks, and in some cases exceed domestic stock returns. Primarily due to global equity performance this quarter, the pension portfolios are up over five percent as of this writing in late September. Whether this is sustainable is hard to know, especially with the near term uncertainties surrounding fiscal and monetary policies. Nevertheless, the longer term outlook for most “risk” assets such as stocks, credit, and real estate is positive. There are no major imbalances that would lead to higher inflation or any of the typical resource constraints that could choke off expansion and lead to a cyclical downturn in the economy, profits and, in turn, returns for the majority of the assets held in the portfolio.

Respectfully submitted,

/s/ Clifford A. Sheets

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

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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 benefits as provided for in statute. 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 2013 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, 2013

<u>Asset Class</u>	<u>INDEX</u>	<u>PERS- DBRP</u>	<u>JRS</u>	<u>HPORS</u>	<u>SRS</u>
Cash Equivalents (STIP)		0.25%	0.25%	0.25%	0.25%
<i>Libor 1 Month</i>	<i>0.21%</i>				
Equities ¹		19.55%	19.55%	19.55%	19.55%
<i>S&P 1500 Comp Index</i>	<i>21.13%</i>				
<i>International Equities²</i>	<i>13.81%</i>				
Fixed Income ³		1.61%	1.62%	1.61%	1.62%
<i>BC Aggregate Bond</i>	<i>-0.69%</i>				
Private Equity ⁴		12.54%	12.54%	12.54%	12.54%
<i>S&P 1500 + 4%</i>	<i>25.89%</i>				
Real Estate ⁵		8.52%	8.52%	8.52%	8.52%
<i>NFI-ODCE⁶</i>	<i>9.68%</i>				
Total Plan		13.04%	13.01%	13.05%	13.00%
Index Composite⁷		13.01%	12.98%	13.01%	12.98%

<u>Asset Class</u>	<u>INDEX</u>	<u>GWPORS</u>	<u>MPORS</u>	<u>FURS</u>	<u>VFCA</u>
Cash Equivalents (STIP)		0.25%	0.25%	0.25%	0.25%
<i>Libor 1 Month</i>	<i>0.21%</i>				
Equities ¹		19.55%	19.55%	19.56%	19.55%
<i>S&P 1500 Comp Index</i>	<i>21.13%</i>				
<i>International Equities²</i>	<i>13.81%</i>				
Fixed Income ³		1.62%	1.61%	1.61%	1.62%
<i>BC Aggregate Bond</i>	<i>-0.69%</i>				
Private Equity ⁴		12.53%	12.54%	12.54%	12.54%
<i>S&P 1500 + 4%</i>	<i>25.89%</i>				
Real Estate ⁵		8.52%	8.52%	8.52%	8.52%
<i>NFI-ODCE⁶</i>	<i>9.68%</i>				
Total Plan		12.99%	13.03%	13.02%	13.04%
Index Composite⁷		12.98%	12.93%	12.93%	13.05%

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, 2013

<u>Asset Class</u>	<u>INDEX</u>	<u>PERS- DBRP</u>	<u>JRS</u>	<u>HPORS</u>	<u>SRS</u>
Cash Equivalents (STIP)		0.29%	0.29%	0.29%	0.29%
<i>Libor 1 Month</i>	<i>0.23%</i>				
Equities ¹		14.98%	14.99%	14.98%	15.00%
<i>S&P 1500 Comp Index</i>	<i>18.60%</i>				
<i>International Equities²</i>	<i>8.08%</i>				
Fixed Income ³		5.45%	5.45%	5.45%	5.45%
<i>BC Aggregate Bond</i>	<i>3.51%</i>				
Private Equity ⁴		14.96%	14.96%	14.96%	14.96%
<i>S&P 1500 + 4%</i>	<i>22.60%</i>				
Real Estate ⁵		12.00%	12.11%	12.11%	12.11%
<i>NFI-ODCE⁶</i>	<i>14.03%</i>				
Total Plan		12.13%	12.10%	12.13%	12.09%
Index Composite⁷		12.45%	12.41%	12.44%	12.40%

<u>Asset Class</u>	<u>INDEX</u>	<u>GWPORS</u>	<u>MPORS</u>	<u>FURS</u>	<u>VFCA</u>
Cash Equivalents (STIP)		0.29%	0.29%	0.28%	0.29%
<i>Libor 1 Month</i>	<i>0.23%</i>				
Equities ¹		15.00%	14.97%	14.98%	14.97%
<i>S&P 1500 Comp Index</i>	<i>18.60%</i>				
<i>International Equities²</i>	<i>8.08%</i>				
Fixed Income ³		5.45%	5.45%	5.45%	5.46%
<i>BC Aggregate Bond</i>	<i>3.51%</i>				
Private Equity ⁴		14.96%	14.97%	14.96%	14.98%
<i>S&P 1500 + 4%</i>	<i>22.60%</i>				
Real Estate ⁵		12.11%	12.11%	12.11%	12.11%
<i>NFI-ODCE⁶</i>	<i>14.03%</i>				
Total Plan		12.08%	12.07%	12.06%	12.10%
Index Composite⁷		12.40%	12.35%	12.40%	12.60%

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, 2013

<u>Asset Class</u>	<u>INDEX</u>	<u>PERS- DBRP</u>	<u>JRS</u>	<u>HPORS</u>	<u>SRS</u>
Cash Equivalents (STIP)		0.57%	0.56%	0.56%	0.56%
<i>Libor 1 Month</i>	<i>0.46%</i>				
Equities ¹		3.98%	4.00%	3.99%	4.00%
<i>S&P 1500 Comp Index</i>	<i>7.27%</i>				
<i>International Equities²</i>	<i>-0.53%</i>				
Fixed Income ³		6.65%	6.66%	6.66%	6.65%
<i>BC Aggregate Bond</i>	<i>5.19%</i>				
Private Equity ⁴		6.33%	6.33%	6.33%	6.33%
<i>S&P 1500 + 4%</i>	<i>11.27%</i>				
Real Estate ⁵		-2.82%	-3.44%	-3.44%	-3.44%
<i>NFI-ODCE⁶</i>	<i>-1.75%</i>				
Total Plan		4.77%	4.78%	4.77%	4.76%
Index Composite⁷		5.19%	5.22%	5.20%	5.21%

<u>Asset Class</u>	<u>INDEX</u>	<u>GWPORS</u>	<u>MPORS</u>	<u>FURS</u>	<u>VFCA</u>
Cash Equivalents (STIP)		0.56%	0.57%	0.56%	0.57%
<i>Libor 1 Month</i>	<i>0.46%</i>				
Equities ¹		4.02%	3.98%	3.99%	3.98%
<i>S&P 1500 Comp Index</i>	<i>7.27%</i>				
<i>International Equities²</i>	<i>-0.53%</i>				
Fixed Income ³		6.64%	6.65%	6.65%	6.66%
<i>BC Aggregate Bond</i>	<i>5.19%</i>				
Private Equity ⁴		6.33%	6.33%	6.33%	6.34%
<i>S&P 1500 + 4%</i>	<i>11.27%</i>				
Real Estate ⁵		-3.44%	-3.44%	-3.44%	-3.44%
<i>NFI-ODCE⁶</i>	<i>-1.75%</i>				
Total Plan		4.75%	4.73%	4.76%	4.76%
Index Composite⁷		5.18%	5.16%	5.21%	5.26%

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, 2013

<u>Asset Class</u>	<u>INDEX</u>	<u>PERS- DBRP</u>	<u>JRS</u>	<u>HPORS</u>	<u>SRS</u>
Cash Equivalents (STIP)		2.04%	2.01%	2.03%	2.01%
<i>Libor 1 Month</i>	<i>1.97%</i>				
Equities ¹		6.72%	6.72%	6.72%	6.72%
<i>S&P 1500 Comp Index</i>	<i>7.71%</i>				
<i>International Equities²</i>	<i>8.35%</i>				
Fixed Income ³		5.58%	5.51%	5.52%	5.51%
<i>BC Aggregate Bond</i>	<i>4.52%</i>				
Private Equity ⁴		12.38%	12.37%	12.38%	12.38%
<i>S&P 1500 + 4%</i>	<i>11.71%</i>				
Real Estate ⁵		1.42%			
<i>NFI-ODCE⁶</i>	<i>5.81%</i>				
Total Plan		6.60%	6.57%	6.59%	6.56%
<i>Index Composite⁷</i>		<i>6.71%</i>	<i>6.68%</i>	<i>6.70%</i>	<i>6.68%</i>

<u>Asset Class</u>	<u>INDEX</u>	<u>GWPORS</u>	<u>MPORS</u>	<u>FURS</u>	<u>VFCA</u>
Cash Equivalents (STIP)		2.00%	2.42%	2.04%	2.09%
<i>Libor 1 Month</i>	<i>1.97%</i>				
Equities ¹		6.75%	6.71%	6.72%	6.72%
<i>S&P 1500 Comp Index</i>	<i>7.71%</i>				
<i>International Equities²</i>	<i>8.35%</i>				
Fixed Income ³		5.51%	5.51%	5.51%	5.52%
<i>BC Aggregate Bond</i>	<i>4.52%</i>				
Private Equity ⁴		12.37%	12.38%	12.37%	12.38%
<i>S&P 1500 + 4%</i>	<i>11.71%</i>				
Real Estate ⁵					
<i>NFI-ODCE⁶</i>	<i>5.81%</i>				
Total Plan		6.50%	6.48%	6.51%	6.52%
<i>Index Composite⁷</i>		<i>6.62%</i>	<i>6.59%</i>	<i>6.63%</i>	<i>6.67%</i>

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

² Montana International Equity blended benchmark.

³ Includes Retirement Fund Bond Pool and Mortgages.

⁴ Includes Montana Private Equity Pool.

⁵ Includes Direct and Pooled Real Estate.

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

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

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

INVESTMENT SECTION

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 2013 is listed in the following table for the short term investment pool (STIP), fixed income investments, equity investments, and real estate investments.

FY2013 ASSET ALLOCATION					
	Investment Objective	Actual Investment		Investment Objective	Actual Investment
PERS-DBRP			GWPORS		
STIP	1% to 5%	1.3%	STIP	1% to 5%	1.7%
Fixed	22% to 32%	22.2%	Fixed	22% to 32%	22.1%
Equity	60% to 70%	67.4%	Equity	60% to 70%	67.1%
Real Estate	4% to 10%	9.2%	Real Estate	4% to 10%	9.2%
JRS			MPORS		
STIP	1% to 5%	1.5%	STIP	1% to 5%	1.1%
Fixed	22% to 32%	22.1%	Fixed	22% to 32%	22.2%
Equity	60% to 70%	67.3%	Equity	60% to 70%	67.5%
Real Estate	4% to 10%	9.1%	Real Estate	4% to 10%	9.2%
HPORS			FURS		
STIP	1% to 5%	1.3%	STIP	1% to 5%	1.2%
Fixed	22% to 32%	22.2%	Fixed	22% to 32%	22.2%
Equity	60% to 70%	67.4%	Equity	60% to 70%	67.4%
Real Estate	4% to 10%	9.2%	Real Estate	4% to 10%	9.2%
SRS			VFCA		
STIP	1% to 5%	1.7%	STIP	1% to 5%	6.8%
Fixed	22% to 32%	22.1%	Fixed	22% to 32%	21.0%
Equity	60% to 70%	67.1%	Equity	60% to 70%	63.7%
Real Estate	4% to 10%	9.1%	Real Estate	4% to 10%	8.6%

INVESTMENT SECTION

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 2013 Administrative Expense Reconciliation							
	<u>STIP</u>	<u>MDEP</u>	<u>MPEP</u>	<u>MTIP</u>	<u>MTRP</u>	<u>RFBP</u>	<u>Total</u>
PERS	\$16,614.81	\$3,841,244.43	\$8,514,749.02	\$1,780,693.39	\$4,906,565.20	\$1,165,856.04	\$20,225,722.89
JRS	319.45	64,132.63	142,473.34	29,788.17	81,948.70	19,443.53	338,105.82
HPORS	426.45	97,648.06	216,718.64	45,257.30	124,741.54	29,611.78	514,403.77
SRS	1,078.95	214,707.52	476,717.65	99,742.23	274,323.18	65,078.96	1,131,648.49
GWPORS	512.95	100,333.96	222,957.49	46,656.90	128,768.34	30,350.16	529,579.80
MPORS	1,155.07	229,612.05	513,249.33	106,069.58	295,621.23	69,571.58	1,215,278.84
FURS	1,187.04	229,618.92	513,873.73	106,130.00	295,582.14	69,539.97	1,215,931.80
VFCA	118.48	25,613.59	56,642.91	11,719.31	32,013.19	7,776.34	133,883.82
Totals	<u>\$21,413.20</u>	<u>\$4,802,911.16</u>	<u>\$10,657,382.11</u>	<u>\$2,226,056.88</u>	<u>\$6,139,563.52</u>	<u>\$1,457,228.36</u>	<u>\$25,304,555.23</u>

INVESTMENT SECTION

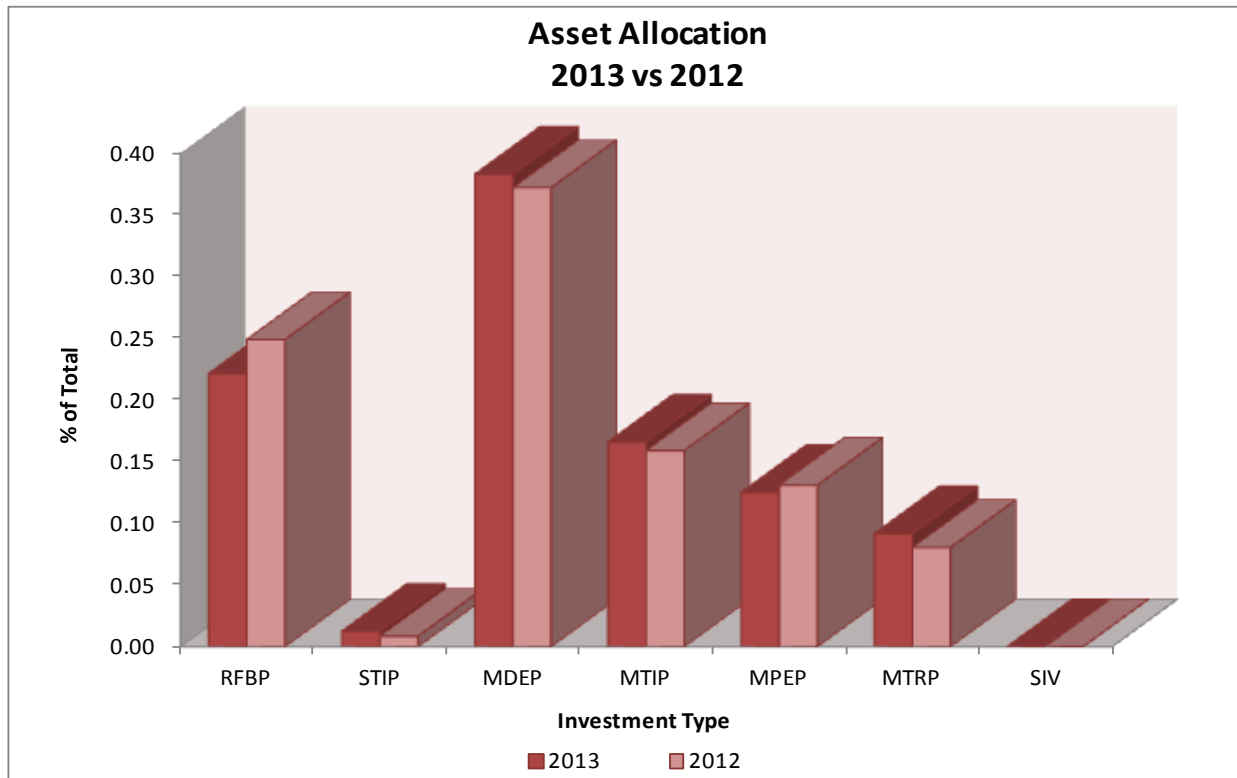
PERS-DBRP

Asset Mix (fair value)

as of June 30, 2013 and 2012

(in thousands)

Investment Type	2013 Fair Value	% of Total	2012 Fair Value	% of Total	Dollar Change	% Change
Fixed Income:						
Retirement Funds Bond Pool (RFBP)	\$ 950,298	22.14%	\$ 974,139	24.89%	\$ (23,841)	-2.45%
STIP ¹	54,005	1.26%	33,708	0.86%	20,263	60.11%
Total Fixed Income	\$ 1,004,303	23.40%	\$ 1,007,847	25.75%	\$ (3,578)	-0.36%
Equities:						
Montana Domestic Equity Pool (MDEP)	\$ 1,643,009	38.30%	\$ 1,455,188	37.20%	\$ 187,821	12.91%
Montana International Equity Pool (MTIP)	712,587	16.60%	621,887	15.89%	90,700	14.58%
Montana Private Equity Pool (MPEP)	536,542	12.51%	512,315	13.09%	24,227	4.73%
Total Equities	\$ 2,892,138	67.41%	\$ 2,589,390	66.18%	\$ 302,748	11.69%
Alternative Investments:						
Montana Real Estate Pool (MTRP)	\$ 393,155	9.16%	\$ 315,093	8.05%	\$ 78,062	24.77%
Structured Investment Vehicles (SIV) ¹	710	0.03%	547	0.02%	197	36.01%
Total Alternative Investments	\$ 393,865	9.19%	\$ 315,640	8.07%	\$ 78,259	24.79%
Total	\$ 4,290,306	100.00%	\$ 3,912,877	100.00%	\$ 377,429	9.65%



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.

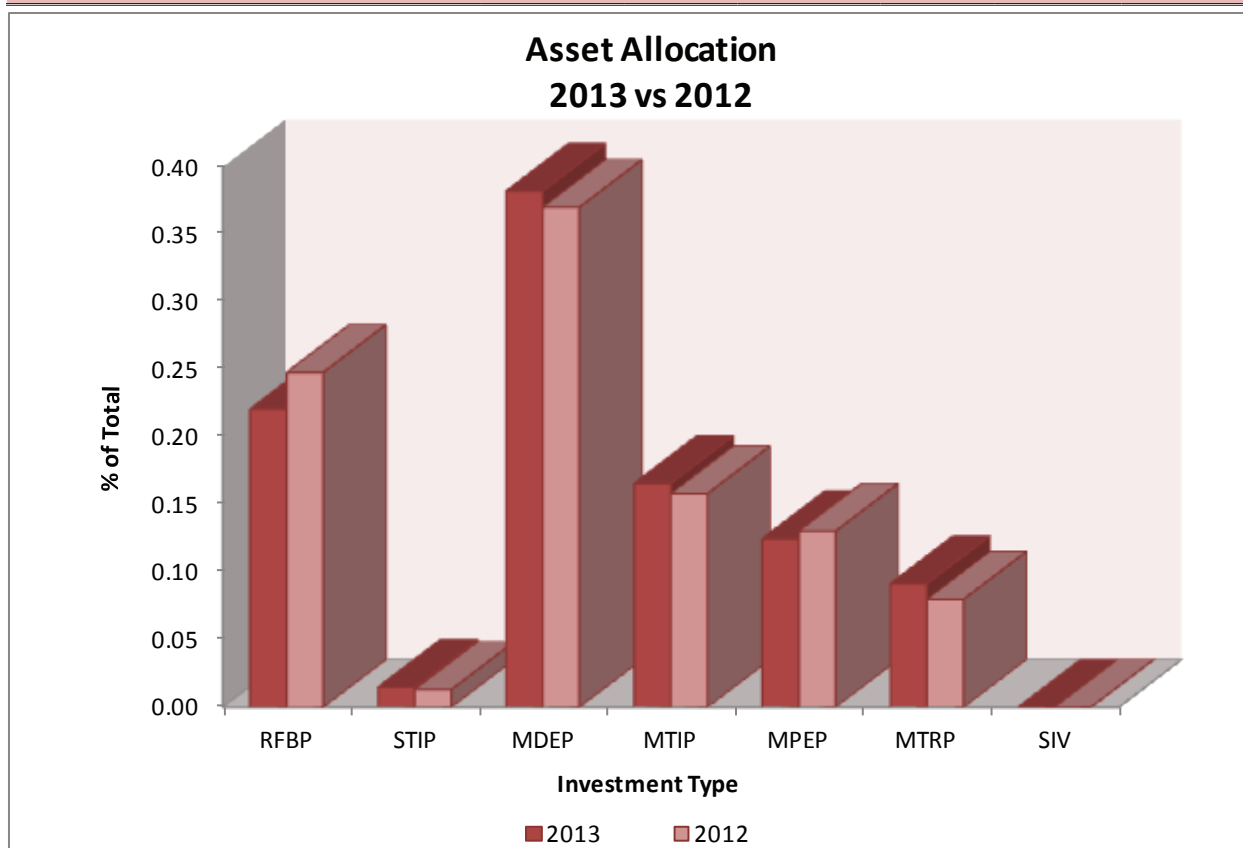
JRS

Asset Mix (fair value)

as of June 30, 2013 and 2012

(in thousands)

Investment Type	2013 Fair Value	% of Total	2012 Fair Value	% of Total	Dollar Change	% Change
Fixed Income:						
Retirement Funds Bond Pool (RFBP)	\$ 16,034	22.08%	\$ 16,031	24.80%	\$ 3	0.02%
STIP	1,085	1.49%	848	1.31%	237	27.95%
Total Fixed Income	\$ 17,119	23.57%	\$ 16,879	26.11%	\$ 240	1.42%
Equities:						
Montana Domestic Equity Pool (MDEP)	\$ 27,759	38.22%	\$ 23,933	37.02%	\$ 3,826	15.99%
Montana International Equity Pool (MTIP)	12,036	16.57%	10,224	15.82%	1,812	17.72%
Montana Private Equity Pool (MPEP)	9,064	12.48%	8,428	13.04%	636	7.55%
Total Equities	\$ 48,859	67.27%	\$ 42,585	65.88%	\$ 6,274	14.73%
Alternative Investments:						
Montana Real Estate Pool (MTRP)	\$ 6,641	9.14%	\$ 5,168	7.99%	\$ 1,473	28.50%
Structured Investment Vehicles (SIV)	14	0.02%	14	0.02%	-	0.00%
Total Alternative Investments	\$ 6,655	9.16%	\$ 5,182	8.01%	\$ 1,473	28.43%
Total	\$ 72,633	100.00%	\$ 64,646	100.00%	\$ 7,987	12.35%



INVESTMENT SECTION

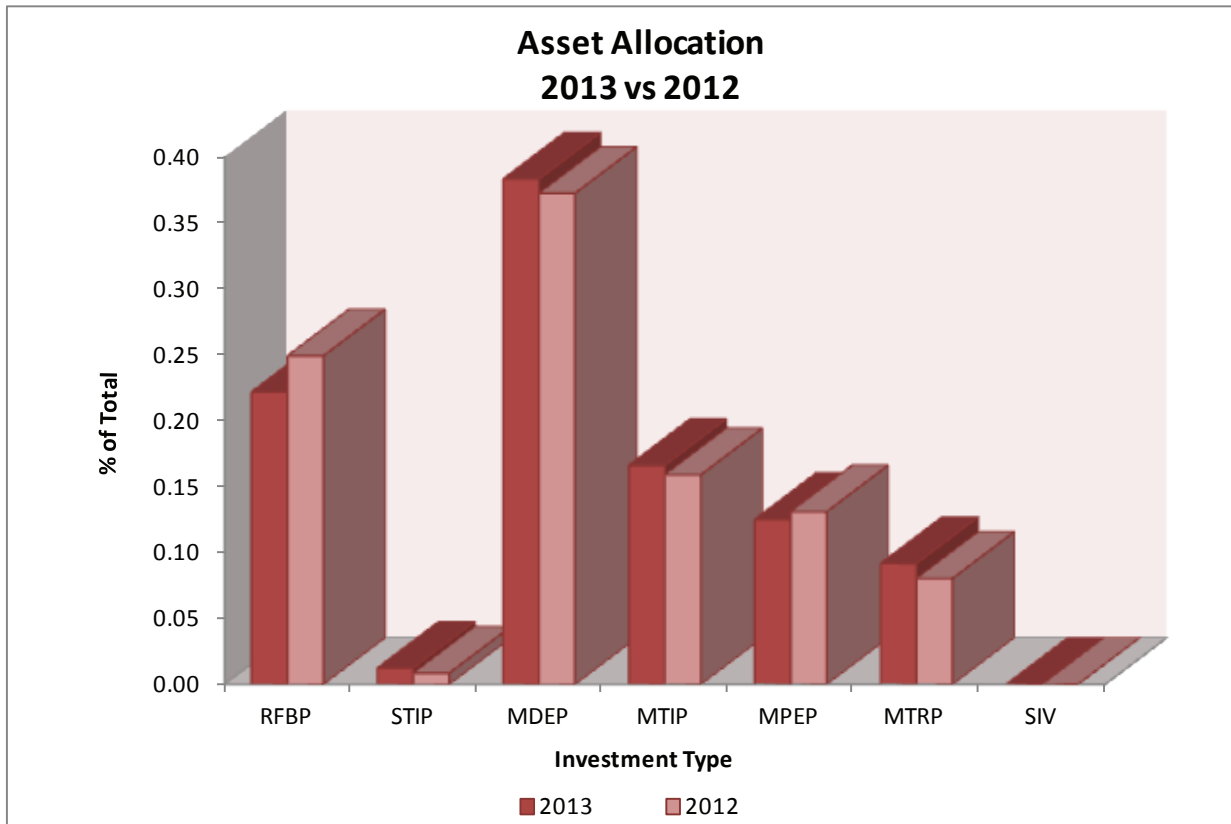
HPORS

Asset Mix (fair value)

as of June 30, 2013 and 2012

(in thousands)

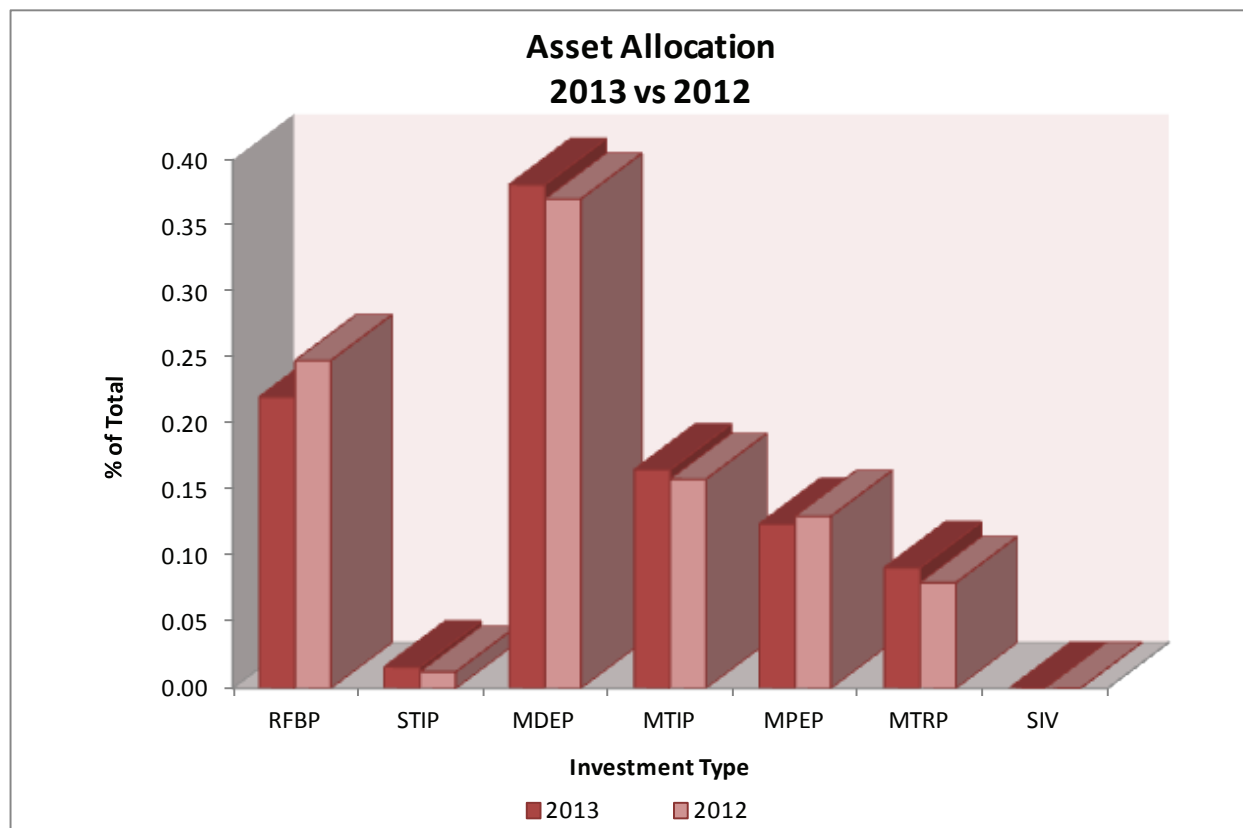
Investment Type	2013 Fair Value	% of Total	2012 Fair Value	% of Total	Dollar Change	% Change
Fixed Income:						
Retirement Funds Bond Pool (RFBP)	\$ 24,239	22.16%	\$ 24,653	24.90%	\$ (414)	-1.68%
STIP	1,355	1.24%	847	0.86%	508	59.98%
Total Fixed Income	\$ 25,594	23.40%	\$ 25,500	25.76%	\$ 94	0.37%
Equities:						
Montana Domestic Equity Pool (MDEP)	\$ 41,883	38.31%	\$ 36,840	37.22%	\$ 5,043	13.69%
Montana International Equity Pool (MTIP)	18,165	16.61%	15,732	15.89%	2,433	15.47%
Montana Private Equity Pool (MPEP)	13,673	12.50%	12,958	13.09%	715	5.52%
Total Equities	\$ 73,721	67.42%	\$ 65,530	66.20%	\$ 8,191	12.50%
Alternative Investments:						
Montana Real Estate Pool (MTRP)	\$ 10,031	9.16%	\$ 7,963	8.03%	\$ 2,068	25.97%
Structured Investment Vehicles (SIV)	18	0.02%	14	0.01%	4	28.57%
Total Real Estate	\$ 10,049	9.18%	\$ 7,977	8.04%	\$ 2,072	25.97%
Total	\$ 109,364	100.00%	\$ 99,007	100.00%	\$ 10,357	10.46%



SRS**Asset Mix (fair value)****as of June 30, 2013 and 2012**

(in thousands)

Investment Type	2013 Fair Value	% of Total	2012 Fair Value	% of Total	Dollar Change	% Change
Fixed Income:						
Retirement Funds Bond Pool (RFBP)	\$ 53,724	22.06%	\$ 53,636	24.81%	\$ 88	0.16%
STIP	3,986	1.64%	2,715	1.26%	1,271	46.81%
Total Fixed Income	\$ 57,710	23.70%	\$ 56,351	26.07%	\$ 1,359	2.41%
Equities:						
Montana Domestic Equity Pool (MDEP)	\$ 92,868	38.14%	\$ 80,065	37.04%	\$ 12,803	15.99%
Montana International Equity Pool (MTIP)	40,321	16.56%	34,234	15.84%	6,087	17.78%
Montana Private Equity Pool (MPEP)	30,325	12.44%	28,179	13.02%	2,146	7.62%
Total Equities	\$ 163,514	67.14%	\$ 142,478	65.90%	\$ 21,036	14.76%
Alternative Investments:						
Montana Real Estate Pool (MTRP)	\$ 22,245	9.14%	\$ 17,308	8.01%	\$ 4,937	28.52%
Structured Investment Vehicles (SIV)	52	0.02%	44	0.02%	8	18.18%
Total Alternative Investments	\$ 22,297	9.16%	\$ 17,352	8.03%	\$ 4,945	28.50%
Total	\$ 243,521	100.00%	\$ 216,181	100.00%	\$ 27,340	12.65%



INVESTMENT SECTION

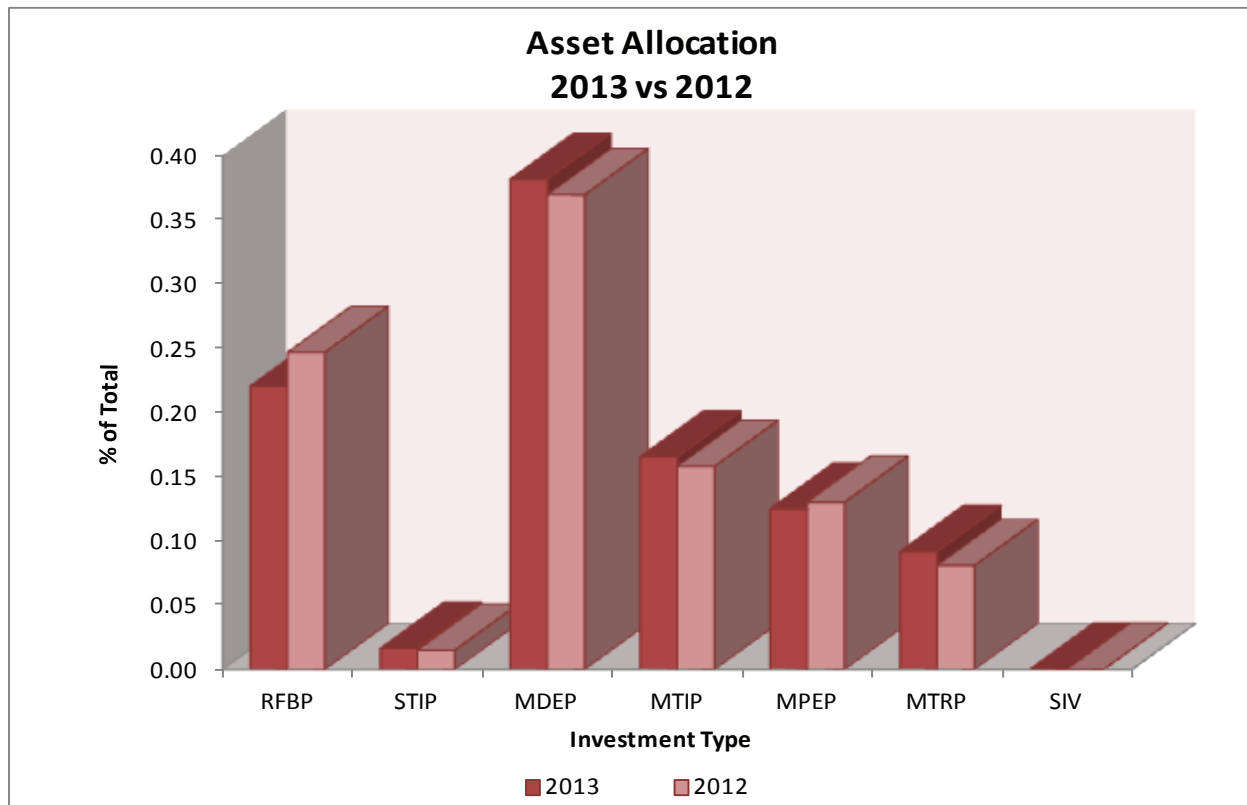
GWPORS

Asset Mix (fair value)

as of June 30, 2013 and 2012

(in thousands)

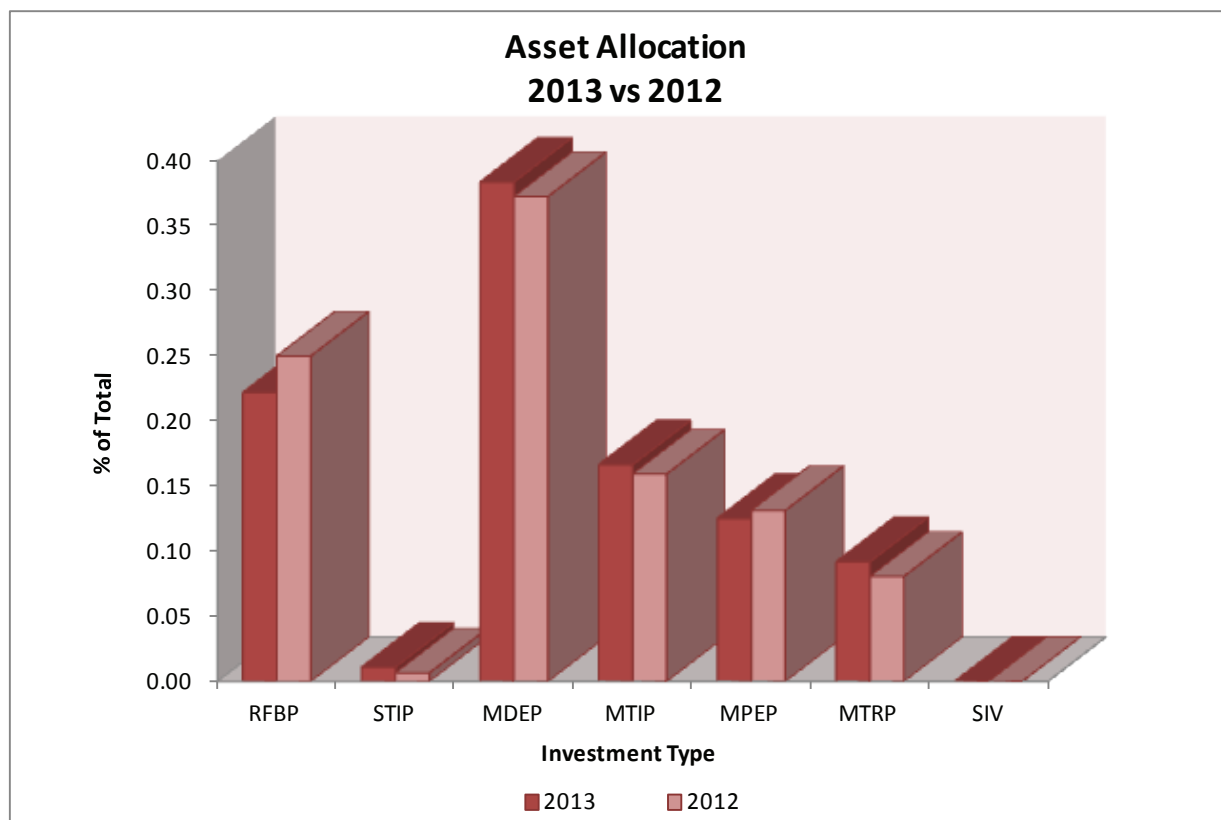
Investment Type	2013 Fair Value	% of Total	2012 Fair Value	% of Total	Dollar Change	% Change
Fixed Income:						
Retirement Funds Bond Pool (RFBP)	\$ 25,466	22.04%	\$ 24,510	24.66%	\$ 956	3.90%
STIP	1,896	1.64%	1,476	1.50%	420	28.46%
Total Fixed Income	\$ 27,362	23.68%	\$ 25,986	26.16%	\$ 1,376	5.30%
Equities:						
Montana Domestic Equity Pool (MDEP)	\$ 44,058	38.12%	\$ 36,685	36.92%	\$ 7,373	20.10%
Montana International Equity Pool (MTIP)	19,106	16.53%	15,697	15.80%	3,409	21.72%
Montana Private Equity Pool (MPEP)	14,411	12.48%	12,940	13.01%	1,471	11.37%
Total Equities	\$ 77,575	67.13%	\$ 65,322	65.73%	\$ 12,253	18.76%
Alternative Investments:						
Montana Real Estate Pool (MTRP)	\$ 10,600	9.17%	\$ 8,036	8.09%	\$ 2,564	31.91%
Structured Investment Vehicles (SIV)	25	0.02%	24	0.02%	1	4.17%
Total Alternative Investments	\$ 10,625	9.19%	\$ 8,060	8.11%	\$ 2,565	31.82%
Total	\$ 115,562	100.00%	\$ 99,368	100.00%	\$ 16,194	16.30%



MPORS**Asset Mix (fair value)****as of June 30, 2013 and 2012**

(in thousands)

Investment Type	2013 Fair Value	% of Total	2012 Fair Value	% of Total	Dollar Change	% Change
Fixed Income:						
Retirement Funds Bond Pool (RFBP)	\$ 57,237	22.19%	\$ 56,431	24.98%	\$ 806	1.43%
STIP	2,819	1.09%	1,472	0.65%	1,347	91.51%
Total Fixed Income	\$ 60,056	23.28%	\$ 57,903	25.63%	\$ 2,153	3.72%
Equities:						
Montana Domestic Equity Pool (MDEP)	\$ 98,916	38.35%	\$ 84,109	37.23%	\$ 14,807	17.60%
Montana International Equity Pool (MTIP)	42,936	16.65%	35,975	15.93%	6,961	19.35%
Montana Private Equity Pool (MPEP)	32,305	12.52%	29,657	13.13%	2,648	8.93%
Total Equities	\$ 174,157	67.52%	\$ 149,741	66.29%	\$ 24,416	16.31%
Alternative Investments:						
Montana Real Estate Pool (MTRP)	\$ 23,681	9.19%	\$ 18,220	8.07%	\$ 5,461	29.97%
Structured Investment Vehicles (SIV)	37	0.01%	24	0.01%	13	54.17%
Total Alternative Investments	\$ 23,718	9.20%	\$ 18,244	8.08%	\$ 5,474	30.00%
Total	\$ 257,931	100.00%	\$ 225,888	100.00%	\$ 32,043	14.19%



INVESTMENT SECTION

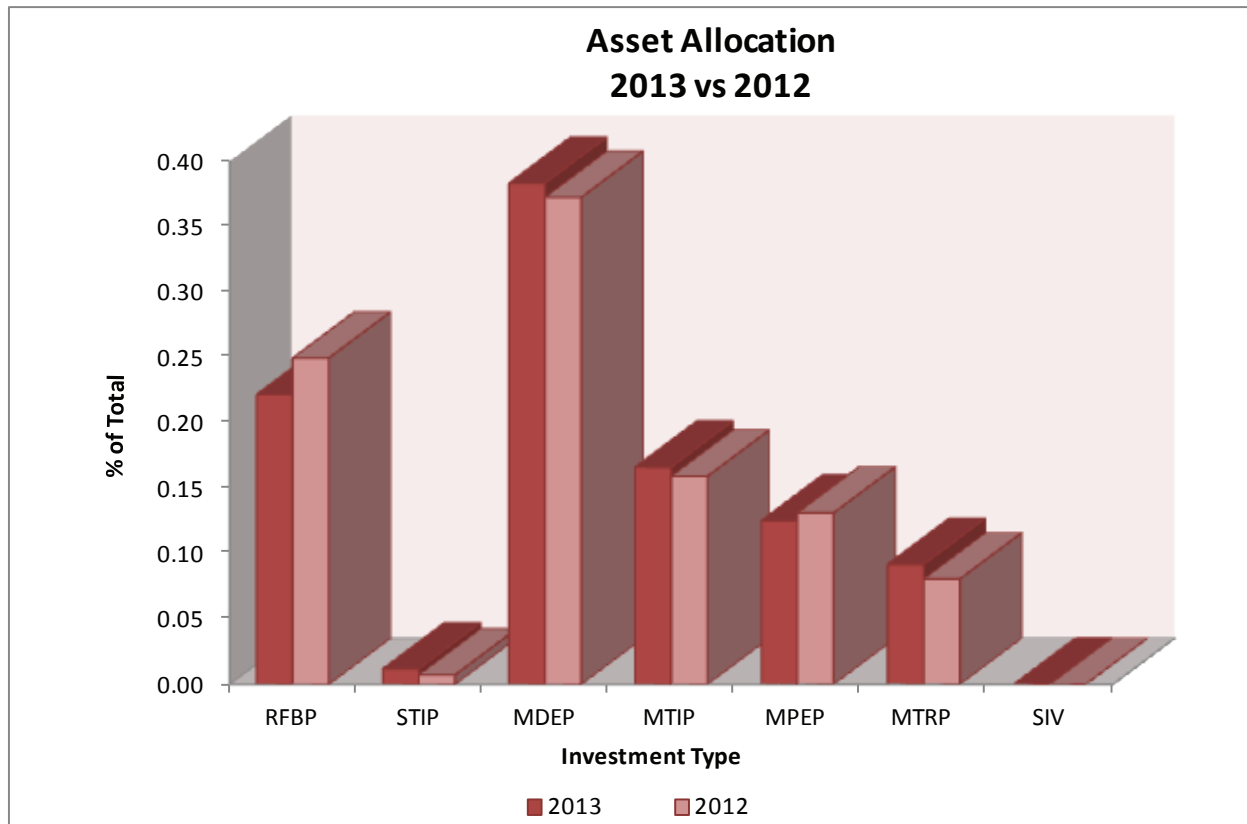
FURS

Asset Mix (fair value)

as of June 30, 2013 and 2012

(in thousands)

Investment Type	2013 Fair Value	% of Total	2012 Fair Value	% of Total	Dollar Change	% Change
Fixed Income:						
Retirement Funds Bond Pool (RFBP)	\$ 57,369	22.16%	\$ 56,219	24.95%	\$ 1,150	2.05%
STIP	3,077	1.19%	1,632	0.72%	1,445	88.54%
Total Fixed Income	\$ 60,446	23.35%	\$ 57,851	25.67%	\$ 2,595	4.49%
Equities:						
Montana Domestic Equity Pool (MDEP)	\$ 99,213	38.32%	\$ 83,940	37.24%	\$ 15,273	18.20%
Montana International Equity Pool (MTIP)	43,017	16.61%	35,869	15.91%	7,148	19.93%
Montana Private Equity Pool (MPEP)	32,423	12.52%	29,561	13.11%	2,862	9.68%
Total Equities	\$ 174,653	67.45%	\$ 149,370	66.26%	\$ 25,283	16.93%
Alternative Investments:						
Montana Real Estate Pool (MTRP)	\$ 23,771	9.18%	\$ 18,175	8.06%	\$ 5,596	30.79%
Structured Investment Vehicles (SIV)	40	0.02%	26	0.01%	14	53.85%
Total Alternative Investments	\$ 23,811	9.20%	\$ 18,201	8.07%	\$ 5,610	30.82%
Total	\$ 258,910	100.00%	\$ 225,422	100.00%	\$ 33,488	14.86%



INVESTMENT SECTION

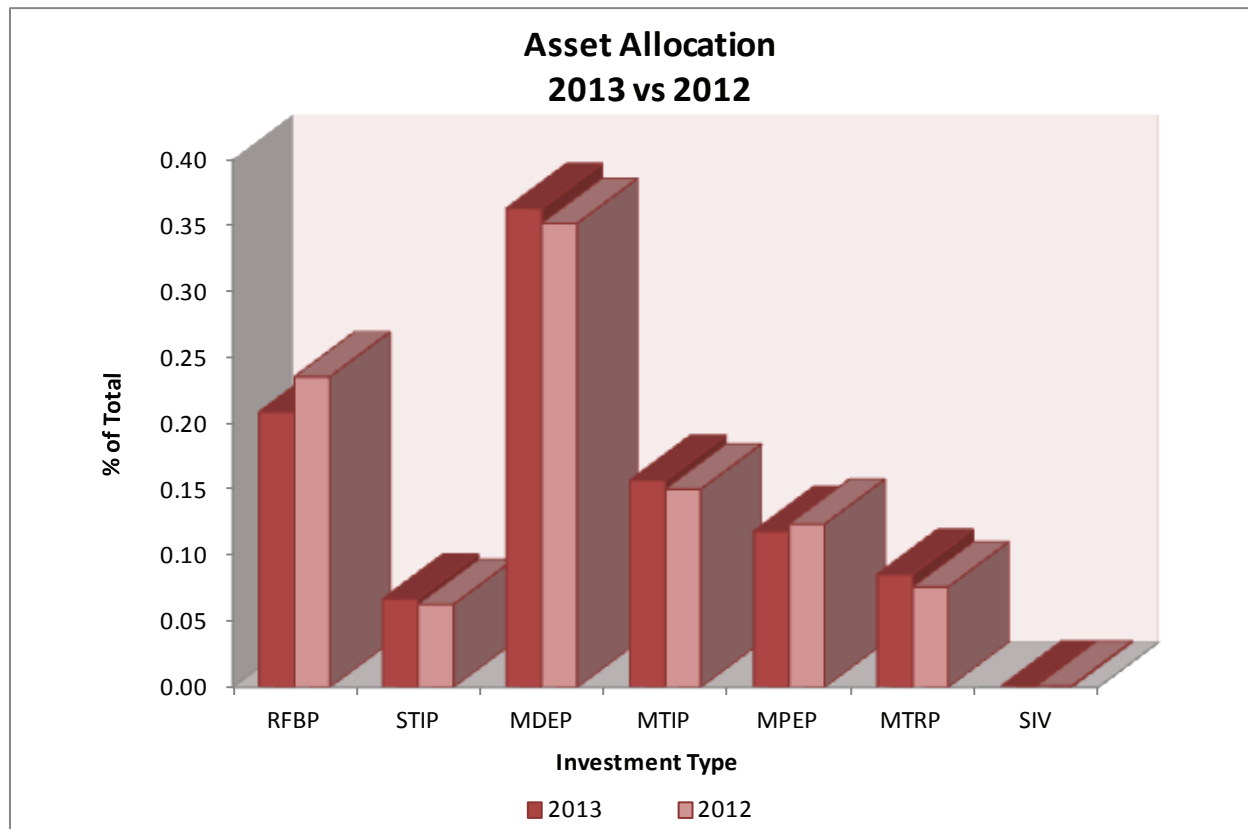
VFCA

Asset Mix (fair value)

as of June 30, 2013 and 2012

(in thousands)

Investment Type	2013 Fair Value	% of Total	2012 Fair Value	% of Total	Dollar Change	% Change
Fixed Income:						
Retirement Funds Bond Pool (RFBP)	\$ 6,092	20.86%	\$ 6,373	23.52%	\$ (311)	-4.88%
STIP	1,949	6.71%	1,704	6.28%	245	14.38%
Total Fixed Income	\$ 8,041	27.57%	\$ 8,077	29.80%	\$ (66)	-0.82%
Equities:						
Montana Domestic Equity Pool (MDEP)	\$ 10,544	36.27%	\$ 9,516	35.13%	\$ 1,028	10.80%
Montana International Equity Pool (MTIP)	4,559	15.68%	4,066	15.01%	493	12.12%
Montana Private Equity Pool (MPEP)	3,436	11.82%	3,348	12.36%	88	2.63%
Total Equities	\$ 18,539	63.77%	\$ 16,930	62.50%	\$ 1,609	9.50%
Alternative Investments:						
Montana Real Estate Pool (MTRP)	\$ 2,491	8.57%	\$ 2,057	7.60%	\$ 434	21.10%
Structured Investment Vehicles (SIV)	26	0.09%	28	0.10%	(2)	-7.14%
Total Alternative Investments	\$ 2,517	8.66%	\$ 2,085	7.70%	\$ 432	20.72%
Total	\$ 29,097	100.00%	\$ 27,092	100.00%	\$ 1,975	7.29%



INVESTMENT SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Largest Holdings (by portfolio fair value) as of June 30, 2013

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
3,555,899	Blackrock Equity Index Fund	\$ 1,858,376,711
12,961,547	JP Morgan Investments	294,079,972
7,467,824	T Rowe Price	291,046,731
9,104,814	Artisan	115,377,005
6,282,418	Timesquare	115,142,333
3,742,627	Analytics Investments	99,013,912
2,631,632	Intech	97,814,184
43,028	Dimensional Fund Advisors Inc	74,787,252
2,277,381	Blackrock Midap Equity Ind Fund	74,051,105
4,520,524	Vaughan Nelson	66,284,164

PERS' 8,643,983 shares represent 50.31% of the total MDEP portfolio at market.

JRS' 146,043 shares represent 0.85% of the total MDEP portfolio at market.

HPORS' 220,349 shares represent 1.28% of the total MDEP portfolio at market.

SRS' 488,583 shares represent 2.84% of the total MDEP portfolio at market.

GWPORS' 231,791 shares represent 1.35% of the total MDEP portfolio at market.

MPORS' 520,404 shares represent 3.03% of the total MDEP portfolio at market.

FURS' 521,964 shares represent 3.04% of the total MDEP portfolio at market.

VFCA's 55,473 shares represent 0.32% of the total MDEP portfolio at market.

Shares/Par	RFBP Portfolio By Manager	Fair Value
1,299,876,113	Core Internal Bond Portfolio	\$ 1,338,855,416
255,118,076	Reams Asset Management	256,058,336
164,110,772	Artio Global Management	116,468,265
107,016,692	Neuberger Berman	109,599,570
57,862,717	Post Advisory Group	60,435,744
23,003,791	Short Term Investment Pool	23,003,791
14,298,374	Montana Residential Mortgages	14,052,784

PERS' 854,552,898 shares represent 50.30% of the total RFBP portfolio at market.

JRS' 14,418,268 shares represent 0.85% of the total RFBP portfolio at market.

HPORS' 21,796,550 shares represent 1.28% of the total RFBP portfolio at market.

SRS' 48,311,028 shares represent 2.84% of the total RFBP portfolio at market.

GWPORS' 22,899,834 shares represent 1.35% of the total RFBP portfolio at market.

MPORS' 51,470,615 shares represent 3.03% of the total RFBP portfolio at market.

FURS' 51,589,131 shares represent 3.04% of the total RFBP portfolio at market.

VFCA's 5,477,828 shares represent 0.32% of the total RFBP 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, 2013**

Shares/Par	MTIP Portfolio By Manager	Fair Value
42,790,105	Blackrock ACW1EX US Superfund	\$ 872,671,543
10,455,947	Martin Currie	108,093,631
11,639,009	Hansberger	103,126,153
8,083,038	Bernstein	98,714,262
35,842,549	Acadian	91,918,605
4,115,244	DFA Intl Small Co Portfolio	67,160,784
871,277	Blackrock MSCI EM Mkt Fr FD B	34,616,110
2,534,558	Blackrock ACWI EX US Small Cap	23,510,253
606,950	EAFE Stock Performance Index	15,997,375
155	Money Market FR For EBT	155

PERS' 4,757,505 shares represent 50.32% of the total MTIP portfolio at market.

JRS' 80,356 shares represent 0.85% of the total MTIP portfolio at market.

HPORS' 121,278 shares represent 1.28% of the total MTIP portfolio at market.

SRS' 269,200 shares represent 2.85% of the total MTIP portfolio at market.

GWPORS' 127,561 shares represent 1.35% of the total MTIP portfolio at market.

MPORS' 286,659 shares represent 3.03% of the total MTIP portfolio at market.

FURS' 287,200 shares represent 3.04% of the total MTIP portfolio at market.

VFCA's 30,439 shares represent 0.32% of the total MTIP portfolio at market.

Shares/Par	MPEP Portfolio By Manager	Fair Value
144,143,162	Adams Street	\$ 136,105,933
63,672,507	Lexington	74,220,575
45,983,943	Portfolio Advisors	58,841,016
33,934,651	Harbour Vest	45,122,901
43,504,234	First Reserve	45,013,597
37,139,303	Welsh Carson	44,014,811
36,948,300	Madison Dearborn	40,023,852
23,264,340	Odyssey Investments	36,576,508
27,758,245	Carlyle	35,296,550
20,907,445	Centerbridge	29,822,454

PERS' 2,219,056 shares represent 50.30% of the total MPEP portfolio at market.

JRS' 37,487 shares represent 0.85% of the total MPEP portfolio at market.

HPORS' 56,548 shares represent 1.28% of the total MPEP portfolio at market.

SRS' 125,421 shares represent 2.84% of the total MPEP portfolio at market.

GWPORS' 59,601 shares represent 1.35% of the total MPEP portfolio at market.

MPORS' 133,608 shares represent 3.03% of the total MPEP portfolio at market.

FURS' 134,095 shares represent 3.04% of the total MPEP portfolio at market.

VFCA's 14,212 shares represent 0.32% of the total MPEP 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, 2013

Shares/Par	MTRP Portfolio By Manager	Fair Value
60,445	JP Morgan	\$ 103,958,041
7,373	UBS Realty Investors LLC	60,445,894
41,350,000	Molpus Woodlands Group	40,998,070
42,127,823	Angelo Gordon	39,421,657
309	Invesco Real Estate	36,186,316
38,932,004	TA Associates Realty	34,132,336
36,005	Clarion Lion Properties	34,034,219
29,491,000	DRA Advisors	29,865,523
20,212,386	CIM Fund	25,372,244
23,618,168	ABR Chesapeake	23,887,385

PERS' 4,651,176 shares represent 50.32% of the total MTRP portfolio at market.

JRS' 78,562 shares represent 0.85% of the total MTRP portfolio at market.

HPORS' 118,668 shares represent 1.28% of the total MTRP portfolio at market.

SRS' 263,165 shares represent 2.85% of the total MTRP portfolio at market.

GWPORS' 125,405 shares represent 1.36% of the total MTRP portfolio at market.

MPORS' 280,153 shares represent 3.03% of the total MTRP portfolio at market.

FURS' 281,218 shares represent 3.04% of the total MTRP portfolio at market.

VFCA's 29,465 shares represent 0.32% of the total MTRP portfolio at market.

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INVESTMENT SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Investment Summary

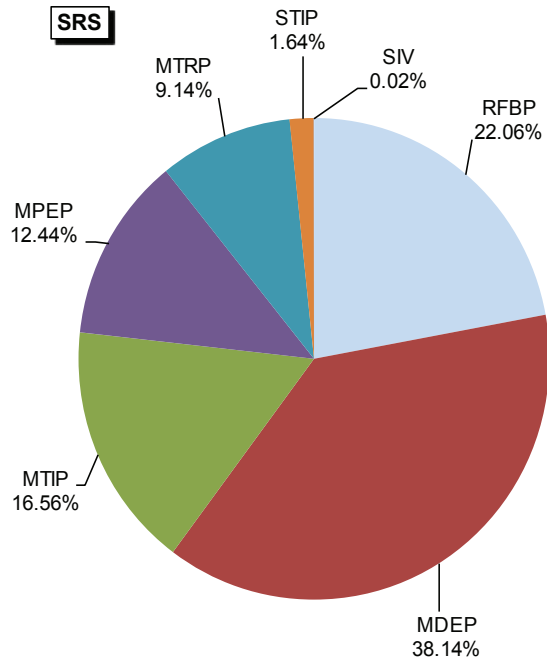
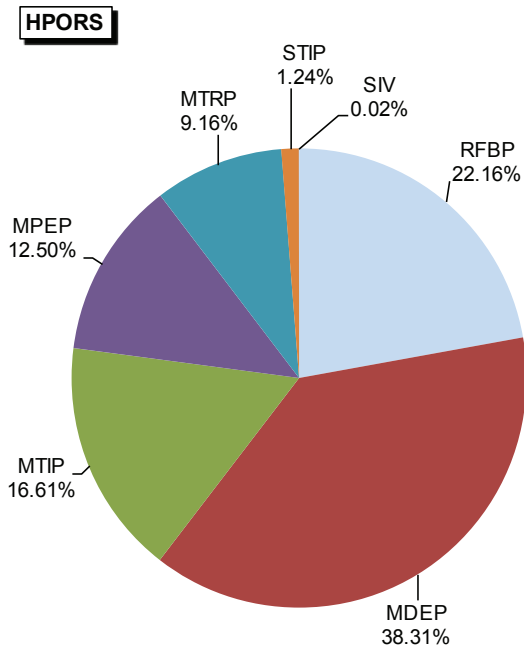
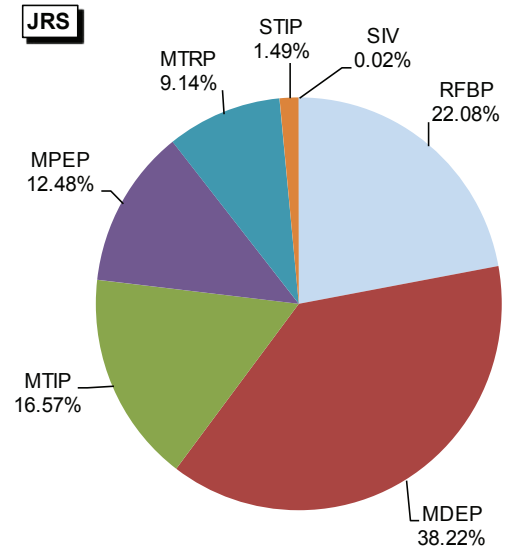
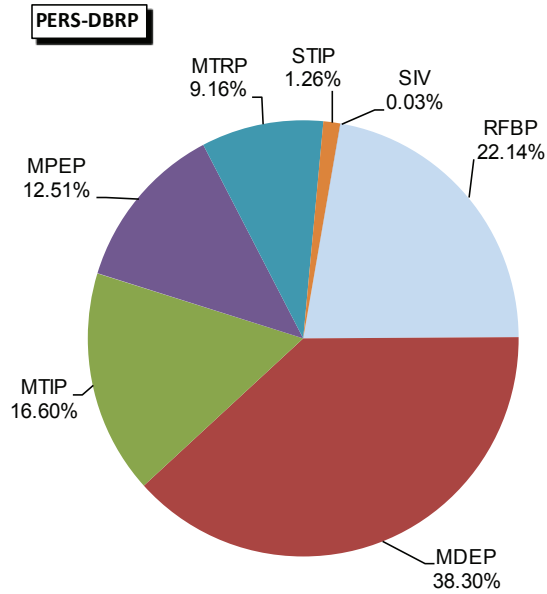
as of June 30, 2013

(in thousands)

Type of Investment	PERS-DBRP		JRS		HPORS		SRS	
	% of Total		% of Total		% of Total		% of Total	
	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value
<i>Fixed Income</i>								
Retirement Funds Bond Pool	\$ 950,298	22.14%	\$ 16,034	22.08%	\$ 24,239	22.16%	\$ 53,724	22.06%
<i>Equities</i>								
Montana Domestic Equity Pool	1,643,009	38.30%	27,759	38.22%	41,883	38.31%	92,868	38.14%
Montana International Equity Pool	712,587	16.60%	12,036	16.57%	18,165	16.61%	40,321	16.56%
Montana Private Equity Pool	536,542	12.51%	9,064	12.48%	13,673	12.50%	30,325	12.44%
<i>Alternative Investments</i>								
Montana Real Estate Pool	393,155	9.16%	6,641	9.14%	10,031	9.16%	22,245	9.14%
Structured Investment Vehicles ¹	710	0.03%	14	0.02%	18	0.02%	52	0.02%
<i>Short Term Investments</i>								
Short Term Investment Pool ¹	54,005	1.26%	1,085	1.49%	1,355	1.24%	3,986	1.64%
Total	\$ 4,290,306	100.00%	\$ 72,633	100.00%	\$ 109,364	100.00%	\$ 243,521	100.00%

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

INVESTMENT SECTION



Retirement Funds Bond Pool - RFBP
 Montana Real Estate Pool - MTRP
 Montana Private Equity Pool - MPEP
 Structured Investment Vehicles - SIV

Montana Domestic Equity Pool - MDEP
 Montana International Equity Pool - MTIP
 Short Term Investment Pool - STIP

INVESTMENT SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Investment Summary

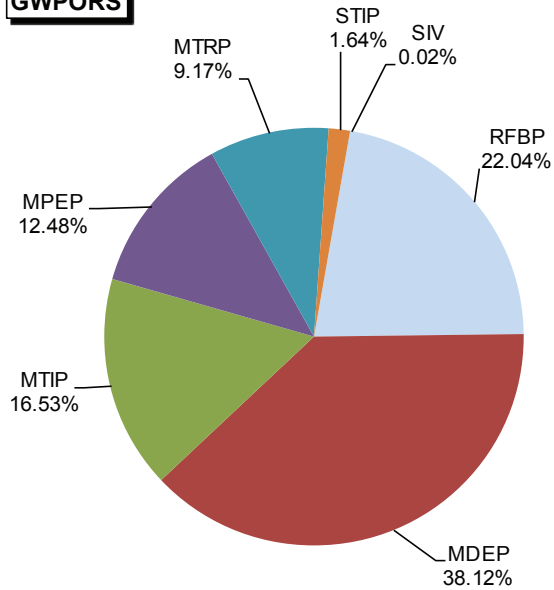
as of June 30, 2013

(in thousands)

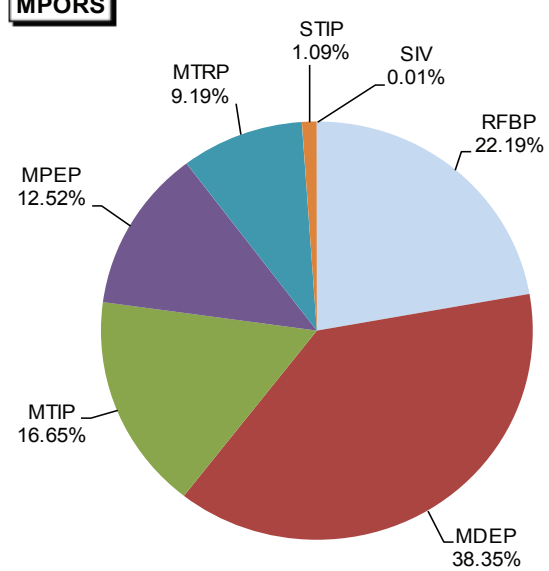
Type of Investment	GWPORS		MPORS		FURS		VFCA	
	% of Total		% of Total		% of Total		% of Total	
	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value
<i>Fixed Income</i>								
Retirement Funds Bond Pool	\$ 25,466	22.04%	\$ 57,237	22.19%	\$ 57,369	22.16%	\$ 6,092	20.86%
<i>Equities</i>								
Montana Domestic Equity Pool	44,058	38.12%	98,916	38.35%	99,213	38.32%	10,544	36.27%
Montana International Equity Pool	19,106	16.53%	42,936	16.65%	43,017	16.61%	4,559	15.68%
Montana Private Equity Pool	14,411	12.48%	32,305	12.52%	32,423	12.52%	3,436	11.82%
<i>Alternative Investments</i>								
Montana Real Estate Pool	10,600	9.17%	23,681	9.19%	23,771	9.18%	2,491	8.57%
Structured Investment Vehicles	25	0.02%	37	0.01%	40	0.02%	26	0.09%
<i>Short Term Investments</i>								
Short Term Investment Pool	1,896	1.64%	2,819	1.09%	3,077	1.19%	1,949	6.71%
Total	\$ 115,562	100.00%	\$ 257,931	100.00%	\$ 258,910	100.00%	\$ 29,097	100.00%

INVESTMENT SECTION

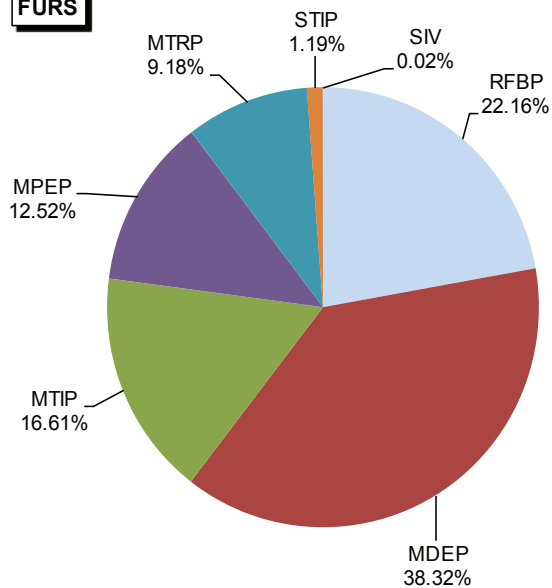
GWPORS



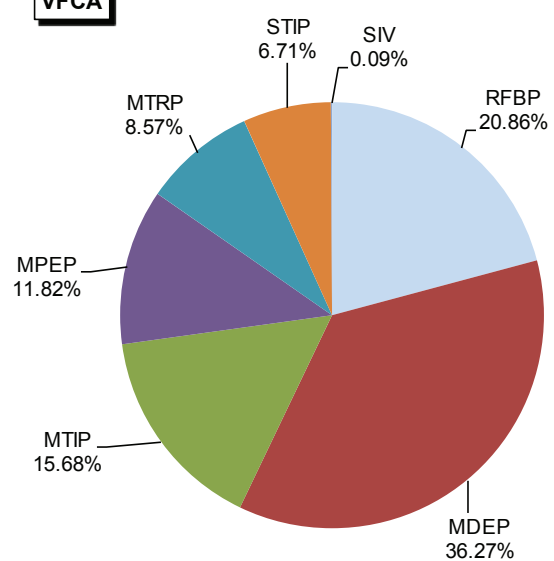
MPORS



FURS



VFCA



Retirement Funds Bond Pool - RFBP
 Montana Real Estate Pool - MTRP
 Montana Private Equity Pool - MPEP
 Structured Investment Vehicles - SIV

Montana Domestic Equity Pool - MDEP
 Montana International Equity Pool - MTIP
 Short Term Investment Pool - STIP

INVESTMENT SECTION

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Photo courtesy of Bill Hallinan

*Whose woods these are I think I know.
His house is in the village though;
He will not see me stopping here
To watch his woods fill up with snow.*

Robert Frost "Stopping by Woods on a Snowy Evening"



Photo courtesy of Bill Hallinan



Photo courtesy of Roxanne Minnehan



December 1, 2013

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, 2013 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 four Systems. The amortization periods are shown below.

• Public Employees' Retirement System (PERS)	14.5 years
• Highway Patrol Officers' Retirement System (HPORS)	44.6 years
• Municipal Police Officers' Retirement System (MPORS)	23.8 years
• Firefighters' Unified Retirement System (FURS)	13.9 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 11.6, 39.0, 22.2, and 12.8 years respectively.

For two 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.

- Sheriffs' Retirement System (SRS)
- Game Wardens' and Peace Officers' Retirement System (GWPORS)

Based on the assumed level of future revenue, the Unfunded Actuarial Liability for the Volunteer Firefighters' Compensation Act (VFCA) is expected to be amortized over 8.5 years using the Actuarial Value of Assets, and over 7.6 years using Market Value of Assets. The Judges' Retirement System (JRS) had an Actuarial Surplus as of June 30, 2013.



ACTUARIAL SECTION

Public Employees' Retirement Board

December 1, 2013

Page 2

The changes in funded status for each System are shown below based on the Actuarial Value of Assets:

	<u>2012</u>	<u>2013</u>
PERS	67%	80%
JRS	137%	143%
HPORS	58%	60%
SRS	74%	77%
GWORS	76%	80%
MPORS	55%	58%
FURS	62%	66%
VFCA	73%	75%

Due to investment gains over the period from June 30, 2010 and June 30, 2013, which are being recognized over four years, the Actuarial Value of Assets as of June 30, 2013 was less than the Market Value of Assets by about 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 when using the Actuarial Value of Assets.

For PERS, Montana Code Annotated as amended by House Bill 454 during the 2013 legislative session requires that the actuarial valuation determine the rate of the Guaranteed Annual Benefit Adjustment (GABA) at January 1, 2014, and whether certain temporary employer and member contributions can be discontinued at January 1, 2014. The following conclusions are based upon our valuation results as of June 30, 2013:

- The GABA at January 1, 2014 should be 1.0%.
- Temporary employer and member contributions cannot be discontinued at January 1, 2014.

Assumptions and Methods

These valuations are the fifth 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.

The actuarial assumptions reflect our understanding of the likely future experience of the Systems, and the assumptions as a whole represent our best estimate for the future experience of the Systems. The results of this report are dependent upon future experience conforming to these assumptions. To the extent that future experience deviates from the actuarial assumptions, the cost of the benefits would vary from our projections.



Public Employees' Retirement Board
December 1, 2013
Page 3

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 2013 valuations, we relied on information (some oral and some written) supplied by the staff of the Public Employee Retirement Administration. This information includes, but is not limited to, plan provisions, employee data, and financial information. We performed an informal examination of the obvious characteristics of the data for reasonableness and consistency in accordance with Actuarial Standard of Practice No. 23.

Supporting Schedules

Information presented in this Actuarial Section as of June 30, 2013, 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 the fiscal year ending June 30, 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 report and its contents 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 opinion contained in this report. This report does not address any contractual or legal issues. We are not attorneys and our firm does not provide any legal services or advice.

This letter was prepared exclusively for the Public Employees' Retirement Board for the purpose described herein. This letter is not intended to benefit any third party, and Cheiron assumes no duty or liability to any such party.

Sincerely,
Cheiron

/s/ Stephen T. McElhaney

Stephen T. McElhaney, FSA, FCA
Principal Consulting Actuary

/s/ Margaret Tempkin

Margaret Tempkin, FSA
Principal Consulting Actuary



ACTUARIAL SECTION

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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 2013 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 recommendations. The actuarial assumptions were approved by the PERB in May 2010 and were used in the fiscal year 2013 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 year's 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.

A limited economic experience study was performed during August 2013. This experience study looked at the following assumptions: inflation, investment rate of return, wage growth and interest on member contributions. The results of the study were presented to the PERB in September 2013. The PERB voted to maintain all economic assumptions as they were prior to the study. The FY2013 valuation used the unchanged economic assumptions.

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 AND 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

ACTUARIAL SECTION

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.

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 RETURNS

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 METHODS

The unfunded actuarial accrued liability is amortized as a level percentage of future payroll, except for VFCA which is amortized as level dollar amounts since there is no payroll.

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 assumptions 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	0.272%	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. No future mortality improvement is assumed. The sample mortality rates for the disabled retirees for all plans is presented in the following table.

Disabled Retirees Sample Mortality Rates		
<u>Age</u>	<u>Male</u>	<u>Female</u>
50	0.214%	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 JRS it is assumed that 10% of all disabilities are duty-related. For PERS and VFCA all disabilities are assumed to be duty related. For MPORS and FURS there is no distinction between duty and non-duty related disabilities. 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

ACTUARIAL SECTION

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 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 fifth 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, 2013, the market value of assets for **PERS-DBRP** was \$159 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 83% and the amortization period for the unfunded actuarial liability would be 11.6 years. Using the actuarial value of assets in the valuation, the funded ratio at June 30, 2013 is 80% and the amortization period for the unfunded actuarial liability is 14.5 years.

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), known as Montana University System Retirement Program (MUS-RP) effective July 1, 2013. The calculations show that the amortization of the PCR unfunded actuarial liability is 3.2 years, which is within the acceptable range.

At June 30, 2013, the market value of assets for **JRS** was \$2.5 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 148% 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, 2013 is 143% and the amortization period for the unfunded actuarial liability is still zero years since the plan is overfunded.

At June 30, 2013, the market value of assets for **HPORS** was \$4.0 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 63% and the amortization period for the unfunded actuarial liability would be 39.0 years. Using the actuarial value of assets in the valuation, the funded ratio at June 30, 2013 is 60% and the amortization period for the unfunded actuarial liability is 44.6 years.

At June 30, 2013, the market value of assets for **SRS** was \$8.6 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 80% 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, 2013 is 77% and the amortization period for the unfunded actuarial liability is infinite.

At June 30, 2013, the market value of assets for **GWPORS** was \$3.7 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 83% 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, 2013 is 80% and the amortization period is infinite.

At June 30, 2013, the market value of assets for **MPORS** was \$8.3 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 60% and the amortization period for the unfunded actuarial liability would be 22.2 years. Using the actuarial value of assets in the valuation, the funded ratio at June 30, 2013 is 58% and the amortization period is 23.8 years.

At June 30, 2013, the market value of assets for **FURS** was \$8.3 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 69% and the amortization period for the unfunded actuarial liability would be 12.8 years. Using the actuarial value of assets in the valuation, the funded ratio at June 30, 2013 is 66% and the amortization period for the unfunded actuarial liability is 13.9 years.

At June 30, 2013, 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 7.6 years with the annual required contribution being \$1.0 million. Using the actuarial value of assets in the valuation, the funded ratio at June 30, 2013 is 75% and the amortization period for the unfunded actuarial liability is 8.5 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 ² (c/a)	% Pay Increase
PERS-DBRP	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%
	June 30, 2012	28,548	538	1,081,288,177	37,876	1.32%
	June 30, 2013	28,401	540	1,103,999,865	38,872	2.63%
JRS	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%
	June 30, 2012	54	1	6,192,732	114,680	9.70%
	June 30, 2013	54	1	6,275,682	116,216	1.34%
HPORS	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%
	June 30, 2012	218	1	13,617,653	62,466	7.19%
	June 30, 2013	219	1	13,484,125	61,571	-1.43%
SRS	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%
	June 30, 2012	1,241	57	59,582,678	48,012	3.53%
	June 30, 2013	1,276	57	61,467,169	48,172	0.33%

¹Applicable only to the the PERS-DBRP, the annual covered payroll has been changed for FY2008 - FY2009 due to a database field that was of insufficient length. This also impacts the Average Annual Pay and % Pay Increase.

²Average Annual Pay is based on Covered Payroll. The actuary valuation average annual salary is based on Annual Payroll which is different than Covered Payroll.

The last actuarial valuation was performed as of June 30, 2013.

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System	Valuation Date	Number Members (a)	Nbr ERs (b)	Covered Payroll (c)	Average Annual Pay (c/a)	% Pay Increase
GWPORS	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%
	June 30, 2012	972	7	38,316,733	39,421	-2.13%
	June 30, 2013	971	7	39,471,105	40,650	3.12%
MPORS ³	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%
	June 30, 2012	701	31	41,744,760	59,550	5.91%
	June 30, 2013	698	31	42,795,697	61,312	2.96%
FURS	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%
	June 30, 2012	590	24	36,176,675	61,316	1.87%
	June 30, 2013	610	25	37,962,748	62,234	1.50%
VFCA	June 30, 2008	2,301				
	June 30, 2009	2,253				
	June 30, 2010	2,315				
	June 30, 2011	2,105				
	June 30, 2012	2,106				
	June 30, 2013	2,101				

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

³The number of members for MPORS does not include the DROP members.

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Public Employees' Retirement Board

A Component Unit of the State of Montana

Schedule of Active Member Composition

as of June 30, 2013

	PERS-DBRP	JRS	HPORS	SRS	GWPORS	MPORS ¹	FURS	VFCA ²	PERS-DCRP
Average Age	48.9	59.4	41.7	40.8	42.4	38.7	39.4	44.9	45.7
Average Service	9.8	10.3	11.0	7.2	7.5	8.9	10.5	9.6	6.6
Average Salary	\$ 39,366	\$ 115,041	\$ 60,288	\$ 49,040	\$ 41,304	\$ 57,850	\$ 62,891	N/A	\$ 42,813
Under Age 25									
Number Members	543		1	68	41	12	11	145	17
Average Salary	\$ 27,832		\$ 58,184	\$ 37,985	\$31,435	\$ 48,093	\$ 52,501	N/A	\$ 34,487
Ages 25-29									
Number Members	1,525		13	159	94	99	80	155	152
Average Salary	\$ 33,473		\$ 52,863	\$ 43,025	\$ 36,152	\$ 50,760	\$ 49,813	N/A	\$ 37,031
Ages 30-34									
Number Members	2,019		36	174	123	140	120	230	319
Average Salary	\$ 37,100		\$ 56,743	\$ 46,217	\$ 38,559	\$ 54,979	\$ 58,102	N/A	\$ 44,775
Ages 35-39									
Number Members	2,722	1	37	231	150	122	115	212	377
Average Salary	\$ 37,804	\$ 115,173	\$ 57,535	\$ 49,670	\$ 40,699	\$ 55,149	\$ 61,157	N/A	\$ 44,450
Ages 40-44									
Number Members	2,748		49	189	146	141	113	272	354
Average Salary	\$ 40,814		\$ 61,549	\$ 52,743	\$ 43,711	\$ 61,791	\$ 66,080	N/A	\$ 48,882
Ages 45-49									
Number Members	3,340	2	42	166	141	113	69	271	361
Average Salary	\$ 41,006	\$ 113,922	\$ 62,986	\$ 52,855	\$ 43,570	\$ 62,954	\$ 68,150	N/A	\$ 43,705
Ages 50-54									
Number Members	4,811	14	25	118	121	47	65	299	387
Average Salary	\$ 40,834	\$ 115,557	\$ 63,121	\$ 51,259	\$ 44,368	\$ 63,166	\$ 74,400	N/A	\$ 42,310
Ages 55-59									
Number Members	5,238	10	13	96	88	15	28	209	339
Average Salary	\$ 41,416	\$ 114,798	\$ 64,771	\$ 52,015	\$ 43,702	\$ 64,883	\$ 73,244	N/A	\$ 41,868
Ages 60-64									
Number Members	3,857	13	2	59	53	8	7	165	222
Average Salary	\$ 40,402	\$ 114,788	\$ 70,214	\$ 53,100	\$ 42,771	\$ 61,522	\$ 82,854	N/A	\$ 36,832
Ages 65-69									
Number Members	1,174	8	1	10	9	1	2	97	64
Average Salary	\$ 37,191	\$ 115,955	\$ 64,406	\$ 44,319	\$ 40,679	\$ 91,120	\$ 79,751	N/A	\$ 34,397
Age 70 & Over									
Number Members	424	6		6	5			46	15
Average Salary	\$ 28,462	\$ 113,922		\$ 45,886	\$ 39,735			N/A	\$ 22,102

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

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

The information in this schedule is provided by the PERB's actuary, Cheiron.

The last actuarial valuation was performed as of June 30, 2013.

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Public Employees' Retirement Board

A Component Unit of the State of Montana

Schedule of Retiree Member Composition

as of June 30, 2013

	PERS-DBRP	JRS	HPORS	SRS	GWPORS	MPORS	FURS	VFCA
Total Count	18,868	62	285	447	170	661	558	1,285
Average Age	72.0	74.9	69.5	64.6	67.9	66.3	68.4	70.4
Average Age at Retirement	59.4	62.1	49.2	53.3	56.1	47.6	50.6	59.5
Average Service at Retirement	19.9	16.3	24.1	19.8	20.2	19.6	24.3	18.7
Average Annual Benefit	\$ 14,596	\$ 44,273	\$ 29,221	\$ 24,328	\$ 20,778	\$ 26,928	\$ 31,416	\$ 1,739

Under Age 45

Number Members	44		3	2		5	1	
Average Annual Benefit	\$ 5,536		\$ 29,055	\$ 34,121		\$ 23,798	\$ 37,188	

Ages 45-49

Number Members	26		12	9		25	7	
Average Annual Benefit	\$ 12,998		\$ 33,879	\$ 30,676		\$ 30,855	\$ 25,900	

Ages 50-54

Number Members	246		19	45	3	71	45	
Average Annual Benefit	\$ 19,368		\$ 30,820	\$ 25,896	\$ 38,010	\$ 25,946	\$ 29,300	

Ages 55-59

Number Members	942	1	17	73	33	85	75	108
Average Annual Benefit	\$ 21,377	\$ 15,347	\$ 34,155	\$ 27,593	\$ 23,079	\$ 26,609	\$ 34,359	\$ 2,158

Ages 60-64

Number Members	3,042	8	37	117	33	130	92	259
Average Annual Benefit	\$ 18,760	\$ 49,214	\$ 32,360	\$ 25,391	\$ 16,376	\$ 28,588	\$ 38,442	\$ 1,778

Ages 65-69

Number Members	4,196	16	49	91	42	116	94	277
Average Annual Benefit	\$ 16,554	\$ 43,490	\$ 33,231	\$ 24,733	\$ 19,547	\$ 30,739	\$ 38,654	\$ 1,736

Ages 70-74

Number Members	3,530	7	50	43	20	61	81	249
Average Annual Benefit	\$ 13,842	\$ 53,506	\$ 29,437	\$ 25,759	\$ 20,377	\$ 25,166	\$ 31,654	\$ 1,674

Ages 75-79

Number Members	2,588	6	45	32	16	67	69	187
Average Annual Benefit	\$ 12,162	\$ 53,830	\$ 25,865	\$ 16,514	\$ 25,447	\$ 23,563	\$ 23,502	\$ 1,641

Ages 80 & Over

Number Members	4,254	24	53	35	23	101	94	205
Average Annual Benefit	\$ 10,118	\$ 39,271	\$ 22,767	\$ 13,796	\$ 20,891	\$ 23,851	\$ 21,921	\$ 1,643

The information in this schedule is provided by the PERB's actuary, Cheiron.

The last actuarial valuation was performed as of June 30, 2013.

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Public Employees' Retirement Board

A Component Unit of the State of Montana

Schedule of Beneficiary Member Composition

as of June 30, 2013

	PERS-DBRP	JRS	HPORS	SRS	GWPORS	MPORS	FURS	VFCA ¹
Total Count	398	3	16	20	8	29	21	
Average Age	63	73	47	60	55	64	70	
Average Service at Retirement	19	11	11	16	11	12	16	
Average Annual Benefit	\$ 10,640	\$ 36,709	\$ 15,148	\$ 17,993	\$ 7,498	\$ 22,929	\$ 23,022	
Under Age 45								
Number Members	55		8	4	2	2	3	
Average Annual Benefit	\$ 7,065		\$ 11,372	\$ 9,780	\$ 9,026	\$ 20,593	\$ 24,912	
Ages 45-49								
Number Members	16		1		1	2		
Average Annual Benefit	\$ 9,254		\$ 5,625		\$ 3,117	\$ 25,545		
Ages 50-54								
Number Members	24		2	3		2	2	
Average Annual Benefit	\$ 7,071		\$ 13,953	\$ 29,335		\$ 21,967	\$ 19,094	
Ages 55-59								
Number Members	33	1		3		5	1	
Average Annual Benefit	\$ 9,225	\$ 57,424		\$ 26,267		\$ 23,329	\$ 23,304	
Ages 60-64								
Number Members	58		2	3	2	2	1	
Average Annual Benefit	\$ 12,249		\$ 10,387	\$ 10,161	\$ 6,335	\$ 21,126	\$ 28,369	
Ages 65-69								
Number Members	63		2	3	2	7	3	
Average Annual Benefit	\$ 11,047		\$ 37,223	\$ 28,644	\$ 7,490	\$ 24,792	\$ 28,437	
Ages 70-74								
Number Members	51			1		1		
Average Annual Benefit	\$ 10,862			\$ 7,460		\$ 34,693		
Ages 75-79								
Number Members	40					4	5	
Average Annual Benefit	\$ 13,378					\$ 21,323	\$ 20,106	
Ages 80 & Over								
Number Members	58	2	1	3	1	4	6	
Average Annual Benefit	\$ 12,570	\$ 26,352	\$ 22,646	\$ 14,854	\$ 11,164	\$ 19,077	\$ 22,170	

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 information in this schedule was provided by the PERB's actuary, Cheiron.

The last actuarial valuation was performed as of June 30, 2013.

Public Employees' Retirement Board

A Component Unit of the State of Montana

Schedule of Disabled Member Composition

as of June 30, 2013

	PERS-DBRP	JRS	HPORS	SRS	GWPORS	MPORS	FURS	VFCA ¹
Total Count	185		9	36	2	20	8	
Average Age	55.3		44.1	52.6	46.5	45.0	45.4	
Average Age at Disablement	47.1		35.6	44.3	45.0	38.7	41.4	
Average Service at Retirement	14.7		7.8	9.7	8.0	8.5	7.0	
Average Annual Benefit	\$ 10,105		\$ 23,552	\$ 22,123	\$ 7,077	\$ 24,429	\$ 27,482	
Under Age 45								
Number Members	3		5	4	1	10	3	
Average Annual Benefit	\$ 8,688		\$ 25,552	\$ 29,403	\$ 4,904	\$ 25,280	\$ 27,720	
Ages 45-49								
Number Members	16		4	6	1	8	4	
Average Annual Benefit	\$ 9,947		\$ 21,052	\$ 23,438	\$ 9,251	\$ 26,076	\$ 29,803	
Ages 50-54								
Number Members	47			10		2		
Average Annual Benefit	\$ 10,383			\$ 21,377		\$ 12,734		
Ages 55-59								
Number Members	101			14				
Average Annual Benefit	\$ 10,178			\$ 20,603				
Ages 60-64								
Number Members	18			2			1	
Average Annual Benefit	\$ 9,301			\$ 17,999			\$ 17,484	
Ages 65-69								
Number Members								
Average Annual Benefit								
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 at time of the injury on roster for current fiscal year.

This schedule reflects members currently in a disabled status. Does not include disabilities that have reached normal retirement age.

This information in this schedule is provided by the PERB's actuary, Cheiron.

The last actuarial valuation was performed as of June 30, 2013.

ACTUARIAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Schedule of Retirees 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, 2008	1,009	\$ 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%
June 30, 2012	1,220	16,262,411	605	4,117,597	18,738	252,762,398	13,177	-3.29%
June 30, 2013	1,261	16,288,261	548	4,058,927	19,451	274,021,249	15,574	18.19%
JRS								
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%
June 30, 2012		94,034	2	36,651	56	2,344,170	42,733	3.57%
June 30, 2013	10	251,141	1	19,919	65	2,552,787	47,131	10.29%
HPORS								
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%
June 30, 2012	5	197,432	2	18,356	305	8,223,433	26,349	-0.98%
June 30, 2013	12	401,650	7	58,709	310	8,708,925	30,394	15.35%
SRS								
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%
June 30, 2012	32	599,749	4	20,148	469	10,379,424	21,628	-5.97%
June 30, 2013	38	723,040	4	44,835	503	11,582,729	24,931	15.27%

¹ These amounts are based on annual benefit totals.

² Includes death benefit payments for active members.

³ Based on June monthly benefit totals.

⁴ For MPORS, End of Year does not include DROP.

The last actuarial valuation was performed as of June 30, 2013.

ACTUARIAL SECTION

Year Ended	Added		Removed		End of Year ⁴	Benefits ²	Average Annual Benefit ³	% Benefit Increase
	No.	Annual Benefits ¹	No.	Annual Benefits ¹				
GWPORS								
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%
June 30, 2012	19	235,722	1	22,860	163	3,202,597	18,652	-11.04%
June 30, 2013	22	233,226	5	90,813	180	3,575,042	21,938	17.62%
MPORS								
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%
June 30, 2012	17	515,137	10	98,603	683	17,354,933	25,533	-1.02%
June 30, 2013	40	883,350	13	153,027	710	18,462,730	27,601	8.10%
FURS								
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%
June 30, 2012	21	696,096	2	9,065	571	16,519,146	28,563	-3.33%
June 30, 2013	25	620,602	9	55,278	587	17,670,032	32,112	12.43%
VFCA								
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%
June 30, 2012	87	104,535	28	19,440	1,242	2,046,233	1,574	-4.75%
June 30, 2013	75	129,518	32	24,135	1,285	2,819,162	1,748	11.10%

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	Retirees and Beneficiaries	Active Members (ER Financed Portion)				
PERS-DBRP	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
	06/30/12	837,663	2,958,076	1,865,543	3,816,920	100	100	1
	06/30/13	828,657	2,790,430	1,541,864	4,139,921	100	100	34
JRS	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
	06/30/12	5,575	24,631	15,985	63,195	100	100	206
	06/30/13	4,733	31,709	12,795	70,323	100	100	265
HPORS	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
	06/30/12	11,455	110,876	45,493	96,655	100	77	0
	06/30/13	11,339	117,914	46,341	105,736	100	80	0
SRS	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
	06/30/12	41,694	149,254	93,612	211,535	100	100	22
	06/30/13	43,007	164,339	96,838	235,310	100	100	29

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, 2013.

ACTUARIAL SECTION

		Aggregate Accrued Liabilities for							
		1	2	3					
		Active	Retirees	Active	Actuarial	Portion of Accrued			
		Member	and	Members	Value of	Liabilities Covered			
		Accounts	Beneficiaries	(ER Financed	Assets	by Reported Asset			
System	Valuation Date			Portion)		1	2	3	
GWPORS	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	
	06/30/12	29,975	39,856	59,095	97,691	100	100	47	
	06/30/13	31,918	43,498	64,569	112,100	100	100	57	
MPORS	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	
	06/30/12	34,687	248,260	144,310	234,025	100	80	0	
	06/30/13	34,778	267,540	147,725	262,678	100	85	0	
FURS	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	
	06/30/12	34,790	235,553	106,868	233,121	100	84	0	
	06/30/13	36,441	248,723	111,606	263,483	100	91	0	
VFCA	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	
	06/30/12		17,465	18,681	26,531	N/A	100	49	
	06/30/13		18,612	19,218	28,294	N/A	100	50	

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	\$(155,958)	\$ (2,427)	\$ (3,921)	\$ (8,062)
Liability (Gain) or Losses:				
Salary (Gain) or Loss	(32,966)	(561)	(3,127)	(3,084)
New Participant (Gain) or Loss	12,679	32	205	969
Other (Gain) or Loss	<u>3,527</u>	<u>1,204</u>	<u>1,274</u>	<u>1,472</u>
Total Actuarial (Gain) or Loss	\$(172,718)	\$ (1,752)	\$ (5,569)	\$ (8,705)
Plan Changes	(755,248)		2,179	
Total (Gain) or Loss				
Including Assumptions	<u>\$(927,966)</u>	<u>\$ (1,752)</u>	<u>\$ (3,390)</u>	<u>\$ (8,705)</u>
	<u>GWPORS</u>	<u>MPORS</u>	<u>FURS</u>	<u>VFCA</u>
Investment (Gain) or Loss	\$ (3,364)	\$ (7,836)	\$ (7,762)	\$ (427)
Liability (Gain) or Losses:				
Salary (Gain) or Loss	(1,893)	(1,642)	(1,108)	
New Participant (Gain) or Loss	654	454	363	373
Rural Fire Districts (Gain) or Loss			1	
Other (Gain) or Loss	<u>(655)</u>	<u>734</u>	<u>(640)</u>	<u>1,239</u>
Total Actuarial (Gain) or Loss	\$ (5,258)	\$ (8,290)	\$ (9,146)	\$ 1,185
Plan Changes				
Total (Gain) or Loss				
Including Assumptions	<u>\$ (5,258)</u>	<u>\$ (8,290)</u>	<u>\$ (9,146)</u>	<u>\$ 1,185</u>

The last actuarial valuation was performed as of June 30, 2013.

Public Employees' Retirement Board

A Component Unit of the State of Montana

Summary of Defined Benefit Retirement Plans' Provisions as of June 30, 2013

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

For members hired prior to July 1, 2011, members contribute 6.9% of their compensation. Interest is credited at rates determined by the Board.

For members hired on or after July 1, 2011, members contribute 7.9% 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, which was 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 was 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 plan'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)

For members hired prior to July 1, 2011: 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.

For members hired on or after July 1, 2011: Highest Average Compensation is the average of the highest 60 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. Compensation is specifically defined in law for PERS.

SERVICE RETIREMENT

Eligibility: **For members hired prior to July 1, 2011:**

- (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.

For members hired on or after July 1, 2011:

- (i) age 65 with 5 years of membership service; or
- (ii) age 70 regardless of service.

Benefit: **For members hired prior to July 1, 2011:**

- (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 and interest plus the actuarial equivalent of any additional contributions plus interest.
- (ii) If 25 years of membership service or more, the greater of:
 - (a) 2% of HAC multiplied by years of service credit; or
 - (b) calculation in (i)(b) above.

For members hired on or after July 1, 2011:

- (i) If less than 10 years of membership service, the greater of :
 - (a) 1.5% of highest average compensation multiplied by years of service credit; or

- (b) the actuarial equivalent of double the member's regular contributions and interest plus the actuarial equivalent of any additional contributions plus interest.
- (ii) If between 10 and 30 years of membership service, the greater of:
 - (a) $\frac{1}{56}$ of highest average compensation multiplied by years of service credit; or
 - (b) calculation in (i)(b) above.
- (iii) If 30 years of membership service or more, the greater of:
 - (a) 2% of highest average compensation multiplied by years of service credit; or
 - (b) calculation in (i)(b) above.

EARLY RETIREMENT

Eligibility: **For members hired prior to July 1, 2011:**

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

For members hired on or after July 1, 2011:

- (i) age 55 with 5 years of membership service.

Benefit: **For members hired prior to July 1, 2011 and**

- (i) who retire prior to October 1, 2011
The actuarial equivalent of the accrued portion of the service retirement benefit that would have been payable to the member commencing at age 60 or upon completion of 30 years of membership service with the exception that the benefit must be reduced by a factor resulting from multiplying 0.5% (for first five years from service retirement eligibility) and by 0.3% (for six to 10 years from service retirement eligibility) by the number of months by which the retirement date precedes the date at which the member would have attained age 60 or completed 30 years of membership service.

- (ii) who retire on or after October 1, 2011
The actuarial equivalent of the accrued portion of the service retirement benefit that would have been payable to the member commencing at age 60 or upon completion of 30 years of membership service with the exception that the benefit must be reduced using actuarially equivalent factors based on the most recent valuation.

For members hired on or after July 1, 2011:
The actuarial equivalent of the accrued portion of the service retirement benefit that would have been payable to the member commencing at age 65 with the exception that the benefit must be reduced using actuarially equivalent factors based on the most recent valuation.

ACTUARIAL SECTION

PERS-DBRP (continued)

DISABILITY BENEFIT

Eligibility: Five years of membership service.

Benefit: If hired on or before February 24, 1991 and did not make an election, the greater of (a) or (b):

(a) 90% of 1/56 of highest average compensation multiplied by service credit, or

(b) 25% of HAC.

If hired after February 24, 1991 and prior to July 1, 2011:

(a) Less than 25 years of membership service: 1/56 of HAC multiplied by service credit, or

(b) At least 25 years of membership service: 2% of HAC multiplied by service credit, or

If hired on or after July 1, 2011:

(a) If less than 10 years of membership service: 1.5% of HAC multiplied by years of service credit.

(b) If between 10 and 30 years of membership service: 1/56 of HAC multiplied by years of service credit.

(c) If 30 years of membership service or more: 2% of HAC multiplied by years of service credit.

SURVIVOR'S BENEFIT

Eligibility: Member's status at the time of death:

(i) active;

(ii) receiving disability benefit for less than six months;

(iii) continuously disabled without receiving a disability benefit; or

(iv) inactive

Death Payment 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 until benefit paid. However, the survivor of an inactive member who was inactive for more than six months will receive only accumulated contributions and interest from the date of death until payment.

A survivor may elect to receive the payment as a non-increasing annuity that is the actuarial equivalent of the amount of benefit the member would have received.

ACTUARIAL SECTION

Survivor Benefit: **For members hired prior to July 1, 2011**, the survivorship benefit payable to an active vested member's survivor is the actuarial equivalent of the member's accrued retirement benefit at the time of death or, if the member dies prior to age 50 or 25 years of membership service, the actuarial equivalent of the accrued portion of the early retirement benefit that would have been paid to the member at age 50.

For members hired on or after July 1, 2011, the survivorship benefit payable to an active vested member's survivor is the actuarial equivalent of the member's accrued retirement benefit at the time of death, or if the member dies prior to age 55, the actuarial equivalent of the accrued portion of the early retirement benefit that would have been paid to the member at age 55.

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 age 60 (or 65 if hired on or after July 1, 2011). 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 either not eligible for other benefits or chooses a lump sum withdrawal.

Benefit: Accumulated employee contributions. Upon receipt of a refund of contributions a member's vested right to a monthly benefit is forfeited.

FORM OF PAYMENT

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

Optional benefits

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

ACTUARIAL SECTION

PERS-DBRP (continued)

If a retiring member selects Option 2 or 3 and the designated beneficiary predeceases or is divorced from the member, the benefit may revert to the higher Option 1 benefit available at retirement or the retiree may select a different beneficiary and/or a different option if the retiree provides notification within 18 months of the death or divorce.

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

Working Retirees - House Bill 95, effective July 1, 2013:

- ◆ Requires **only employer** contributions on working retiree compensation in PERS. Member contributions are not required.
- ◆ Working retiree limitations are not impacted. PERS working retirees may still work up to 960 hours a year without impacting their benefits.

Highest Average Compensation (HAC) Cap - House Bill 97, effective July 1, 2013:

- ◆ For **members hired on or after July 1, 2013**, establishes 110% cap on compensation considered as part of a member's highest or final average compensation with the excess compensation, if any, divided by the member's total months of service credit and added to the compensation for each month considered part of the member's highest or final average compensation.
- ◆ **Bonuses paid on or after July 1, 2013 to any member** will **not** be treated as compensation for retirement purposes. Employer and employee contributions must **not** be paid on bonuses.

General Revisions - House Bill 105, effective July 1, 2013:

- ◆ Requires that a **retired** PERS employee working as an **independent contractor** in a PERS - covered position be subject to working retiree limitations.

PERS Funding Bill - House Bill 454, varying dates:

PERS - covered employee contributions temporarily increased:

- ◆ **All** members will contribute **7.9%** of compensation starting on **July 1, 2013**. This is an **increase of 1%** for members **hired prior to July 1, 2011**.

ACTUARIAL SECTION

- ◆ Member contributions will be decreased to 6.9% on **January 1** following actuary valuation results showing the amortization period has dropped below 25 years and remains below 25 years following the termination of both the employer and member additional contribution rates.

PERS - covered employer contributions temporarily increased:

- ◆ Employer contributions for all members will increase 1% on **July 1, 2013**.
- ◆ Beginning **July 1, 2014**, employer contributions will increase 0.1% a year over 10 years, through FY 2024.
- ◆ The employer additional contributions including the 0.27% added in 2007 and 2009, terminate on **January 1** following the actuary valuation results showing the amortization period has dropped below 25 years and would remain below 25 years following the termination of both the employer and member additional contribution rates.

*GABA revised for **all PERS** members:*

Including current and future retirees regardless when they retired or the date they will retire in the future.

- ◆ GABA is a maximum of 1.5% for all current and future retirees for each year PERS is funded at or above 90%.
- ◆ The 1.5% GABA is reduced 0.1% for each 2% PERS is funded below 90%.
- ◆ GABA is 0% for all current and future retirees whenever PERS's amortization period is 40 years or more.

PERS-DCRP allocation of Employer contribution increases:

- ◆ The 1% increase in employer contributions is allocated to the Defined Benefit Retirement Plan Unfunded Actuarial Liability.
 - ◆ The 0.1% annual additional increases, beginning **July 1, 2014**, are allocated first to the DCRP Plan Choice Rate, and then the DCRP long-term disability fund.
-

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, the chief water judge and the associate water judge (effective July 1, 2011).

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 employee 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.

SERVICE RETIREMENT

Eligibility: Age 60 with 5 years of membership service.

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

DISABILITY BENEFIT

Eligibility: Five years of membership service for non-duty disability; any service for duty-related disability.

Benefit: For duty-related disability, the greater of 50% of current salary or 50% of 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 the member's service retirement benefit on the date of death.

A beneficiary may elect to receive the present value of the benefit as a single lump sum.

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

WITHDRAWAL OF EMPLOYEE CONTRIBUTIONS

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

Benefit: Accumulated employee contributions. Upon receipt of a refund of contributions a member's vested right to a monthly benefit is forfeited.

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 life annuity and joint 100% survivor benefit,
(ii) Option 3, a life annuity and joint 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 or is divorced from the member, the benefit may revert to the higher Option 1 benefit available at retirement or the retiree may select a different beneficiary and/or a different option within 18 months of the death or divorce.

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

Highest Average Compensation (HAC) Cap - House Bill 97, effective July 1, 2013:

- ◆ For **members hired on or after July 1, 2013**, establishes 110% cap on compensation considered as part of a members highest or final average compensation, with the excess compensation, if any, divided by the member's total months of service credit and added to the compensation for each month considered part of the member's highest or final average compensation.
- ◆ **Bonuses paid on or after July 1, 2013 to any member** will **not** be treated as compensation for retirement purposes. Employer and member contributions will **no** longer be paid on bonuses.

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ACTUARIAL SECTION

Highway Patrol Officers' Retirement System

MEMBERSHIP

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

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.

SERVICE RETIREMENT

Eligibility: 20 years of membership service.

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

Early Retirement

Eligibility: Any age 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 present value of the benefit as a single lump sum.

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.

ACTUARIAL SECTION

Highway Patrol Officers' Retirement System (continued)

VESTING

Eligibility: Five years of membership service.

Benefit: Accrued 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 employee contributions. Upon receipt of a refund of contributions a member's vested right to a monthly benefit is forfeited.

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 or 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 officer 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.

CHANGES SINCE LAST VALUATION

Highest Average Compensation (HAC) Cap - House Bill 97, effective July 1, 2013:

- ◆ For **members hired on or after July 1, 2013**, establishes 110% annual cap on compensation considered as part of a members highest or final average compensation, with the excess compensation, if any, divided by the member's total months of service credit and added to the compensation for each month considered part of the member's highest or final average compensation.
- ◆ **Bonuses paid on or after July 1, 2013 to any member** will **not** be treated as compensation for retirement purposes. Employer and employee contributions will **no** longer be paid on bonuses.

Revisions to address funding concerns - House Bill 336, effective July 1, 2013:

All HPORS members regardless of hire date:

- ◆ State employer contributions increase from 36.33% to 38.33%.
- ◆ Member contributions increase 1% annually for four years commencing in fiscal year 2014, and
- ◆ Benefit multiplier increases from 2.5% to 2.6%.

HPORS members hired on or after July 1, 2013:

- ◆ GABA is reduced from 3.0% to 1.5%.
 - ◆ GABA waiting period is increased from 1 year to 3 years.
 - ◆ The vesting period is increased from 5 years to 10 years.
-

ACTUARIAL SECTION

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 2009 of 0.58% 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 SERVICE

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)

For members hired prior to July 1, 2011: The 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.

ACTUARIAL SECTION

For members hired on or after July 1, 2011: The Highest Average Compensation (HAC) is the average of the highest 60 consecutive months (or shorter period of total service) of compensation paid to the member. Compensation is specifically defined in law for SRS.

SERVICE RETIREMENT

Eligibility: 20 years of membership service.

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

EARLY RETIREMENT

Eligibility: Age 50 with five years of membership service.

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

DISABILITY RETIREMENT

Eligibility: Five years of membership service for non-duty disability; any membership service for duty-related 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 non-duty-related disability, the actuarial equivalent of the accrued normal retirement benefit available at the time of disability.

SURVIVOR'S BENEFIT

Eligibility: Active or retired member.

Benefit: For duty-related deaths:

- (i) lump-sum payment of the member's accumulated contributions; or
- (ii) a monthly survivor benefit to the designated beneficiary equal to the greater of:
 - (a) 50% of HAC; or
 - (b) 2.5% of HAC for each year of service credit actuarially reduced from age 60 or from the date when 20 years of membership service would have been completed, whichever provides the greater benefit.

ACTUARIAL SECTION

Sheriffs' Retirement System (continued)

Benefit For non-duty-related deaths before retirement:
(continued): (i) lump-sum payment of the member's accumulated contributions, or
(ii) a monthly survivor benefit equal to 2.5% of HAC for each year of service credit actuarially reduced from age 60 or from the date when 20 years of membership service would have been completed, whichever provides the greater benefit.

A beneficiary may elect to receive the present value of the benefit as a single lump sum.

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

VESTING

Eligibility: Five years of membership service.

Benefit: Accrued 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. Upon receipt of a refund of contributions a member's vested right to a monthly benefit is forfeited.

FORM OF PAYMENT

The normal form of payment is a life annuity (Option 1).

Optional benefits: (i) Option 2, a life annuity and joint 100% survivor benefit,
(ii) Option 3, a life annuity and joint 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 or is divorced from the member, the benefit may revert to the higher Option 1 benefit available at retirement or the retiree may select a different beneficiary and/or a different option within 18 months of the death or divorce.

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

Working Retirees - House Bill 95, effective July 1, 2013:

- ◆ Requires **employer** contributions on working retiree compensation. Member contributions are not required.
- ◆ Working retiree limitations are not impacted. SRS working retirees may still work up to 480 hours a year.

Highest Average Compensation (HAC) Cap - House Bill 97, effective July 1, 2013:

- ◆ For **members hired on or after July 1, 2013**, establishes 110% annual cap on compensation considered as part of a member's highest or final average compensation, with the excess compensation, if any, divided by the member's total months of service credit and added to the compensation for each month considered part of the member's highest or final average compensation.
- ◆ **Bonuses paid on or after July 1, 2013 to any member** will **not** be treated as compensation for retirement purposes. Employer and member contributions will **no longer** be paid on bonuses.

General Revision - House Bill 105, effective July 1, 2013:

- ◆ Under the survivorship benefit, the actuarial reduction age has been changed to age 60 instead of age 65.
-

ACTUARIAL SECTION

Game Wardens' and Peace Officers' Retirement System

MEMBERSHIP

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

CONTRIBUTIONS

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

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

Employers contribute 9.0% of each member’s compensation.

SERVICE CREDIT

Service 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)

For members hired prior to July 1, 2011: The 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.

For new members hired on or after July 1, 2011: The Highest Average Compensation (HAC) is the average of the highest 60 consecutive months (or shorter period of total service) of compensation paid to the member. Compensation is specifically defined in law for GWPORS.

SERVICE RETIREMENT

Eligibility: Age 50 with 20 years of membership service.

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

EARLY RETIREMENT

Eligibility: Age 55 with 5 years of membership service.

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

DISABILITY RETIREMENT

Eligibility: Five years of membership service.

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 at the time of disability.

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 25 years or less of membership service: 50% of HAC, or
- (ii) If more than 25 years of membership service: 2% of HAC multiplied by years of service credit.

For non-duty-related deaths, a lump-sum refund of the member's accumulated contributions or actuarial equivalent of the service benefit.

A beneficiary may elect to receive the present value of the benefit as a single lump sum.

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

ACTUARIAL SECTION

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

VESTING

Eligibility: Five years of membership service.

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

WITHDRAWAL OF EMPLOYEE CONTRIBUTIONS

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

Benefit: Accumulated member contributions. Upon receipt of a refund of contributions a member's vested right to a monthly benefit is forfeited.

FORM OF PAYMENT

The normal form of payment is a life annuity (Option 1).

Optional benefits: (i) Option 2, a life annuity and joint 100% survivor benefit,
(ii) Option 3, a life annuity and joint 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 or is divorced from the member, the benefit may revert to the higher Option 1 benefit available at retirement or the retiree may select a different beneficiary and/or a different option within 18 months of the death or divorce.

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

Highest Average Compensation (HAC) Cap - House Bill 97, effective July 1, 2013:

- ◆ For **members hired on or after July 1, 2013**, establishes 110% annual cap on compensation considered as part of a member's highest or final average compensation with the excess compensation, if any, divided by the member's total months of service credit and added to the compensation for each month considered part of the member's highest or final average compensation.
 - ◆ **Bonuses paid on or after July 1, 2013 to any member** will **not** be treated as compensation for retirement purposes. Employer and member contributions will **no** longer be paid on bonuses.
-

ACTUARIAL SECTION

Municipal Police Officers' Retirement System

MEMBERSHIP

The Plan is a multiple-employer cost sharing plan that covers police officers of first- and second-class cities and others that adopt the plan 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.

FINAL AVERAGE COMPENSATION (FAC)

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 in law for MPORS.

SERVICE 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 Any active member.

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.

ACTUARIAL SECTION

Municipal Police Officers' Retirement System (continued)

WITHDRAWAL OF EMPLOYEE CONTRIBUTIONS

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

Benefit: Accumulated member contributions. Upon receipt of a refund of contributions, a member's vested right to a monthly benefit is forfeited.

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 or after July 1, 1997, or 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

Final Average Compensation (FAC) Cap - House Bill 97, effective July 1, 2013:

- ◆ For **members hired on or after July 1, 2013**, establishes 110% annual cap on compensation considered as part of a member's highest or final average compensation with the excess compensation, if any, divided by the member's total months of service credit and added to the compensation for each month considered part of the member's highest or final average compensation
- ◆ **Bonuses paid on or after July 1, 2013 to any member** will **not** be treated as compensation for retirement purposes. Employer and member contributions will **no** longer be paid on bonuses.

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 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:	<p>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.</p> <p>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.</p> <p>The benefit paid must include interest credited to the participant's account as follows:</p> <p>(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.</p> <p>(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.</p>
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%.

CHANGES IN DROP SINCE LAST VALUATION

None.

ACTUARIAL SECTION

Firefighters' Unified Retirement System

MEMBERSHIP

The Plan is a multiple-employer cost sharing plan that covers 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 is specifically defined in law for FURS.

For a part-time firefighter, compensation is calculated as 15% of the regular compensation of a newly confirmed full-time firefighter.

SERVICE 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 (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% of highest monthly compensation (HMC) multiplied by years of service credit, and
 - (b) If membership service 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 RETIREMENT

- 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 member.
- 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 at the date of death.

ACTUARIAL SECTION

Firefighters' Unified Retirement System (continued)

VESTING

Eligibility: Five years of membership service.

Benefit: Accrued 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 member contributions. Upon receipt of a refund of contributions, a member's vested right to a monthly benefit is forfeited.

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

Working Retirees - House Bill 95, effective July 1, 2013:

- ◆ Requires **employer** contributions on working retiree compensation in FURS. Member contributions are not required.
- ◆ Working retiree limitations are not impacted. FURS working retirees may still work up to 480 hours a year.

Highest Average Compensation (HAC) Cap - House Bill 97, effective July 1, 2013:

- ◆ For **members hired on or after July 1, 2013**, establishes 110% annual cap on compensation considered as part of a member's highest or final average compensation with the excess compensation, if any, divided by the member's total months of service credit and added to the compensation for each month considered part of the member's highest or final average compensation.
 - ◆ **Bonuses paid on or after July 1, 2013 to any member** will **not** be treated as compensation for retirement purposes. Employer and member contributions will **no** longer be paid on bonuses.
-

ACTUARIAL SECTION

Volunteer Firefighters' Compensation Act

MEMBERSHIP

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

CONTRIBUTIONS

There are no member contributions.

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

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.

For VFCA members retiring prior to July 1, 2011, maximum service is 30 years.

VFCA members retiring on or after July 1, 2011, will receive \$7.50 per month for each additional year of credited service after 30 years. *Only VFCA members retiring on or after July 1, 2011, qualify for this benefit.*

Benefit Reduction: A retiree's benefit will be capped at, or reduced to, \$255 a month (30 years of credited service) if at any time the amortization period becomes greater than 20 years.

DISABILITY RETIREMENT

Eligibility: Any current member on the fire companies' roster.

ACTUARIAL SECTION

Benefit: The greater of:
(i) \$75 per month, or
(ii) \$7.50 per month per year of credit for service (up to 30 years of service if retired prior to July 1, 2011).

SURVIVOR'S BENEFIT

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

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

CHANGES SINCE LAST VALUATION

None.

ACTUARIAL SECTION

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Photo courtesy of Bill Hallinan



Photo courtesy of Aaron Millis

*The mountain sat upon the plain
In his eternal chair,
His observation omnifold,
His inquest everywhere.
The seasons prayed around his knees,
Like children round a sire:
Grandfather of the days is he,
Of dawn the ancestor.*
Emily Dickinson "The Mountain"



Photo courtesy of Jeff Girton

SUMMARY OF STATISTICAL DATA

The pension funds are accounted for under the accrual basis of accounting. Information is provided for the last ten years ending June 30, 2013 for the following five objectives: financial trends, revenue capacity, debt capacity, demographic and economic trends, and operations.

Financial trends are presented on pages 192 to 203. 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 192 to 199. The change in net assets is presented in chart format and includes graphs for the PERS-DBRP that highlight areas of interest. Actuarial accrued liabilities are presented on pages 201 to 203 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 204 to 213. 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 214 to 217.

Debt capacity is presented on pages 218 to 223. 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, based on the type of benefit received.

Demographic and Economic information is presented on pages 224 to 243. 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 230 depicts the location of benefit recipients. The map shows that the majority (88 percent) of benefit recipients remain in Montana. Beginning on page 242, the average monthly benefit is provided.

Operating information is presented on pages 244 to 257. 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 information 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 Fiduciary Net Position, Last Ten Fiscal Years

(In thousands)

Fiscal Year	2004	2005	2006	2007	2008	2009
PERS-DBRP						
Additions						
Member Contributions ¹	\$ 62,664	\$ 66,986	\$ 66,145	\$ 69,150	\$ 72,874	\$ 76,003
Employer Contributions ²	58,231	60,454	88,573	67,195	72,270	75,949
State Contributions	403	421	443	446	378	357
Investment Income ³	360,266	244,976	293,679	629,559	(197,030)	(796,242)
Other						
<i>Total Additions to Net Position</i>	481,564	372,837	448,840	766,350	(51,508)	(643,933)
Deductions						
Benefits	132,683	142,789	153,886	166,188	180,815	196,402
Refunds	10,913	13,236	12,754	12,868	12,123	10,821
Administrative Expenses	2,825	2,569	2,886	2,681	2,832	2,948
Other ⁴	1,882	1,516	1,816	2,108	1,987	1,713
<i>Total Deductions to Net Position</i>	148,303	160,110	171,342	183,845	197,757	211,884
<i>Change in Net Position</i>	\$ 333,261	\$ 212,727	\$ 277,498	\$ 582,505	\$ (249,265)	\$ (855,817)
JRS						
Additions						
Member Contributions ¹	\$ 443	\$ 412	\$ 333	\$ 339	\$ 385	\$ 584
Employer Contributions	1,136	1,162	1,229	1,249	1,315	1,347
Investment Income ³	5,248	3,640	4,344	9,435	(2,991)	(12,103)
<i>Total Additions to Net Position</i>	6,827	5,214	5,906	11,023	(1,291)	(10,172)
Deductions						
Benefits	1,670	1,624	1,743	1,772	1,829	1,972
Refunds						
Administrative Expenses	14	9	12	8	9	17
Other ⁴						
<i>Total Deductions to Net Position</i>	1,684	1,633	1,755	1,780	1,838	1,989
<i>Change in Net Position</i>	\$ 5,143	\$ 3,581	\$ 4,151	\$ 9,243	\$ (3,129)	\$ (12,161)
HPORS						
Additions						
Member Contributions ¹	\$ 743	\$ 862	\$ 851	\$ 1,005	\$ 1,082	\$ 1,035
Employer Contributions	2,859	3,324	2,905	3,634	3,949	4,151
State Contributions	348	669	277	285	290	285
Investment Income ³	9,322	6,353	7,453	15,875	(4,929)	(19,978)
<i>Total Additions to Net Position</i>	13,272	11,208	11,486	20,799	392	(14,507)
Deductions						
Benefits	5,493	5,790	6,365	6,460	6,814	7,127
Refunds	144	181	89	139	61	26
Administrative Expenses	31	29	31	28	27	49
Other ⁴	152	49	1	139	14	17
<i>Total Deductions to Net Position</i>	5,820	6,049	6,486	6,766	6,916	7,219
<i>Change in Net Position</i>	\$ 7,452	\$ 5,159	\$ 5,000	\$ 14,033	\$ (6,524)	\$ (21,726)

Contributions were made in accordance with statutory requirements.

¹ Includes Interest Reserve Buybacks.

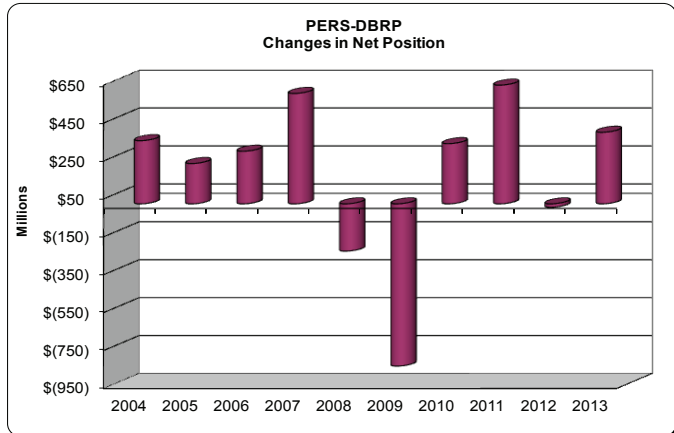
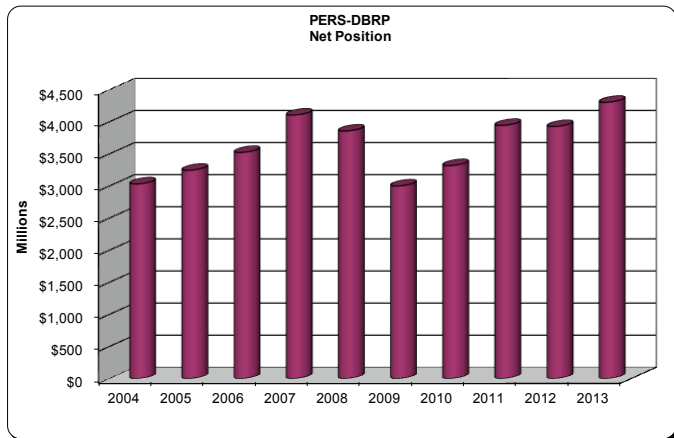
² Includes Membership Fees, Retirement Incentive, Miscellaneous Revenue and Education Contributions.

³ Includes Common Stock Dividends.

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

STATISTICAL SECTION

2010	2011	2012	2013
\$ 78,671	\$ 77,875	\$ 79,332	\$ 80,889
80,326	79,173	80,049	81,836
537	546	536	532
387,861	715,398	91,355	505,052
547,395	872,992	251,272	668,309
212,186	231,223	252,762	274,021
10,967	11,539	11,991	11,254
3,257	3,327	3,386	3,843
3,438	794	1,028	1,594
229,848	246,883	269,167	290,712
\$ 317,547	\$ 626,109	\$ (17,895)	\$ 377,597
\$ 595	\$ 504	\$ 447	\$ 742
1,468	1,477	1,598	1,621
6,013	11,392	1,517	8,409
8,076	13,373	3,562	10,772
2,118	2,240	2,344	2,553
10	39	118	185
24			
2,152	2,279	2,462	2,738
\$ 5,924	\$ 11,094	\$ 1,100	\$ 8,034
\$ 1,262	\$ 1,270	\$ 1,299	\$ 1,337
4,763	4,543	4,966	4,903
287	278	269	274
9,714	17,912	2,321	12,826
16,026	24,003	8,855	19,340
7,557	7,866	8,223	8,709
56	121	65	51
35	56	122	181
37		3	
7,685	8,043	8,413	8,941
\$ 8,341	\$ 15,960	\$ 442	\$ 10,399



STATISTICAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Changes in Fiduciary Net Position, Last Ten Fiscal Years

(In thousands)

Fiscal Year	2004	2005	2006	2007	2008	2009
SRS						
Additions						
Member Contributions ¹	\$ 2,685	\$ 2,988	\$ 3,721	\$ 4,921	\$ 4,815	\$ 5,207
Employer Contributions ²	2,684	2,813	3,524	4,386	4,834	5,193
Investment Income ³	16,404	11,381	13,566	29,732	(9,598)	(38,824)
<i>Total Additions to Net Position</i>	21,773	17,182	20,811	39,039	51	(28,424)
Deductions						
Benefits	4,903	5,527	6,152	6,769	7,243	7,858
Refunds	306	611	365	934	722	968
Administrative Expenses	55	57	78	77	80	115
Other ⁵	12	22	17	82	11	29
<i>Total Deductions to Net Position</i>	5,276	6,217	6,612	7,862	8,056	8,970
<i>Change in Net Position</i>	\$ 16,497	\$ 10,965	\$ 14,199	\$ 31,177	\$ (8,005)	\$ (37,394)
GWPORS						
Additions						
Member Contributions ¹	\$ 2,714	\$ 3,023	\$ 3,027	\$ 3,199	\$ 3,613	\$ 3,912
Employer Contributions	2,021	2,054	2,391	2,638	2,979	3,292
Investment Income ³	5,073	3,696	4,594	10,838	(3,653)	(15,133)
<i>Total Additions to Net Position</i>	9,808	8,773	10,012	16,675	2,939	(7,929)
Deductions						
Benefits	1,460	1,539	1,835	2,085	2,271	2,521
Refunds	500	607	477	702	643	840
Administrative Expenses	42	42	49	47	52	79
Other ⁵	4	6	13		30	
<i>Total Deductions to Net Position</i>	2,006	2,194	2,374	2,834	2,996	3,440
<i>Change in Net Position</i>	\$ 7,802	\$ 6,579	\$ 7,638	\$ 13,841	\$ (57)	\$ (11,369)
MPORS						
Additions						
Member Contributions ¹	\$ 2,313	\$ 2,425	\$ 2,549	\$ 2,709	\$ 2,974	\$ 3,186
Employer Contributions	3,612	3,791	4,035	4,283	5,156	5,056
State Contributions ⁴	7,208	7,705	8,182	8,677	9,452	10,186
Investment Income ³	16,392	11,707	14,091	31,080	(10,262)	(40,908)
<i>Total Additions to Net Position</i>	29,525	25,628	28,857	46,749	7,320	(22,480)
Deductions						
Benefits	10,885	11,363	12,032	12,691	13,707	15,008
Refunds	337	786	551	688	4,290	794
Administrative Expenses	70	65	68	70	78	98
Other ⁵	52	12	48	29	4	62
<i>Total Deductions to Net Position</i>	11,344	12,226	12,699	13,478	18,079	15,962
<i>Change in Net Position</i>	\$ 18,181	\$ 13,402	\$ 16,158	\$ 33,271	\$ (10,759)	\$ (38,442)

Contributions were made in accordance with 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.

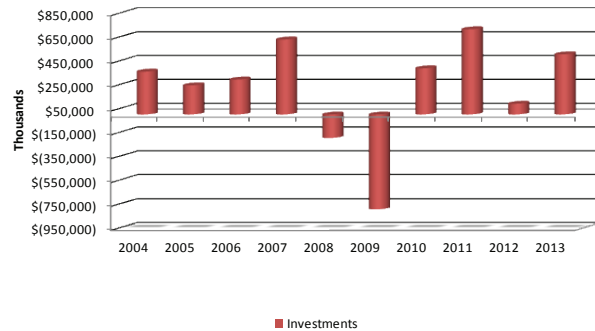
STATISTICAL SECTION

	2010	2011	2012	2013
\$	5,336	\$ 5,831	\$ 5,694	\$ 5,838
	5,637	6,014	6,028	6,273
	19,470	37,539	5,109	28,154
	30,443	49,384	16,831	40,265
	8,277	9,237	10,379	11,583
	766	968	1,248	1,159
	97	121	207	287
	116		23	25
	9,256	10,326	11,857	13,054
\$	21,187	\$ 39,058	\$ 4,974	\$ 27,211
\$	4,340	\$ 4,198	\$ 4,148	\$ 4,210
	3,612	3,523	3,470	3,576
	7,924	16,335	2,388	13,106
	15,876	24,056	10,006	20,892
	2,622	2,863	3,203	3,575
	879	993	1,227	841
	61	88	173	247
	59		15	23
	3,621	3,944	4,618	4,686
\$	12,255	\$ 20,112	\$ 5,388	\$ 16,206
\$	4,141	\$ 3,580	\$ 6,055	\$ 4,029
	6,860	5,670	3,791	6,281
	10,932	11,594	12,274	12,573
	19,972	39,175	5,717	30,037
	41,905	60,019	27,837	52,920
	15,728	17,013	17,355	18,463
	849	1,000	707	1,833
	80	106	178	246
	149		3	5
	16,806	18,119	18,243	20,547
\$	25,099	\$ 41,900	\$ 9,594	\$ 32,373

PERS-DBRP Contribution Additions



PERS-DBRP Investment Income Additions



STATISTICAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Changes in Fiduciary Net Position, Last Ten Fiscal Years

(In thousands)

Fiscal Year	2004	2005	2006	2007	2008	2009
FURS						
Additions						
Member Contributions ¹	\$ 2,213	\$ 2,330	\$ 2,472	\$ 2,619	\$ 3,152	\$ 3,701
Employer Contributions	2,796	2,959	3,328	3,520	4,467	4,531
State Contributions ²	6,533	6,719	7,533	7,957	9,568	9,832
Investment Income ³	15,692	11,140	13,409	29,577	(9,733)	(39,421)
Total Additions to Net Position	27,234	23,148	26,742	43,673	7,454	(21,357)
Deductions						
Benefits	9,674	10,386	11,040	11,851	13,353	13,987
Refunds	77	101	45	241	116	69
Administrative Expenses	53	53	58	56	57	98
Other ⁴	2					
Total Deductions to Net Position	9,806	10,540	11,143	12,148	13,526	14,154
Change in Net Position	\$ 17,428	\$ 12,608	\$ 15,599	\$ 31,525	\$ (6,072)	\$ (35,511)
VFCA						
Additions						
State Contributions	\$ 1,434	\$ 1,527	\$ 1,611	\$ 1,661	\$ 1,562	\$ 1,580
Investment Income ³	2,271	1,550	1,853	4,103	(1,275)	(5,304)
Total Additions to Net Position	3,705	3,077	3,464	5,764	287	(3,724)
Deductions						
Benefits	1,479	1,517	1,564	1,637	1,717	1,780
Insurance Payments	12	11	11	13	14	17
Administrative Expenses	40	47	48	50	46	59
Other ⁴						
Total Deductions to Net Position	1,531	1,575	1,623	1,700	1,777	1,856
Change in Net Position	\$ 2,174	\$ 1,502	\$ 1,841	\$ 4,064	\$ (1,490)	\$ (5,580)

Contributions were made in accordance with statutory requirements.

¹ Includes Interest Reserve Buybacks.

² Includes Percent of Salary.

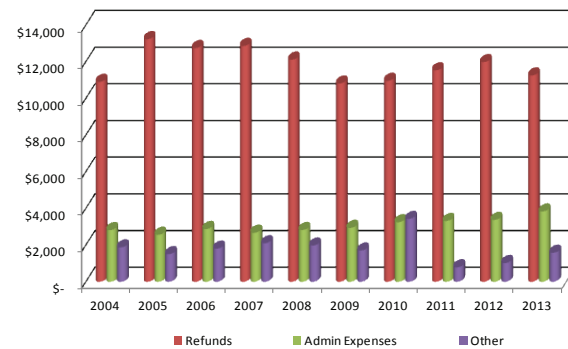
³ Includes Common Stock Dividends.

⁴ Includes Refunds to Other Plans and Prior Year Adjustments.

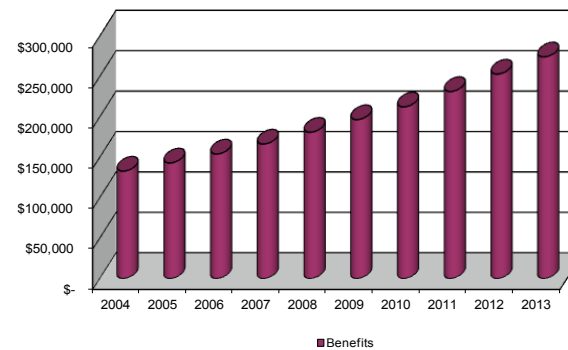
STATISTICAL SECTION

2010	2011	2012	2013
\$ 4,419	\$ 3,748	\$ 4,123	\$ 4,253
5,129	5,009	5,281	5,499
10,872	11,365	11,797	12,358
19,606	38,751	5,726	30,035
40,026	58,873	26,927	52,145
14,598	15,605	16,519	17,670
86	128	119	73
72	92	163	229
85			
14,841	15,825	16,801	17,972
\$ 25,185	\$ 43,048	\$ 10,126	\$ 34,173
\$ 1,575	\$ 1,596	\$ 1,635	\$ 1,711
2,566	4,793	592	3,383
4,141	6,389	2,227	5,094
1,857	1,938	2,046	2,819
17	15	13	15
58	81	144	206
9			
1,941	2,034	2,203	3,040
\$ 2,200	\$ 4,355	\$ 24	\$ 2,054

PERS-DBRP Total Deductions Less Benefits



PERS-DBRP Total Benefits Paid



STATISTICAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Changes in Fiduciary Net Position, Last Ten Fiscal Years

(In thousands)

Fiscal Year	2004	2005	2006	2007	2008	2009
PERS-DCRP						
Additions						
Member Contributions	\$ 2,661	\$ 3,184	\$ 3,699	\$ 4,394	\$ 5,118	\$ 5,723
Employer Contributions	1,781	1,856	2,319	2,857	3,255	3,730
Investment Income ¹	2,381	1,768	2,098	5,415	(2,987)	(6,801)
Other ²	262	371	487	1,893	554	468
<i>Total Additions to Net Position</i>	7,085	7,179	8,603	14,559	5,940	3,120
Deductions						
Refunds	2,240	1,873	1,570	2,632	2,519	1,903
Administrative Expenses	214	231	227	253	246	411
Other ³	214	256	295	282	223	222
<i>Total Deductions to Net Position</i>	2,668	2,360	2,092	3,167	2,988	2,536
<i>Change in Net Position</i>	\$ 4,417	\$ 4,819	\$ 6,511	\$ 11,392	\$ 2,952	\$ 584
DEFERRED COMPENSATION PLAN						
Additions						
Member Contributions	\$ 14,623	\$ 15,501	\$ 16,990	\$ 17,712	\$ 19,107	\$ 19,661
Employer Contributions	40	55	52	74	70	65
Investment Income ⁴	16,152	15,267	3,618	37,102	3,287	(26,444)
Other ⁵	267	167	209	277	416	335
<i>Total Additions to Net Position</i>	31,082	30,990	20,869	55,165	22,880	(6,383)
Deductions						
Refunds	14,446	15,592	11,443	14,693	13,302	11,024
Administrative Expenses	170	289	204	225	241	318
Other ⁶	800	698	737	781	817	865
<i>Total Deductions to Net Position</i>	15,416	16,579	12,384	15,699	14,360	12,207
<i>Change in Net Position</i>	\$ 15,666	\$ 14,411	\$ 8,485	\$ 39,466	\$ 8,520	\$ (18,590)

¹ Fees paid to Great-West, Transamerica and State Street are included in the net investment sum for fiscal years after 2012.

² Includes Miscellaneous Revenues and Forfeitures remitted to MPERA to pay administrative costs.

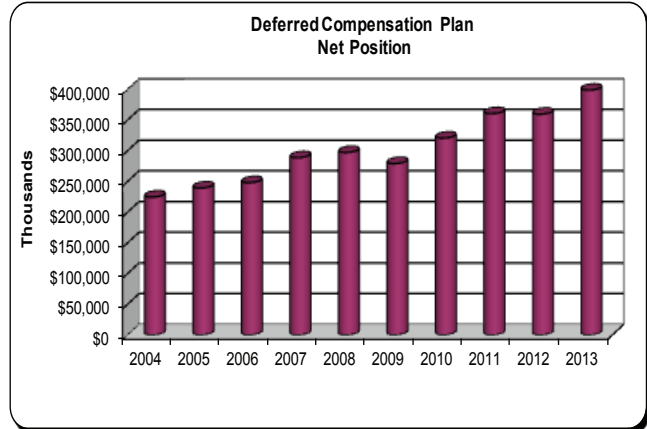
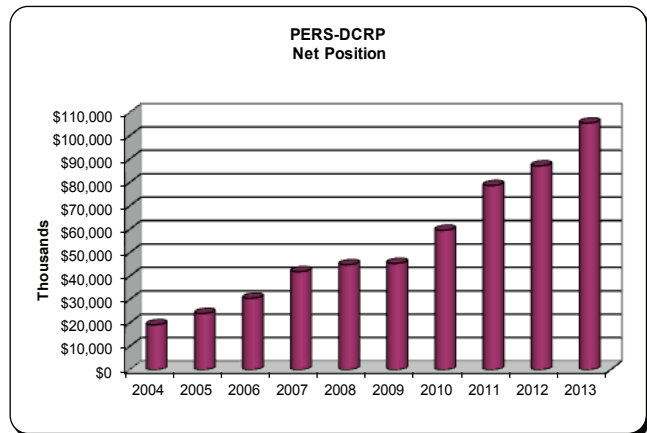
³ Fees paid to Great-West and Transamerica for services provided prior to fiscal year 2013, and prior period adjustments.

⁴ Fees paid to Great-West, Transamerica and State Street are included in the net investment sum for fiscal years after 2012.

⁵ Miscellaneous Revenue remitted to MPERA to pay administrative costs.

⁶ Fees paid to Great-West, Transamerica and Allianz for services provided prior to fiscal year 2013, and prior period adjustments.

2010	2011	2012	2013
\$ 6,140	\$ 6,100	\$ 6,318	\$ 6,943
4,029	3,965	4,137	4,374
6,122	12,698	2,352	11,684
487	698	616	451
16,778	23,461	13,423	23,452
1,947	3,637	4,000	4,379
416	426	493	585
250	299	313	162
2,613	4,362	4,806	5,126
\$ 14,165	\$ 19,099	\$ 8,617	\$ 18,326
\$ 18,607	\$ 19,072	\$ 19,381	\$ 20,297
61	64	65	79
37,203	36,906	13,913	21,219
330	424	628	257
56,201	56,466	33,987	41,852
13,398	15,416	15,637	19,644
277	288	357	445
991	1,007	1,186	581
14,666	16,711	17,180	20,670
\$ 41,535	\$ 39,755	\$ 16,807	\$ 21,182



STATISTICAL SECTION

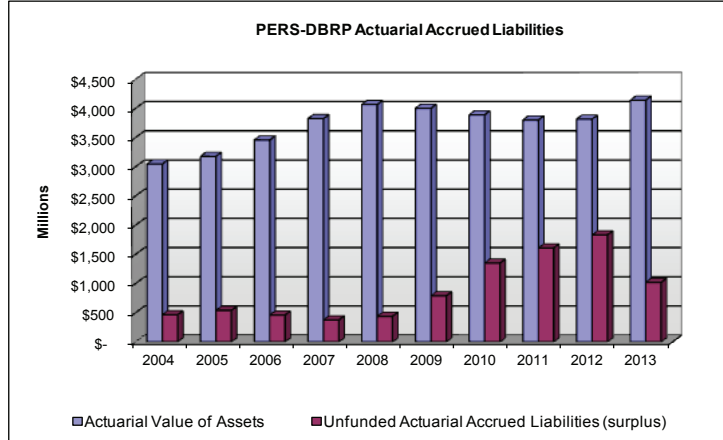
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Public Employees' Retirement Board

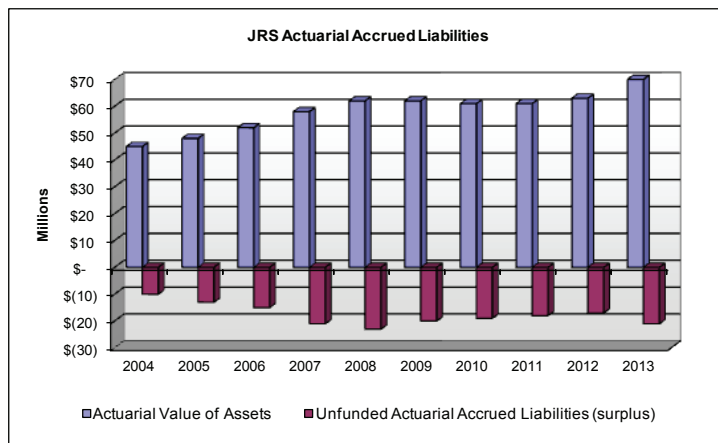
A Component Unit of the State of Montana

History of Actuarial Accrued Liabilities

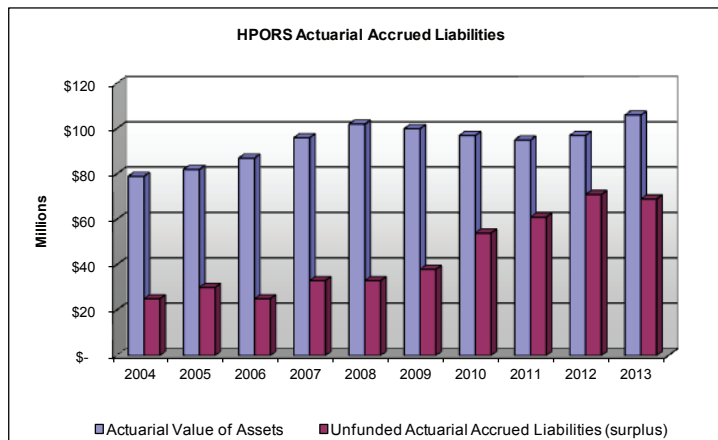
(in millions)



Fiscal Year	Actuarial Value of Assets	Unfunded Actuarial Accrued Liabilities (surplus)
2004	\$ 3,047	\$ 467
2005	3,179	541
2006	3,459	460
2007	3,825	376
2008	4,065	439
2009	4,002	791
2010	3,890	1,352
2011	3,801	1,610
2012	3,817	1,833
2013	4,140	1,021



Fiscal Year	Actuarial Value of Assets	Unfunded Actuarial Accrued Liabilities (surplus)
2004	\$ 45	\$ (10)
2005	48	(13)
2006	52	(15)
2007	58	(21)
2008	62	(23)
2009	62	(20)
2010	61	(19)
2011	61	(18)
2012	63	(17)
2013	70	(21)



Fiscal Year	Actuarial Value of Assets	Unfunded Actuarial Accrued Liabilities (surplus)
2004	\$ 79	\$ 25
2005	82	30
2006	87	25
2007	96	33
2008	102	33
2009	100	38
2010	97	54
2011	95	61
2012	97	71
2013	106	70

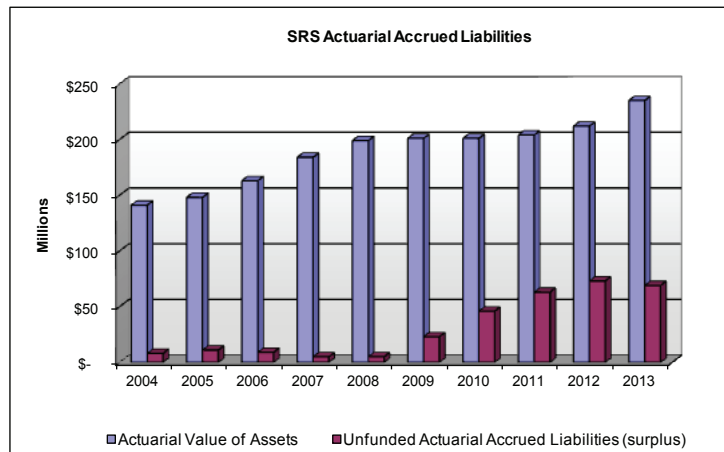
STATISTICAL SECTION

Public Employees' Retirement Board

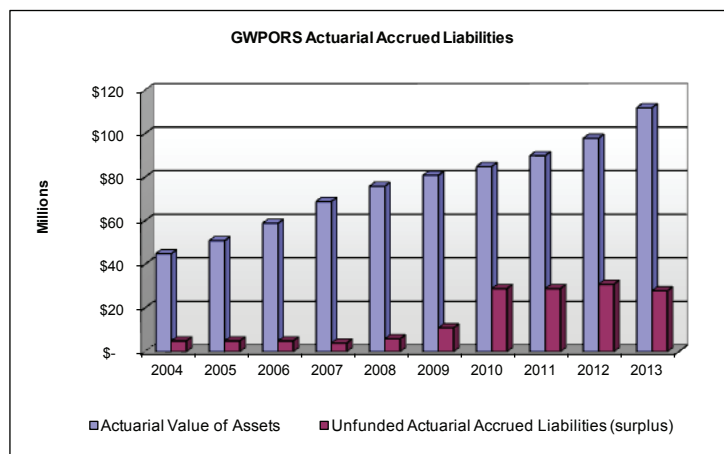
A Component Unit of the State of Montana

History of Actuarial Accrued Liabilities (cont.)

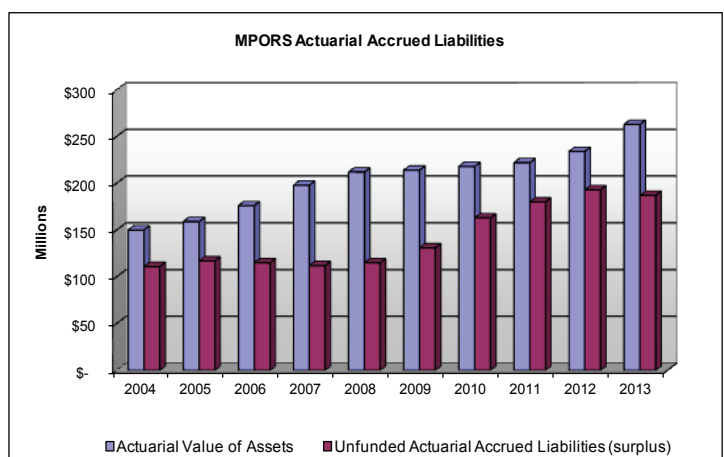
(in millions)



Fiscal Year	Actuarial Value of Assets	Unfunded Actuarial Accrued Liabilities (surplus)
2004	\$ 141	\$ 8
2005	148	11
2006	163	9
2007	184	5
2008	199	5
2009	201	23
2010	201	46
2011	204	63
2012	212	73
2013	235	69



Fiscal Year	Actuarial Value of Assets	Unfunded Actuarial Accrued Liabilities (surplus)
2004	\$ 45	\$ 5
2005	51	5
2006	59	5
2007	69	4
2008	76	6
2009	81	11
2010	85	29
2011	90	29
2012	98	31
2013	112	28



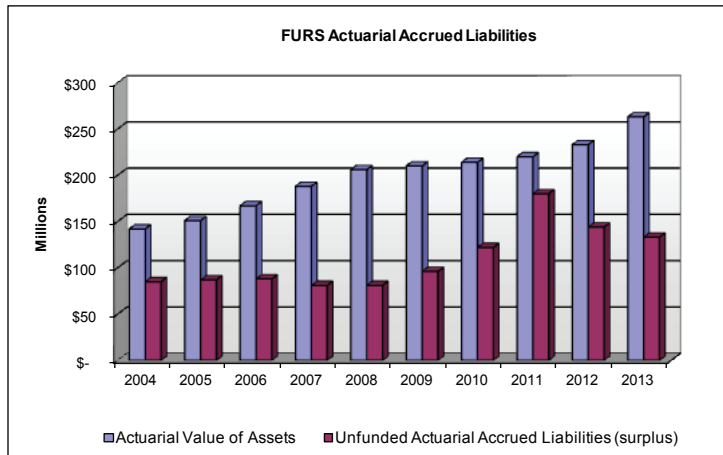
Fiscal Year	Actuarial Value of Assets	Unfunded Actuarial Accrued Liabilities (surplus)
2004	\$ 150	\$ 111
2005	159	117
2006	176	115
2007	198	112
2008	212	115
2009	214	131
2010	218	163
2011	222	180
2012	234	193
2013	263	187

Public Employees' Retirement Board

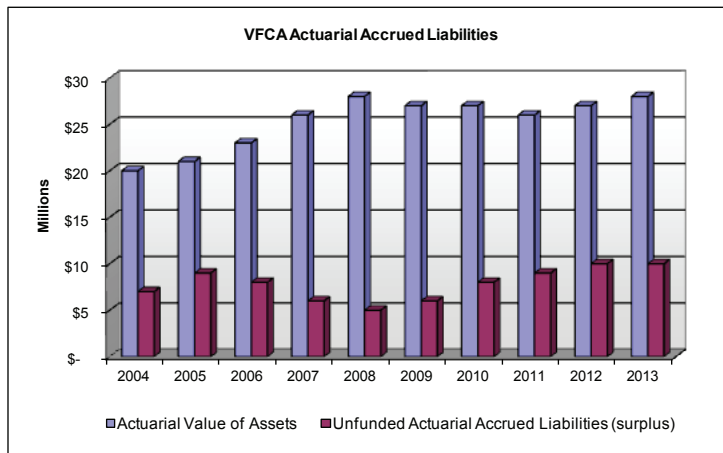
A Component Unit of the State of Montana

History of Actuarial Accrued Liabilities (cont.)

(in millions)



Fiscal Year	Actuarial Value of Assets	Unfunded Actuarial Accrued Liabilities (surplus)
2004	\$ 142	\$ 85
2005	151	87
2006	167	88
2007	188	81
2008	206	81
2009	210	96
2010	214	122
2011	220	180
2012	233	144
2013	263	133



Fiscal Year	Actuarial Value of Assets	Unfunded Actuarial Accrued Liabilities (surplus)
2004	\$ 20	\$ 7
2005	21	9
2006	23	8
2007	26	6
2008	28	5
2009	27	6
2010	27	8
2011	26	9
2012	27	10
2013	28	10

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

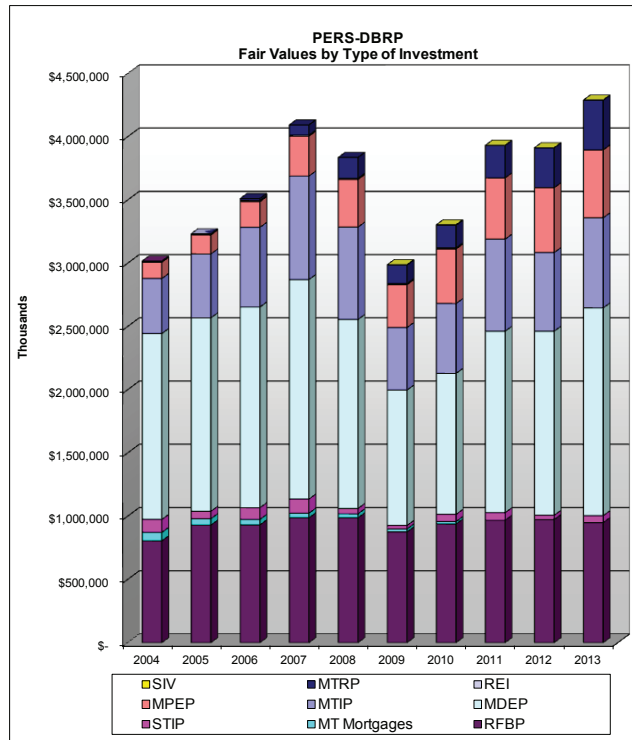
(in thousands)

System	2004	2005	2006	2007	2008	2009
PERS-DBRP ¹						
<i>Fixed Income:</i>						
Retirement Funds Bond Pool (RFBP)	\$ 805,840	\$ 930,369	\$ 932,048	\$ 987,821	\$ 988,124	\$ 876,390
Montana Mortgages	66,755	50,658	43,097	36,861	31,837	24,055
Short Term Investment Pool (STIP)	102,343	58,112	92,362	111,318	41,820	27,140
<i>Equities:</i>						
Montana Domestic Equity Pool (MDEP)	1,469,963	1,529,418	1,586,747	1,735,718	1,494,306	1,070,435
Montana International Equity Pool (MTIP)	434,917	505,112	630,135	818,362	730,360	494,790
Montana Private Equity Pool (MPEP)	128,797	150,595	203,406	315,059	376,615	338,517
<i>Alternative Investments:</i>						
Real Estate Investments (REI)	8,409	8,525	8,636	8,816	8,931	8,937
Montana Real Estate Pool (MTRP)			15,200	79,459	164,667	145,478
Structured Investment Vehicles (SIV)					4,306	2,619
Total	\$ 3,017,024	\$ 3,232,789	\$ 3,511,631	\$ 4,093,414	\$ 3,840,966	\$ 2,988,361
JRS						
<i>Fixed Income:</i>						
Retirement Funds Bond Pool (RFBP)	\$ 13,024	\$ 14,655	\$ 14,685	\$ 15,576	\$ 15,581	\$ 14,019
Short Term Investment Pool (STIP)	1,733	1,284	1,519	1,770	967	913
<i>Equities:</i>						
Montana Domestic Equity Pool (MDEP)	21,739	22,749	23,744	26,348	22,790	16,507
Montana International Equity Pool (MTIP)	6,393	7,507	9,365	12,162	10,973	7,551
Montana Private Equity Pool (MPEP)	1,906	2,229	3,047	4,744	5,733	5,224
<i>Alternative Investments:</i>						
Montana Real Estate Pool (MTRP)			225	1,206	2,515	2,247
Structured Investment Vehicles (SIV)					99	83
Total	\$ 44,795	\$ 48,424	\$ 52,585	\$ 61,806	\$ 58,658	\$ 46,544
HPORS						
<i>Fixed Income:</i>						
Retirement Funds Bond Pool (RFBP)	\$ 23,018	\$ 25,244	\$ 24,889	\$ 25,897	\$ 25,614	\$ 22,471
Short Term Investment Pool (STIP)	2,430	1,978	2,134	2,785	1,014	774
<i>Equities:</i>						
Montana Domestic Equity Pool (MDEP)	38,192	39,376	40,232	43,439	37,406	26,680
Montana International Equity Pool (MTIP)	11,296	13,035	15,795	20,513	18,307	12,387
Montana Private Equity Pool (MPEP)	3,375	3,946	5,178	7,979	9,429	8,419
<i>Alternative Investments:</i>						
Montana Real Estate Pool (MTRP)			380	2,004	4,127	3,613
Structured Investment Vehicles (SIV)					104	70
Total	\$ 78,311	\$ 83,579	\$ 88,608	\$ 102,617	\$ 96,001	\$ 74,414

¹Does not include the Defined Benefit Education.

STATISTICAL SECTION

2010	2011	2012	2013
\$ 939,430	\$ 969,119	\$ 974,139	\$ 950,298
19,185			
56,727	59,256	33,708	54,005
1,114,072	1,434,773	1,455,188	1,643,009
552,712	727,765	621,887	712,587
430,729	484,324	512,315	536,542
8,963			
178,787	256,368	315,093	393,155
3,640	1,023	547	710
\$ 3,304,245	\$ 3,932,628	\$ 3,912,877	\$ 4,290,306
\$ 15,034	\$ 15,497	\$ 16,031	\$ 16,034
1,392	1,312	848	1,085
17,608	23,098	23,933	27,759
8,732	11,733	10,224	12,036
6,725	7,788	8,428	9,064
2,820	4,046	5,168	6,641
89	23	14	14
\$ 52,400	\$ 63,497	\$ 64,646	\$ 72,633
\$ 24,091	\$ 24,318	\$ 24,653	\$ 24,239
1,461	1,521	847	1,355
27,848	35,969	36,840	41,883
13,815	18,258	15,732	18,165
10,751	12,136	12,958	13,673
4,466	6,313	7,963	10,031
94	26	14	18
\$ 82,526	\$ 98,541	\$ 99,007	\$ 109,364



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	2004	2005	2006	2007	2008	2009
SRS						
<i>Fixed Income:</i>						
Retirement Funds Bond Pool (RFBP)	\$ 40,680	\$ 45,890	\$ 45,822	\$ 49,551	\$ 50,063	\$ 45,693
Short Term Investment Pool (STIP)	5,055	3,441	5,182	5,526	3,300	2,370
<i>Equities:</i>						
Montana Domestic Equity Pool (MDEP)	68,112	71,278	74,633	84,481	73,074	53,630
Montana International Equity Pool (MTIP)	20,127	23,457	29,263	38,004	35,060	24,673
Montana Private Equity Pool (MPEP)	5,936	6,941	9,508	14,859	18,271	17,060
<i>Alternative Investments:</i>						
Montana Real Estate Pool (MTRP)			710	3,796	8,054	7,311
Structured Investment Vehicles (SIV)					340	215
Total	\$ 139,910	\$ 151,007	\$ 165,118	\$ 196,217	\$ 188,162	\$ 150,952

GWPORS

Fixed Income:

Retirement Funds Bond Pool (RFBP)	\$ 12,837	\$ 15,471	\$ 15,806	\$ 18,332	\$ 19,243	\$ 18,518
Short Term Investment Pool (STIP)	2,472	3,292	2,782	2,536	1,761	1,514

Equities:

Montana Domestic Equity Pool (MDEP)	21,521	23,111	26,705	31,082	28,272	21,722
Montana International Equity Pool (MTIP)	6,372	7,705	10,518	14,344	13,545	10,000
Montana Private Equity Pool (MPEP)	1,856	2,170	3,330	5,497	7,008	6,949

Alternative Investments:

Montana Real Estate Pool (MTRP)			255	1,404	3,115	2,981
Structured Investment Vehicles (SIV)					181	137

Total	\$ 45,058	\$ 51,749	\$ 59,396	\$ 73,195	\$ 73,125	\$ 61,821
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MPORS

Fixed Income:

Retirement Funds Bond Pool (RFBP)	\$ 41,584	\$ 47,395	\$ 46,944	\$ 51,176	\$ 51,238	\$ 45,995
Short Term Investment Pool (STIP)	3,403	2,246	4,338	4,404	85	920

Equities:

Montana Domestic Equity Pool (MDEP)	69,175	72,390	76,683	87,099	75,279	54,681
Montana International Equity Pool (MTIP)	20,458	24,555	30,633	39,784	36,707	25,207
Montana Private Equity Pool (MPEP)	6,105	7,138	10,089	15,547	18,999	17,242

Alternative Investments:

Montana Real Estate Pool (MTRP)			730	4,102	8,274	7,437
Structured Investment Vehicles (SIV)					9	83

Total	\$ 140,725	\$ 153,724	\$ 169,417	\$ 202,112	\$ 190,591	\$ 151,565
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STATISTICAL SECTION

2010	2011	2012	2013
\$ 49,172	\$ 51,323	\$ 53,636	\$ 53,724
4,473	4,719	2,715	3,986
58,159	76,580	80,065	92,868
28,703	38,871	34,234	40,321
22,037	25,806	28,179	30,325
9,259	13,434	17,308	22,245
287	82	44	52
\$ 172,090	\$ 210,815	\$ 216,181	\$ 243,521
\$ 20,691	\$ 22,834	\$ 24,510	\$ 25,466
2,548	2,257	1,476	1,896
24,643	34,017	36,685	44,058
12,513	17,252	15,697	19,106
9,262	11,524	12,940	14,411
3,954	6,003	8,036	10,600
164	39	24	25
\$ 73,775	\$ 93,926	\$ 99,368	\$ 115,562
\$ 51,742	\$ 53,729	\$ 56,431	\$ 57,237
2,305	2,593	1,472	2,819
59,532	79,542	84,109	98,916
29,350	40,334	35,975	42,936
23,192	26,844	29,657	32,305
9,547	13,981	18,220	23,681
148	45	24	37
\$ 175,816	\$ 217,068	\$ 225,888	\$ 257,931

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	2004	2005	2006	2007	2008	2009
FURS						
<i>Fixed Income:</i>						
Retirement Funds Bond Pool (RFBP)	\$ 39,592	\$ 44,975	\$ 44,650	\$ 48,813	\$ 49,419	\$ 45,160
Short Term Investment Pool (STIP)	3,414	2,641	4,241	4,488	1,573	1,268
<i>Equities:</i>						
Montana Domestic Equity Pool (MDEP)	65,851	68,911	73,144	82,766	72,476	53,532
Montana International Equity Pool (MTIP)	19,469	23,361	29,143	37,848	34,970	24,862
Montana Private Equity Pool (MPEP)	5,813	6,797	9,587	14,850	18,175	16,890
<i>Alternative Investments:</i>						
Montana Real Estate Pool (MTRP)			700	3,744	7,962	7,260
Structured Investment Vehicles (SIV)					162	115
Total	\$ 134,139	\$ 146,685	\$ 161,465	\$ 192,509	\$ 184,737	\$ 149,087
VFCA						
<i>Fixed Income:</i>						
Retirement Funds Bond Pool (RFBP)	\$ 5,617	\$ 6,170	\$ 6,233	\$ 6,542	\$ 6,609	\$ 5,742
Short Term Investment Pool (STIP)	180	512	1,870	2,194	1,404	1,571
<i>Equities:</i>						
Montana Domestic Equity Pool (MDEP)	9,221	9,096	9,872	11,043	9,645	6,836
Montana International Equity Pool (MTIP)	2,746	3,294	4,023	5,258	4,731	3,140
Montana Private Equity Pool (MPEP)	848	992	1,341	1,951	2,411	2,115
<i>Alternative Investments:</i>						
Montana Real Estate Pool (MTRP)			95	504	1,047	898
Structured Investment Vehicles (SIV)					145	142
Total	\$ 18,612	\$ 20,064	\$ 23,434	\$ 27,492	\$ 25,992	\$ 20,444
PERS-DCRP						
Defined Contributions Fixed Annuity	\$ 914	\$ 1,546	\$ 1,832	\$ 1,805	\$ 3,128	\$ 4,820
Defined Contributions Variable Annuity	19,566	23,402	26,102	38,634	39,622	38,198
Total	\$ 20,480	\$ 24,948	\$ 27,934	\$ 40,439	\$ 42,750	\$ 43,018
DEFERRED COMPENSATION PLAN						
Deferred Comp Fixed Annuity	\$ 143,162	\$ 152,215	\$ 143,870	\$ 159,669	\$ 181,740	\$ 189,421
Deferred Comp Variable Annuity	81,202	86,916	104,061	128,873	115,151	89,388
Deferred Comp Life Insurance	12	12	12	12	12	12
Total	\$ 224,376	\$ 239,143	\$ 247,943	\$ 288,554	\$ 296,903	\$ 278,821

STATISTICAL SECTION

	2010	2011	2012	2013
\$	50,657	\$ 53,467	\$ 56,219	\$ 57,369
	2,649	2,766	1,632	3,077
	58,543	78,947	83,940	99,213
	29,067	40,044	35,869	43,017
	22,703	26,635	29,561	32,423
	9,403	13,869	18,175	23,771
	170	48	26	40
\$	173,192	\$ 215,776	\$ 225,422	\$ 258,910
\$	6,379	\$ 6,415	\$ 6,373	\$ 6,092
	1,385	1,655	1,704	1,949
	7,245	9,376	9,516	10,544
	3,567	4,753	4,066	4,559
	2,806	3,145	3,348	3,436
	1,124	1,637	2,057	2,491
	89	29	28	26
\$	22,595	\$ 27,010	\$ 27,092	\$ 29,097
\$	6,725	\$ 7,971	\$ 9,500	\$ 10,573
	49,946	67,271	73,769	90,794
\$	56,671	\$ 75,242	\$ 83,269	\$ 101,367
\$	213,414	\$ 224,800	\$ 246,315	\$ 246,331
	106,893	135,180	129,922	151,259
	12	12	12	12
\$	320,319	\$ 359,992	\$ 376,249	\$ 397,602

STATISTICAL SECTION

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Public Employees' Retirement Board

A Component Unit of the State of Montana

Schedule of Contribution Rate History

PERS-DBRP

Fiscal Year	Member		State & Universities Employer	Local Government Employer	State	School Districts Employer	State
	Hired <07/01/11	Hired >07/01/11					
2012-2013	6.900%	7.900%	7.170%	7.070%	0.100%	6.800%	0.370%
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
1998-2013	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%.

STATISTICAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Schedule of Contribution Rate History (cont.)

HPORS

Fiscal Year	Member		Employer
	Non-GABA	GABA	
1998-2013	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%

SRS

Fiscal Year	Member	Employer
2010-2013	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
2003-2013	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		
2000-2013	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%	14.000%
1978-1979	6.000%	6.000%			12.000%	12.000%
1976-1977	6.000%	6.000%			11.000%	12.000%
1974-1975	6.000%				11.000%	12.000%

FURS

Fiscal Year	Member			
	Non-GABA	GABA	Employer	State
1998-2013	9.500%	10.700%	14.360%	32.610%
1997	7.800%		14.360%	32.610%
1996	7.800%		14.360%	24.210%
1995	6.000%		13.020%	24.210%
1992-1994	6.000%		13.020%	23.270%
1986-1991	6.000%		13.020%	22.980%
1984-1985	6.000%		18.000%	18.000%
1983	6.000%		15.000%	15.000%
1981-1982	6.000%		12.000%	12.000%

PERS-DCRP

Fiscal Year	Member		State & University	Local Government		School Districts	
	Hired <07/01/11	Hired >07/01/11	Employer	Employer	State	Employer	State
2012-2013	6.900%	7.900%	7.170%	7.070%	0.100%	6.800%	0.370%
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

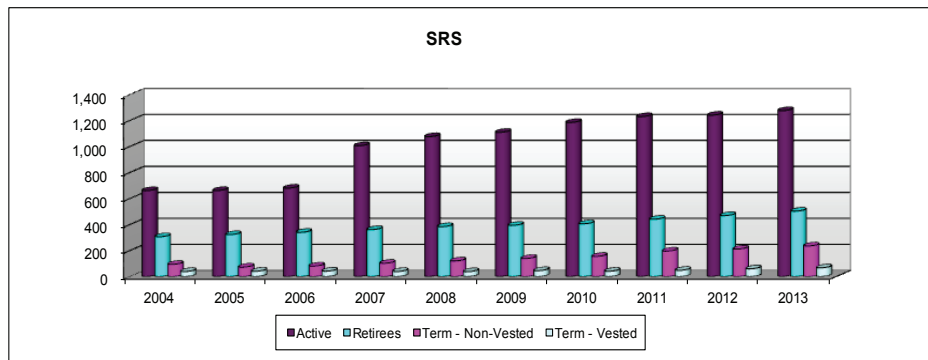
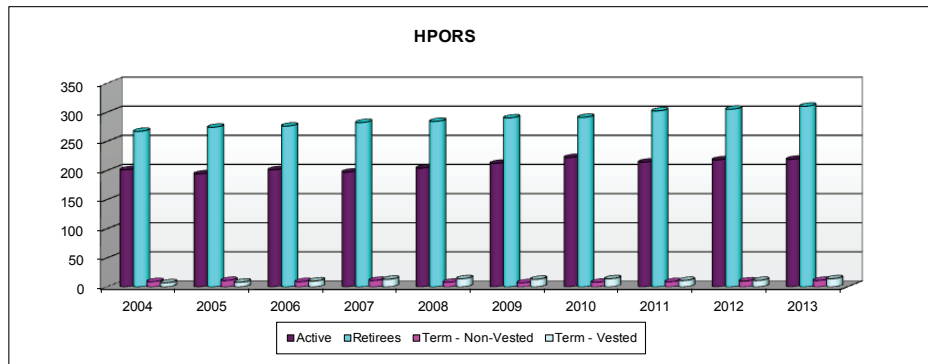
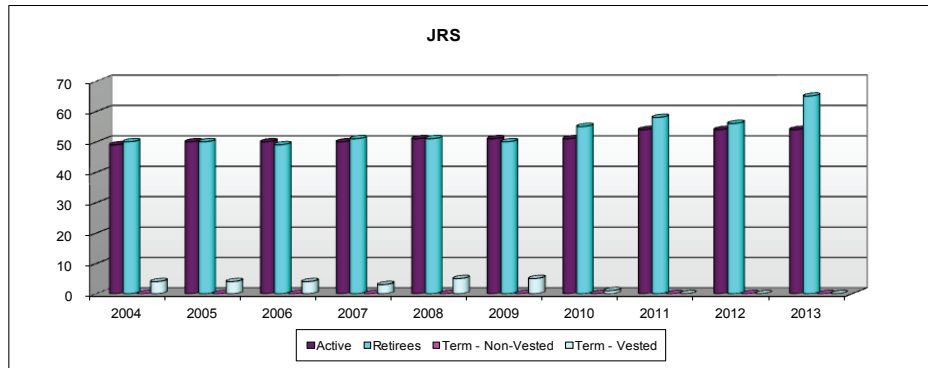
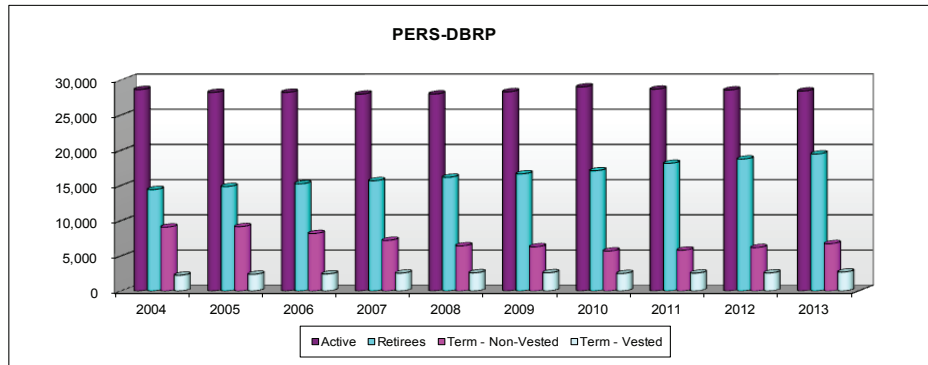
History of Membership in Retirement Plans, Last Ten Years

System	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
PERS-DBRP										
Active	28,201	28,213	27,962	27,977	28,293	28,983	28,834	28,659	28,548	28,401
Retirees/Beneficiaries	14,834	15,220	15,654	16,137	16,627	17,075	17,512	18,123	18,738	19,451
Term-Non-Vested	9,132	8,153	7,178	6,401	6,268	5,670	5,402	5,787	6,164	6,712
Term-Vested	2,362	2,418	2,530	2,576	2,579	2,476	2,471	2,535	2,560	2,686
Total	54,529	54,004	53,324	53,091	53,767	54,204	54,219	55,104	56,010	57,250
JRS										
Active	50	50	50	51	51	51	51	54	54	54
Retirees/Beneficiaries	50	49	51	51	50	55	55	58	56	65
Term-Non-Vested										
Term-Vested	4	4	3	5	5	1	1			
Total	104	103	104	107	106	107	107	112	110	119
HPORS										
Active	194	201	197	204	212	222	230	214	218	219
Retirees/Beneficiaries	274	276	282	284	290	291	295	302	305	310
Term-Non-Vested	11	9	11	8	7	8	6	9	10	11
Term-Vested	8	10	13	14	13	14	13	11	11	14
Total	487	496	503	510	522	535	544	536	544	554
SRS										
Active	662	680	1,006	1,076	1,109	1,185	1,181	1,230	1,241	1,276
Retirees/Beneficiaries	323	340	361	384	394	406	415	441	469	503
Term-Non-Vested	73	81	102	120	139	155	157	196	212	235
Term-Vested	41	42	39	38	46	41	36	48	60	67
Total	1,099	1,143	1,508	1,618	1,688	1,787	1,789	1,915	1,982	2,081

Public Employees' Retirement Board

A Component Unit of the State of Montana

History of Membership in Retirement Plans, Last Ten Years



STATISTICAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

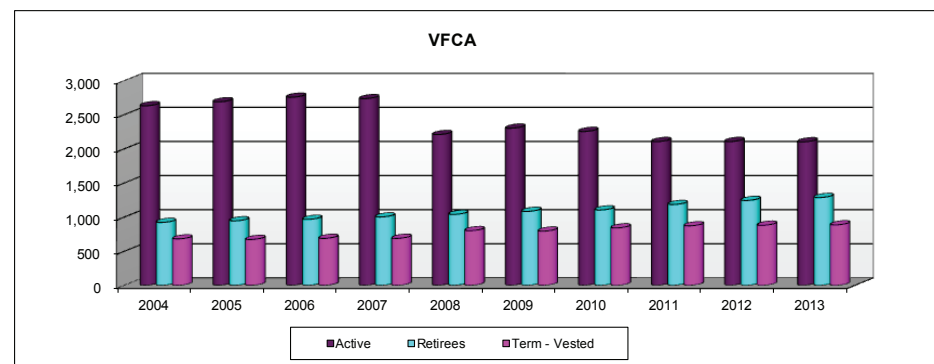
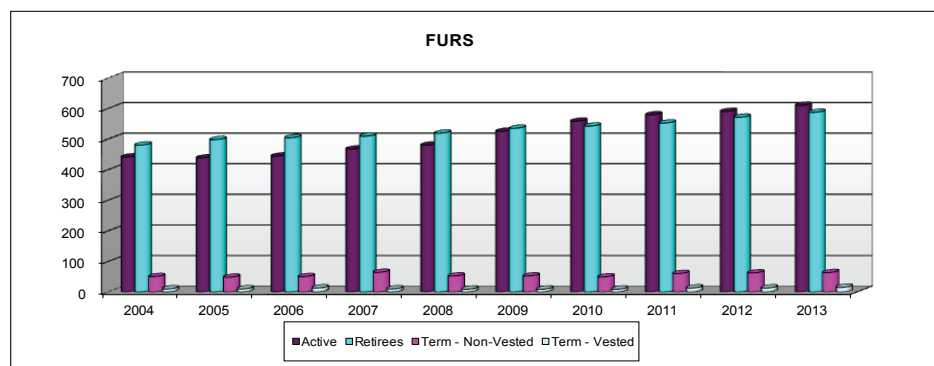
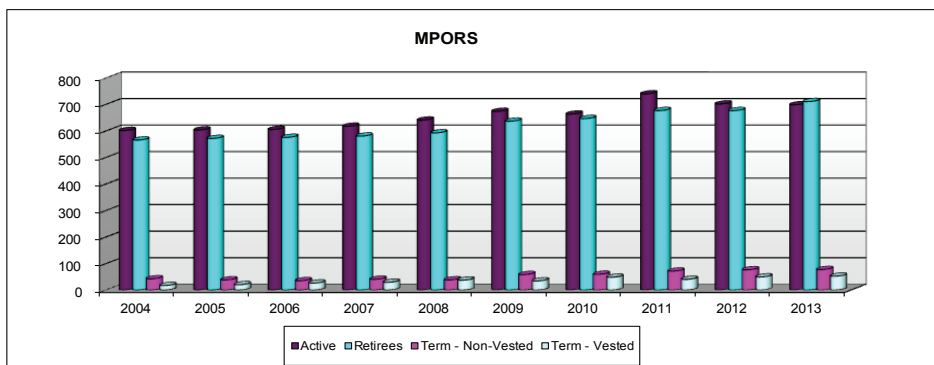
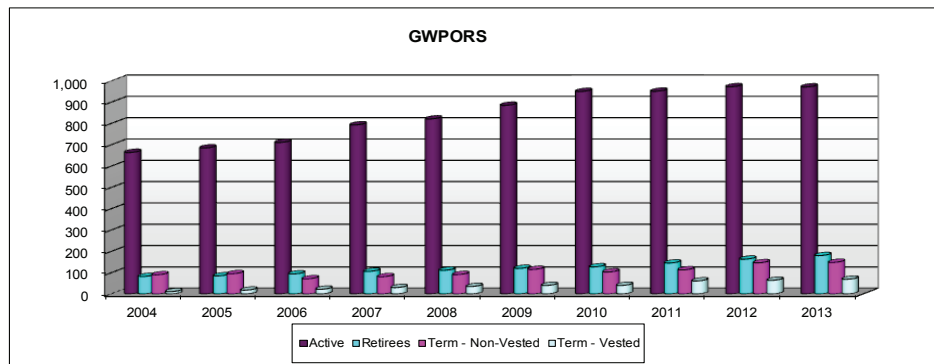
History of Membership in Retirement Plans, Last Ten Years (cont.)

System	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
GWPORS										
Active	685	711	793	821	885	950	966	951	972	971
Retirees/Beneficiaries	85	94	106	111	120	127	136	145	163	180
Term-Non-Vested	95	71	81	91	115	103	100	113	146	148
Term-Vested	18	22	30	35	40	40	47	61	64	69
Total	883	898	1,010	1,058	1,160	1,220	1,249	1,270	1,345	1,368
MPORS										
Active	603	605	617	640	673	663	727	739	701	734
Retirees/Beneficiaries	571	575	580	592	636	646	670	676	676	710
Term-Non-Vested	38	35	40	38	58	59	65	71	76	77
Term-Vested	20	26	29	37	34	48	47	40	49	52
Total	1,232	1,241	1,266	1,307	1,401	1,416	1,509	1,526	1,502	1,573
FURS										
Active	438	444	467	480	525	558	570	579	590	610
Retirees/Beneficiaries	498	504	509	519	535	542	546	552	571	587
Term-Non-Vested	48	50	64	52	52	49	53	60	62	63
Term-Vested	10	13	10	9	9	9	13	13	13	15
Total	994	1,011	1,050	1,060	1,121	1,158	1,182	1,204	1,236	1,275
VFCA										
Active	2,687	2,754	2,733	2,207	2,301	2,253	2,315	2,105	2,106	2,101
Retirees/Beneficiaries	944	966	1,001	1,038	1,082	1,103	1,149	1,183	1,242	1,285
Term-Vested	671	687	687	800	793	840	827	870	879	884
Total	4,302	4,407	4,421	4,045	4,176	4,196	4,291	4,158	4,227	4,270

Public Employees' Retirement Board

A Component Unit of the State of Montana

History of Membership in Retirement Plans, Last Ten Years



STATISTICAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

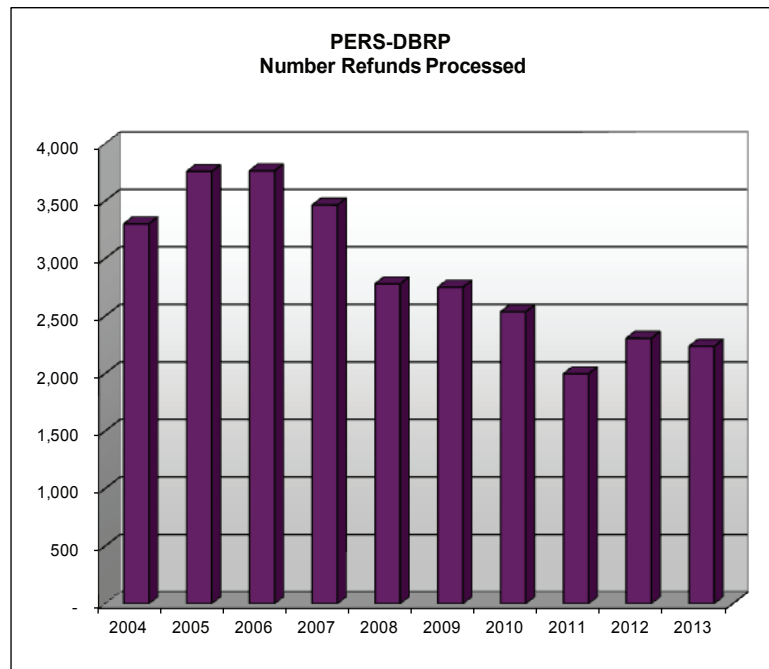
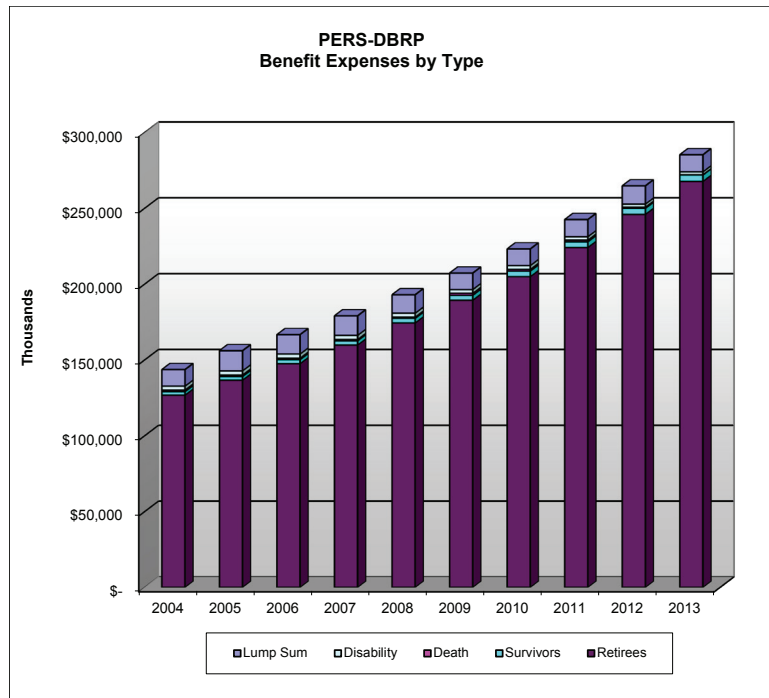
Schedule of Benefit Expenses and Refunds by Type, Last Ten Years

(in thousands)

System	2004	2005	2006	2007	2008	2009	2010
PERS-DBRP							
<i>Benefit Expenses</i>							
Retirees	\$ 126,751	\$ 136,632	\$ 147,502	\$ 159,790	\$ 174,357	\$ 189,360	\$ 204,885
Survivors	2,298	2,436	2,681	2,815	3,043	3,244	3,692
Disability	2,541	2,729	2,738	2,717	2,583	2,521	2,481
<i>Refunds</i>							
Death	1,093	992	965	866	832	1,277	1,128
Lump Sum	10,913	13,236	12,754	12,868	12,124	10,821	10,967
Total	\$ 143,596	\$ 156,025	\$ 166,640	\$ 179,056	\$ 192,939	\$ 207,223	\$ 223,153
Number of Lump Sum	3,302	3,756	3,763	3,465	2,779	2,751	2,537
JRS							
<i>Benefit Expenses</i>							
Retirees	\$ 1,611	\$ 1,583	\$ 1,699	\$ 1,728	\$ 1,486	\$ 1,926	\$ 2,069
Survivors	41	41	44	44	335	46	49
Disability							
<i>Refunds</i>							
Death	18				8		
Lump Sum							
Total	\$ 1,670	\$ 1,624	\$ 1,743	\$ 1,772	\$ 1,829	\$ 1,972	\$ 2,118
Number of Lump Sum							
HPORS							
<i>Benefit Expenses</i>							
Retirees	\$ 5,254	\$ 5,524	\$ 6,061	\$ 6,181	\$ 6,505	\$ 6,821	\$ 7,198
Survivors	137	144	149	155	176	191	216
Disability	102	121	155	124	132	115	143
<i>Refunds</i>							
Death							
Lump Sum	144	181	89	139	61	26	58
Total	\$ 5,637	\$ 5,970	\$ 6,454	\$ 6,599	\$ 6,874	\$ 7,153	\$ 7,615
Number of Lump Sum	13	8	7	3	5	1	4
SRS							
<i>Benefit Expenses</i>							
Retirees	\$ 4,259	\$ 4,851	\$ 5,439	\$ 5,997	\$ 6,435	\$ 6,878	\$ 7,291
Survivors	144	148	153	187	215	272	293
Disability	498	528	560	585	593	670	693
<i>Refunds</i>							
Death	2			1		38	
Lump Sum	306	612	365	934	722	968	766
Total	\$ 5,209	\$ 6,139	\$ 6,517	\$ 7,704	\$ 7,965	\$ 8,826	\$ 9,043
Number of Lump Sum	61	60	71	153	146	141	125

STATISTICAL SECTION

2011	2012	2013
\$ 224,108	\$ 245,959	\$ 267,690
3,748	3,968	4,240
2,253	2,065	1,922
1,114	770	169
11,302	11,991	11,254
\$ 242,525	\$ 264,753	\$ 285,275
1,998	2,307	2,237
\$ 2,190	\$ 2,291	\$ 2,478
50	53	75
\$ 2,240	\$ 2,344	\$ 2,553
\$ 7,462	\$ 7,794	\$ 8,270
233	239	248
162	188	191
9	2	
121	65	51
\$ 7,987	\$ 8,288	\$ 8,760
5	8	5
\$ 8,273	\$ 9,356	\$ 10,430
292	347	392
665	676	761
7		
938	1,248	1,159
\$ 10,175	\$ 11,627	\$ 12,742
102	144	137



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	2004	2005	2006	2007	2008	2009	2010
GWPORS							
<i>Benefit Expenses</i>							
Retirees	\$ 1,429	\$ 1,509	\$ 1,760	\$ 2,022	\$ 2,208	\$ 2,427	\$ 2,566
Survivors	27	27	28	29	33	41	49
Disability	4	2	19	18	9		3
<i>Refunds</i>							
Death		1	27	16	21	53	4
Lump Sum	501	607	477	702	643	840	879
Total	\$ 1,961	\$ 2,146	\$ 2,311	\$ 2,787	\$ 2,914	\$ 3,361	\$ 3,501
Number of Lump Sum	124	146	85	125	113	110	143
MPORS							
<i>Benefit Expenses</i>							
Retirees	\$ 10,208	\$ 10,646	\$ 11,256	\$ 11,861	\$ 12,827	\$ 13,960	\$ 14,652
Survivors	446	473	491	517	547	560	613
Disability	231	244	285	314	333	340	462
<i>Refunds</i>							
Death							
DROP	18	510	234	502	3,777	148	407
Lump Sum	319	276	317	186	513	794	442
Total	\$ 11,222	\$ 12,149	\$ 12,583	\$ 3,380	\$ 17,997	\$ 15,802	\$ 16,576
Number of Lump Sum	44	29	27	23	34	42	39
Number of DROP	2	6	3	5	20	5	5
FURS							
<i>Benefit Expenses</i>							
Retirees	\$ 9,201	\$ 9,903	\$ 10,527	\$ 11,307	\$ 12,788	\$ 13,428	\$ 14,031
Survivors	385	398	408	412	442	433	427
Disability	88	85	105	131	124	126	140
<i>Refunds</i>							
Death				1			
Lump Sum	77	101	46	241	116	70	86
Total	\$ 9,751	\$ 10,487	\$ 11,086	\$ 2,092	\$ 3,470	\$ 14,057	\$ 14,684
Number of Lump Sum	11	6	8	21	16	13	8
VFCA							
<i>Benefit Expenses</i>							
Retirees	\$ 1,455	\$ 1,494	\$ 1,561	\$ 1,635	\$ 1,710	\$ 1,779	\$ 1,848
Survivors	24	23	3	2	7	1	9
Disability							
Total	\$ 1,479	\$ 1,517	\$ 1,564	\$ 1,637	\$ 1,717	\$ 1,780	\$ 1,857

2011	2012	2013
\$ 2,801	\$ 3,106	\$ 3,497
54	80	59
2	7	19
6	10	
991	1,227	841
\$ 3,854	\$ 4,430	\$ 4,416
114	130	122
\$ 5,835	\$ 16,195	\$ 17,269
629	654	656
546	504	538
3	1	
449	352	1,177
498	355	656
\$ 17,960	\$ 18,061	\$ 20,296
36	37	44
5	4	7
\$ 12,554	\$ 15,884	\$ 16,965
479	466	478
2,560	169	227
12		
128	119	73
\$ 15,733	\$ 16,638	\$ 17,743
6	13	6
\$ 1,938	\$ 2,046	\$ 2,819
\$ 1,938	\$ 2,046	\$ 2,819

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

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

2011	2012	2013
8	4	35
	1	5
182	158	179
\$ 3,226	\$ 3,077	\$ 3,759
75	35	60
\$ 393	\$ 323	\$ 436
124	98	75
\$ 417	\$ 415	\$ 398

STATISTICAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Retired Members by Type of Benefit

As of June 30, 2013

PERS-DBRP	Amount of Monthly Benefit	Number of Retired Members	Type of Retirement		
			Regular	Disability	Survivor ²
	\$ 1 - 250	2,077	1,818	8	251
	251 - 500	3,597	3,087	33	477
	501 - 750	2,900	2,483	55	362
	751 - 1,000	2,211	1,881	32	298
	1,001 - 1,250	1,702	1,489	25	188
	1,251 - 1,500	1,286	1,142	11	133
	1,501 - 1,750	1,089	988	8	93
	1,751 - 2,000	949	870	4	75
	Over 2,000	3,640	3,487	5	148
	Total	19,451	17,245	181	2,025

JRS	Amount of Monthly Benefit	Number of Retired Members	Type of Retirement		
			Regular	Disability	Survivor ²
	\$ 1 - 250				
	251 - 500				
	501 - 750	1	1		
	751 - 1,000	1			1
	1,001 - 1,250	5	1		4
	1,251 - 1,500	3	3		
	1,501 - 1,750				
	1,751 - 2,000	3			3
	Over 2,000	52	39		13
	Total	65	44		21

HPORS	Amount of Monthly Benefit	Number of Retired Members	Type of Retirement		
			Regular	Disability	Survivor ²
	\$ 1 - 250	4			4
	251 - 500	7	3		4
	501 - 750	10	7		3
	751 - 1,000	4	1		3
	1,001 - 1,250	4	2		2
	1,251 - 1,500	12	8		4
	1,501 - 1,750	25	19	3	3
	1,751 - 2,000	81	50	2	29
	Over 2,000	163	143	4	16
	Total	310	233	9	68

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

² For the purposes of this schedule Survivor is anyone receiving a monthly benefit that is not the original member.

STATISTICAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Retired Members by Type of Benefit

As of June 30, 2013

	Option Selected ¹							GABA	NON-GABA
	1	2	3	4A	4B	5A	5B		
PERS-DBRP									
	1,476	381	64	35	85	17	19	2,057	20
	2,417	770	157	50	145	50	8	3,583	14
	1,846	693	163	50	106	40	2	2,894	6
	1,382	504	170	33	85	37		2,210	1
	1,047	401	137	38	53	26		1,701	1
	747	353	122	22	31	11		1,285	1
	599	329	105	20	25	11		1,088	1
	524	259	115	16	25	10		949	
	2,009	916	501	81	109	24		3,640	
	12,047	4,606	1,534	345	664	226	29	19,407	44

JRS	Option Selected ¹						GABA	NON-GABA
	1	2	3	4A	4B	5A		
	1							1
			1					1
	1	3					1	5
	1	1	1				2	1
		1	1			1	2	1
	14	28	5		3	2	26	26
	17	33	8		3	3	30	35

HPORS	Option Selected ¹						GABA	NON-GABA	
	1	2	3	4A	4B	5A			5B
		1				3		4	
	1	5				1		2	5
	1	7				2		5	5
	1					3		2	2
		4						1	3
	1	11						4	8
	3	22						14	11
	12	66				3		26	55
	18	142				3		154	9
	37	258				15		212	98

GABA - Members covered under the Guaranteed Annual Benefit Adjustment

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

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, 2013

	Amount of Monthly Benefit	Number of Retired Members	Type of Retirement		
			Regular	Disability	Survivor ²
SRS	\$ 1 - 250	15	9	1	5
	251 - 500	28	20	1	7
	501 - 750	42	33	2	7
	751 - 1,000	23	17	1	5
	1,001 - 1,250	41	33	1	7
	1,251 - 1,500	34	27	3	4
	1,501 - 1,750	43	32	6	5
	1,751 - 2,000	38	31	6	1
	Over 2,000	239	217	15	7
	Total	503	419	36	48
GWPORS	\$ 1 - 250	1	1		
	251 - 500	22	19	1	2
	501 - 750	24	21		3
	751 - 1,000	21	12	1	8
	1,001 - 1,250	15	12		3
	1,251 - 1,500	14	11		3
	1,501 - 1,750	11	10		1
	1,751 - 2,000	11	10		1
	Over 2,000	61	58		3
	Total	180	154	2	24
MPORS ³	\$ 1 - 250	17	17		
	251 - 500	10	10		
	501 - 750	13	13		
	751 - 1,000	8	8		
	1,001 - 1,250	8	7		1
	1,251 - 1,500	23	14		9
	1,501 - 1,750	111	63	2	46
	1,751 - 2,000	129	83	4	42
	Over 2,000	391	327	14	50
	Total	710	542	20	148

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

² For the purposes of this schedule Survivor is anyone receiving a monthly benefit that is not the original member.

³ MPORS does not include DROP members.

STATISTICAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Retired Members by Type of Benefit

As of June 30, 2013

	Option Selected ¹						GABA	NON-GABA
	1	2	3	4A	4B	5A		
SRS	5	5	1			4	14	1
	8	14	4		2		28	
	21	14	3		2	2	42	
	7	11	2	1	1	1	22	1
	18	17	3		2	1	41	
	14	16	2		1	1	34	
	16	15	3	2	3	4	42	1
	19	12	4		2	1	38	
	130	62	24	13	8	2	239	
	238	166	46	16	21	16	500	3

	Option Selected ¹						GABA	NON-GABA
	1	2	3	4A	4B	5A		
GWPORS	1						1	
	10	7	2		2	1	22	
	14	4	1		2	3	24	
	10	3	4		1	3	21	
	7	3	4		1		15	
	7	3	4				14	
	7	4					11	
	7	2		1	1		11	
	27	23	7		4		61	
	90	49	22	1	11	7	180	

	Option Selected ¹						GABA	NON-GABA
	1	2	3	4A	4B	5A		
MPORS	2	15					14	3
	5	5					9	1
	8	5					11	2
	5	3					8	
	4	4					7	1
	1	21				1	22	1
	12	88				11	102	9
	15	108				6	120	9
	51	333				7	351	40
	103	582				25	644	66

GABA - Members covered under the Guaranteed Annual Benefit Adjustment

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

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, 2013

	Amount of Monthly Benefit	Number of Retired Members	Type of Retirement		
			Regular	Disability	Survivor ³
FURS	\$ 1 - 250	35	23		12
	251 - 500	14	13		1
	501 - 750	4	3		1
	751 - 1,000	6	6		
	1,001 - 1,250	9	9		
	1,251 - 1,500	21	14		7
	1,501 - 1,750	36	19		17
	1,751 - 2,000	107	61		46
	Over 2,000	355	304	7	44
	Total	587	452	7	128
	Amount of Monthly Benefit	Number of Retired Members	Type of Retirement		
			Regular	Disability	Survivor ³
VFCA	\$ 1 - 250	1,283	1,280		3
	251 - 500	2	2		
	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	1,285	1,282		3

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

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.

³ For the purposes of this schedule, Survivor is anyone receiving a monthly benefit that is not the original member.

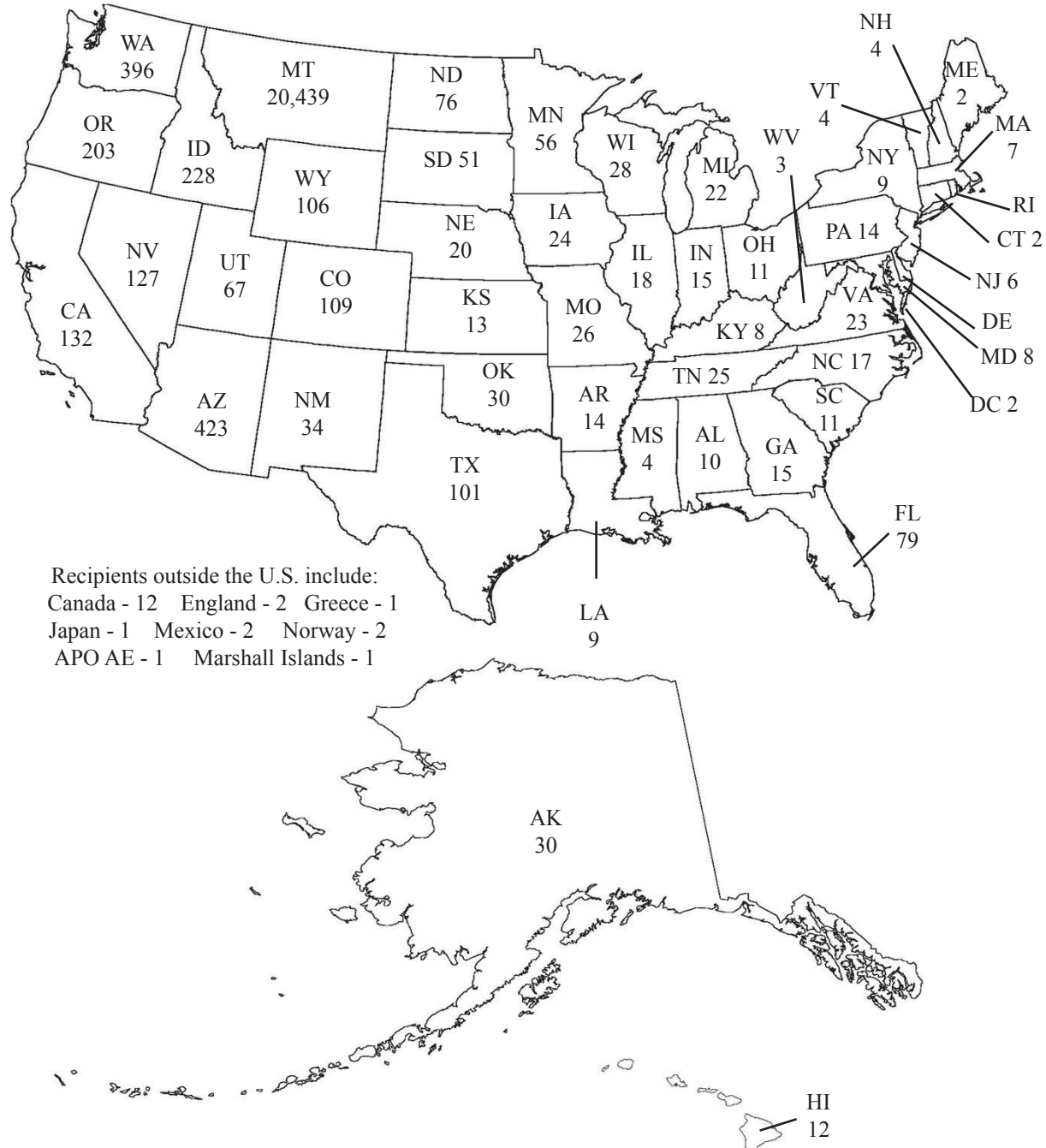
STATISTICAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Distribution of Defined Benefit Recipients by Location

as of June 30, 2013



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STATISTICAL SECTION

Public Employees' Retirement Board

A Component Unit of the State of Montana

Schedule of Active Members by Age and Gender

As of June 30, 2013

System	Ages	Male	Female	Total	System	Ages	Male	Female	Total
PERS-DBRP	Under 20	22	23	45	GWPORS	Under 20			
	20 - 29	958	1,228	2,186		20 - 29	110	41	151
	30 - 39	1,858	2,474	4,332		30 - 39	177	72	249
	40 - 49	2,692	3,565	6,257		40 - 49	222	57	279
	50 - 59	4,336	5,828	10,164		50 - 59	157	51	208
	60 - 69	2,091	2,457	4,548		60 - 69	42	15	57
	70 & Older	201	178	379		70 & Older	3	1	4
	¹ Unkown			490		¹ Unkown			23
	Total	12,158	15,753	28,401		Total	711	237	971
JRS	Under 20				MPORS ²	Under 20			
	20 - 29					20 - 29	109	15	124
	30 - 39	1		1		30 - 39	242	18	260
	40 - 49	3	2	5		40 - 49	222	21	243
	50 - 59	12	10	22		50 - 59	60	1	61
	60 - 69	19	1	20		60 - 69	6		6
	70 & Older	5	1	6		70 & Older			
	¹ Unkown					¹ Unkown			4
	Total	40	14	54		Total	639	55	698
HPORS	Under 20				FURS	Under 20			
	20 - 29	14	2	16		20 - 29	107	2	109
	30 - 39	78	2	80		30 - 39	216	12	228
	40 - 49	82	3	85		40 - 49	183		183
	50 - 59	32	3	35		50 - 59	80	1	81
	60 - 69	3		3		60 - 69	8		8
	70 & Older					70 & Older			
	¹ Unkown					¹ Unkown			1
	Total	209	10	219		Total	594	15	610
SRS	Under 20	2	1	3	PERS-DCRP	Under 20			
	20 - 29	200	39	239		20 - 29	61	91	152
	30 - 39	318	69	387		30 - 39	242	275	517
	40 - 49	306	43	349		40 - 49	298	304	602
	50 - 59	184	27	211		50 - 59	261	326	587
	60 - 69	55	3	58		60 - 69	94	116	210
	70 & Older	5	1	6		70 & Older	9	3	12
	¹ Unkown			23		¹ Unkown			7
	Total	1,070	183	1,276		Total	965	1,115	2,087

¹ Membership data not received as of June 30, 2013..

² MPORS does not include DROP.

VFCA not included because membership data not required on 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, 2013

System	Ages	Male	Female	Total	System	Ages	Male	Female	Total
PERS-DBRP	Under 20				GWPORS	Under 20			
	20 - 29					20 - 29			
	30 - 39					30 - 39			
	40 - 49	28	14	42		40 - 49	2		2
	50 - 59	751	746	1,497		50 - 59	34	4	38
	60 - 69	3,732	3,773	7,505		60 - 69	72	8	80
	70 & Older	5,254	5,153	10,407		70 & Older	58	2	60
	Total	9,765	9,686	19,451		Total	166	14	180
JRS	Under 20				MPORS¹	Under 20			
	20 - 29					20 - 29			
	30 - 39					30 - 39			
	40 - 49					40 - 49	43	8	51
	50 - 59					50 - 59	160	9	169
	60 - 69	18	5	23		60 - 69	249	2	251
	70 & Older	42		42		70 & Older	238	1	239
	Total	60	5	65		Total	690	20	710
HPORS	Under 20				FURS	Under 20			
	20 - 29					20 - 29			
	30 - 39	2	1	3		30 - 39	3		3
	40 - 49	21	4	25		40 - 49	16		16
	50 - 59	36	3	39		50 - 59	122	1	123
	60 - 69	85	4	89		60 - 69	189		189
	70 & Older	154		154		70 & Older	254	2	256
	Total	298	12	310		Total	584	3	587
SRS	Under 20				VFCA	Under 20			
	20 - 29					20 - 29			
	30 - 39	3		3		30 - 39			
	40 - 49	24	1	25		40 - 49			
	50 - 59	134	9	143		50 - 59	124	2	126
	60 - 69	210	5	215		60 - 69	514	36	550
	70 & Older	111	6	117		70 & Older	583	26	609
	Total	482	21	503		Total	1,221	64	1,285

¹ MPORS does not include DROP.

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 7/1/2012 - 6/30/2013							
Average monthly benefit	\$ 1,306	\$ 1,196	\$ 1,332	\$ 1,845	\$ 1,429	\$ 2,032	\$ 2,925
Average HAC ¹	2,340	1,839	224	2,400	2,421	2,901	3,629
Number of retired members	28	159	206	164	179	169	259
Period 7/1/2011 - 6/30/2012							
Average monthly benefit	2,089	2,535	720	1,629	2,122	3,561	3,265
Average HAC ¹	1,662	2,742	2,839	3,219	3,286	4,174	4,516
Number of retired members	49	195	211	171	172	179	242
Period 7/1/2010 - 6/30/2011							
Average monthly benefit	2,575	1,308	873	1,065	2,331	2,088	2,943
Average HAC ¹	2,005	2,792	2,968	3,062	3,384	3,879	4,472
Number of retired members	42	169	175	163	149	178	294
Period 7/1/2009 - 6/30/2010							
Average monthly benefit	1,959	1,657	2,440	3,256	2,243	2,181	3,457
Average HAC ¹	2,129	2,484	2,590	4,382	3,373	4,001	4,528
Number of retired members	48	158	152	148	114	138	163
Period 7/1/2008 - 6/30/2009							
Average monthly benefit	4,475	1,083	1,619	2,267	2,058	2,181	3,047
Average HAC ¹	2,080	2,630	2,933	3,052	3,280	3,851	4,376
Number of retired members	22	133	157	147	102	169	211
Period 7/1/2007 - 6/30/2008							
Average monthly benefit	529	464	914	993	2,101	2,198	2,886
Average HAC ¹	2,020	2,110	2,513	2,947	2,905	3,423	4,017
Number of retired members	21	159	166	160	125	180	196
Period 7/1/2006 - 6/30/2007							
Average monthly benefit	1,191	362	587	1,039	1,221	1,938	3,084
Average HAC ¹	2,230	2,386	2,304	2,644	2,878	3,218	3,851
Number of retired members	22	149	153	174	129	143	189
Period 7/1/2005 - 6/30/2006							
Average monthly benefit	293	329	683	1,033	1,281	1,824	2,877
Average HAC ¹	1,691	1,989	2,298	2,919	2,625	3,009	3,730
Number of retired members	16	141	148	138	110	132	193
Period 7/1/2004 - 6/30/2005							
Average monthly benefit	268	328	587	835	1,289	1,829	2,870
Average HAC ¹							
Number of retired members	16	135	166	134	107	126	130
Period 7/1/2003 - 6/30/2004							
Average monthly benefit	346	303	571	867	1,201	1,960	3,277
Average HAC ¹							
Number of retired members	12	124	135	117	120	125	165

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

The Average monthly benefit could be skewed in this schedule due to retroactive retirement dates.

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 7/1/2012 - 6/30/2013									
Average monthly benefit		\$	2,771	\$	4,683	\$	6,272	\$	5,778
Average HAC ¹			9,427		3,165		9,494		6,329
Number of retired members			3		3		1		3
Period 7/1/2011 - 6/30/2012									
Average monthly benefit									
Average HAC ¹									
Number of retired members									
Period 7/1/2010 - 6/30/2011									
	\$	2,197	2,893	4,986				6,036	
Average monthly benefit		8,906	7,842	9,201				8,906	
Average HAC ¹		1	1	1				1	
Number of retired members									
Period 7/1/2009 - 6/30/2010									
Average monthly benefit						5,279			
Average HAC ¹						9,797			
Number of retired members						1			
Period 7/1/2008 - 6/30/2009									
Average monthly benefit		1,404	3,297	4,783	4,696				
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			4,848						
Average HAC ¹			8,849						
Number of retired members			1						
Period 7/1/2006 - 6/30/2007									
Average monthly benefit			3,797						
Average HAC ¹			7,841						
Number of retired members			1						
Period 7/1/2005 - 6/30/2006									
Average monthly benefit		2,726						5,030	
Average HAC ¹		8,407						7,841	
Number of retired members		1						1	
Period 7/1/2004 - 6/30/2005									
Average monthly benefit			4,480						
Average HAC ¹									
Number of retired members			1						
Period 7/1/2003 - 6/30/2004									
Average monthly benefit						5,777			
Average HAC ¹									
Number of retired members						1			

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

The Average monthly benefit could be skewed in this schedule due to retroactive retirement dates.

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 7/1/2012 - 6/30/2013							
Average monthly benefit	\$ 1,963			\$ 3,055	\$ 3,159		
Average HAC ¹	3,925				4,152	7,273	
Number of retired members	1				7	3	
Period 7/1/2011 - 6/30/2012							
Average monthly benefit		\$ 670			2,929	3,883	
Average HAC ¹		4,714			5,440	5,383	
Number of retired members		1			1	2	
Period 7/1/2010 - 6/30/2011							
Average monthly benefit			\$ 1,696	\$ 2,522	3,035		
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	462	190		2,534	2,465	3,553	
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	1,937			2,322		2,740	
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	2,004	717		12,802	2,692	3,417	
Average HAC ¹	3,415	3,450		3,974	4,482	4,517	
Number of retired members	1	1		1	4	1	
Period 7/1/2006 - 6/30/2007							
Average monthly benefit					2,131		
Average HAC ¹					3,959		
Number of retired members					6		
Period 7/1/2005 - 6/30/2006							
Average monthly benefit		1,901			2,380	3,288	4,839
Average HAC ¹		3,092			3,635	3,678	4,840
Number of retired members		1			2	1	1
Period 7/1/2004 - 6/30/2005							
Average monthly benefit			1,413		2,774	3,031	4,326
Average HAC ¹							
Number of retired members			2		2	1	1
Period 7/1/2003 - 6/30/2004							
Average monthly benefit	1,920				3,294	4,075	4,380
Average HAC ¹							
Number of retired members	1				2	1	4

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

The Average monthly benefit could be skewed in this schedule due to retroactive retirement dates.

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 7/1/2012 - 6/30/2013							
Average monthly benefit	\$ 621	\$ 1,520	\$ 1,802	\$ 2,844	\$ 3,341	\$ 5,357	
Average HAC ¹	4,119	3,580	3,686	4,320	4,932	6,428	
Number of retired members	4	12	6	11	2	1	
Period 7/1/2011 - 6/30/2012							
Average monthly benefit	\$ 3,763	6,824	1,757	2,604	2,477	3,440	3,972
Average HAC ¹	3,367	3,121	4,944	5,493	4,680	4,873	6,286
Number of retired members	3	6	4	2	9	2	7
Period 7/1/2010 - 6/30/2011							
Average monthly benefit	604	642	1,516	2,722	2,440	3,871	5,480
Average HAC ¹	6,500	4,199	3,890	5,466	4,778	5,912	6,842
Number of retired members	1	4	3	5	12	4	6
Period 7/1/2009 - 6/30/2010							
Average monthly benefit	1,893	1,367	843	1,706	3,170	3,524	3,897
Average HAC ¹	3,464	4,282	3,652	4,674	5,600	4,946	5,878
Number of retired members	1	2	4	2	4	3	1
Period 7/1/2008 - 6/30/2009							
Average monthly benefit	1,250	529		1,774	2,684	4,089	5,251
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	951	1,370	1,123	3,030	2,296	2,585	5,750
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	970	1,551	1,817	1,954	3,582	3,583
Average HAC ¹	1,130	3,676	4,385	3,734	3,848	5,276	4,412
Number of retired members	1	4	3	7	12	2	3
Period 7/1/2005 - 6/30/2006							
Average monthly benefit		661	777	1,529	2,704	3,195	3,431
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		193	1,116	1,410	2,168	3,581	
Average HAC ¹							
Number of retired members		3	4	3	9	1	
Period 7/1/2003 - 6/30/2004							
Average monthly benefit		2,391	1,142	1,362	2,010	3,694	3,791
Average HAC ¹							
Number of retired members		1	1	1	9	6	3

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

The Average monthly benefit could be skewed in this schedule due to retroactive retirement dates.

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 7/1/2012 - 6/30/2013							
Average monthly benefit	\$ 2,088	\$ 5,218	\$ 1,060	\$ 1,291	\$ 3,400	\$ 3,777	
Average HAC ¹	2,754	967	2,497	3,221		5,795	
Number of retired members	3	6	4	6	1	1	
Period 7/1/2011 - 6/30/2012							
Average monthly benefit		606	1,118	1,885		\$ 3,773	
Average HAC ¹		3,164	3,941	4,027			4,693
Number of retired members		6	5	1			3
Period 7/1/2010 - 6/30/2011							
Average monthly benefit	4,914	589	1,109	1,260		3,231	3,610
Average HAC ¹		3,257	3,904	3,368		4,427	4,205
Number of retired members	1	4	6	1		1	1
Period 7/1/2009 - 6/30/2010							
Average monthly benefit	5,706	561	1,221				3,902
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	1,796	514		1,615			3,465
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		636	903		1,902	3,047	3,617
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		476			2,373		4,162
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		793	1,124		2,262		3,516
Average HAC ¹		2,660	3,248		3,044		4,076
Number of retired members		6	2		1		6
Period 7/1/2004 - 6/30/2005							
Average monthly benefit		543				4,927	4,695
Average HAC ¹							
Number of retired members		8				2	1
Period 7/1/2003 - 6/30/2004							
Average monthly benefit		1,256			2,196		2,718
Average HAC ¹							
Number of retired members		2			1		1

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

The Average monthly benefit could be skewed in this schedule due to retroactive retirement dates.

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 7/1/2012 - 6/30/2013							
Average monthly benefit	\$ 514	\$ 1,466	\$ 571	\$ 2,253	\$ 2,955	\$ 3,190	
Average HAC ¹	6,801	2,289	2,093	2,334	4,552	5,516	
Number of retired members	5	2	1	8	15	6	
Period 7/1/2011 - 6/30/2012							
Average monthly benefit	117	1,123	1,176	1,270	2,905	\$ 5,373	
Average HAC ¹	5,411	4,023	4,289	2,584	5,117		6,411
Number of retired members	2	3	1	2	7		2
Period 7/1/2010 - 6/30/2011							
Average monthly benefit	257	2,182	1,706	2,470	2,773	4,239	
Average HAC ¹	5,617	4,113	4,862	3,907	4,831	5,893	
Number of retired members	3	1	1	5	8	1	
Period 7/1/2009 - 6/30/2010							
Average monthly benefit	959	1,572	2,230	2,395	2,032	2,901	5,769
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		2,294		1,990	210	4,106	5,026
Average HAC ¹		4,199		4,574	4,042	5,120	5,383
Number of retired members		1		5	7	1	2
Period 7/1/2007 - 6/30/2008							
Average monthly benefit	102	1,645	1,262	2,715	2,492	3,527	4,699
Average HAC ¹	5,911	3,341	3,736	4,816	4,235	4,589	4,507
Number of retired members	10	3	2	3	13	14	2
Period 7/1/2006 - 6/30/2007							
Average monthly benefit	1,016		1,770	2,352	2,324	4,105	
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	1,587		1,382	3,507	2,850	6,026	5,638
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	1,767	1,251	2,233	2,271	3,248	4,380	6,209
Average HAC ¹							
Number of retired members	2	2	2	2	3	3	1
Period 7/1/2003 - 6/30/2004							
Average monthly benefit		1,515		2,180	2,479	3,201	
Average HAC ¹							
Number of retired members		2		2	8	4	

¹HAC = Highest Average Compensation during any consecutive 36 months unavailable prior to FY2006.
The Average monthly benefit could be skewed in this schedule due to retroactive retirement dates.

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 7/1/2012 - 6/30/2013							
Average monthly benefit	\$ 1,457	\$ 418	\$ 1,369		\$ 1,177	\$ 4,509	\$ 5,828
Average HAC ¹		2,974	1,608		908	5,493	5,524
Number of retired members	1	1	2		5	6	5
Period 7/1/2011 - 6/30/2012							
Average monthly benefit		1,673	2,943		3,235	3,843	4,527
Average HAC ¹		5,614	5,885		5,585	6,638	6,837
Number of retired members		3	1		6	6	5
Period 7/1/2010 - 6/30/2011							
Average monthly benefit		264		\$ 2,200	3,890	3,568	3,875
Average HAC ¹		1,506		4,814	5,945	5,075	4,480
Number of retired members		1		1	1	9	5
Period 7/1/2009 - 6/30/2010							
Average monthly benefit	1,955		2,724	234	2,704	3,693	4,029
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		1,094		1,963	3,844	3,897	4,703
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			2,298	1,682	2,384	3,700	4,780
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		2,132	1,549	3,242	2,802	3,888	5,583
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		2,604	2,486	3,653	2,775	4,896
Average HAC ¹	2,749		4,235	4,333	5,005	3,919	4,480
Number of retired members	1		1	2	1	5	8
Period 7/1/2004 - 6/30/2005							
Average monthly benefit		2,155		2,046	2,327	2,768	4,153
Average HAC ¹							
Number of retired members		1		2	5	3	2
Period 7/1/2003 - 6/30/2004							
Average monthly benefit		1,162	2,298	2,162	2,166	3,843	4,538
Average HAC ¹							
Number of retired members		2	1	1	6	5	9

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

The Average monthly benefit could be skewed in this schedule due to retroactive retirement dates.

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						30+
	0-4	5-9	10-14	15-19	20-24	25-29	
Period 7/1/2012 - 6/30/2013							
Average monthly benefit	\$ 75	\$ 98	\$ 143	\$ 173	\$ 207	\$ 253	
Average HAC ¹							
Number of retired members	9	22	20	10	10	3	
Period 7/1/2011 - 6/30/2012							
Average monthly benefit	75	106	136	169	211	239	
Average HAC ¹							
Number of retired members	4	11	28	30	7	5	
Period 7/1/2010 - 6/30/2011							
Average monthly benefit	75	96	145	172	211		
Average HAC ¹							
Number of retired members	5	14	24	14	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	367	174	210		
Average HAC ¹							
Number of retired members	8	19	27	9	1		
Period 7/1/2003 - 6/30/2004							
Average monthly benefit	75	554	571	184	206		
Average HAC ¹							
Number of retired members	5	18	28	4	2		

¹HAC = Highest Average Compensation is not applicable to the VFCA. Members are unpaid volunteers and do not contribute to the fund. The Average monthly benefit could be skewed in this schedule due to retroactive retirement dates.

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 2013

System	Years of Service	Recipients's Age									
		< 45	45-49	50-54	55-59	60-64	65-69	70-74	75-79	Over 80	Average
PERS-DBRP	0-4	\$ 87	\$ 159	\$ 89	\$ 196	\$ 273	\$ 232	\$ 259	\$ 194	\$ 243	\$ 233
	5-9	313		320	297	342	344	323	320	280	319
	10-14	763	580	505	519	591	664	566	514	463	552
	15-19	387	597	713	699	882	887	852	785	690	801
	20-24		946	1,062	1,458	1,262	1,237	1,152	1,049	970	1,139
	25-29		2,237	2,102	209	2,071	1,910	1,661	1,532	1,331	1,781
	30-34		3,862	2,895	2,861	2,944	2,605	2,292	1,955	1,686	2,470
	35-39			3,962	3,562	3,612	3,240	2,814	2,599	2,024	2,975
	40-UP				4,456	3,917	3,756	3,852	3,063	2,519	3,376
	Average	\$ 519	\$ 1,198	\$ 1,663	\$ 1,719	\$ 1,569	\$ 1,356	\$ 1,149	\$ 995	\$ 833	\$ 1,216
JRS	0-4										
	5-9					\$ 675	\$ 1,801		\$ 2,605	\$ 1,851	\$ 1,874
	10-14					2,497	4,615	\$ 1,899	3,000	3,191	3,135
	15-19					4,659	4,903		4,533	2,975	3,811
	20-24					6,272	5,237				5,582
	25-29					6,579	5,378	5,154		5,602	5,550
	30-34							6,036		6,520	6,359
	35-39										
	40-UP										
	Average					\$ 3,749	\$ 4,484	\$ 4,028	\$ 3,455	\$ 3,273	\$ 3,660
HPORS	0-4	\$ 1,955	\$ 1,274			\$ 1,135					\$ 1,523
	5-9	1,920	70	\$ 1,062	\$ 1,888	1,919	\$ 1,188			\$ 1,443	1,149
	10-14	2,189	2,303	1,211		1,179		\$ 262	\$ 305	955	1,045
	15-19	2,417	2,358		2,279			1,888		882	1,762
	20-24	2,937	2,975	2,855	2,386	2,360	1,947	1,744	1,743	1,636	2,084
	25-29		3,639	3,159	3,410	3,529	3,078	2,661	2,125	1,856	2,653
	30-34					4,066	4,058	3,829	2,972	2,262	3,304
	35-39						5,131	4,994	4,285	3,019	4,066
	40-UP									4,154	4,154
	Average	\$ 2,138	\$ 2,093	\$ 2,447	\$ 2,652	\$ 2,547	\$ 2,657	\$ 2,516	\$ 2,015	\$ 1,877	\$ 2,323
SRS	0-4	\$ 882		\$ 1,607	\$ 1,331	\$ 1,687	\$ 1,219	\$ 52	\$ 431	\$ 166	\$ 1,295
	5-9	1,169	\$ 1,578	1,158	556	776	886	704	725	416	847
	10-14	2,545		1,046	1,262	1,316	957	995	1,034	766	1,175
	15-19		2,688	1,355	2,243	1,476	1,219	1,548	1,338	1,020	1,473
	20-24	2,885	2,687	2,333	2,285	2,297	2,033	1,919	1,466	944	2,187
	25-29			3,210	3,258	3,447	3,414	3,005	1,886	1,427	2,907
	30-34				5,708	4,079	4,487	3,450		1,873	4,132
	35-39				6,193	2,744	3,454	4,476		3,386	3,866
	40-UP										
	Average	\$ 1,913	\$ 2,450	\$ 2,114	\$ 2,227	\$ 2,193	\$ 1,956	\$ 2,155	\$ 1,344	\$ 1,142	\$ 2,004

Public Employees' Retirement Board

A Component Unit of the State of Montana

Schedule of Average Monthly Benefit Payments, All Retirees (cont.)

For the Fiscal Year Ended 2013

System	Years of Service	Recipients's Age									
		< 45	45-49	50-54	55-59	60-64	65-69	70-74	75-79	Over 80	Average
GWPORS	0-4				\$ 323	\$ 424	\$ 416				\$ 397
	5-9	\$ 409	\$ 771	\$ 260	655	587	682	\$ 537			623
	10-14				1,128	1,139	1,161	1,087	\$ 1,576		1,155
	15-19			1,642	1,330	1,246	1,638			\$ 873	1,257
	20-24				2,558	1,981	1,372	1,668	1,687	1,357	1,723
	25-29			3,777	2,533		2,431	2,220	2,097	1,303	2,105
	30-34			3,701	3,672	3,260	3,498		2,638	1,728	3,044
	35-39			3,610	4,139	4,516	3,071	3,225	3,774	2,324	3,163
	40-UP					4,311					4,311
	Average	\$ 409	\$ 771	\$ 2,439	\$ 1,922	\$ 1,294	\$ 1,643	\$ 1,535	\$ 2,323	\$ 1,501	\$ 1,670
MPORS	0-4	\$ 1,767	\$ 1,906	\$ 453	\$ 686	\$ 531	\$ 1,439	\$ 1,067	\$ 1,615	\$ 1,634	\$ 942
	5-9	2,220	2,081	1,320	1,099	1,195	1,432	1,956	1,554	1,801	1,597
	10-14	2,509	2,147	1,263	1,738	1,479	1,647	1,718	2,002	1,708	1,692
	15-19		2,359	1,953	2,188	2,146	1,880	1,741	1,740	2,042	2,006
	20-24	2,457	2,572	2,642	2,395	2,315	2,341	2,039	1,876	1,918	2,233
	25-29			2,869	3,540	4,102	3,776	3,006	2,696	2,321	3,442
	30-34				6,037	5,024	5,237	3,855	2,627	2,428	4,503
	35-39					4,558				2,698	3,628
	40-UP										
	Average	\$ 2,157	\$ 2,424	\$ 2,182	\$ 2,161	\$ 2,379	\$ 2,570	\$ 2,066	\$ 1,968	\$ 1,951	\$ 2,224
FURS	0-4	\$ 2,038		\$ 1,611	\$ 1,876	\$ 1,457	\$ 1,935				\$ 1,813
	5-9	2,262	\$ 2,134	562	713	911	1,589	\$ 1,819	\$ 2,298		1,305
	10-14		2,655	1,832	1,608	1,739	1,401	1,434	1,790	\$ 1,546	1,671
	15-19			1,752	1,997	2,037	1,468	1,178	1,660	1,839	1,731
	20-24	3,099	2,564	2,381	2,357	2,320	2,052	1,659	1,676	1,802	2,030
	25-29		4,259	3,393	3,756	3,540	3,209	2,781	2,008	1,683	2,784
	30-34			351	4,646	5,143	4,297	4,192	2,419	1,890	4,188
	35-39				5,823	4,760	5,215	5,290	4,770	3,062	4,710
	40-UP										
	Average	\$ 2,327	\$ 2,780	\$ 2,360	\$ 3,033	\$ 3,191	\$ 2,961	\$ 2,674	\$ 2,055	\$ 1,822	\$ 2,597
VFCA	0-4										
	5-9										
	10-14				\$ 105	\$ 86	\$ 89	\$ 86	\$ 87	\$ 85	87
	15-19				225	126	125	126	125	125	127
	20-24				159	159	163	163	163	164	162
	25-29				199	199	199	195	206	193	199
	30-34				229	226	226	225	225	225	227
	35-39				293		225		225		239
	40-UP										
	Average				\$ 178	\$ 148	\$ 142	\$ 140	\$ 136	\$ 137	145

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, 2013			As of June 30, 2004		
	Covered Employees ¹	Rank	Percentage of Total System	Covered Employees ¹	Rank	Percentage of Total System
<u>PERS-DBRP</u>						
STATE OF MONTANA ²	10,693	1	37.15	10,453	1	36.96
UNIVERSITY OF MONTANA	1,355	2	4.71	1,133	2	4.01
MONTANA STATE UNIVERSITY - BOZEMAN	975	3	3.39	1,049	3	3.71
MISSOULA COUNTY	569	4	1.98	579	4	2.05
CITY OF BILLINGS	567	5	1.97	531	5	1.88
SCHOOL DISTRICT 1 - GREAT FALLS	416	6	1.45	457	6	1.62
FLATHEAD COUNTY	382	7	1.33	413	7	1.46
CITY OF GREAT FALLS	375	8	1.30	331	11	1.17
SCHOOL DISTRICT 2 - BILLINGS	363	9	1.26	373	10	1.32
CASCADE COUNTY	354	10	1.23	379	9	1.34
YELLOWSTONE COUNTY	291	13	1.01	383	8	1.35
 "All other" *	 12,444		 43.22	 12,199		 43.13
 TOTAL (507 EMPLOYERS)	 28,784		 100.00	 28,280		 100.00

* In 2013, "all other" consisted of:

<u>Type</u>	<u>Number</u>	<u>Employees</u>
Cities & Towns	97	2,446
Counties	51	3,789
Other Agencies	110	1,249
School Districts	235	4,616
Universities	3	344
Total	496	12,444

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.

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>	As of June 30, 2013			As of June 30, 2004		
	Covered Employees ¹	Rank	Percentage of Total System	Covered Employees ¹	Rank	Percentage of Total System
JRS						
STATE OF MONTANA ²	54	1	100.00	50	1	100
TOTAL (1 EMPLOYER)	54		100.00	50		100
HPORS						
STATE OF MONTANA ²	220	1	100.00	194	1	100
TOTAL (1 EMPLOYER)	220		100.00	194		100
SRS						
MISSOULA COUNTY	128	1	9.97	47	2	6.93
YELLOWSTONE COUNTY	106	2	8.26	51	1	7.52
CASCADE COUNTY	97	3	7.55	33	7	4.87
GALLATIN COUNTY	91	4	7.09	40	4	5.90
FLATHEAD COUNTY	90	5	7.01	45	3	6.64
LEWIS & CLARK COUNTY	63	6	4.91	39	5	5.75
STATE OF MONTANA ²	59	7	4.60	37	6	5.46
RAVALLI COUNTY	44	8	3.43	31	8	4.57
DAWSON COUNTY	44	9	3.43	6	38	0.89
LAKE COUNTY	40	10	3.12	19	9	2.80
LINCOLN COUNTY	28	11	2.18	19	10	2.80
In 2013 "All other" consists of 46 Counties	494		38.45	311		45.87
TOTAL (57 EMPLOYERS)	1,284		100.00	678		100.00
GWPORS						
STATE OF MONTANA ²	927	1	95.96	663	1	96.23
MONTANA STATE UNIVERSITY - BOZEMAN	19	2	1.97	12	3	1.74
UNIVERSITY OF MONTANA	13	3	1.35	13	2	1.88
MONTANA STATE UNIVERSITY - BILLINGS	7	4	0.72	1	4	0.15
TOTAL (4 EMPLOYERS)	966		100.00	689		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 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, 2013			As of June 30, 2004		
	Covered Employees ¹	Rank	Percentage of Total System	Covered Employees ¹	Rank	Percentage of Total System
MPORS						
CITY OF BILLINGS	137	1	18.61	127	1	20.99
CITY OF MISSOULA	98	2	13.32	88	2	14.55
CITY OF GREAT FALLS	84	3	11.41	78	3	12.89
CITY OF BOZEMAN	63	4	8.56	38	6	6.28
CITY OF HELENA	52	5	7.07	48	4	7.93
BUTTE-SILVER BOW	46	6	6.25	41	5	6.78
CITY OF KALISPELL	34	7	4.62	31	7	5.12
ANACONDA-DEER LODGE COUNTY	19	8	2.58	25	8	4.13
CITY OF HAVRE	19	9	2.58	18	9	2.98
CITY OF MILES CITY	17	10	2.31	15	10	2.48
In 2013 "All other" consists of 21 Cities	167		22.69	96		15.87
TOTAL (31 EMPLOYERS)	736		100.00	605		100.00
FURS						
CITY OF BILLINGS	111	1	18.05	106	1	22.75
CITY OF MISSOULA	92	2	14.96	73	2	15.67
CITY OF GREAT FALLS	65	3	10.57	64	3	13.73
CITY OF BOZEMAN	41	4	6.67	30	6	6.44
CITY OF HELENA	35	5	5.69	34	4	7.30
BUTTE-SILVER BOW	34	6	5.53	31	5	6.65
MISSOULA RURAL FIRE DISTRICT	34	7	5.53			
CITY OF KALISPELL	31	8	5.04	24	7	5.15
STATE OF MONTANA ²	18	9	2.93	2	15	0.43
CITY OF HAVRE	17	10	2.76	17	10	3.65
CITY OF LEWISTOWN	7	20	1.14	18	9	3.86
CITY OF GLENDAVE	5	22	0.81	21	8	4.51
In 2013 "All other" consists of 6 Cities and 7 Rural Fire District	125		20.32	46		9.86
TOTAL (25 EMPLOYERS)	615		100.00	466		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.

² For the purposes of this schedule the "State of Montana" is considered one employer. For FURS there is only one State of Montana agency.

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, 2013			As of June 30, 2004		
	Covered Employees ¹	Rank	Percentage of Total System	Covered Employees	Rank	Percentage of Total System
PERS-DCRP						
STATE OF MONTANA ²	963	1	45.97	439	1	39.98
YELLOWSTONE CITY-COUNTY HEALTH DEPT	61	2	2.91	19	7	1.73
MISSOULA COUNTY	57	3	2.72	31	3	2.82
UNIVERSITY OF MONTANA	57	4	2.72	17	8	1.55
CITY OF BILLINGS	54	5	2.58	37	2	3.37
MONTANA STATE UNIVERSITY - BOZEMAN	54	6	2.58	20	5	1.82
CITY OF MISSOULA	28	7	1.34	16	9	1.46
CITY OF BOZEMAN	27	8	1.29	14	11	1.28
YELLOWSTONE COUNTY	25	9	1.19	19	6	1.73
FLATHEAD COUNTY	25	10	1.19	12	12	1.09
BUTTE SILVER BOW	22	11	1.05	15	10	1.37
GALLATIN COUNTY	20	13	0.95	23	4	2.09
"All other" *	702		33.51	436		39.71
TOTAL (233 EMPLOYERS)	2,095		100.00	1,098		100.00

* In 2013, "all other" consisted of:

Type	Number	Employees
Cities & Towns	45	139
Counties	40	210
Other Agencies	39	97
School Dist	94	245
Universities	3	11
Total	221	702

Deferred Compensation Plan

STATE OF MONTANA ²	4,056	1	89.85	4,432	1	92.48
UNIVERSITY OF MONTANA	104	2	2.30	152	2	3.17
LEWIS AND CLARK COUNTY	96	3	2.13	125	3	2.61
MONTANA STATE UNIVERSITY - BOZEMAN	65	4	1.44			
GREAT FALLS TRANSIT	33	5	0.73	33	4	0.68
SANDERS COUNTY	28	6	0.62			
MONTANA STATE UNIVERSITY - BILLINGS	19	7	0.42	23	5	0.48
CITY OF COLSTRIP	13	8	0.29			
GALLATIN AIRPORT AUTHORITY	10	9	0.22			
CITY OF TROY	9	10	0.20			
MONTANA STATE UNIVERSITY - NORTHERN	7	12	0.16	16	6	0.33
MSU COLLEGE OF TECHNOLOGY - GREAT FALLS	4	18	0.09	7	7	0.15
DAWSON COLLEGE	5	17	0.11	3	8	0.06
BIG SKY WATER & SEWER DIST #363	8	11	0.18	2	9	0.04
"All other" *	57		1.26			
TOTAL (30 EMPLOYERS)	4,514		100.00	4,793		100.00

* In 2013, "all other" consisted of:

Type	Number	Employees
Cities & Towns	5	14
Counties	1	3
Other Agencies	5	12
School Dist	5	28
Universities	0	0
Total	16	57

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 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, 2013

PERS-DBRP (540)

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
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

Cities & Towns (99)

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
Denton
Dillon
Drummond
East Helena
Ekalaka
Ennis
Eureka
Fairfield
Fairview

STATISTICAL SECTION

Cities & Towns (cont.)

Forsyth
Fort Benton
Fort Peck
Froid
Geraldine
Glasgow
Glendive
Grass Range
Great Falls
Hamilton
Hardin
Harlem
Harlowton
Havre
Helena
Hot Springs
Hysham
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, Fairmont 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, Divide
SD 4, Forsyth
SD 4, Hellgate
SD 4, Libby
SD 4, Livingston
SD 4, Swan River
SD 4 & 28, Highwood
SD 4 & 47, Whitehall
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

STATISTICAL SECTION

School Districts (cont.)

SD 6, Trout Creek	SD 14, Fortine	SD 34, Seeley Lake
SD 6, Wibaux	SD 14, Hot Springs	SD 35, Gallatin Gateway
SD 6 & 1, St Regis	SD 14, Malta	SD 37, Shepherd
SD 7, Boulder	SD 14, Shelby	SD 38, Big Fork
SD 7, Bozeman	SD 15, Custer	SD 38, Lincoln
SD 7, Charlo	SD 15, Cut Bank	SD 40, Frenchtown
SD 7, Gardiner	SD 15, Ekalaka	SD 41, Bozeman
SD 7, Grant	SD 15, Kalispell	SD 41, Lavina
SD 7, Hinsdale	SD 15 & 6, Florence-Carlton	SD 41, Pioneer
SD 7, Joliet	SD 15 & 17, Willow Creek	SD 43, Lamotte
SD 7, Lolo	SD 16, Harlowton	SD 43, Turner
SD 7, Medicine Lake	SD 16, Havre	SD 44, Belgrade
SD 7, Twin Bridges	SD 17, Culbertson	SD 44, Geraldine
SD 7, Victor	SD 17, Morin	SD 44, Moore
SD 7 & 2, Savage	SD 17H, Hardin	SD 44, Whitefish
SD 7 & 70, Laurel	SD 18, Valier	SD 45, Augusta
SD 8, Arlee	SD 18, Woodman	SD 45, Golden Ridge
SD 8, Elder Grove	SD 19, Colstrip	SD 45, Wolf Point
SD 8, West Glacier	SD 20, Garrison	SD 48-1J & 48-2J, Chester
SD 8, White Sulphur Springs	SD 20, Kila	SD 50, East Glacier
SD 9, Browning	SD 20, Plentywood	SD 50, Evergreen
SD 9, Darby	SD 20, Whitewater	SD 50, Hays
SD 9, Dixon	SD 21, Broadview	SD 52, Absarokee
SD 9, East Helena	SD 21, Fairfield	SD 52, Billings
SD 9, Opheim	SD 21, Galata	SD 52, Ennis
SD 9, Poplar	SD 23, Billings	SD 55, Brockton
SD 9 & 9, Reed Point	SD 23, Harrison	SD 55, Plevna
SD 10, Anaconda	SD 23, Lustre	SD 55, Roundup
SD 10, Cayuse	SD 23, Missoula	SD 55F, Sun River Valley
SD 10, Chinook	SD 23, Polson	SD 57, Havre
SD 10, Conrad	SD 23, Roberts	SD 58, Geyser
SD 10, Dillon	SD 24, Three Forks	SD 58, Whitefish
SD 10, Noxon	SD 24, Worden	SD 58, Yellowstone
SD 11, Brorson	SD 25, Hobson	SD 64, Bainville
SD 11, Potomac	SD 26, Lockwood	SD 64, Mountain View
SD 11, Wise River	SD 26, Reichle	SD 64J, Melstone
SD 11 & 2, Drummond	SD 27, Elliston	SD 65, Froid
SD 12, Baker	SD 27, Grass Range	SD 69, West Yellowstone
SD 12, Harlem	SD 27, Monforton	SD 72, Big Sky
SD 12, Havre	SD 27, Montana City	SD 73, Swan Lake
SD 12, Lima	SD 28C, Dutton	SD 74, Roy
SD 12, Rosebud	SD 28, St Ignatius	SD 74, Vaughn
SD 12, Saco	SD 29, Belt	SD 75, Amsterdam
SD 12, Stanford	SD 29, Somers	SD 75, Arrowhead
SD 12 & 12, Molt	SD 29, Wyola	SD 75, Fairfield
SD J12-5, Shields Valley	SD 30, Power	SD 78J & 2, Richey
SD 13, Box Elder	SD 30, Ronan	SD 84, Denton
SD 13, Eureka	SD 30 & 6, Fromberg	SD 85, Ulm
SD 13, Fishtail	SD 32, Clinton	SD 86 & 4, Lambert
SD 13, Lone Rock	SD 32, Rapelje	SD 87, Box Elder
SD 13, Nashua	SD 32J, Ashland	SD 89, Smith Valley
SD 14, Bonner	SD 33, Condon	SD 99M, Rudyard
	SD 33, Gold Creek	SD 104, Spring Creek

School Districts (cont.)

SD 115, Winifred
SD 159, Winnett
Judith Gap Schools

Other Agencies (110)

Anaconda Housing
Authority
Arlee-Lake County Water &
Sewer District
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
CME/Flathead Indian Irrigation
Project
Columbus Rural Fire District #3
Corvallis County Sewer
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
Lakeview Cemetery District
Larchmont Golf Course

Lewis & Clark Conservation
District
Lewis & Clark Library
Liberty County Cemetery
District
Liberty County Conservation
District
Lincoln Conservation District
Lincoln County Rural Fire
District
Lockwood Rural Fire District #8
Lockwood Water & Sewer
District
Madison Conservation District
Malta Cemetery District
Malta Irrigation District
Miles Community College
Milk River Joint Board Control
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
Pondera County Canal &
Reservoir
Pondera County Cemetery
District 2
Pondera County Council
on Aging
Port of Montana — Port
Authority
Prairie County Hospital District
Prickley Pear Special Services
Cooperative
Rae Water & Sewer
Richland County Housing
Authority
Roundup Community Library

STATISTICAL SECTION

Other Agencies (cont.)

Sanders Special Education
Cooperative
Seeley Lake Missoula County
Water District
Sidney-Richland Airport
Authority
Sourdough Rural Fire
Teton County Conservation
Thompson Falls Public Library
Twin Bridges Public Library
Upper Musselshell Conservation
District
Valley County Conservation
District
Victor Water & Sewer
Whitefish Housing Authority
Yellowstone City-County
Health Dept
Yellowstone-West Carbon
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 (25)

State Agency (1)

Dept of Military Affairs

Cities (16)

Anaconda-Deer Lodge
Billings
Bozeman

Cities (cont.)

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

Rural Fire Districts (8)

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

VFCA (217)

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
Carter 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

STATISTICAL SECTION

VFCA (cont.)

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

STATISTICAL SECTION

VFCA (cont.)

Three Forks Rural Volunteer
Fire Dept
Three Mile Volunteer Fire
Dept - Stevensville
Tri-Lakes Volunteer Fire Dept,
Company A
Tri-Lakes Volunteer Fire Dept,
Company B
Trout Creek Rural Volunteer
Fire Dept
Troy Rural Volunteer Fire Dept
Turner Volunteer Fire Dept
Twin Bridges Volunteer
Fire Company
Ulm Volunteer Fire Dept
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 (263)

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 (44)

Beaverhead
Big Horn
Blaine
Broadwater
Carbon
Carter
Cascade
Custer
Daniels
Dawson

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

Cities & Towns (49)

Alberton
Baker
Belgrade
Big Timber
Billings
Bozeman
Butte-Silver Bow
Chester
Chinook
Choteau
Colstrip
Columbia Falls
Conrad
Cut Bank
Dillon
East Helena

STATISTICAL SECTION

Cities & Towns (cont.)

Ennis
Eureka
Fairfield
Fairview
Froid
Glasgow
Glendive
Great Falls
Hamilton
Hardin
Harlem
Havre
Helena
Hot Springs
Kalispell
Laurel
Lewistown
Libby
Livingston
Manhattan
Miles City
Missoula
Polson
Poplar
Red Lodge
Scobey
Shelby
Sheridan
Sidney
Stevensville
West Yellowstone
Whitefish
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 (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, Heart Butte
SD 1, Helena
SD 1, Kalispell
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, Bridger
SD 2 & 7, Savage
SD 2, Stevensville
SD 2, Sunburst
SD 3, Billings
SD 3, Manhattan
SD 3, Superior
SD 3, Westby
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 & 1, St. Regis
SD 7, Boulder
SD 7, Bozeman
SD 7, Hinsdale
SD 7, Joliet
SD 7, Lolo
SD 7 & 70, Laurel
SD 8, Arlee
SD 8, Elder Grove
SD 9, Browning
SD 9, East Helena
SD 9, Poplar
SD 10, Noxon
SD 12, Lima
SD 12, Saco
SD 12, Stanford

SD 13, Lone Rock
SD 14, Bonner
SD 15, Cut Bank
SD 15, Ekalaka
SD 16, Havre
SD 17, Morin
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 & 6, Fromberg
SD 30, Power
SD 30, Ronan
SD 32, Clinton
SD 37, Shepherd
SD 38, Lincoln
SD 40, Frenchtown
SD 41, Anderson
SD 43, Lamotte
SD 44, Belgrade
SD 44, Geraldine
SD 50, Evergreen
SD 50, Hays
SD 52, Absarokee
SD 52, Ennis
SD 52, Independent
SD 58, Geyser
SD 64, Bainville
SD 69, West Yellowstone
SD 74, Vaughn
SD 75, Greenfield School
SD 85, Ulm
SD 89, Smith Valley
Judith Gap School

Other Agencies (40)

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

Other Agencies (cont.)

Center for Mental Health
 Central Montana Learning
 Resource Center
 CME/Flathead Indian
 Irrigation Project
 Daly Ditches Irrigation District
 Dawson Community College
 Flathead Emergency
 Communication Center
 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
 Housing Authority of Anaconda
 Human Resources Council
 District XI
 Human Resources Council
 District XII
 Larchmont Golf Course
 Lewis & Clark Library
 Lockwood Water & Sewer District
 Miles City Community College
 Missoula County Airport
 Missoula Rural Fire District
 Northern Montana Joint
 Refuse Disposal District
 Phillips Conservation 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
 Thompson Falls Public Library
 Yellowstone City-County
 Health Dept

Deferred Compensation (31)

State Agencies (1)

*State of Montana

Counties (3)

Carter
 Lewis & Clark
 Sanders

Cities & Towns (7)

Colstrip
 Hardin
 Sheridan
 Sidney
 Thompson Falls
 Troy
 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

School Districts (5)

SD 2, Billings
 SD 3, Wolf Point
 SD 9, East Helena
 SD 12, Baker
 SD 44, Geraldine

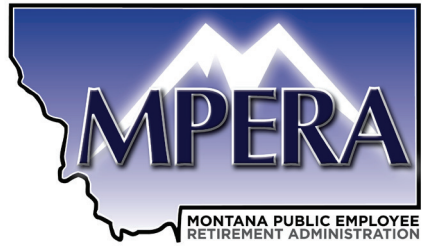
Other Agencies (10)

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

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

STATISTICAL SECTION

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